SCINOPHARM TAIWAN, LTD.
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2009 AND 2008

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS
TRANSLATED FROM CHINESE

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

We have audited the accompanying balance sheets of ScinoPharm Taiwan, Ltd. as of December 31, 2009 and 2008, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the "Rules Governing Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ScinoPharm Taiwan, Ltd. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statement by Securities Issuers", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China.

As described in Note 3(3), effective January 1, 2009, the Company adopted the amendments of R.O.C. Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". As a result of adoption of such amendments, net income decreased by $173,376,000 and earnings per share decreased by $0.31 for the year ended December 31, 2009.

We have also audited the consolidated financial statements of ScinoPharm Taiwan, Ltd. as of December 31, 2009 and 2008 and expressed an unqualified opinion with explanatory paragraph and unqualified opinion, respectively, on such consolidated financial statements.

PricewaterhouseCoopers, Taiwan

PricewaterhouseCoopers, Taiwan

March 23, 2010

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	2009	2008
Current Assets		
Cash and cash equivalents (Note 4(1))	$ 488, 568	$ 590, 219
Financial assets at fair value through profit or loss -- current (Note 4(2))	44, 896	-
Notes receivable, net	19, 359	2, 442
Accounts receivable, net (Notes 4(3) and 5)	891, 298	365, 876
Other receivables	6, 823	10, 805
Other receivables – related party (Note 5)	3, 006	3, 130
Other financial assets – current (Note 6)	700	4, 601
Inventories (Notes 3(3) and 4(4))	941, 567	1, 246, 088
Prepayments (Notes 4(5) and 5)	73, 817	93, 828
Deferred income tax assets – current (Note 4(17))	41, 928	134, 714
Total current assets	2, 511, 962	2, 451, 703
Funds and Investments		
Long-term equity investments accounted for under the equity method (Note 4(7))	326, 736	210, 252
Other financial assets – non-current (Note 6)	18, 360	-
Total Funds and Investments	345, 096	210, 252
Property, Plant and Equipment, Net (Notes 3(2), 4(8) and 6)		
Cost		
Buildings	1, 650, 912	1, 591, 724
Machinery and equipment	3, 022, 870	2, 932, 498
Transportation equipment	7, 453	8, 024
Furniture and fixtures	30, 906	27, 773
Leased assets	17, 815	17, 815
Other equipment	55, 160	5, 160
Cost and revaluation increments	4, 735, 116	4, 582, 994
Less: Accumulated depreciation	(2, 130, 690)	(1, 840, 191)
Construction in progress and prepayments for equipment	108, 012	88, 636
Total property, plant and equipment, net	2, 712, 438	2, 831, 439
Intangible Asset		
Other intangible assets (Notes 4(9)(11))	25, 501	68, 304
Other Assets		
Idle assets (Notes 4(10)(11) and 6)	19, 029	26, 021
Refundable deposits	1, 092	880
Deferred income tax assets – non-current (Note 4(17))	184, 972	149, 553
Total other assets	205, 093	176, 454
TOTAL ASSETS	$ 5, 800, 090	$ 5, 738, 152

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SCINOPHARM TAIWAN, LTD.

NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND STOCKHOLDERS' EQUITY	2009	2008
Current Liabilities		
Financial liabilities at fair value through profit or loss – current (Note 4(2))	$ -	$ 1,513
Accounts payable	41,408	25,353
Accounts payable – related party (Note 5)	-	6,987
Income tax payable (Note 4(17))	6,707	23,569
Accrued expenses (Note 5)	259,318	251,479
Other payables	34,369	13,350
Receipts in advance	19,594	6,606
Long-term liabilities – current portion (Notes 4(12), 5, 6 and 7)	293,151	100,705
Capital lease payables – current (Notes 4(8) and 5)	4,200	4,450
Total current liabilities	658,747	434,012
Long-term Liabilities		
Long-term loans (Notes 4(12), 5, 6 and 7)	643,999	1,837,149
Capital lease payables – non-current (Notes 4(8) and 5)	2,846	7,046
Total long-term liabilities	646,845	1,844,195
Other Liabilities		
Accrued pension liabilities (Note 4(13))	22,244	21,114
Guarantee deposits received	250	250
Total other liabilities	22,494	21,364
TOTAL LIABILITIES	1,328,086	2,299,571
Stockholders' Equity		
Common stock (Notes 1 and 4(14))	5,513,734	5,513,734
Accumulated deficit (Note 4(15))	(1,060,384)	(2,101,417)
Other Adjustments to Stockholders' Equity		
Cumulative translation adjustments	18,654	26,264
TOTAL STOCKHOLDERS' EQUITY	4,472,004	3,438,581
Contingent Liabilities and Commitments (Note 7)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,800,090	$ 5,738,152

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 23, 2010.

SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE DATA)

	2009	2008
Operating Revenues (Note 5)		
Sales	$ 3,746,885	$ 3,191,683
Sales returns	(2,167)	(106,832)
Sales discounts	(29,872)	(38,980)
Net Sales	3,714,846	3,045,871
Technical service revenues	75,939	99,025
Net Operating Revenues	3,790,785	3,144,896
Operating Costs (Notes 3(3), 4(4) (16) and 5)		
Cost of goods sold	(1,888,117)	(1,522,656)
Cost of technical services	(23,561)	(40,257)
Net Operating Costs	(1,911,678)	(1,562,913)
Gross Profit	1,879,107	1,581,983
Operating Expenses (Notes 4(16) and 5)		
Sales and marketing expenses	(82,558)	(61,888)
General and administrative expenses	(296,961)	(262,301)
Research and development expenses	(311,398)	(248,071)
Total Operating Expenses	(690,917)	(572,260)
Operating Income	1,188,190	1,009,723
Non-operating Income and Gains		
Interest income	3,314	11,640
Investment income accounted for under the equity method (Note 4(7))	–	35,263
Gain on disposal of property, plant and equipment	19	–
Foreign exchange gain	–	4,895
Rental income	–	928
Reversal of impairment loss (Note 4(11)	132	–
Other non-operating income (Note 5)	32,325	23,954
Total Non-operating Income and Gains	35,790	76,680
Non-operating Expenses and Losses		
Interest expense (Notes 4(8) and 5)	(32,220)	(82,684)
Loss on valuation of financial assets (Note 4(2))	(4,279)	–
Loss on valuation of financial liabilities (Note 4(2))	–	(22,558)
Investment loss accounted for under the equity method (Note 3(3) and 4(7))	(41,245)	–
Loss on disposal of property, plant and equipment	–	(318)
Foreign exchange loss	(17,435)	–
Depreciation of idle assets	(10,077)	(764)
Impairment loss (Note 4(11))	–	(47,522)
Other non-operating losses	(13,435)	(17,209)
Total Non-operating Expenses and Losses	(118,691)	(171,055)
Income before Income Tax	1,105,289	915,348
Income Tax Expense (Note 4(17))	(64,256)	(43,236)
Net Income	$ 1,041,033	$ 872,112

	2009 Before Tax	2009 After Tax	2008 Before Tax	2008 After Tax
Basic Earnings Per Share (in dollars) (Note 4(18))				
Net Income	$ 2.00	$ 1.89	$ 1.66	$ 1.58

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 23, 2010.

SCINOPHARM TAIWAN, LTD.

NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

2008	Common stock	Accumulated deficit	Cumulative translation adjustments	Total
Balance at January 1, 2008	$ 5, 510, 000	($ 2, 973, 529)	($ 2, 984)	$ 2, 533, 487
Issuance of common stock due to merger	3, 734	—	—	3, 734
Net income for 2008	—	872, 112	—	872, 112
Cumulative translation adjustment	—	—	29, 248	29, 248
Balance at December 31, 2008	$ 5, 513, 734	($ 2, 101, 417)	$ 26, 264	$ 3, 438, 581
2009				
Balance at January 1, 2009	$ 5, 513, 734	($ 2, 101, 417)	$ 26, 264	$ 3, 438, 581
Net income for 2009	—	1, 041, 033	—	1, 041, 033
Cumulative translation adjustment	—	—	(7, 610)	(7, 610)
Balance at December 31, 2009	$ 5, 513, 734	($ 1, 060, 384)	$ 18, 654	$ 4, 472, 004

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 23, 2010.

SCINOPHARM TAIWAN, LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,041,033	$ 872,112
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on valuation of financial assets	(1,883)	–
(Gain) loss on valuation of financial liabilities	(1,513)	91
Provision for doubtful accounts	–	10,091
Write-off of allowance for doubtful accounts	–	(10,109)
Reversal of allowance for doubtful accounts	(4,211)	–
Provision for inventory market price decline	54,094	–
Reversal of allowance for inventory obsolescence	(127,923)	(55,315)
Provision for obsolescence of supplies	5,099	3,308
Investment loss (income) accounted for under the equity method	41,245	(35,263)
Depreciation	319,941	317,987
Loss on disposal of property, plant and equipment	(19)	318
Impairment loss	–	47,522
Reversal of impairment loss	(132)	–
Amortization	42,803	42,854
Loss on foreign currency translation	15,207	9,798
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss – current	(43,013)	–
Notes receivable	(16,917)	1,483
Accounts receivable	(521,211)	168,941
Other receivables	3,982	8,773
Other receivables – related party	124	836
Inventories	378,350	(63,042)
Prepayments	14,912	8,710
Deferred income tax assets – current	92,786	(41,720)
Deferred income tax assets – non-current	(35,419)	46,016
Notes payable	–	(20)
Accounts payable	16,055	(66,011)
Accounts payable – related party	(6,987)	(22,190)
Income tax payable	(16,862)	23,569
Accrued expenses	7,839	91,159
Other payables	5,045	1,806
Receipts in advance	12,988	(14,403)
Accrued pension liabilities	1,130	393
Net cash provided by operating activities	1,276,543	1,347,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in time deposits pledged	(14,459)	(1,101)
Increase in long-term investments – subsidiaries	(165,339)	(74,577)
Return of capital from liquidation of long-term investments	–	9,299
Net cash inflow from merger	–	15,841
Cash acquisition of property, plant and equipment	(182,292)	(134,937)
Proceeds from disposal of property, plant and equipment	19	–
Increase in other intangible assets	–	(2,733)
Increase in refundable deposits	(212)	(41)
Net cash used in investing activities	(362,283)	(188,249)

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SCINOPHARM TAIWAN, LTD.
NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term loans	($ 1,000,704)	($ 806,674)
Net cash used in financing activities	(1,000,704)	(806,674)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(15,207)	(9,798)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(101,651)	342,973
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	590,219	247,246
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 488,568	$ 590,219
Supplemental disclosures of cash flow information		
1. Interest paid (excluding capitalized interest)	$ 33,084	$ 82,895
2. Income tax paid	$ 23,751	$ 1,086
3. Fair value of dissolved company on the date of merger:		
ScinoPharm Biotech, Ltd.		
Stockholder's equity of ScinoPharm Biotech, Ltd. on the date of merger	$ -	$ 37,926
Net assets except cash of ScinoPharm Biotech, Ltd. on the date of merger	-	(22,085)
Net cash inflow from merger	$ -	$ 15,841
Investing activities with partial cash payment		
Acquisition of property, plant and equipment	$ 193,816	$ 123,495
Add : Other payables, beginning of year	9,258	17,261
Capital lease payables, beginning of year	11,496	14,935
Less: Other payables, end of year	(25,232)	(9,258)
Capital lease payables, end of year	(7,046)	(11,496)
Cash acquisition of property, plant and equipment	$ 182,292	$ 134,937

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 23, 2010.

SCINOPHARM TAIWAN, LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT AS OTHERWISE INDICATED)

Note 1. HISTORY AND ORGANIZATION

(1) ScinoPharm Taiwan, Ltd. (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China on November 11, 1997, with a paid-in capital of $675,000. As of December 31, 2009, the Company's authorized capital was $6,100,000, and the paid-in capital was $5,513,734, consisting of 551,373,392 shares of common stock with a par value of $10 (NT dollars) per share. The Company is engaged in the research and development and manufacture of materials for medicine, as well as the provision of related consulting and technical services. The Company's investment plan for the manufacturing of medicine materials 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 Board of Directors during its meeting on March 31, 2008 adopted a resolution to merge with ScinoPharm Biotech, Ltd., a 90.15% owned subsidiary, effective on June 2, 2008.

(3) As of December 31, 2009, the Company had approximately 540 employees.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", "Business Entity Accounting Law", "Regulation on Business Entity Accounting Handling" and generally accepted accounting principles in the Republic of China. The Company's significant accounting policies are summarized as follows:

(1)Foreign currency transactions and translation

(a)The Company maintains its accounts in New Taiwan dollars. Transactions arising in foreign currencies, except for derivative financial instruments, are translated into New Taiwan dollars at the exchange rates prevailing at the dates of the transactions. The difference is recognized as foreign exchange gain or loss upon actual receipts and disbursements.

(b)Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss. However, translation exchange gains or losses on intercompany accounts that are, in nature, deemed long term is accounted for as a reduction in stockholders' equity.

(c)When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

(2)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:

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

(ii)Assets held mainly for trading purposes;

(iii)Assets that are expected to be realized within 12 months from the balance sheet date;

(iv)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 12 months after the balance sheet date.

(b)Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(i)Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;

(ii)Liabilities arising mainly from trading activities;

(iii)Liabilities to be paid off within 12 months from the balance sheet date; and

(iv)Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date.

(3)Cash equivalents

(a)Cash equivalents are short, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value resulting from fluctuations in interest rates.

(b)The Company's statement of cash flows is prepared on the basis of cash and cash equivalents.

(4)Financial assets and financial liabilities at fair value through profit or loss

(a)Financial assets and liabilities at fair value through profit or loss are recognized and derecognized using trade date accounting and settlement date accounting for equity and debt financial instruments, respectively, and are recognized initially at fair value.

(b)These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, OTC stocks and closed-end mutual funds is based on latest quoted fair prices of the accounting period. The fair value of open-end and balanced mutual funds is based on the net asset value at the balance sheet date.

(c)When a derivative is an ineffective hedging instrument, it is initially recognized at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value. If a derivative is a non-option derivative, the fair value initially recognized is zero.

(d)Financial assets and financial liabilities at fair value through profit and loss are classified into asset or liability held for trading and those designated at fair value through profit or loss at inception. Financial assets and financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets and financial liabilities designated as at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis, in accordance with a documented Company's investment strategy. Information about these financial assets and financial liabilities are provided internally on a fair value basis to the Company's management. The Company's investment strategy is to invest free cash resources in equity securities or convertible bonds as part of the Company's long-term capital growth strategy. The Company has designated almost all of its compound debt instruments as financial liabilities at fair value through profit or loss.

(5)Allowance for doubtful accounts

Allowance for doubtful accounts is determined based on past experience of occurrence of bad debts and evaluation of the collectability and the aging of accounts receivable, notes receivable and other receivables.

(6)Inventories

The perpetual inventory system is adopted for inventory recognition. The cost is determined using the weighted average method. Allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. At the end of year, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(7)Financial assets carried at cost

(a)Investment in unquoted equity instruments is recognized or derecognized using trade date accounting, and is stated initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

(b)If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss shall not be reversed when the fair value of the asset subsequently increases.

(8)Long-term equity investments accounted for under the equity method

(a)Long-term equity investments accounted for under the equity method are stated at cost. Cost is determined using the weighted average method. Long-term equity investments in which the Company holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method.

(b)Long-term investments in which the Company owns at least 50% of the investee company's voting rights, or in which the Company has the ability to exercise significant influence, are included in the consolidated financial statements.

(c)"Cumulative Translation Adjustments" resulting from translation of all assets and liabilities of the investee foreign companies accounted for under the equity method are recognized proportionately based on the percentage of ownership of the Company and are reflected in the stockholders' equity account.

(9)Property, plant and equipment and idle assets

(a)Property, plant and equipment and idle assets are stated at cost. Interest incurred in connection with the acquisition or construction required to bring the asset to the condition and location for its intended use is capitalized. Major renewals, betterments and additions are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

(b)Depreciation is determined using the straight-line method over the estimated economic useful lives. Fully depreciated assets still in use are depreciated based on the residual value over the estimated remaining useful lives. The useful lives of fixed assets and idle assets are: machinery and equipment 2-12 years, others 2-50 years.

(c)Idle assets are stated at the lower of book value or net realizable value and are reclassified as other assets. The difference between the book value and net realizable value is recorded as a loss in the current period. Depreciation recognized for the period is recorded as non-operating expenses and losses.

(d)When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and any resulting gain or loss on disposal is recorded as non-operating income or loss.

(10)Other intangible assets

Other intangible assets consist of technology shares and computer software costs which are capitalized and amortized on the straight-line basis over the estimated useful life of 3~10 years.

(11)Impairment of non-financial assets

The Company recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

(12)Retirement plan and net periodic pension cost

Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, expected return on plan assets, unrecognized net transition asset (obligation), and amortization of gains or losses on plan assets and prior service cost. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

(13)Income tax

(a)The Company adopted R.O.C. SFAS No. 22 "Accounting for Income Tax", whereby income tax is provided based on accounting income after adjusting for permanent differences, and inter-period and intra-period allocation of income tax was adopted. The tax effects of taxable temporary differences are recorded as deferred tax liabilities; while the tax effects of deductible temporary differences, net operating loss carryforwards and income tax credits are recorded as deferred tax assets. A valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized. Deferred tax assets or liabilities are classified into current or non-current items in accordance with the nature of the balance sheet account or the period realization is expected. When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is reported as an adjustment to current income tax expense (benefit). Adjustments of prior years' income tax liabilities are included in the current year's income tax expense.

(b)The Company adopted R.O.C. SFAS No. 12 "Accounting for Investment Tax Credits", whereby investment tax credits from the acquisition of machinery and equipment, research and development expenditures, personnel training expenditures and investments in stocks are recognized in the year the related expenditures are incurred.

(c)The additional 10% corporate income tax on earnings derived on or after January 1, 1998, which are not distributed in the following year, is included in income tax expense in the year when the shareholders approve the resolution to retain the earnings.

(d)Effective January 1, 2006, the Company adopted the "Income Basic Tax Act". If the amount of regular income tax is more than or equal to the amount of basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas the amount of regular income tax is less than the amount of basic tax, the income tax payable shall also include the difference between the amount of regular income tax and basic tax, in addition to the amount as calculated in accordance with the "Income Tax Act" and other relevant laws. The balance calculated in accordance with the provisions shall not allow for deductions claimed in regard to investment tax credits granted under the provisions of other laws.

(14)Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are different from the actual distributed amounts resolved by the stockholders at the annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. The Company calculates the number of shares of employees' stock bonus based on the latest audited financial statements.

(15)Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(16)Revenues, costs and expenses

Revenues are recognized when the earning process is substantially completed and are realized or realizable. Costs and expenses are recorded as incurred.

(17)Settlement date accounting

If an entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognized for assets carried at cost or amortized cost. For financial assets or financial liabilities classified as at fair value through profit or loss, the change in fair value is recognized in profit or loss. For available-for-sale financial assets, the change in fair value is recognized directly in equity.

Note 3. CHANGES IN ACCOUNTING PRINCIPLES

(1)Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, the Company adopted EITF 96-052 "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", prescribed by the R.O.C. Accounting Research and Development Foundation. This change in accounting principle had no significant effect on the financial statements as of and for the year ended December 31, 2008.

(2)Change in of estimate

Effective January 1, 2008, the Company changed the useful lives of machinery and equipment. As a result of the change in estimate, net income decreased by $43,206 and earnings per share decreased by $0.08 (in NT dollars) for the year ended December 31, 2008.

(3)Inventories

(a)Effective January 1, 2009, the Company adopted the amendments of R.O.C. SFAS No. 10, "Accounting for Inventories". The Company has properly reclassified certain accounts as of December 31, 2008 based on its holding purposes and abilities in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and such standard.

(b) The accounting principle before December 31, 2008 is as follows:

The perpetual inventory system is adopted for inventory recognition. Inventories are stated at the lower of cost or market value. The cost is determined using the weighted average method. Market value is determined based on the replacement cost for raw materials, raw materials in transit and supplies, and the second highest of replacement cost, net realizable value and replacement cost minus normal profit for work in process and finished goods. Appropriate consideration is given to deterioration, obsolescence and other factors in evaluating allowance for inventory obsolescence. If the cost is higher than market value, a provision for price decline in inventories is made and the cost is expensed under "Non-operating expenses and losses"; the recovery of market value is charged against the provision.

(c)As a result of this change in accounting principle, net income decreased by $173,376 and earnings per share decreased by $0.31 (in NT dollars) for the year ended December 31, 2009.

Note 4. DETAILS OF SIGNIFICANT ACCOUNTS

1. CASH AND CASH EQUIVALENTS

	December 31, 2009	December 31, 2008
Cash:		
Cash on hand	$ 35	$ 45
Checking accounts	85	47
Demand deposits	22,270	48,519
Time deposits	446,678	513,600
	469,068	562,211
Cash equivalents:		
Callable bonds	19,500	28,008
	$ 488,568	$ 590,219

2. FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2009	December 31, 2008
Current items:		
Financial assets held for trading		
Mutual funds	$ 43,013	$ –
Derivative-Foreign currency forward contracts	1,841	–
	44,854	–
Financial assets held for trading fair value adjustment	42	–
	$ 44,896	$ –
Financial liabilities held for trading		
Derivative-Foreign currency forward contracts	$ –	$ 1,513

(a) The Company recognized a net loss of $4,279 and $22,558 for the year ended December 31, 2009 and 2008, respectively.

(b) The trading items and contract information of derivatives are as follows:

	December 31, 2009		December 31, 2008	
	Contract Amount	Contract Period	Contract Amount	Contract Period
Forward exchange contracts	USD 4,489,000	2009.11.26～2010.02.12	USD 3,248,000	2008.11.12～2009.02.06
	EUR 1,160,000	2009.11.10～2010.01.15	AUD 1,478,000	2008.11.03～2009.01.16
			EUR 248,000	2008.11.19～2009.02.06

The forward exchange contracts were entered into to hedge the change in exchange rate due to import and export, without adopting hedge accounting.

3. ACCOUNTS RECEIVABLE, NET

	December 31, 2009	December 31, 2008
Accounts receivable	$ 891,454	$ 370,243
Less: Allowance for doubtful accounts	(156)	(4,367)
	$ 891,298	$ 365,876

4. INVENTORIES, NET

	December 31, 2009		
	Cost	Allowance for price decline and obsolescence of inventories	Book Value
Raw materials	$ 221,398	($ 59,476)	$ 161,922
Supplies	2,507	(664)	1,843
Work in process	386,175	(41,850)	344,325
Finished goods	534,089	(100,612)	433,477
	$ 1,144,169	($ 202,602)	$ 941,567

	December 31, 2008		
	Cost	Allowance for price decline and obsolescence of inventories	Book Value
Raw materials	$ 250,283	($ 97,726)	$ 152,557
Supplies	2,325	(325)	2,000
Work in process	450,945	(39,935)	411,010
Finished goods	818,966	(138,445)	680,521
	$ 1,522,519	($ 276,431)	$ 1,246,088

Expenses and losses of inventories recognized:

	For the year ended December 31,	
	2009	2008
Cost of inventories sold	$ 1,684,958	$ 1,407,066
Provision for inventory market price decline	54,094	–
Reversal of allowance for inventory obsolescence	(127,923)	(55,315)
Idle capacity	137,813	–
Loss on production stoppage	8,445	19,458
Loss on discarding inventory	127,959	167,869
Loss on physical inventory	2,771	4,688
Revenue from sale of scraps	–	(21,110)
Cost of goods sold	$ 1,888,117	$ 1,522,656

5. PREPAYMENTS

	December 31, 2009	December 31, 2008
Supplies	$ 72,808	$ 71,576
Prepaid expense	22,871	21,629
Prepayment for materials	9,306	26,692
	104,985	119,897
Less: Allowance for obsolescence of supplies	(31,168)	(26,069)
	$ 73,817	$ 93,828

6. FINANCIAL ASSET CARRIED AT COST

	December 31, 2009	December 31, 2008
Non-current item:		
Unlisted stock		
SYNGEN, INC.	$ 4,620	$ 4,620
Less: Accumulated impairment	(4,620)	(4,620)
	$ –	$ –

(1) The above investment was measured at cost since its fair value cannot be measured reliably.

(2) For details of the accumulated impairment, please refer to Note 4 (11).

7. LONG–TERM EQUITY INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

(1) Details of long-term equity investments accounted for under the equity method are set forth below:

	December 31, 2009		December 31, 2008	
Name of subsidiaries	Book value	Percentage owned	Book value	Percentage owned
SPT International, Ltd.	$310,632	100.00%	$190,100	100.00%
HanFeng (BVI), Ltd.	16,054	100.00%	17,510	100.00%
ScinoPharm Singapore Pte Ltd.	–	100.00%	–	100.00%
President ScinoPharm (Cayman), Ltd.	50	60.00%	2,642	60.00%
	$326,736		$210,252	

(2) Long-term investment (loss) income accounted for under the equity method was ($41,245) and $35,263 for the year ended December 31, 2009 and 2008, respectively. Except for the investment income recognized from HangFeng (BVI), Ltd. and ScinoPharm Singapore Pte Ltd. for the year ended December 31, 2008 totaling $3,670 which was not audited by independent accountants, the investment loss from all other subsidiaries was recognized based on their audited financial statements.

(3) As a result of the adoption of R.O.C. SFAS No. 10,"Accounting for Inventories", the Company recognized investment loss on financial instruments of $5,194 for the year ended December 31, 2009.

8. PROPERTY, PLANT AND EQUIPMENT, NET

(1) As of December 31, 2009 and 2008, accumulated depreciation of property, plant and equipment are listed as follows:

Assets	December 31, 2009	December 31, 2008
Buildings	$ 304,711	$ 268,743
Machinery and equipment	1,779,441	1,531,844
Transportation equipment	5,070	5,333
Furniture and fixtures	22,352	19,717
Leased assets	14,103	9,650
Other equipment	5,013	4,904
	$ 2,130,690	$ 1,840,191

(2)As of December 31, 2009 and 2008, interest expense before capitalization, interest capitalized and capitalized interest rates are in listed as follows:

	For the year ended December 31,	
	2009	2008
Interest expense before capitalization	$ 33,725	$ 85,369
Capitalized interest	$ 1,505	$ 2,685
Capitalized interest rates	2.06%	3.39%

(3) Leased assets

The major terms of leased assets are as follows:

A. Upon the expiration of the lease contract, the titles of the leased assets accounted for under capital lease are transferred to the Company at no additional cost. The rental payments and the leased assets are listed below:

Category of property	Present value discounted on the implicit interest rate	Period
Other equipment	$ 17,815	1.2007-12.2012 for 72 equal monthly installments

B. As of December 31, 2009, total amount of future rental payments and their present value are as follows:

	Rent Payable	
	Present value of future rental payments	Total future rental payments
1.1.2010-12.31.2010	$ 4,200	$ 4,469
1.1.2011-12.31.2011	1,882	1,989
1.1.2012-12.31.2012	964	993
	7,046	$ 7,451
Less: Liabilities under capital lease within one year	(4,200)	
Capital lease payables - non-current	$ 2,846	

9. OTHER INTANGIBLE ASSETS

As of December 31, 2009 and 2008, other intangible assets are as follows:

2009	Technology shares	Computer software costs	Total
Balance at January 1, 2009			
Initial cost	$ 413,042	$ 9,338	$ 422,380
Accumulated amortization	(340,875)	(5,159)	(346,034)
Accumulated impairment	(8,042)	–	(8,042)
January 1, 2009 net book value	64,125	4,179	68,304
Amortization	(40,500)	(2,303)	(42,803)
Balance at December 31, 2009			
Initial cost	413,042	9,338	422,380
Accumulated amortization	(381,375)	(7,462)	(388,837)
Accumulated impairment (Note)	(8,042)	–	(8,042)
December 31, 2009 net book value	$ 23,625	$ 1,876	$ 25,501

2008	Technology shares	Computer software costs	Total
Balance at January 1, 2008			
Initial cost	$ 405,000	$ 6,605	$ 411,605
Accumulated amortization	(300,375)	(2,805)	(303,180)
January 1, 2008 net book value	104,625	3,800	108,425
Additions	8,042	2,733	10,775
Amortization	(40,500)	(2,354)	(42,854)
Impairment loss	(8,042)	–	(8,042)
Balance at December 31, 2008			
Initial cost	413,042	9,338	422,380
Accumulated amortization	(340,875)	(5,159)	(346,034)
Accumulated impairment (Note)	(8,042)	–	(8,042)
December 31, 2008 net book value	$ 64,125	$ 4,179	$ 68,304

(Note) For details of the accumulated impairment, please refer to Note 4(11).

10. IDLE ASSETS

Assets	December 31, 2009 Cost	Accumulated depreciation	Net book value
Machinery and equipment	$ 115,415	($ 57,038)	$ 58,377
Less:Accumulated impairment			(39,348)
			$ 19,029

Assets	December 31, 2008 Cost	Accumulated depreciation	Net book value
Machinery and equipment	$ 99,534	($ 34,033)	$ 65,501
Less:Accumulated impairment			(39,480)
			$ 26,021

For details of the accumulated impairment, please refer to Note 4(11).

11. IMPAIRMENT OF ASSETS

The Company recognized an accumulated impairment loss of $52,010 and $52,142 for the years ended December 31, 2009 and 2008, respectively. Details are set forth below:

	2009	
Item	Statement of income	Stockholders' equity
Recorded as impairment loss:		
Financial asset carried at cost-non-current	$ 4, 620	$ —
Other intangible assets	8, 042	—
Idle assets	39, 348	—
	$ 52, 010	$ —

	2008	
Item	Statement of income	Stockholders' equity
Recorded as impairment loss:		
Financial asset carried at cost-non-current	$ 4, 620	$ —
Other intangible assets	8, 042	—
Idle assets	39, 480	—
	$ 52, 142	$ —

The accumulated impairment summarized by department are as follows:

	2009	
Department	Statement of income	Stockholders' equity
All company	$ 52, 010	$ —

	2008	
Department	Statement of income	Stockholders' equity
All company	$ 52, 142	$ —

(Note)Certain of financial asset carried at cost-non-current, certain other intangible assets and certain idle assets have been recognized or disposed during the year ended December 31, 2009 and 2008. As such, the reversal of impairment loss of $132 and impairment loss of $47,522 was recognized for the year ended December 31, 2009 and 2008.

12. LONG-TERM LOANS

	December 31, 2009	December 31, 2008
Secured bank loans (Note 1)	$ 933,499	$ 1,929,998
Other secured loan (Note 2)	3,727	8,199
	937,226	1,938,197
Less: Prepaid interest	(76)	(343)
Current portion of long-term loans	(293,151)	(100,705)
	$ 643,999	$ 1,837,149
Range of maturity dates	2010.11.05~2013.07.23	2010.11.05~2013.07.23
Range of interest rates	1.82%~4.50%	3.26%~4.50%

(Note 1)The bank loan is secured by buildings, machinery and equipment, and idle assets while the Industrial Bureau loan is secured by time deposits.

(Note 2)The other secured loan pertains to property, plant and equipment which were sold to and then leased back from the leasing company. Said transaction is considered a loan, and is secured by machinery and equipment.

13. RETIREMENT PLAN

(1)The Company has set up a defined benefit pension plan in accordance with the Labor Standards Law, which applies to all regular employees before the enforcement of the Labor Pension Act (the "Act") on July 1, 2005 and the employees who choose 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. 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.

(2) The information relative to the Company's defined benefit pension plan is set forth below:

A.The actuarial assumptions used to measure the funded status of plan are as follows:

	2009	2008
Discount rate	2.25%	2.75%
Rate of increase in compensation levels	3.00%	2.75%
Expected return on plan assets	2.25%	1.50%

B.The funded status of the plan at December 31, 2009 and 2008 is as follows:

	2009	2008
Benefit obligation:		
Vested benefit obligation	($ 2,940)	($ 3,229)
Non-vested benefit obligation	(56,057)	(40,523)
Accumulated benefit obligation	(58,997)	(43,752)
Additional benefit based on future salaries	(30,255)	(20,618)
Projected benefit obligation	(89,252)	(64,370)
Fair value of plan assets	40,312	36,155
Plan funded status	(48,940)	(28,215)
Unrecognized net transition obligation	1,835	2,140
Unrecognized service cost	1,060	1,126
Unrecognized loss (gains) on plan assets	23,801	3,835
Accrued pension liabilities	($ 22,244)	($ 21,114)
Vested benefit	$ 3,115	$ 3,499

C.The net periodic pension cost for the years ended December 31, 2009 and 2008 consists of the following:

	2009	2008
Service cost	$ 2,902	$ 1,869
Interest cost	1,770	1,750
Expected return on plan assets	(542)	(858)
Amortization of the unrecognized net transition obligation	306	306
Amortization or the unrecognized service cost	66	717
Net periodic pension cost	$ 4,502	$ 3,784

(3)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 net pension costs recognized under the defined contribution plan for the year ended December 31, 2009 and 2008 were $18,805 and $17,469, respectively.

14. COMMON STOCK

In order to increase efficiency and respond to competition, the Board of Directors during its meeting on March 31, 2008 adopted a resolution to merge with ScinoPharm Biotech, Ltd. on June 2, 2008. ScinoPharm Taiwan, Ltd. was the surviving company and ScinoPharm Biotech, Ltd. was the dissolved company. The merger conversion rate was 0.18 share to 1 share effective on June 2, 2008, hence the Company increased its capital by $3,734. Pursuant to the approval by the Southern Taiwan Science Park, after its capital increase, the authorized capital was $6,100,000, and the paid-in capital was $5,513,734, consisting of 551,373,392 shares with a par value of $10 (in NT dollars) per share.

15. RETAINED EARNINGS

(1) In accordance with the Company's Articles of Incorporation, 10% of the annual net earnings, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net earnings shall be distributed in accordance with a resolution passed during the Board of Directors meeting and approved at the stockholders' meeting. Of the amount distributed by the Company, 1% shall be distributed as directors' and supervisors' remuneration and not less than 0.2% as employees' bonuses. The Compamy's Articles of Incorporation has been redacted the directors' and supervisors' remuneration to 2% in an interm stock holder meeting on September 25, 2009.

(2) For the years ended December 31, 2008 and 2007, no employees' bonus or directors' and supervisors' remuneration was distributed due to the Company's accumulated deficit.

(3) The Company as of December 31, 2009 and 2008 had an accumulated deficit, therefore it did not estimate employees' bonuses and directors' and supervisors' remuneration.

(4) As of December 31, 2009 and 2008, the balance of accumulated deficit is as follows:

	December 31, 2009	December 31, 2008
(A) Accumulated deficit before 1997	($ 4,388)	($ 4,388)
(B) Accumulated deficit in and after 1998	(1,055,996)	(2,097,029)
	($ 1,060,384)	($ 2,101,417)

(5)As of December 31, 2009 and 2008, the balance of the stockholders' creditable tax account was $29,160 and $5,367, respectively. As of December 31, 2009 and 2008, the Company had an accumulated deficit; accordingly, there is no tax credit against the withholding tax on dividends.

16. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

For the years ended December 31, 2009 and 2008, the personnel, depreciation and amortization expenses were as follows:

	2009		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries and wages	$ 301, 119	$ 195, 369	$ 496, 488
Insurance	20, 275	10, 537	30, 812
Pension	14, 630	8, 677	23, 307
Others	7, 749	6, 504	14, 253
	$ 343, 773	$ 221, 087	$ 564, 860
Depreciation	$ 270, 729	$ 39, 135	$ 309, 864
Amortization	$ 2, 753	$ 40, 050	$ 42, 803

	2008		
	Operating costs	Operating expenses	Total
Personnel expenses			
Salaries and wages	$ 296, 740	$ 156, 398	$ 453, 138
Insurance	17, 345	8, 229	25, 574
Pension	14, 270	6, 714	20, 984
Others	7, 357	9, 584	16, 941
	$ 335, 712	$ 180, 925	$ 516, 637
Depreciation	$ 272, 641	$ 35, 392	$ 308, 033
Amortization	$ 4, 100	$ 38, 754	$ 42, 854

17. DEFERRED INCOME TAX AND INCOME TAX EXPENSE

(1)Adjustments for corporate income tax expense and income tax payable are as follows:

	2009	2008
Income tax at the statutory tax rate	$ 276, 312	$ 228, 827
Tax effect of permanent differences	(826)	(17, 759)
Tax effect of operating loss carryforwards	31, 530	(22, 930)
Tax effect of investment tax credits	(48, 780)	(37, 472)
Tax effect of Five-year tax-free project	(91, 603)	(105, 602)
Over provision of prior year's income tax	(344)	—
Consolidated effect of changes in deferred income tax assets	—	14, 285
Tax effect of tax rate difference of temporary difference between the reporting date and year of realization	(49)	—
Tax effect of change in tax rate	29, 438	—
Tax effect of valuation allowance	(131, 422)	(16, 113)
Income tax expense	64, 256	43, 236
Net changes of deferred income tax assets	(57, 367)	(4, 296)
Consolidated effect of changes in deferred income tax assets	—	(14, 285)
Over provision of prior year's income tax	344	—
Prepaid income taxes	(526)	(1, 086)
Income tax payable	$ 6, 707	$ 23, 569

(2) The details of deferred income tax assets or liabilities resulting from temporary differences, net operating loss carryforwards, and investment tax credits are as follows:

	December 31, 2009		December 31, 2008	
	Amount	Tax effect	Amount	Tax effect
Current Items:				
Temporary differences				
Bad debts expense	$ —	$ —	$ 2,072	$ 518
Unrealized decline in value and obsolescence of inventories	202,602	40,520	276,431	69,108
Unrealized obsolescence of supplies	31,168	6,234	26,069	6,517
Unrealized loss (gain) on foreign currency	11,789	2,358	(398)	(99)
Unrealized loss on valuation of financial liabilities	(1,841)	(368)	1,513	378
Net operating (gain) loss carryfowards	104,942	20,988	534,253	133,563
Investment tax credits		18,950		872
		88,682		210,857
Less: Valuation allowance		(46,754)		(76,143)
		$ 41,928		$ 134,714
Non-Current Items:				
Temporary differences				
Pension cost	$ 22,244	$ 4,449	$ 21,114	$ 5,278
Technology shares	233,770	46,754	215,022	53,755
Investment loss	48,703	9,741	7,458	1,865
Impairment loss	39,348	7,870	39,480	9,870
Net operating loss carryforwards	316,423	63,285	634,589	158,647
Investment tax credits		97,418		66,716
		229,517		296,131
Less: Valuation allowance		(44,545)		(146,578)
		$ 184,972		$ 149,553

(3) The details of investment tax credits and loss carryforwards as of December 31, 2009 are as follows:

Regulation	Item	Amount	Unused balance	Year of expiry
Statute for Upgrading Industries	Acquisition of automation equipment	$ 5,100	$ 4,227	2010～2013
〃	Research and development expenses	109,978	99,511	2010～2013
〃	Shareholder's investment credit	12,630	12,630	2010～2011
Income Tax Law	Loss carryforward	270,859	84,273	2013～2015
		$ 398,567	$ 200,641	

(4) The Company's income tax returns through 2007 have been assessed and approved by the Tax Authority. As of March 23, 2010, there were no disputes existing between the Company and the Tax Authority.

18. BASIC EARNINGS PER COMMON SHARE

	2009				
	Amount		Weighted average number of shares outstanding during the year	EPS (in NT Dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
Net income	$1,105,289	$1,041,033	551,373	$ 2.00	$ 1.89

	2008				
	Amount		Weighted average number of shares outstanding during the year	EPS (in NT Dollars)	
	Before tax	After tax	(shares in thousands)	Before tax	After tax
Net income	$ 915,348	$ 872,112	551,217	$ 1.66	$ 1.58

Note 5. RELATED PARTY TRANSACTIONS

1. Related parties and their relationship with the Company

Name of related parties	Relationship with the Company
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	An investee of the Company's wholly-owned subsidiary, SPT International, Ltd.
HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	An investee of the Company's wholly-owned subsidiary, HanFeng (BVI), Ltd.
President Tokyo Corp.	A subsidiary of Uni-President Enterprises Corp. accounted for under the equity method.
Watson Laboratories, Inc.	An investee of the Company's stockholder, Watson Pharmaceuticals, Inc.
ScinoPharm International, Ltd.	Same general manager
Uni-President Enterprises Corp.	A corporate director of the Company
TaiwanSugar Corp.	A corporate supervisor of the Company

2. Transactions and balances with related parties

(1)Sales

	2009		2008	
	Amount	Percentage of net sales	Amount	Percentage of net sales
Watson Laboratories, Inc.	$ 104, 294	3	$ 39, 553	1

The terms of sales to and collection (wire transfer) from related parties were the same with regular customers.

(2)Purchases

	2009		2008	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ 166, 840	21	$ 253, 988	29

The terms of purchases from and payments (wire transfer) to a related party were the same with regular suppliers. However, for purchases from the same with regular suppliers, a prepayment is made upon issuance of a purchase order with the remaining balance paid upon receipt of goods for the year ended December 31, 2008.

(3)Other expenses

	2009	2008
Repaired fees:		
President Tokyo Corp.	$ 2, 758	$ 1, 939
Management consultancy fees:		
ScinoPharm International, Ltd.	6, 862	17, 469
Taiwan Sugar Corp.	2, 274	—
Uni-President Enterprises Corp.	415	2, 195
	$ 9, 551	$ 19, 664
R&D fees:		
ScinoPharm International, Ltd.	$ 35, 819	$ —
HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	10, 170	5, 323
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	5, 200	13, 278
	$ 51, 189	$ 18, 601

(4)Income from management and technical consultancy

	2009	2008
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ 8, 374	$ 7, 338

(5)Accounts receivable

	December 31, 2009		December 31, 2008	
	Amount	Percentage of net purchases	Amount	Percentage of net purchases
Watson Laboratories, Inc.	$ 29, 807	3	$ —	—

(6)Other receivables

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ 3, 006	31	$ 3, 130	22

(7)Prepayments

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ —	—	$ 6,060	6

(8)Accounts payable

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ —	—	$ 6,987	22

(9)Accrued expenses

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	$ 1,999	1	$ —	—
ScinoPharm International, Ltd.	227	—	3,583	1
	$ 2,226	1	$ 3,583	1

(10)Capital lease payables

	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%
President Tokyo Corp.	$ 7,046	100	$ 11,496	100

(11)Compensation of directors, supervisor and management personnel:

	2009	2008
Salaries	$ 28,573	$ 21,048
Bonuses	—	—
Service execution fees	4,280	4,459
Earnings distribution	—	—
	$ 32,853	$ 25,507

(1) Salaries include regular wages, special responsibility allowances, pensions, severance pay, etc.

(2) Bonuses include various bonuses and rewards.

(3) Service execution fees include travel allowances, special expenditures, various dorms and vehicles offering, etc.

(4) Earnings distribution means directors' and supervisors' remuneration and employees' bonus accrued in current year.

3.Financing

Loans payable to related party (recorded as「Long – term loans」and 「Long – term liabilities – current portion」)

	2009				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest expense
President Tokyo Corp.	2009. 01. 01	$ 8, 199	$ 3, 727	4. 50%	$ 268

	2008				
	Maximum balance date	Maximum balance	Ending balance	Annual interest rate	Total interest expense
President Tokyo Corp.	2008. 01. 01	$ 12, 672	$ 8, 199	4. 50%	$ 452

Note 6. PLEDGED ASSETS

As of December 31, 2009 and 2008, the details of pledged assets for various purposes were as follows:

Assets	December 31, 2009	December 31, 2008	Purpose of collateral
Time deposits (recorded as 「Other financial assets – current」 and 「Other financial assets – non-current」)	$ 19, 060	$ 4, 601	Performance guarantee and customs duty
Buildings, net	1, 280, 727	1, 311, 867	Bank loan
Machinery and equipment, net	879, 739	1, 072, 942	Bank loan
Idle assets – Machinery and equipment, net	30, 672	18, 447	Bank loan
	$ 2, 210, 198	$ 2, 407, 857	

Note 7. CONTINGENT LIABILITIES AND COMMITMENTS

1.As of December 31, 2009 and 2008, the remaining balance due for construction in progress and prepayments for equipment was $912 and $6,836, respectively.

2.(a)On July 3, 2007, the Company entered into a syndicated loan agreement led by the Land Bank of Taiwan for a maximum borrowing of $4,000,000 in 5-6 years. Under the terms of the loan agreement, the Company is required to maintain a current ratio over 150% ; debt-to-equity ratio under 250% in 2007 ; debt-to-equity ratio under 200% in 2008 ; debt-to-equity ratio under 150% in 2009 ; debt-to-equity ratio under 120% after 2010; debt service coverage ratio over 110%, the company should amend in 8 months since the next account period on May 1.

(b)On April 29, 2009, the Banks has agreed the company to cancelling the credit amount of $700,000.

3.Major Agreement

Nature	Party concerned	Validation	Major content
Land lease	Science Park Management	1998. 3. 1～2017. 12. 31	Less than 20 years

As of December 31, 2009, the total amount of future rental payments are listed as follows:

Term of lease contract	Total rental payments
2010	$ 15, 734
2011	15, 734
2012	15, 734
2013	15, 734
2014	15, 734
2015～2017 (Present value of $40, 929)	47, 201
	$ 125, 871

Note 8. SIGNIFICANT CATASTROPHE: None.

Note 9. SIGNIFICANT SUBSEQUENT EVENT: None.

10.OTHERS

(1) Fair values of the financial instruments

	December 31, 2009			December 31, 2008		
		Fair value			Fair value	
	Book value	Quotations in an active market	Estimated using a valuation method	Book value	Quotations in an active market	Estimated using a valuation method
Non–derivative financial instruments						
Assets						
Financial assets with book value equal to fair value	$ 1,409,754	$ —	$ 1,409,754	$ 977,073	$ —	$ 977,073
Financial assets held for trading	43,055	43,055	—	—	—	—
Other financial assets-non-current	18,360	—	18,360	—	—	—
Refundable deposits	1,092	—	1,092	880	—	880
Liabilities						
Financial liabilities with book value equal to fair value	639,153	—	639,153	425,893	—	425,893
Long-term loans	643,999	—	643,999	1,837,149	—	1,837,149
Capital lease payables - non-current	2,846	—	2,846	7,046	—	7,046
Guarantee deposits received	250	—	250	250	—	250
Derivative financial instruments						
Assets						
Foreign currency forward contracts	1,841	—	1,841	—	—	—
Liabilities						
Foreign currency forward contracts	—	—	—	1,513	—	1,513

The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

A.The due dates of short-term financial instruments are near the balance sheet date. Accordingly, the fair value of short-term financial instruments are estimated based on the book value at the balance sheet date which include the accounts of cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets-current, notes and accounts payable, accrued expenses, other payables, and current portion of long-term liabilities and capital lease payables – current.

B.Other financial assets – non-current and the fair value of refundable deposits is based on the discounted value of expected future cash inflows, and the discount rate is based on the fixed rate of one year time deposit of the post office at December 31, 2009 and 2008.

C.The fair value of long-term loans, capital lease payables – non-current and guarantee deposits received is based on the discounted value of expected future cash flows, and the discount rate is based on the interest rates of similar long-term loans at December 31, 2009 and 2008.

D.The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based on the amounts to be received or paid assuming the contracts were settled as of the reporting date.

(2)<u>Procedures of financial risk control and hedge</u>

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

(3)<u>Information of financial risk</u>

A. Market risk

(A)Exchange rate risk

(a)The Company has set a "stop loss" amount to limit its market risk on forward contracts that are affected by foreign exchange risk.

(b)The Company's major import and export transactions are in US dollars. The change in fair value will be caused by foreign exchange rate changes, however, the amounts and periods of the Company's accounts receivable and accounts payable are the same, so the market risk would be offset.

(B)Interest rate risk

The Company issues debt financial instruments with fixed interest rate. The fair value of debt financial instruments would be changed due to changes in market interest rate.

(C)Price risk

The Company is exposed to equity securities price risk because the investments held by the Company are classified either as available-for-sale or at fair value through profit or loss. The Company sets limits to control the transaction volume and stop-loss amount of derivatives to reduce its market risk.

B. Credit risk

(A)The Company entered into derivative financial instruments with financial institutions with good credit ratings. The possibility of default by those parties is very low. The maximum market value is the carrying amount of derivative financial instruments.

(B)The Company has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The maximum loss to the Company is the book value of accounts receivable.

C. Liquidity risk

(A)The Company has lower significant concentrations of liquidity risk for forward exchange contracts since the exchange rate is known.

(B)The Company is exposed to a higher liquidity risk since investment securities have no active market. However, the Company has no intention to hold these financial assets for trading and does not expect to sell these financial assets frequently. Therefore, the exposure to liquidity risk would be effectively reduced.

D. Interest change cash flow risk

The Company's interest rate risk arises from long-term loans. Long-term loans are debts with floating interest rates that change with market interest rate fluctuations.

(4)Financial statement presentation

Certain accounts in the December 31, 2008 financial statements were reclassified to conform with the December 31, 2009 financial statement presentation.

11.ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES

(1)Related information of significant transactions

(For the year ended December 31, 2009)

(A) Financing activities with any company or person (Units in thousands of currencies indicated)

Number	Name	Name of counterparty	Account	Maximum balance during 2009	Ending balance	Interest rate	Nature of financing activity	Total transaction amount	Reason for financing	Allowance for doubtful accounts	Assets pledged		Loan limit per entity (Note)	Maximum amount available for loan (Note)
											Item	value		
1	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd	HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	Other receivables	RMB 510	RMB -	-	Short-term financing	RMB -	Additional operating capital	RMB -	-	RMB -	RMB 8,317	RMB 16,633

(Note)The regulations of financing activities are as follows:

1.The total amount for loan is 40% of its net worth, while the total amount for trading partner is 20% of its net worth.

2.The total amount for short-team financing is 20% of its net worth.

(B) The Company provided endorsmennts and guarantee to the following entities : none.

(C) The balance of securities held as of December 31, 2009 are summarized as follows (Units in thousands of currencies indicated):

				June 30, 2009				
Investor	Types of securities	Relationship with the issuer	Accounts (Note)	Number of shares (in thousands)	Book value	Percentage of ownership	Market value	Note
ScinoPharm Taiwan,Ltd.	Callable bonds :							
	China Bill Finance Corporation	—	1	-	$ 19,500	-	$ 19,500	—
	Beneficiary Certificates :							
	PCA WELL POOL FOND	—	2	3,316	43,013	-	43,055	—
	Common Stock :							
	SYNGEN, INC.	—	3	245	-	19.60%	-	—
	SPT International, Ltd.	Subsidiary accounted for under the equity method	4	9,825	310,632	100.00%	362,919	—
	HanFeng (BVI), Ltd.	〃	〃	-	16,054	〃	16,054	—
	ScinoPharm Singapore Pte Ltd.	〃	〃	-	-	〃	-	—
	President ScinoPharm (Cayman), Ltd.	〃	〃	102	50	60.00%	50	—
SPT International, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd	〃	〃	-	US$ 6,092	100.00%	US$ 6,092	—
	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	〃	〃	-	US$ 4,896	〃	US$ 4,896	—
	Xinjiang president scinopharm technology Co., Ltd	〃	〃	-	US$ 220	〃	US$ 220	—
HanFeng (BVI), Ltd.	HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	〃	〃	-	US$ 501	〃	US$ 501	—
President ScinoPharm (Cayman), Ltd.	Yunnan ZiyunScino Biotech, Ltd.	〃	〃	-	-	49.00%	-	—

(Note) The code number explanation is as follows:

1.Cash equivalents

2.Financial assets at fair value through profit or loss — current

3.Financial assets carried at cost — non-current

4.Long-term equity investments for under the equity method

(D) The cumulative buying or selling amount of one specific security exceeding the lower of $100,000 or 20 percent of the contributed capital

Investor	Type of securities	General ledger account	Name of the counter -party	Relationship	Beginning balance		Addition		Disposal				Other increase (decrease)		Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sale Price	Book value	Gain (loss) on disposal	Number of shares in thousands	Amount	Number of shares in thousands	Amount
ScinoPharm Taiwan, Ltd.	Callable bonds : International Bills Finance Corporation	Cash equivqlents	-	-	-	$ -	-	$2,111,977	-	$2,111,059	($2,111,977)	$ 82	-	$ -	-	$ -
	China Bill Finance Corporation	〃	-	-	-	28,008	-	2,431,449	-	2,440,055	(2,439,957)	98	-	-	-	19,500
	Stocks : SPT International, Ltd.	Subsidiary accounted for under the equity method	Capital Increase	-	4,752	190,100	5,073	165,339	-	-	-	-	-	(44,807)	9,825	310,632
SPT International, Ltd.	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	〃	〃	-	-	-	-	USD$ 5,000	-	-	-	-	-	(USD$ 104)	-	USD$ 4,896

(E) Acquisition of real estate with an amount exceeding $100,000 or 20 percent of the contributed capital : None.

(F) Disposal of real estate with an amount exceeding $100,000 or 20 percent of the contributed capital : None.

(G) Purchases or sales transactions with related parties amounting to $100,000 or 20 percent of the contributed capital (Unit in thousands of currencies indicated):

Purchases/(sales) company	Name of the counter party	Relationship	Description of transaction: Purchases/(sales)	Description of transaction: Amount	Description of transaction: Percentage of net purchases /(sales)	Description of transaction: Credit terms	Descriptionand reasons for difference in transaction terms compared to non-related party transactions: Unit Price	Descriptionand reasons for difference in transaction terms compared to non-related party transactions: Credit Period	Notes or accounts receivable / (payable): Amount	Notes or accounts receivable / (payable): Percentage of Notes or accounts receivable / (payable)	Note
ScinoPharm Taiwan, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	An investee company of SPT International Ltd. accounted for under the equity method	Purchases	$ 166,840	21%	(Note)	$ -	—	$ -	-	-
	Watson Laboratories, Inc.	An investee company of Watson Pharmaceuticals, Inc. accounted for under the equity method	(Sales)	104,294	3%	〃	-	—	29,807	3%	-

(Note 1)Please reler to Note5 for the terms of purchases and sales transactions. The above terms are in accordance with the Company's requlations on credit management.

(H) Receivable from related parties exceeding $100,000 or 20 percent of the capital : None.

(I) Derivative financial instrument transactions : For the Company's derivative financial instrument transactions, please refer to Note4(2) and 10.

(2)Disclosure information of investee company

Related information on investee companies for the period ended December 31, 2009 (Units in thousands of currencies indicated)

				Original investments		Holding status				
Investors	Name of investees	Address	Main Business	Ending balance of the current period	Ending balance of prior period (Note1)	Shares (in thousands)	Percentage of ownership	Book value	Net income (loss) of the investee	Income (loss) recognized by the Company	Note
ScinoPharm Taiwan, Ltd.	SPT International, Ltd.	Tortola, British Virgin Islands	Professional investment	$ 324,610	$ 159,271	9,825	100.00%	$ 310,632	$ 9,671	($ 37,046)	Subsidiary
	HanFeng (BVI), Ltd.	Tortola, British Virgin Islands	〃	25,590	25,590	-	〃	16,054	(1,591)	(1,591)	〃
	ScinoPharm Singapore Pte Ltd.	Singapore	〃	-	-	-	〃	-	-	-	〃
	President ScinoPharm (Cayman), Ltd.	Grand Cayman, Cayman Islands	〃	3,541	3,541	102	60.00%	50	(4,346)	(2,608)	〃
SPT International, Ltd.	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	Kunshan City, Jiangsu Province	Research, development and manufacture of new medicine, etc.	US$ 3,724	US$ 3,724	-	100.00%	US$ 6,092	US$ 671	(Note 2)	〃
	ScinoPharm (Changshu) Pharmaceuticals, Ltd.	Changshu City, Jiangsu Province	〃	US$ 5,000	-	-	〃	US$ 4,896	(US$ 106)	〃	〃
	Xinjiang President ScinoPharm Technology Co., Ltd.	Urengi Cityi	Manufacture and sales of conjugated estrogens, etc.	US$ 788	US$ 788	-	〃	US$ 220	(US$ 271)	〃	〃
HanFeng (BVI), Ltd.	HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	Shanghai City	Research and sales of biomedical and related production, etc.	US$ 800	US$ 800	-	〃	US$ 501	(US$ 56)	〃	〃
President ScinoPharm (Cayman), Ltd.	Yunnan ZiyunScino Biotech, Ltd.	Yunnan Province	Plant、research, and development of natural medicine, etc.	US$ 138	US$ 138	-	49.00%	-	-	〃	—

(Note 1)Ending balance of December 31, 2008.

(Note 2)We cannot provide this information according to the rules.

(3)Disclosure of information on indirect investments in Mainland China

Related information on investee companies for the year ended December 31, 2009 (Units in thousands of currencies indicated)

(A) The basic information of investments in Mainland China as of December 31, 2009 are as follows (Units in thousands of currencies indicated):

Name of investee in Mainland China	Main Business	Capital	Investment method	Beginning investment balance from Taiwan	Investment Amount Payment	Investment Amount Remittance	Ending investment balance from Taiwan	Percentage of ownership held by the Company (direct or indirect)	Investment gain (loss) (Note 2)	Investment balance as of June 30, 2009	Accumulated remittance
ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	Research, development and manufacture of new medicine, etc.	US$ 4,000	(Note1)	US$ 3,724	US$ -	US$ -	US$ 3,724	100.00%	US$ 671	US$ 6,092	$ -
ScinoPharm (Changshu) Pharmaceuticals, Ltd.	〃	US$ 5,000	〃	US$ -	US$ 5,000	US$ -	US$ 5,000	〃	(US$ 106)	US$ 4,896	-
Xinjiang President ScinoPharm Technology Co., Ltd.	Manufacture and sales of conjugated estrogens, etc.	US$ 1,000	〃	US$ 788	US$ -	US$ -	US$ 788	〃	(US$ 271)	US$ 220	-
HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	Research and sales of biomedical and related production, etc.	US$ 800	〃	US$ 800	US$ -	US$ -	US$ 800	〃	(US$ 56)	US$ 501	-
Yunnan ZiyunScino Biotech, Ltd.	Plant、research, and development of natural medicine, etc.	US$ 305	〃	US$ 138	US$ -	US$ -	US$ 138	49.00%	US$ -	US$ -	-

(B) The ceiling amount of investment in Mainland China (Units in thousands of currencies indicated)

Accumulated investment balance from Taiwan to Mainland China (Note3)	Amount approved by MOEA (Note3)	Ceiling amount of investment in Mainland China by MOEA (Note4)
$ 334,714	$ 334,714	$ 2,683,223
(US$ 10,450)	(US$ 10,450)	

(Note 1)Indirect investment in PRC through existing companies located in the third area.

(Note 2)Recognized based on unaudited or audited by independent accountants financial statements for the year ended December 31, 2009 for each entity.

(Note 3)Calculated at exchange rate of $32.03 (US dollars to NT dollars). If calculated at exchange rate when approved by MOEA, the amount is $342,656.

(Note 4)The net capital is counted by 60%. The consolidated financial statements of ScinoPharm Taiwan, Ltd. as of and for the year ended December 31, 2009 are still being prepared by the Company, so the net capital is counted by 60%.

(C) The transactions across third region company with the investees in Mainland China：

(a) Purchase amount and percentage related to payable's account' ending balance and percentage：

(i) Purchase

Third region Company's name	Name of investee in Mainland China	For the year ended December 31, 2009 Amount	Percentage account for net purchase
—	ScinoPharm (Kunshan)	$ 166, 840	21

Please refer to Note 5 related party transactions.

(ii) Accounts payable：

Third region Company's name	Name of investee in Mainland China	For the year ended December 31, 2009 Amount	Percentage account for net purchase
—	ScinoPharm (Kunshan)	$ -	-

(b)Sales amount and percentage related to receivable's accounts' ending balance and percentage: None.

(c)Endorsement, guarantee and security's ending balance and purpose: None.

(d)Other events having significant effects on the operating results and financial condition：

Transaction property	Third region Company's name	Name of investee in Mainland China	For the year ended December 31,2009	
R&D fees	—	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ 5,200	
		HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	$ 10,170	
Management consultancy fees	—	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ 8,374	
			December 31, 2009	
			Amount	%
Other receivables	—	ScinoPharm (Kunshan) Biochemical Technology Co., Ltd.	$ 3,006	31
Accrued expenses	—	HanFeng Biopharmaceutical (Shanghai) Co., Ltd.	$ 1,999	1

12. SEGMENT INFORMATION

(1) Financial information in different industries: The Company operates in one industry. Therefore, the disclosure of industry financial information is not applicable to the Company.

(2) Financial information on geographic areas: No foreign operation.

(3) Information on export:

Export sales of the Company for 2009 and 2008 respectively were as follows:

Areas	2009	2008
America	$ 1,445,049	$ 1,566,416
Europe	1,453,975	776,912
Australia	312,807	545,878
Asia	516,745	218,047
	$ 3,728,576	$ 3,107,253

(4) Information on significant customers:

In 2009 and 2008 customers constituted more than 10% of the Company's total revenue of 2009 and 2008 respectively were as follows:

		2009		2008	
Name of customers	Segment	Amount	Percentage of net operating revenues	Amount	Percentage of net operating revenues
A Corp.	All	$ 1,143,660	31	$ 1,316,239	42
B Corp.	〃	432,219	11	527,222	17
		$ 1,575,879	42	$ 1,843,461	59