SCINOPHARM TAIWAN, LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2015 AND 2014

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of ScinoPharm Taiwan, Ltd.

We have reviewed the accompanying consolidated balance sheets of ScinoPharm Taiwan, Ltd. and its subsidiaries as of September 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the consolidated statements of changes in stockholders' equity and of cash flows for the nine-months periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as discussed in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(3), the financial statements of certain subsidiaries were consolidated based on their unreviewed financial statements as of and for the three-month and nine-month periods ended September 30, 2015 and 2014. Total assets of these subsidiaries amounted to $3,061,891 thousand and $2,882,719 thousand, both representing 26% of the related consolidated totals, and total liabilities amounted to $52,627 thousand and $177,813 thousand, representing 2% and 9% of the related consolidated totals, as of September 30, 2015 and 2014, respectively. Total comprehensive income of these subsidiaries amounted to ($45,404) thousand, ($22,847) thousand, ($223,053) thousand and ($157,801) thousand, constituting (18%), (14%), (49%) and (33%) of the related consolidated totals for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively. In addition, as described in Note 6(5) to the consolidated financial statements, the financial statements of the Company's investment accounted for under the equity method were not reviewed by independent accountants. Investment in this company amounted to $－ thousand and $83,265 thousand as of

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September 30, 2015 and 2014, respectively, and the related share of profit and loss of associates and joint ventures accounted for under the equity method amounted to $— thousand, ($5,226) thousand, $754 thousand and ($9,048) thousand for the three-month and nine-month periods then ended, respectively. The amounts were based solely on its unreviewed financial statements. We were unable to satisfy ourselves as to the carrying value of the investment or the equities in its earnings by other auditing procedures.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain subsidiaries and investee company accounted for under the equity method been reviewed by independent accountants as described in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

PricewaterhouseCoopers, Taiwan
Republic of China
November 6, 2015

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2015 and 2014 are reviewed, not audited)

			September 30, 2015		December 31, 2014		September 30, 2014	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,846,093	15	$ 1,927,603	17	$ 1,303,052	12
1150	Notes receivable, net		-	-	27	-	-	-
1170	Accounts receivable, net	6(2) and 7	648,279	5	522,990	5	865,939	8
1200	Other receivables		215,316	2	199,174	2	275,180	2
130X	Inventory	5(2) and 6(3)	2,288,617	19	2,449,296	21	2,668,505	24
1410	Prepayments		185,986	2	150,465	1	159,205	1
1476	Other financial assets - current		531,575	5	-	-	-	-
11XX	**Total current assets**		5,715,866	48	5,249,555	46	5,271,881	47
	Non-current assets							
1543	Financial assets measured at cost - non-current	6(4)(5)(25)	338,907	3	167,673	1	167,673	2
1550	Investments accounted for under equity method	6(4)(5)(25)	-	-	79,923	1	83,265	1
1600	Property, plant and equipment	5(2), 6(6)(25)	5,142,912	43	5,065,025	45	4,884,454	43
1780	Intangible assets		20,255	-	23,554	-	22,419	-
1840	Deferred income tax assets	5(2) and 6(23)	374,101	3	364,381	3	399,005	4
1915	Prepayments for equipment	6(6)(25)	266,461	2	285,167	3	278,347	2
1980	Other financial assets - non-current	8	24,734	-	24,734	-	24,734	-
1985	Long-term prepaid rent	6(7)	94,161	1	94,189	1	91,769	1
1990	Other non-current assets		17,175	-	17,619	-	17,802	-
15XX	**Total non-current assets**		6,278,706	52	6,122,265	54	5,969,468	53
1XXX	**Total assets**		$ 11,994,572	100	$ 11,371,820	100	$ 11,241,349	100

(Continued)

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2015 and 2014 are reviewed, not audited)

			September 30, 2015		December 31, 2014		September 30, 2014	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(8)	$ 1,679,231	14	$ 1,277,476	11	$ 1,123,188	10
2120	Financial liabilities at fair value through profit or loss - current	6(9)	1,147	-	3,669	-	5,449	-
2150	Notes payable		8,043	-	1,153	-	1,476	-
2170	Accounts payable		125,235	1	53,813	1	195,013	2
2200	Other payables	6(10)(25)	310,606	3	516,228	5	493,970	4
2230	Current income tax liabilities	6(23)	60,945	-	27,738	-	112	-
2310	Advance receipts		13,479	-	37,956	-	29,719	-
2399	Other current liabilities		57	-	-	-	109	-
21XX	**Total current liabilities**		2,198,743	18	1,918,033	17	1,849,036	16
	Non-current liabilities							
2570	Deferred income tax liabilities	6(23)	3,343	-	3,156	-	1,365	-
2640	Net defined benefit liabilities	5(2) and 6(11)	69,432	1	68,704	1	65,704	1
2645	Guarantee deposits received		22,540	-	1,656	-	-	-
25XX	**Total non-current liabilities**		95,315	1	73,516	1	67,069	1
2XXX	**Total liabilities**		2,294,058	19	1,991,549	18	1,916,105	17
	Equity attributable to owners of the parent							
	Share capital							
3110	Share capital - common stock	6(12)(15)	7,310,829	61	7,029,643	62	7,029,643	63
3200	**Capital surplus**	6(13)(14)	1,264,413	10	1,257,277	11	1,255,507	11
	Retained earnings	6(12)(15)(22)(23)						
3310	Legal reserve		396,699	4	348,285	3	348,285	3
3320	Special reserve		22,829	-	22,829	-	22,829	-
3350	Undistributed earnings		591,111	5	621,563	5	618,531	6
3400	**Other equity interest**	6(4)(16)	114,633	1	100,674	1	50,449	-
3XXX	**Total equity**		9,700,514	81	9,380,271	82	9,325,244	83
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 11,994,572	100	$ 11,371,820	100	$ 11,241,349	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 6, 2015.

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2015		2014 (adjusted)		2015		2014 (adjusted)	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(17) and 7	$ 982,947	100	$ 1,002,479	100	$ 2,925,099	100	$ 3,247,529	100
5000	**Operating costs**	6(3)(11)(21)(22), 7 and 9	(529,707)	(54)	(629,265)	(63)	(1,762,669)	(61)	(1,941,301)	(60)
5900	**Net operating margin**		453,240	46	373,214	37	1,162,430	39	1,306,228	40
	Operating expenses	6(7)(11)(21)(22), 7 and 9								
6100	Selling expenses		(43,015)	(4)	(45,113)	(5)	(117,479)	(4)	(136,932)	(4)
6200	General and administrative expenses		(114,119)	(12)	(113,102)	(11)	(323,674)	(11)	(339,986)	(10)
6300	Research and development expenses		(77,462)	(8)	(101,526)	(10)	(235,527)	(8)	(320,702)	(10)
6000	**Total operating expenses**		(234,596)	(24)	(259,741)	(26)	(676,680)	(23)	(797,620)	(24)
6900	**Operating profit**		218,644	22	113,473	11	485,750	16	508,608	16
	Non-operating income and expenses									
7010	Other income	6(18)	14,313	2	18,908	2	34,631	1	40,981	1
7020	Other gains and losses	6(4)(6)(9)(19) and 12	(25,886)	(3)	4,636	-	55,209	2	(9,725)	(1)
7050	Finance costs	6(6)(20)(25)	(2,620)	-	(1,532)	-	(5,512)	-	(3,139)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method	6(5)	-	-	(5,226)	-	754	-	(9,048)	-
7000	**Total non-operating income and expenses**		(14,193)	(1)	16,786	2	85,082	3	19,069	-
7900	**Profit before income tax**		204,451	21	130,259	13	570,832	19	527,677	16
7950	Income tax expense	6(23)	(9,698)	(1)	(8,862)	(1)	(131,092)	(4)	(48,379)	(1)
8200	**Profit for the period**		$ 194,753	20	$ 121,397	12	$ 439,740	15	$ 479,298	15
	Other comprehensive income									
	Items that may be reclassified subsequently to profit or loss									
8361	Financial statements translation differences of foreign operations	6(16)	$ 53,122	5	$ 41,640	4	$ 13,959	1	$ 6,094	-
8300	**Total other comprehensive income for the period**		$ 53,122	5	$ 41,640	4	$ 13,959	1	$ 6,094	-
8500	**Total comprehensive income for the period**		$ 247,875	25	$ 163,037	16	$ 453,699	16	$ 485,392	15
	Profit attributable to:									
8610	Owners of the parent		$ 194,753	20	$ 121,397	12	$ 439,740	15	$ 479,298	15
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 247,875	25	$ 163,037	16	$ 453,699	16	$ 485,392	15
	Basic earnings per share									
9750	**Net income**	6(24)	$ 0.27		$ 0.17		$ 0.60		$ 0.66	
	Diluted earnings per share									
9850	**Net income**	6(24)	$ 0.27		$ 0.17		$ 0.60		$ 0.66	

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 6, 2015.

SCINOPHARM TAIWAN, LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent						
				Retained Earnings				
	Notes	Share capital - common stock	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Total equity
For the nine-month period ended September 30, 2014								
Balance at January 1, 2014		$ 6,759,272	$ 1,247,796	$ 220,944	$ 22,829	$ 1,348,058	$ 44,355	$ 9,643,254
Distribution of 2013 net income:								
Legal reserve		-	-	127,341	-	(127,341)	-	-
Cash dividends	6(15)	-	-	-	-	(811,113)	-	(811,113)
Stock dividends	6(12)(15)	270,371	-	-	-	(270,371)	-	-
Employee stock option compensation cost	6(13)(14)	-	7,711	-	-	-	-	7,711
Net income for the nine-month period ended September 30, 2014		-	-	-	-	479,298	-	479,298
Other comprehensive income for the nine-month period ended September 30, 2014	6(16)	-	-	-	-	-	6,094	6,094
Balance at September 30, 2014		$ 7,029,643	$ 1,255,507	$ 348,285	$ 22,829	$ 618,531	$ 50,449	$ 9,325,244
For the nine-month period ended September 30, 2015								
Balance at January 1, 2015		$ 7,029,643	$ 1,257,277	$ 348,285	$ 22,829	$ 621,563	$ 100,674	$ 9,380,271
Distribution of 2014 net income:								
Legal reserve		-	-	48,414	-	(48,414)	-	-
Cash dividends	6(15)	-	-	-	-	(140,592)	-	(140,592)
Stock dividends	6(12)(15)	281,186	-	-	-	(281,186)	-	-
Employee stock option compensation cost	6(13)(14)	-	7,136	-	-	-	-	7,136
Net income for the nine-month period ended September 30, 2015		-	-	-	-	439,740	-	439,740
Other comprehensive income for the nine-month period ended September 30, 2015	6(4)(16)	-	-	-	-	-	13,959	13,959
Balance at September 30, 2015		$ 7,310,829	$ 1,264,413	$ 396,699	$ 22,829	$ 591,111	$ 114,633	$ 9,700,514

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 6, 2015.

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the period		$ 570,832	$ 527,677
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Gain/(loss) on valuation of financial assets and liabilities		(2,522)	4,311
(Reversal)/provision for doubtful accounts	6(2)	(77)	211
Loss on inventory market price decline	6(3)	85,889	65,482
Provision for obsolescence of supplies		4,142	20,230
Share of (profit) loss of associates and joint ventures accounted for under the equity method	6(5)	(754)	9,048
Gain on disposal of investments accounted for under the equity method	6(4)(19)	(95,381)	-
Depreciation	6(6)(21)	353,819	341,935
Loss on disposal of property, plant and equipment	6(19)	793	2,997
Gain on reversal of impairment loss	6(6)(19)	(673)	(91)
Amortization	6(21)	8,465	8,278
Amortization of long-term prepaid rent	6(7)	1,534	1,472
Employee stock option cost	6(13)(14)	7,136	7,711
Interest income	6(18)	(22,446)	(21,676)
Interest expense	6(20)	5,512	3,139
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Notes receivable		27	230
Accounts receivable		(125,212)	106,171
Other receivables		(15,982)	(115,666)
Inventories		74,790	(221,232)
Prepayments		(39,663)	14,328
Net changes in liabilities relating to operating activities			
Notes payable		6,890	396
Accounts payable		71,422	(69,424)
Other payables		(14,428)	(93,496)
Advance receipts		(24,477)	(46,093)
Other current liabilities		57	109
Net defined benefit liabilities		728	156
Cash generated from operations		850,421	546,203
Interest received		22,286	21,978
Interest paid		(5,512)	(3,139)
Income tax paid		(102,843)	(287,439)
Net cash provided by operating activities		764,352	277,603

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SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30, 2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other financial assets-current		($ 531,575)	$ -
Decrease in pledged deposits		-	15,485
Cash paid for acquisition of property, plant and equipment	6(25)	(566,010)	(726,018)
Interest paid for acquisition of property, plant and equipment	6(6)(20)(25)	(11,851)	(10,026)
Proceeds from disposal of property, plant and equipment		411	930
Cash paid for acquisition of intangible assets		(5,037)	(1,949)
Increase in prepayment for equipment		(4,428)	(160,532)
Decrease in other non-current assets		444	124
Net cash used in investing activities		(1,118,046)	(881,986)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		401,755	433,403
Increase in guarantee deposits received		20,884	-
Payment of cash dividends	6(15)	(140,592)	(811,113)
Net cash provided by (used in) financing activities		282,047	(377,710)
Effect of foreign exchange rate changes on cash and cash equivalents		(9,863)	(4,283)
Decrease in cash and cash equivalents		(81,510)	(986,376)
Cash and cash equivalents at beginning of period	6(1)	1,927,603	2,289,428
Cash and cash equivalents at end of period	6(1)	$ 1,846,093	$ 1,303,052

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated November 6, 2015.

SCINOPHARM TAIWAN, LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

(1) ScinoPharm Taiwan, Ltd. (the Company) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 11, 1997. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture of western medicines and other chemical materials, biological technology services, intellectual property rights, international trade and research, development and manufacture of Active Pharmaceutical Ingredients ("API"), albumin medicines, oligonucleotide medicines, peptide medicines, injections and new small molecule drugs, as well as the provision of related consulting and technical services. The Company's investment plan for the manufacturing of API was approved by the Industrial Development Bureau of MOEA on May 13, 1998 and complies with the standards of important technical industry application.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since September 2011.

(3) Uni-President Enterprises Corp., the Company's ultimate parent company, holds 37.94% equity interest in the Company.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on November 6, 2015.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

B. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business activities	Percentage owned by the Company September 30, 2015	Percentage owned by the Company December 31, 2014	Note
ScinoPharm Taiwan, Ltd.	SPT International, Ltd.	Professional investment	100.00	100.00	(Note)
ScinoPharm Taiwan, Ltd.	ScinoPharm Singapore Pte Ltd.	Professional investment	100.00	100.00	(Note)
SPT International, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	Research, development and manufacture of API and new drug, etc.	100.00	100.00	(Note)
SPT International, Ltd.	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Research, development and manufacture of API and new drug, etc.	100.00	100.00	(Note)
SPT International, Ltd.	ScinoPharm (Shanghai) Biochemical Technology, Ltd.	Import, export and sales of API and intermediates, etc.	100.00	100.00	(Note)

Name of Investor	Name of Subsidiary	Business activities	Percentage owned by the Company September 30, 2014	Note
ScinoPharm Taiwan, Ltd.	SPT International, Ltd.	Professional investment	100.00	(Note)
ScinoPharm Taiwan, Ltd.	ScinoPharm Singapore Pte Ltd.	Professional investment	100.00	(Note)
SPT International, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	Research, development and manufacture of API and new drug, etc.	100.00	(Note)
SPT International, Ltd.	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Research, development and manufacture of API and new drug, etc.	100.00	(Note)
SPT International, Ltd.	ScinoPharm (Shanghai) Biochemical Technology, Ltd.	Import, export and sales of API and intermediates, etc.	100.00	(Note)

Note: The financial statements of the entity as of and for the three-month and nine-month periods ended September 30, 2015 and 2014 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary.

The financial statements of certain subsidiaries were consolidated based on their unreviewed financial statements as of and for the three-month and nine-month periods ended September 30, 2015 and 2014. Total assets of these subsidiaries amounted to $3,061,891 and $2,882,719, both representing 26% of the related consolidated totals, and total liabilities amounted to $52,627 and $177,813, representing 2% and 9% of the related consolidated totals, as of September 30, 2015 and 2014, respectively. Total comprehensive income of these subsidiaries amounted to ($45,404), ($22,847), ($223,053) and ($157,801), constituting (18%), (14%), (49%) and (33%) of the related consolidated totals for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

B. Translation of foreign operations

a) The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

b) When a foreign operation as an associate or jointly controlled entity is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

b) Assets held mainly for trading purposes;

c) Assets that are expected to be realized within twelve months from the balance sheet date;

d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The group has classified all assets which do not meet the above conditions as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

a) Liabilities that are expected to be paid off within the normal operating cycle;

b) Liabilities arising mainly from trading activities;

c) Liabilities that are to be paid off within twelve months from the balance sheet date;

d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The group has classified all liabilities which do not meet the above conditions as non-current liabilities.

(6) Cash equivalents

A. Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable that bear no interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

a) Significant financial difficulty of the issuer or debtor;

b) The disappearance of an active market for that financial asset because of financial difficulties;

c) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

d) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

e) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

a)Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

b)Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) <u>Derecognition of financial assets</u>

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred;

however the Group has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital reserve' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital reserve' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital reserve in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Estimated useful lives
Buildings	2 ~ 35 years
Machinery and equipment	1 ~ 12 years
Transportation equipment	2 ~ 6 years
Office equipment	1 ~ 9 years
Other equipment	2 ~ 19 years

(14) Intangible assets

Professional skills and computer software, etc. are stated at cost and amortized on a straight-line basis over their estimated useful lives of 3 ~ 10 years.

(15) Leased assets/ lessee

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a) Hybrid (combined) contracts; or

b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(19) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable that bear no interest are subsequently measured at initial invoice amount as the effect of discounting is insignificant.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i.The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise, and recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

iv. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. The related information is disclosed accordingly.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

The Group manufactures and sells Active Pharmaceutical Ingredients (API), intermediates, etc. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. Sales of services

The Group provides biochemical technology development consultation and processing services. Revenue from rendering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed by surveys of work performed.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset-equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material change to the evaluation.

b) As of September 30, 2015, the carrying amount of inventories was $2,288,617.

B. Impairment assessment of tangible and intangible assets

a) The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

b) As of September 30, 2015, the Group recognized equipment, net of impairment loss, amounting to $1,425,894.

C. Realisability of deferred income tax assets

a) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

b) As of September 30, 2015, the Group recognized deferred income tax assets amounting to $374,101.

D. Calculation of net defined benefit liabilities

a) When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

b) As of September 30, 2015, the carrying amount of net defined benefit liabilities was $69,432. If the adopted discount rate used in the actuarial valuation had increased/decreased by 1%, the Group's accrued pension liabilities would decrease/increase by $12,971 and $15,388, respectively.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) CASH AND CASH EQUIVALENTS

	September 30, 2015	December 31, 2014	September 30, 2014
Cash:			
Cash on hand	$ 274	$ 209	$ 165
Checking accounts and demand deposits	209,850	564,915	613,395
	210,124	565,124	613,560
Cash Equivalents:			
Time deposits	1,356,165	1,075,432	619,536
Bill under repurchase agreements	279,804	287,047	69,956
	1,635,969	1,362,479	689,492
	$ 1,846,093	$ 1,927,603	$ 1,303,052

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's time deposits pledged to others as collateral (listed as "Other financial assets-non-current") as of September 30, 2015, December 31, 2014 and September 30, 2014 are provided in Note 8.

(2) ACCOUNTS RECEIVABLE, NET

	September 30, 2015	December 31, 2014	September 30, 2014
Accounts receivable	$ 648,298	$ 523,086	$ 866,180
Less: Allowance for doubtful accounts	(19)	(96)	(241)
	$ 648,279	$ 522,990	$ 865,939

A. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group had no accounts receivable classified as "past due but not impaired".

B. Movements on the provision for impairment of accounts receivable are as follows:

	For the nine-month periods ended September 30,	
	2015	2014
	Individual provision	Individual provision
At January 1	$ 96	$ 30
(Reversal) provision for impairment	(77)	211
At September 30	$ 19	$ 241

C. Accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on the counterparties' industry characteristics, business scale and profitability.

D. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group does not hold any collateral as security.

(3) INVENTORIES

	September 30, 2015		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 441,830	($ 86,461)	$ 355,369
Supplies	19,047	(1,448)	17,599
Work in process	974,402	(63,431)	910,971
Finished goods	1,266,798	(262,120)	1,004,678
	$ 2,702,077	($ 413,460)	$ 2,288,617

	December 31, 2014		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 425,862	($ 38,186)	$ 387,676
Supplies	24,408	(1,105)	23,303
Work in process	1,021,688	(75,293)	946,395
Finished goods	1,304,909	(212,987)	1,091,922
	$ 2,776,867	($ 327,571)	$ 2,449,296

	September 30, 2014		
	Cost	Allowance for market price decline	Book value
Raw materials	$ 467,605	($ 43,169)	$ 424,436
Supplies	40,208	(1,349)	38,859
Work in process	1,101,277	(63,408)	1,037,869
Finished goods	1,379,726	(212,385)	1,167,341
	$ 2,988,816	($ 320,311)	$ 2,668,505

The Group recognized expense and losses of inventories for the period:

	For the three-month periods ended September 30,	
	2015	2014
Cost of goods sold	$ 416,888	$ 548,859
Provision for inventory market price decline	39,038	22,278
Loss on inventory scrap	-	2,908
Loss on production stoppages	67,896	45,602
Loss on physical inventory	1,459	6,008
	$ 525,281	$ 625,655

	For the nine-month periods ended September 30,	
	2015	2014
Cost of goods sold	$ 1,450,867	$ 1,753,542
Provision for inventory market price decline	85,889	65,482
Loss on inventory scrap	-	2,908
Loss on production stoppages	205,472	100,169
Loss on physical inventory	4,138	9,941
	$ 1,746,366	$ 1,932,042

(4) FINANCIAL ASSETS MEASURED AT COST－NON－CURRENT

	September 30, 2015	December 31, 2014	September 30, 2014
Unlisted stocks			
Tanvex Biologics, Inc.	$ 167,673	$ 167,673	$ 167,673
SYNGEN, INC.	4,620	4,620	4,620
Foresee Pharmaceuticals Co., Ltd.	171,234	-	-
	343,527	172,293	172,293
Less: Accumulated impairment	(4,620)	(4,620)	(4,620)
	$ 338,907	$ 167,673	$ 167,673

A. Based on the Group's intention, its investment in Tanvex Biologics, Inc. and Syngen, Inc. should be classified as available-for-sale financial assets. However, as Tanvex Biologics, Inc. and Syngen, Inc. are not traded in an active market and no sufficient industry information and financial information of similar companies can be obtained, the fair value of the investments in Tanvex Biologics, Inc. and Syngen, Inc. cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.

B. Foreseeacer Pharmaceuticals, Inc. (hereafter, "Foreseeacer"), an associate of the Group accounted for under the equity method, entered into a share swap transaction with its controlling shareholder, Foresee Pharmaceuticals, Inc. (hereafter, "Foresee Cayman") during the fourth quarter of 2014, whereby Foresee Cayman issued new shares to swap and recall the outstanding shares of Foreseeacer. The Group obtained approval of such transaction during the board of directors' meeting on November 7, 2014, and related share swap was completed on January 15, 2015. After the swap, the Group obtained 5,400 thousand preferred shares of Foresee Cayman, consisting of 6.12% of its outstanding preferred shares. However, Foresee Cayman announced its second phase of re-organization plan (the Phase II Plan), in which, one of its fully owned subsidiaries, Foresee Pharmaceuticals Co., Ltd. (hereafter, "Foresee") will issue new shares to swap and recall all outstanding shares of Foresee Cayman. Based on the guidance and accounting policies of the Group, such share swap transaction should be deemed as disposal of associates accounted for under the equity method, and the new investment will be measured at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. Any amounts previously recognized as capital surplus or as other comprehensive income in relation to the associate are transferred to profit or loss. However, as the Phase II Plan was completed as of June 30, 2015, the uncertainties regarding the fair value of the final share interests received in the swap has been eliminated. The related gain of $95,381 from the share swap transaction has been recognized upon completion of the Phase II Plan. After a comprehensive assessment, the Group does not have the right to exercise significant influence on the investee company, Foresee Cayman, and accordingly, the related share of interest is classified as "available-for-sale financial assets". In addition, as the shares of Foresee Cayman are not publicly traded in an active market, its fair value cannot be measured reliably. Thus, the Group classified those shares as "financial assets measured at cost-non-current".

B. As of September 30, 2015, December 31, 2014 and September 30, 2014, no financial assets measured at cost held by the Group were pledged to others.

(5) INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD

Investee Company	September 30, 2015	December 31, 2014	September 30, 2014
Foreseeacer Pharmaceuticals, Inc.	$ -	$ 79,923	$ 83,265

A. Associates

(a) As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group does not have material associate investments. The Group's share of operating results in the associate is as follows:

	For the three-month periods ended September 30	
	2015	2014
Loss for the period from continuing operations	$ -	($ 5, 226)
Total comprehensive loss	$ -	($ 5, 226)

	For the nine-month periods ended September 30	
	2015	2014
Profit (loss) for the period from continuing operations	$ 754	($ 9, 048)
Total comprehensive income (loss)	$ 754	($ 9, 048)

(b) The related share of profit and loss of associates and joint ventures accounted for under the equity method for the three-month and nine-month periods ended September 30, 2015 and 2014 was recognized based on the unreviewed financial statements of the investee company for the corresponding period.

B. The Group lost significant influence in the associate investment after a share swap transaction with the controlling shareholder of the associate. Please refer to Note 6(4) for details.

(6) PROPERTY, PLANT AND EQUIPMENT

January 1, 2015	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Others	Construction in progress	Total
Cost	$ 2,230,902	$ 4,575,686	$ 30,389	$ 192,813	$ 141,186	$ 1,685,329	$ 8,856,305
Accumulated depreciation	(633,158)	(2,958,764)	(16,896)	(102,501)	(62,017)	-	(3,773,336)
Accumulated impairment	-	(17,944)	-	-	-	-	(17,944)
	$ 1,597,744	$ 1,598,978	$ 13,493	$ 90,312	$ 79,169	$ 1,685,329	$ 5,065,025
For the nine-month period ended September 30, 2015							
At January 1, 2015	$ 1,597,744	$ 1,598,978	$ 13,493	$ 90,312	$ 79,169	$ 1,685,329	$ 5,065,025
Additions	-	-	-	149	-	386,518	386,667
Reclassification (Note)	160,803	64,981	-	13,464	4,096	(220,210)	23,134
Depreciation charge	(67,335)	(240,816)	(3,276)	(24,222)	(18,170)	-	(353,819)
Disposals－Cost	-	(51,750)	(240)	(4,751)	(3,220)	-	(59,961)
－Accumulated depreciation	-	50,696	176	4,730	3,155	-	58,757
Reversal of impairment loss	-	673	-	-	-	-	673
Net currency exchange differences	7,987	3,132	31	199	817	10,270	22,436
At September 30, 2015	$ 1,699,199	$ 1,425,894	$ 10,184	$ 79,881	$ 65,847	$ 1,861,907	$ 5,142,912
September 30, 2015							
Cost	$ 2,400,492	$ 4,594,119	$ 30,311	$ 202,664	$ 144,381	$ 1,861,907	$ 9,233,874
Accumulated depreciation	(701,293)	(3,150,954)	(20,127)	(122,783)	(78,534)	-	(4,073,691)
Accumulated impairment	-	(17,271)	-	-	-	-	(17,271)
	$ 1,699,199	$ 1,425,894	$ 10,184	$ 79,881	$ 65,847	$ 1,861,907	$ 5,142,912

January 1, 2014	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Others	Construction in progress	Total
Cost	$ 2,182,097	$ 4,282,898	$ 28,090	$ 143,456	$ 132,499	$ 824,345	$ 7,593,385
Accumulated depreciation	(545,709)	(2,689,802)	(12,380)	(73,280)	(40,148)	-	(3,361,319)
Accumulated impairment	-	(18,084)	-	-	-	-	(18,084)
	$ 1,636,388	$ 1,575,012	$ 15,710	$ 70,176	$ 92,351	$ 824,345	$ 4,213,982
For the nine-month period ended September 30, 2014							
At January 1, 2014	$ 1,636,388	$ 1,575,012	$ 15,710	$ 70,176	$ 92,351	$ 824,345	$ 4,213,982
Additions	-	-	-	17	-	728,693	728,710
Reclassification (Note)	19,115	237,087	2,206	34,646	4,605	(15,389)	282,270
Depreciation charge	(64,467)	(235,917)	(3,473)	(20,986)	(17,092)	-	(341,935)
Disposals－Cost	-	(33,192)	-	(893)	(920)	-	(35,005)
－Accumulated depreciation	-	29,905	-	869	304	-	31,078
Reversal of impairment loss	-	91	-	-	-	-	91
Net currency exchange differences	666	598	20	40	155	3,784	5,263
At September 30, 2014	$ 1,591,702	$ 1,573,584	$ 14,463	$ 83,869	$ 79,403	$ 1,541,433	$ 4,884,454
September 30, 2014							
Cost	$ 2,202,010	$ 4,487,632	$ 30,341	$ 177,416	$ 136,607	$ 1,541,433	$ 8,575,439
Accumulated depreciation	(610,308)	(2,896,055)	(15,878)	(93,547)	(57,204)	-	(3,672,992)
Accumulated impairment	-	(17,993)	-	-	-	-	(17,993)
	$ 1,591,702	$ 1,573,584	$ 14,463	$ 83,869	$ 79,403	$ 1,541,433	$ 4,884,454

(Note) Reclassified from “Prepayments for equipment”.

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the three-month periods ended September 30,	
	2015	2014
Amount capitalized	$ 3,483	$ 3,494
Interest rate	1.18%~1.83%	1.15%~2.66%

	For the nine-month periods ended September 30,	
	2015	2014
Amount capitalized	$ 11,851	$ 10,026
Interest rate	1.16%~2.31%	1.15%~2.66%

B. As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group has not pledge any property, plant and equipment.

(7) LONG-TERM PREPAID RENT

	September 30, 2015	December 31, 2014	September 30, 2014
Long-term prepaid rent	$ 94,161	$ 94,189	$ 91,769

In 2008, the Group's Mainland China subsidiary entered into a land use right contract with the local government relating to the acquisition of the right to use the land located in Changshu, Jiangsu province, with a lease term of 50 years. The subsidiary had prepaid all rental expenses on the contract date, and recognized rental expenses of $520, $491, $1,534 and $1,472 for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively (listed as "General and administrative expenses").

(8) SHORT-TERM BORROWINGS

Type of borrowings	September 30, 2015	Interest rate range	Collateral
Bank loans			
Unsecured loans	$ 1,679,231	1.18%~1.83%	None

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank loans			
Unsecured loans	$ 1,277,476	1.16%~2.66%	None

Type of borrowings	September 30, 2014	Interest rate range	Collateral
Bank loans			
Unsecured loans	$ 1,123,188	1.15%~2.66%	None

(9) FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Items	September 30, 2015	December 31, 2014	September 30, 2014
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ 1,147	$ 3,669	$ 5,449

A. The Group recognized net loss of ($22,672), ($6,646), ($14,712) and ($12,741) on financial liabilities held for trading (recorded as 'other gains and losses') for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2015	
Items	Contract	Contract Period
Forward foreign exchange contracts	USD 4,380,000	8. 2015 ~11. 2015

	December 31, 2014	
Items	Contract	Contract Period
Forward foreign exchange contracts	USD 4,950,000	11. 2014 ~2. 2015

	September 30, 2014	
Items	Contract	Contract Period
Forward foreign exchange contracts	USD 15,500,000	7. 2014 ~11. 2014

The Group entered into forward foreign contracts to hedge exchange rate risk of operating activities. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(10) OTHER PAYABLES

	September 30, 2015	December 31, 2014	September 30, 2014
Accrued expenses	$ 213,287	$ 246,323	$ 245,464
Payables on equipment	35,669	226,863	92,033
Others	61,650	43,042	156,473
	$ 310,606	$ 516,228	$ 493,970

(11) PENSIONS

A. (a) The Company has set up a defined benefit pension plan in accordance with the Labor Standards Law, which applies to all regular employees' service years prior to the enforcement of the Labor Pension Act (the "Act") on July 1, 2005 and service years thereafter of employees who chose to continue to be covered under the pension scheme of the Labor Standards Law after the enforcement of the Act. In accordance with the Company's retirement plan, an employee may retire when the employee either (i) attains the age of 55 with 15 years of service, (ii) has more than 25 years of service, (iii) has reached the age of 65, or (iv) is incapacitated to work (compulsory retirement). The employees earn two units for each year of service for the first 15 years, and one unit for each additional year thereafter up to a maximum of 45 units. Any fraction of a year equal to or more than six months shall be counted as one year of service, and any fraction of a year less than six months shall be counted as half a year. According to the provisions, employees who retired due to their duties shall get additional 20%. Pension payments are based on the number of units earned and the average salary of the last six months prior to retirement. Calculation of average salary is in accordance with the Labor Standards Law of the R.O.C. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee.

(b) The pension costs under the aforementioned defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2015 and 2014 were $1,002, $849, $3,006 and $2,549, respectively.

(c) The Group's expected contributions to the pension plans for the next annual reporting period as of September 30, 2015 amounted to $4,008.

B. As a result of the enforcement of the Act, the Company set up a defined contribution pension plan which took effect on July 1, 2005. The local employees are eligible for the defined contribution plan. For employees who choose to be covered under the pension scheme of the Act, the Company contributes monthly an amount of not less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. Pensions are paid by monthly installments or in lump sum based on the accumulated balances of the employees' individual pension accounts. The subsidiaries in Mainland China are subject to a government sponsored defined contribution plan. In accordance with the related Laws of the People's Republic of China, the subsidiaries in Mainland China contribute monthly 18% of the employees' monthly salaries and wages to an independent fund administered by the government. Other than the monthly contributions, these subsidiaries do not have further obligations. For the three-month and nine-month periods ended September 30, 2015 and 2014, the pension cost recognized under the aforementioned defined contribution pension plan were $7,497, $8,537, $22,794 and $26,688, respectively.

(12) SHARE CAPITAL

A. Movements in the number of the Company's ordinary shares (in thousands) outstanding are as follows:

	For the nine-month periods ended September 30,	
	2015	2014
At January 1	702, 964	675, 927
Capitalization of retained earnings	28, 119	27, 037
At September 30	731, 083	702, 964

B. On June 18, 2014, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $270,371 and obtained approval from the SFC. The effective date of capitalization was set on August 15, 2014. After the capitalization mentioned above, the Company's authorized total capital was $10,000,000 and the paid-in capital was $7,029,643 (702,964 thousand shares) with a par value of $10 (in dollars) per share.

C. On June 23, 2015, the Company's shareholders adopted a resolution to issue shares of common stock due to capitalization of retained earnings of $281,186 and obtained approval from the SFC. The effective date of capitalization was set on August 14, 2015. After the capitalization mentioned above, the Company's authorized capital was $10,000,000 and the paid-in capital was $7,310,829 (731,083 thousand shares) with a par value of $10 (in dollars) per share.

D. On September 30, 2015, the Company's authorized capital was $10,000,000 and the paid-in capital was $7,310,829 (731,083 thousand shares) with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) CAPITAL RESERVE

A. Pursuant to the R.O.C. Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations shall be exclusively used to cover accumulated deficit or, distribute cash or stocks in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Movements on the Company's capital reserve are as follows:

	For the nine-month period ended September 30, 2015		
	Share premium	Stock options	Total
At January 1	$ 1, 233, 286	$ 23, 991	$ 1, 257, 277
Employee stock options cost			
- Company	-	6, 658	6, 658
- Subsidiaries	-	478	478
At September 30	$ 1, 233, 286	$ 31, 127	$ 1, 264, 413

	For the nine-month period ended September 30, 2014		
	Share premium	Stock options	Total
At January 1	$ 1, 233, 286	$ 14, 510	$ 1, 247, 796
Employee stock options cost			
- Company	-	7, 233	7, 233
- Subsidiaries	-	478	478
At September 30	$ 1, 233, 286	$ 22, 221	$ 1, 255, 507

(14) SHARE-BASED PAYMENT

A. The Company issued 1 million units of employee stock options on December 3, 2013 (the 'Grant Date'). The exercise price of the options was set at $91.7 dollars, which was based on the closing market price of the Company's common shares on the Grant Date. (As of September 30, 2015, the exercise price of the options after adjustments was set at $83.4 dollars.) Each option was granted the right to purchase one share of the Company's common stocks. The exercise price is subject to further adjustments when there is change in the number of shares of the Company's common stocks after the Grant Date. Contract period of the employee stock option plan is 10 years, and options are exercisable in 2 years after the Grant Date. The Company recognized compensation costs relating to the employee stock options plan of $2,405, $2,598, $7,136 and $7,711 for the three-month and nine-month periods ended September 30, 2015 and 2014, respectively.

B. Details of the share-based payment arrangements are as follows:

	For the nine-month period ended September 30, 2015	
	Number of options (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	1, 000	$ 83. 4
Options granted	-	-
Options outstanding at end of the period	1, 000	83. 4
Options exercisable at end of the period	-	-

	For the nine-month period ended September 30, 2014	
	Number of options (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	1,000	$ 91.7
Options granted	-	-
Options outstanding at end of the period	1,000	91.7
Options exercisable at end of the period	-	-

C. As of September 30, 2015 and 2014, the exercise price of stock options outstanding was $83.4 and $91.7 (in dollars); and the weighted-average remaining contractual period was 8.17 and 9.17 years, respectively.

D. The fair value of the Company's employee stock option on Grant Date was evaluated using the combination of Hull & White and the Ritchken trinomial option valuation model. Related information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Price volatility	Option life	Expected dividends	Interest rate	Fair value per unit (in dollars)
Employee stock options	12.3.2013	$ 91.7	$ 91.7	28.50% (Note)	10 years	1.5%	1.7145%	$ 26.045

Note: According to daily returns of the Company's stock for the previous year, the annualized volatility is 28.5%.

(15) RETAINED EARNINGS

A. Pursuant to the R.O.C. Company Act, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognized cash dividends and stock dividends distributed to owners amounting to $811,113 ($1.20 (in dollars) per share) and $270,371 ($0.4 (in dollars) per share) for the year ended December 31, 2014, respectively. On June 23, 2015, the Board of Directors during its meeting proposed cash dividends and stock dividends of $140,592 ($0.20 (in dollars) per share) and $281,186 ($0.4 (in dollars) per share) for the year ended December 31, 2014, respectively.

E. For the employees' bonus and directors' and supervisors' remuneration, please refer to Note 6(22) for details.

(16) OTHER EQUITY ITEMS

	For the nine-month periods ended September 30,	
	2015	2014
At January 1	$ 100,674	$ 44,355
Currency translation differences—group	18,783	6,094
Disposal (Note)	(4,824)	-
At September 30	$ 114,633	$ 50,449

Note: The Group lost significant influence in the associate investment after a share swap transaction with the controlling shareholder of the associate. Such share swap transaction was deemed as disposal of associates accounted for under the equity method and amounts previously recognized as other equity items were derecognized accordingly. Please refer to Note 6(4) for details.

(17) OPERATING REVENUE

	For the three-month periods ended September 30, 2015	2014
Sales revenue	$ 971,980	$ 991,156
Less: Sales returns	(17,211)	(3,383)
Sales discounts	(55)	(72)
Technical service revenue	28,233	14,778
	$ 982,947	$ 1,002,479

	For the nine-month periods ended September 30, 2015	2014
Sales revenue	$ 2,886,720	$ 3,256,109
Less: Sales returns	(18,348)	(31,325)
Sales discounts	(34,342)	(9,802)
Technical service revenue	91,069	32,547
	$ 2,925,099	$ 3,247,529

(18) OTHER INCOME

	For the three-month periods ended September 30, 2015	2014
Interest income from bank deposits	$ 7,976	$ 4,019
Others	6,337	14,889
	$ 14,313	$ 18,908

	For the nine-month periods ended September 30, 2015	2014
Interest income from bank deposits	$ 22,446	$ 21,676
Others	12,185	19,305
	$ 34,631	$ 40,981

(19) OTHER GAINS AND LOSSES

	For the three-month periods ended September 30, 2015	2014
Gain on reversal of impariment	$ 673	$ 91
Net loss on financial assets/liabilities through profit or loss	(22,672)	(6,646)
Loss on disposal of property, plant, and equipment	(190)	(2,951)
Net currency exchange (loss) gain	(3,260)	15,467
Miscellaneous	(437)	(1,325)
	($ 25,886)	$ 4,636

	For the nine-month periods ended September 30,	
	2015	2014
Gain on disposal of investments	$ 95,381	$ -
Gain on reversal of impariment	673	91
Net loss on financial assets/liabilities through profit or loss	(14,712)	(12,741)
Loss on disposal of property, plant, and equipment	(793)	(2,997)
Net currency exchange (loss) gain	(20,333)	9,449
Miscellaneous	(5,007)	(3,527)
	$ 55,209	($ 9,725)

(20) FINANCE COSTS

	For the three-month periods ended September 30,	
	2015	2014
Interest expense:		
Bank loans	$ 6,103	$ 5,026
Less: capitalization of qualifying assets	(3,483)	(3,494)
	$ 2,620	$ 1,532

	For the nine-month periods ended September 30,	
	2015	2014
Interest expense:		
Bank loans	$ 17,363	$ 13,165
Less: capitalization of qualifying assets	(11,851)	(10,026)
	$ 5,512	$ 3,139

(21) EXPENSES BY NATURE

	For the three-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 108,997	$ 96,246	$ 205,243
Depreciation	91,676	26,920	118,596
Amortization	802	1,732	2,534
	$ 201,475	$ 124,898	$ 326,373

	For the three-month period ended September 30, 2014		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 128,977	$ 85,046	$ 214,023
Depreciation	87,522	25,237	112,759
Amortization	328	2,395	2,723
	$ 216,827	$ 112,678	$ 329,505

	For the nine-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 330, 306	$ 237, 949	$ 568, 255
Depreciation	274, 567	79, 252	353, 819
Amortization	1, 884	6, 581	8, 465
	$ 606, 757	$ 323, 782	$ 930, 539

	For the nine-month period ended September 30, 2014		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 393, 777	$ 263, 850	$ 657, 627
Depreciation	266, 141	75, 794	341, 935
Amortization	1, 004	7, 274	8, 278
	$ 660, 922	$ 346, 918	$ 1, 007, 840

(22) EMPLOYEE BENEFIT EXPENSE

	For the three-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Salaries and wages	$ 93, 435	$ 86, 297	$ 179, 732
Labor and health insurance expenses	7, 500	4, 398	11, 898
Pension costs	5, 167	3, 332	8, 499
Other personnel expenses	2, 895	2, 219	5, 114
	$ 108, 997	$ 96, 246	$ 205, 243

	For the three-month period ended September 30, 2014		
	Operating cost	Operating expense	Total
Salaries and wages	$ 109, 399	$ 74, 309	$ 183, 708
Labor and health insurance expenses	9, 659	4, 613	14, 272
Pension costs	5, 980	3, 406	9, 386
Other personnel expenses	3, 939	2, 718	6, 657
	$ 128, 977	$ 85, 046	$ 214, 023

	For the nine-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Salaries and wages	$ 281, 429	$ 206, 076	$ 487, 505
Labor and health insurance expenses	23, 871	13, 892	37, 763
Pension costs	15, 957	9, 843	25, 800
Other personnel expenses	9, 049	8, 138	17, 187
	$ 330, 306	$ 237, 949	$ 568, 255

	For the nine-month period ended September 30, 2014		
	Operating cost	Operating expense	Total
Salaries and wages	$ 332, 252	$ 227, 153	$ 559, 405
Labor and health insurance expenses	31, 384	15, 860	47, 244
Pension costs	18, 540	10, 697	29, 237
Other personnel expenses	11, 601	10, 140	21, 741
	$ 393, 777	$ 263, 850	$ 657, 627

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for 0.2% and 2%, respectively, of the total distributed amount. However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee remuneration, based on the current year's profit condition, in a fixed amount or a proportion of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. Aforementioned employee remuneration could be paid by cash or stocks. Specifics of the compensation are to be determined in a board meeting that registers two-thirds of directors in attendance, and the resolution must receive support from half of participating members. The resolution should be reported during the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

B. For the three-month and nine-month periods ended September 30, 2015 and 2014, employees' and directors' remuneration (bonus) was accrued at $3,856, $2,404, $8,708 and $9,490, respectively. The aforementioned amounts were recognized in salary expenses. The expenses recognized for 2015 were accrued based on the earnings of current year; the expenses recognized for 2014 were accrued based on the net income for 2014 and the percentage specified in the Articles of Incorporation of the Company, taking into account other factors such as legal reserve. The actual amount approved at the shareholders' meeting for employees' bonus and directors' remuneration for 2014 was $9,546, which was different from the estimated amount of $9,586 recognized in the 2014 financial statements by ($40). Such difference was recognized in profit or loss for the nine-month period ended September 30, 2015. Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) INCOME TAX

A. Components of income tax expense:

	For the three-month periods ended September 30, 2015	2014
Current tax:		
Current tax on profits for the period	$ 62,503	$ 41,378
Deferred tax:		
Origination and reversal of temporary differences	(52,805)	(32,516)
Income tax expense	$ 9,698	$ 8,862

	For the nine-month periods ended September 30, 2015	2014
Current tax:		
Current tax on profits for the period	$ 142,094	$ 135,569
10% tax on undistributed earnings	1,214	6,499
Over provision of prior year's income tax	(2,683)	(499)
Total current tax	140,625	141,569
Deferred tax:		
Origination and reversal of temporary differences	(9,533)	(93,190)
Income tax expense	$ 131,092	$ 48,379

B. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority as of November 6, 2015.

C. The Company's unappropriated retained earnings listed on the balance sheet as of September 30, 2015, December 31, 2014 and September 30, 2014 were all generated after the year 1998.

D. As of September 30, 2015, December 31, 2014 and September 30, 2014, the balance of the Company's imputation tax credit account was $101,987, $187,332 and $46,921, respectively. As dividends were approved at the shareholders' meeting on June 23, 2015 and June 18, 2014 and with the dividend distribution date set on August 14, 2015 and August 15, 2014 by the Board of Directors, the creditable tax rate for 2015 and 2014 was 23.48% and 21.15%, respectively.

(24) EARNINGS PER SHARE ("EPS")

	For the three-month period ended September 30, 2015		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 194,753	731,083	$ 0.27
Diluted earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 194,753	731,083	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	8	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 194,753	731,091	$ 0.27

	For the three-month period ended September 30, 2014		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 121,397	731,083	$ 0.17
Diluted earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 121,397	731,083	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	4	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 121,397	731,087	$ 0.17

	For the nine-month period ended September 30, 2015		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 439,740	731,083	$ 0.60
Diluted earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 439,740	731,083	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	45	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 439,740	731,128	$ 0.60

	For the nine-month period ended September 30, 2014		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 479,298	731,083	$ 0.66
Diluted earnings per share			
Profit attributable to ordinary stockholders of the parent	$ 479,298	731,083	
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	15	
Profit attributable to ordinary stockholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 479,298	731,098	$ 0.66

A. As employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would increase from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effect of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retrospectively.

B. The abovementioned weighted average number of ordinary shares outstanding have been adjusted to unappropriated retained earnings as proportional increase in capital for the year ended December 31, 2014.

(25) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the nine-month periods ended September 30,	
	2015	2014
Purchase of property, plant and equipment	$ 386,667	$ 728,710
Add: Beginning balance of payable on equipment	226,863	99,367
Less: Ending balance of payable on equipment	(35,669)	(92,033)
Capitalization of interest	(11,851)	(10,026)
Cash paid for acquisition of property, plant and equipment	$ 566,010	$ 726,018

B. Investing activities with no cash flow effects

	For the nine-month periods ended September 30,	
	2015	2014
a. Investment accounted for under the equity method reclassified to financial assets measured at cost	$ 171,234	$ -

	For the nine-month periods ended September 30,	
	2015	2014
b. Prepayments for equipment reclassified to property, plant and equipment	$ 23,134	$ 282,270

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The ultimate parent and the ultimate controlling party of the Company is Uni-President Enterprises Corp.

(2) Significant transactions and balances with related parties

A. Sales revenues

	For the three-month periods ended September 30,	
	2015	2014
Sales of services:		
—Associates	$ -	$ -

	For the nine-month periods ended September 30,	
	2015	2014
Sales of services:		
—Associates	$ -	$ 1,515

The terms of providing technical services to related parties were the same with regular customers. The collection period for related parties was 60 days after sales, which is the same with regular customers.

B. Other expenses

	For the three-month periods ended September 30,	
	2015	2014
Repairs and maintenance expense:		
—An entity controlled by key management individuals	$ 3,204	$ -
Management consultancy fees:		
—Ultimate parent company	1,050	1,050
—Associate of ultimate parent company	1,387	1,399
	$ 2,437	$ 2,449

	For the nine-month periods ended September 30,	
	2015	2014
Repairs and maintenance expense:		
—An entity controlled by key management individuals	$ 3,204	$ 3,114
Management consultancy fees:		
—Ultimate parent company	3,705	4,430
—Associate of ultimate parent company	1,387	1,399
	$ 5,092	$ 5,829

C. Accounts receivable

	September 30, 2015	December 31, 2014	September 30, 2014
Receivables from related parties:			
—Associates	$ -	$ 1,187	$ -

D. Property transactions

	For the three-month periods ended September 30,	
	2015	2014
Purchase of propery, plant and equipment:		
—An entity controlled by key management individuals	$ 1,620	$ -

	For the nine-month periods ended September 30,	
	2014	2013
Purchase of propery, plant and equipment:		
—An entity controlled by key management individuals	$ 1,620	$ -

(3) Key management compensation

	For the three-month periods ended September 30,	
	2015	2014
Salaries and other short-term employee benefits	$ 12,618	$ 12,105

	For the nine-month periods ended September 30,	
	2015	2014
Salaries and other short-term employee benefits	$ 50,938	$ 67,990

8. PLEDGED ASSETS

Details of the Group's assets pledged as collateral are as follows:

Assets	September 30, 2015	December 31, 2014	September 30, 2014	Purpose of collateral
Time deposits (Note)	$ 24,734	$ 24,734	$ 24,734	Customs duty and performance guarantee

Note: Recorded as "other financial assets-non-current"

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group's unused letters of credit amounted to $6,878, $— and $—, respectively.

(2) As of September 30, 2015, December 31, 2014 and September 30, 2014, the Group's remaining

balance due for construction in progress and prepayments for equipment was \$340,128, \$172,048 and \$233,968, respectively.

(3) The Company entered into a non-cancellable operating lease agreement for the period from June 1, 2011 to February 28, 2018 for the land in Tainan Science Park. The lease agreement is renewable at the end of the lease term. The Company pays monthly rent. If the announced land values, state-owned land rent rate, or other factors change, the monthly rent paid by the Company will be adjusted accordingly on the following month. The Company may have to pay additional rent or get a refund on its last rental payment because of such adjustment. The rent expense of \$5,323 and \$15,969 was recognized in profit or loss for both the three-month and nine-month periods ended September 30, 2015 and 2014, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2015	December 31, 2014	September 30, 2014
Within one year	\$ 21, 291	\$ 21, 291	\$ 21, 291
Later than one year but not exceeding five years	30, 162	46, 131	51, 454
	\$ 51, 453	\$ 67, 422	\$ 72, 745

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: None.

12. OTHERS

(1) Capital risk management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, to maintain an optimal capital structure, to reduce the cost of capital and to maintain an adequate capital structure to enable the expansion and enhancement of equipment. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return of capital to shareholders, and issue new shares or sell assets to reduce debts.

(2) Financial instruments

A. Fair value information of financial instruments

Except those in the table below, the Group's financial instruments which are not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets-current, other financial assets-non-current, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits received) is approximate to their fair value. Please refer to Note 12 (3) for details of fair value information of financial instruments measured at fair value.

B. Financial risk management policies

a)The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

b)Group treasury identifies, evaluates and hedges financial risks closely with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C.Significant financial risks and degrees of financial risks

a)Market risk

I.Foreign exchange rate risk

i)The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii)To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group are required to hedge their foreign exchange risk exposure using forward foreign exchange contracts. However, hedge accounting is not applied as transactions did not meet all criteria of hedge accounting. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii)The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2015		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 22,426	32.87	$ 737,143
EUR:NTD	791	36.92	29,204
CNY:NTD	3,189	5.176	16,506
Financial liabilities			
Monetary items			
USD:NTD	2,209	32.87	72,610
EUR:NTD	31	36.92	1,145

	December 31, 2014		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 19,130	31.65	$ 605,465
CNY:NTD	4,848	5.092	24,686
EUR:NTD	103	38.47	3,962
Investment accounted for under the equity method			
USD:NTD	2,527	31.65	79,980
Financial liabilities			
Monetary items			
USD:NTD	1,426	31.65	45,133
EUR:NTD	337	38.47	12,964

	September 30, 2014		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 31,422	30.42	$ 955,857
CNY:NTD	5,183	4.93	25,552
EUR:NTD	216	38.59	8,335
Investment accounted for under the equity method			
USD:NTD	2,737	30.42	83,260
Financial liabilities			
Monetary items			
USD:NTD	1,932	30.42	58,771
EUR:NTD	106	38.59	4,091

iv)As of September 30, 2015 and 2014, if the NTD:USD exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's net profit after tax for the nine-month periods ended September 30, 2015 and 2014 would increase/decrease by $33,226 and $44,854, respectively. If the NTD:CNY exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's net profit after tax for the nine-month periods ended September 30, 2015 and 2014 would increase/decrease by $826 and $1,278, respectively. If the NTD:EUR exchange rate appreciates/depreciates by 5% with all other factors remaining constant, the Group's net profit after tax for the nine-month periods ended September 30, 2015 and 2014 would increase/decrease by $1,403 and $212, respectively.

v)Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2015 and 2014 amounted ($3,260), $15,467, ($20,333) and $9,449, respectively.

II. Price risk

The Group has investments classified as financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets (shown in 'financial assets measured at cost-non-current'). Therefore, the Group is exposed to price risk on equity instruments investments. To manage this risk, the Group has set stop-loss amounts for these instruments. The Group expects no significant market risk.

III. Interest rate risk

The Group analyses its interest rate exposure on a dynamic basis. Thus, the interest rate of the Group's liabilities fluctuates accordingly with the market interest rate, creating divergence in the Group's future cash flow. However, as the Group's liabilities bear little significance and a small range of interest rate, the Group does not bear significant interest rate risk.

b)Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors with limits set by the board of directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, and outstanding receivables. The Group also transacts with many different banks and financial institutions to diversify risk.

II. No credit limits were exceeded during the nine-month periods ended September 30, 2015 and 2014.

III. For more information regarding the Group's credit ratings on its financial assets, please refer to detailed explanation of financial assets in Note 6.

c)Liquidity risk

I. Cash flow forecasting is performed by the Group's treasury department which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. The following table comprises the Group's non-derivative financial liabilities and derivative financial liabilities with gross-amount settlement that are grouped by their maturity. Non-derivative financial liabilities are analyzed from the balance sheet date to the contract maturity date, and derivative financial liabilities are analyzed from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 1,716,906	$ -	$ -	$ -
Notes payable	8,043	-	-	-
Accounts payable	125,235	-	-	-
Other payables	310,606	-	-	-
Guarantee deposits	22,540	-	-	-
Derivative financial liabilities:				
Forward exchange contracts	1,147	-	-	-

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 1,286,682	$ -	$ -	$ -
Notes payable	1,153	-	-	-
Accounts payable	53,813	-	-	-
Other payables	516,228	-	-	-
Deposit in	1,656			
Derivative financial liabilities:				
Forward exchange contracts	3,669	-	-	-

September 30, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 1,127,481	$ -	$ -	$ -
Notes payable	1,476	-	-	-
Accounts payable	195,013	-	-	-
Other payables	493,970	-	-	-
Derivative financial liabilities:				
Forward exchange contracts	5,449	-	-	-

(3) Fair value estimation

A.Details of the fair value of the Group's financial liabilities not measured at fair value are provided in Note 12(2)A.

B.The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Inputs that are quoted prices (unadjusted) in active markets for identical assets or liabilities. A market is regarded as active if it meets all the following conditions: the items traded in the market are homogeneous; willing buyers and sellers can normally be found at any time; and prices are available to the public.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of the Group's investment in foreign exchange contracts is included in Level 2.

Level 3: Inputs for the asset or liability that are not based on observable market data.

C.The following table presents the Group's financial assets and liabilities that are measured at fair value at September 30, 2015, December 31, 2014 and September 30, 2014.

September 30, 2015	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss – forward foreign contracts	$ -	$ 1,147	$ -	$ 1,147

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss – forward foreign contracts	$ -	$ 3,669	$ -	$ 3,669

September 30, 2014	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Financial liabilities at fair value through profit or loss – forward foreign contracts	$ -	$ 5,449	$ -	$ 5,449

D.The methods and assumptions the Group used to measure fair value are as follows:

a)Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

b)When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

c)Forward exchange contracts are usually valued based on the current forward exchange rate.

E.For the nine-month periods ended September 30, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F.The Group did not have financial instruments that meet the definition of level 3 instruments as of September 30, 2015, December 31, 2014 and September 30, 2014.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 3.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(9).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on how the Company's chief operating decision maker regularly reviews information in order to make decisions. The chief operating decision maker manages the Group's business from geographical and functional perspectives. Geographically, the Group focuses on its sales business in the U.S., Europe and Asia. In addition, the Group categorized its business units into manufacture, sales, research and development and investment management functions, and combines its segments that meet the disclosure threshold as "Others".

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the nine-month period ended September 30, 2015		
	ScinoPharm Taiwan, Ltd.	Others	Total
Segment revenue	$ 2,897,985	$ 230,650	$ 3,128,635
Revenue from internal customers	-	203,536	203,536
Revenue from external customers	2,897,985	27,114	2,925,099
Interest income	8,306	14,140	22,446
Depreciation and amortization	300,922	61,362	362,284
Interest expense	28	5,484	5,512
Income from segment before income tax	542,208	(157,328)	384,880
Segment assets	10,263,513	3,075,220	13,338,733
Other acquisition of non-current assets (excluding financial instruments and deferred tax assets)	312,188	83,944	396,132
Segment liabilities	562,998	1,745,184	2,308,182

	For the nine-month period ended September 30, 2014		
	ScinoPharm Taiwan, Ltd.	Others	Total
Segment revenue	$ 3, 244, 496	$ 189, 932	$ 3, 434, 428
Revenue from internal customers	-	186, 900	186, 900
Revenue from external customers	3, 244, 496	3, 033	3, 247, 529
Interest income	11, 012	10, 664	21, 676
Depreciation and amortization	291, 118	59, 095	350, 213
Interest expense	2	3, 137	3, 139
Income from segment before income tax	592, 463	(240, 282)	352, 181
Segment assets	9, 940, 401	2, 910, 972	12, 851, 373
Other acquisition of non-current assets (excluding financial instruments and deferred tax assets)	623, 695	267, 496	891, 191
Segment liabilities	615, 156	1, 329, 206	1, 944, 362

(3) Reconciliation for segment income (loss)

A. The sales between segments were at arms' length. The external revenues reported to the chief operating decision maker adopt the same measurement basis for revenues in statement of comprehensive income. The reconciliations of pre-tax income between reportable segments and continuing operations were as follows:

	For the nine-month periods ended September 30,	
	2015	2014
Reportable segments profit before income tax	$ 542, 208	$ 592, 463
Other segments loss before income tax	(157, 328)	(240, 282)
Inter segments profit	185, 952	175, 496
Profit before income tax	$ 570, 832	$ 527, 677

B. A reconciliation of assets of reportable segments and total assets is as follows:

	September 30, 2015	September 30, 2014
Assets of reportable segments	$ 10, 263, 513	$ 9, 940, 401
Assets of other operating segments	3, 075, 220	2, 910, 972
Internal segment transaction elimination	(1, 344, 161)	(1, 610, 024)
Total assets	$ 11, 994, 572	$ 11, 241, 349

C. A reconciliation of liabilities of reportable segments and total liabilities is as follows:

	September 30, 2015	September 30, 2014
Liabilities of reportable segments	$ 562, 998	$ 615, 156
Liabilities of other operating segments	1, 745, 184	1, 329, 206
Internal segment transaction elimination	(14, 124)	(28, 257)
Total liabilities	$ 2, 294, 058	$ 1, 916, 105

SceinoPharm Taiwan, Ltd.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the nine-month period ended September 30, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2015 Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
ScinoPharm Taiwan, Ltd.	Bill under repurchase agreements:							
	International Bills Finance Co.	—	Cash equivalents	-	$ 179,857	-	$ 179,857	—
	Mega Bill Finance Co.	—	Cash equivalents	-	99,947	-	99,947	—
	China Bills Finance Co.	—	Cash equivalents	-	-	-	-	—
	Stocks:							
	Tanvex Biologics, Inc.	The Company is a director of Tanvex Biologics, Inc.	Financial assets measured at cost-non-current	28,800	167,673	17.00%	-	—
	Syngen, Inc.	—	Financial assets measured at cost-non-current	245	-	7.40%	-	—
	Foresee Pharmaceuticals Co., Ltd.	—	Financial assets measured at cost-non-current	4,072	171,234	6.12%	-	—

ScinoPharm Taiwan, Ltd.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

For the nine-month period ended September 30, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2015		Addition		Disposal				Balance as at September 30, 2015	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
ScinoPharm Taiwan, Ltd.	Bill under repurchase agreement:													
	International Bills Finance Co.	Cash equivalents	-	-	-	$ 99,734	-	$4,039,583	-	$3,959,924	($3,959,460)	$ 464	-	$ 179,857
	Mega Bills Finance Co.	Cash equivalents	-	-	-	-	-	2,816,389	-	2,716,742	(2,716,442)	300	-	99,947
	China Bill Finance Co.	Cash equivalents	-	-	-	187,313	-	2,756,454	-	2,944,084	(2,943,767)	317	-	-

ScinoPharm Taiwan, Ltd.

Acquisition of real estate reaching $300 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2015

Table 3

Expressed in thousands of NTD

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below: Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
ScinoPharm Taiwan, Ltd.	Plant	2012.6～2015.9	Approximately $ 681,091	$ 560,099	China Ecoteck Co., Ltd. etc.	–	–	–	–	$ -	Negotiation	Building for operation use	–
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Plant (Phase II)	2012.11～2015.9	673,260	615,582	Jiangsu Qian Construction Group Co., Ltd. etc.	–	–	–	–	-	Negotiation	Building for operation use	–

SinoPharm Taiwan, Ltd.

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
ScinoPharm Taiwan, Ltd.	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Subsidary	Purchases	$ 154, 280	17%	Closes its accounts 90 days from the end of each month after acceptance	$ -	—	($ 789)	(1%)	—
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	ScinoPharm Taiwan, Ltd.	The Company	(Sales)	(154, 280)	(78%)	Closes its accounts 90 days from the end of each month after acceptance	-	—	789	41%	—

ScinoPharm Taiwan, Ltd.

Significant inter-company transactions during the reporting periods

For the nine-month period ended September 30, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	ScinoPharm Taiwan, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	1	Purchases	$ 50,051	Closes its accounts 90 days from the end of each month after acceptance	2%
		ScinoPharm (Changshu) Pharmaceuticals, Ltd.	1	Purchases	154,280	Closes its accounts 90 days from the end of each month after acceptance	5%
				Management consultancy revenue	(9,625)	–	–
				Other receivables	9,477	–	–
				Accounts payable	(789)	–	–
		ScinoPharm (Shanghai) Biochemical Technology, Ltd.	1	Management consultancy fees	8,278	–	–
				Other payable	(2,519)	–	–

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

ScinoPharm Taiwan, Ltd.

Information on investees

For the nine-month period ended September 30, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at Septembet 30, 2015					
Investor	Investee	Location	Main business activities	Balance as at September 30, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2015	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2015	Footnote
ScinoPharm Taiwan, Ltd.	SPT International, Ltd.	Tortola, British Virgin Islands	Professional investment	$ 1, 833, 304	$ 1, 833, 304	60, 524, 644	100. 00	$ 1, 236, 285	($ 185, 964)	($ 241, 848)	Subsidary
	ScinoPharm Singapore Pte Ltd.	Singapore	Professional investment	-	-	2	100. 00	47	12	12	Subsidary
	Foreseeacer Pharmaceuticals, Inc.	Grand Cayman, Cayman Islands	Research and development of peptide injectable drugs	-	107, 388	-	-	-	4, 128	754	(Note)

Note: The Group lost the right to exercise signigicant influence in the investee company due to share swap transaction with the investee company's controlling shareholder, and reclassified the investment as "Financial assets measured at cost-non-current".

ScinoPharm Taiwan, Ltd.

Information on investments in Mainland China

For the nine-month period ended September 30, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Net income of investee for the nine-month period ended September 30, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2015 (Note 2)	Book value of investments in Mainland China as of September 30, 2015	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2015	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	Research, development, and manufacture of API and new drug, etc.	$ 131, 480	(Note 1)	$ 131, 480	$ -	$ -	$ 131, 480	$ 7, 429	100	$ 7, 429	$ 485, 736	$ -	Subsidary
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Research, development, and manufacture of API and new drug, etc.	1, 791, 415	(Note 1)	1, 791, 415	-	-	1, 791, 415	(193, 374)	100	(193, 374)	817, 474	-	Subsidary
ScinoPharm (Shanghai) Biochemical Technology, Ltd.	Import, export and sales of API and intermediates, etc.	39, 444	(Note 1)	39, 444	-	-	39, 444	(146)	100	(146)	22, 184	-	Subsidary

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note3)
ScinoPharm Taiwan, Ltd.	$ 1, 993, 517	$ 1, 993, 517	$ 5, 820, 308

Note 1: Indirect investment in Mainland China through company set up in a third region, SPT International, Ltd.

Note 2: The Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2015 was based on unreviewed and unaudited financial statements of investee companies as of and for the nine-month period ended September 30, 2015.

Note 3: The ceiling amount is 60% of the higher of net worth or combined net worth.

Note 4: The numbers in the table that involves foreign currencies are expressed in New Taiwan Dollars according to the exchange rate posted on the date of the consolidated financial statements (USD:NTD 1:32.87).

ScinoPharm Taiwan, Ltd.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2015

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at September 30, 2015	%	Balance at September 30, 2015	Purpose	Maximum balance during the nine-month period ended September 30, 2015	Balance at September 30, 2015	Interest rate	Interest during the nine-month period ended September 30, 2015	
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	($ 50,051)	(6%)	$ -	-	$ -	-	$ -	-	$ -	$ -	-	$ -	$ -
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	(154,280)	(17%)	-	-	(789)	(1%)	-	-	-	-	-	-	Management consultancy revenue $ 9,625 Other receivables $ 9,477
ScinoPharm (Shanghai) Biochemical Technology, Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	Management consultancy fee $ 8,278 Other payables $ 2,519