Stock Code:4107

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

with Independent Auditors' Report
For the Years Ended December 31, 2018 and 2017

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Representation Letter

The entities that are required to be included in the combined financial statements of Bioteque Corporation as of and for the year ended December 31, 2018 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bioteque Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Bioteque Corporation
Chairman: TSAI, CHUNG-LI
Date: March 15, 2019

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Independent Auditors' Report

To the Board of Directors of Bioteque Corporation:

Opinion

We have audited the consolidated financial statements of Bioteque Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Provision for impairment of accounts receivable

   Please refer to Note 4(g) "Financial instruments" for accounting policies, Note 5 for accounting assumptions, judgments, and estimation uncertainty to the consolidated financial statements, and Note 6(e) for the illustration of the impairment of accounts receivable.

   The Group engages in manufacturing and selling the medical device. As of December 31, 2018, the amount of the accounts receivable is $211,038 thousand. The recovery ability of amounts due is concerned by the Managements' judgment. Consequently, the assessment of accounts receivable has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: Obtaining the calculation of expected credit loss (ECL) on trade receivable, and assessing the appropriateness of ECL; examining the aging of trade receivables to verify the accuracy of the ageing period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL.

2. Evaluation of inventories

   Please refer to Note 4(h) " inventories" for accounting policies, Note 5 for accounting assumptions, judgments, and estimation uncertainty to the consolidated financial statements, and Note 6(f) for the illustration of the evaluation of inventories.

   The Group engage in manufacturing the medical device. As of December 31, 2018, the amount of the inventories is $281,734 thousand. Since the loss on valuation of inventories and obsolescence is based on the Managements' judgment. Consequently, the valuation of inventory has been identified as a key audit matter.

   How the matter was addressed in our audit

   Our principal audit procedures included: Understanding the estimations of inventories at net realizable value by referring to their original transaction documents to test their accuracy. Accessing the inventory aging report and analyzing the aging of the inventories. Moreover, reviewing whether the valuation and the related information of the inventories are disclosed appropriately.

Other Matter

Bioteque Corporation has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Yen-Ta Su.

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(expressed in thousands of New Taiwan dollars)

	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 926,601	33	916,854	35
1110	Current financial assets at fair value through profit or loss (note 6(b))	176,325	6	173,542	7
1150	Notes receivable, net (notes 6(e) and (n))	71,638	3	74,723	3
1170	Accounts receivable, net (notes 6(e) and (n))	211,038	8	192,829	7
130X	Inventories (note 6(f))	281,734	10	197,592	7
1476	Other current financial assets (note 8)	1,943	-	1,435	-
1479	Other current assets (note 6(i))	21,715	1	22,606	1
	Total current assets	1,690,994	61	1,579,581	60
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	237	-	-	-
1523	Non-current available-for-sale financial assets (note 6(d))	-	-	328	-
1600	Property, plant and equipment (notes 6(g) and 8)	944,734	34	959,108	37
1840	Deferred tax assets (note 6(k))	2,657	-	3,066	-
1915	Prepayments for business facilities (note 9)	77,393	3	22,933	1
1980	Other non-current financial assets	1,972	-	1,780	-
1995	Other non-current assets (note 6(i))	53,555	2	54,674	2
	Total non-current assets	1,080,548	39	1,041,889	40
	Total assets	$ 2,771,542	100	2,621,470	100

	Liabilities and Equity	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(h) and 8)	$ 25,000	1	80,000	3
2130	Current contract liabilities (notes 3 and 6(n))	33,923	1	-	-
2150	Notes payable	37,807	2	43,197	2
2170	Accounts payable	75,256	3	53,805	2
2209	Other payables (notes 6(j) and 6(p))	104,116	4	97,316	4
2213	Payables on machinery and equipment	5,941	-	9,478	-
2230	Current tax liabilities	61,746	2	46,056	2
2320	Long-term liabilities, current portion (notes 6(h), 6(u) and 9)	35,840	1	37,225	1
2399	Other current liabilities (note 3)	6,019	-	27,200	1
	Total current liabilities	385,648	14	394,277	15
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(h), 6(u) and 9)	10,240	-	44,670	2
2570	Deferred tax liabilities (note 6(k))	51,521	2	38,448	1
2600	Other non-current liabilities	8	-	8	-
2640	Net defined benefit liability, non-current (note 6(j))	10,098	1	7,291	-
	Total non-current liabilities	71,867	3	90,417	3
	Total liabilities	457,515	17	484,694	18
	Equity attributable to owners of parent (notes 6(j), 6(k) and 6(l)):				
3100	Ordinary shares	692,983	25	692,983	26
3200	Capital surplus	315,168	11	315,168	12
	Retained earnings:				
3310	Legal reserve	283,404	10	253,010	10
3320	Special reserve	6,459	-	-	-
3350	Unappropriated retained earnings	1,005,069	37	882,074	34
		1,294,932	47	1,135,084	44
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	12,259	-	(5,235)	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(1,315)	-	-	-
3425	Unrealized gains (losses) on available-for-sale financial assets	-	-	(1,224)	-
		10,944	-	(6,459)	-
	Total equity	2,314,027	83	2,136,776	82
	Total liabilities and equity	$ 2,771,542	100	2,621,470	100

See accompanying notes to consolidated financial statements.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

(expressed in thousands of New Taiwan dollars , Except for Earnings Per Common Share)

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(n) and (o))**	$ 1,613,009	100	1,420,219	100
5000	**Operating costs (notes 6(f), (g), (i), (j) and 12)**	923,968	57	816,545	58
	Gross profit from operations	689,041	43	603,674	42
6000	**Operating expenses (notes 6(g), (j), (p), 7 and 12):**				
6100	Selling expenses	75,987	5	61,223	4
6200	Administrative expenses	85,901	5	76,508	5
6300	Research and development expenses	37,961	3	37,772	3
	Total operating expenses	199,849	13	175,503	12
6900	**Net operating income**	489,192	30	428,171	30
7000	**Non-operating income and expenses (note 6(q)):**				
7010	Other income	18,646	1	7,579	1
7020	Other gains and losses	10,387	1	(39,848)	(3)
7050	Finance costs	(2,957)	-	(2,832)	-
	Total non-operating income and expenses	26,076	2	(35,101)	(2)
7900	**Profit before tax**	515,268	32	393,070	28
7950	**Less: Tax expense (note 6(k))**	110,271	7	89,131	6
	Profit	404,997	25	303,939	22
8300	**Other comprehensive income (loss) (notes 6(j) and 6(k)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans	(2,605)	-	(854)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(91)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	(2,696)	-	(854)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss:**				
8361	Exchange differences on translation	17,494	1	(38,883)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	2	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	3,114	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	17,494	1	(35,767)	(3)
8300	**Other comprehensive income (loss), net**	14,798	1	(36,621)	(3)
	Comprehensive income	$ 419,795	26	267,318	19
	Profit, attributable to:				
	Profit, attributable to owners of parent	$ 404,997	25	303,939	22
	Comprehensive income, attributable to:				
	Comprehensive income, attributable to owners of parent	$ 419,795	26	267,318	19
9750	**Basic earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)**	$	5.84		4.39
9850	**Diluted earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)**	$	5.81		4.37

See accompanying notes to consolidated financial statements.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(expressed in thousands of New Taiwan dollars)

	Attributable to owners of parent								
			Retained earnings			Other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total equity
Balance at January 1, 2017	$ 692,983	384,467	217,187	-	753,408	30,534	-	(1,226)	2,077,353
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	35,823	-	(35,823)	-	-	-	-
Cash dividends	-	(69,299)	-	-	(138,596)	-	-	-	(207,895)
Net income for the years ended December 31, 2017	-	-	-	-	303,939	-	-	-	303,939
Other comprehensive income for the years ended December 31, 2017	-	-	-	-	(854)	(35,769)	-	2	(36,621)
Total comprehensive income for the years ended December 31, 2017	-	-	-	-	303,085	(35,769)	-	2	267,318
Balance at December 31, 2017	692,983	315,168	253,010	-	882,074	(5,235)	-	(1,224)	2,136,776
Effects of retrospective application	-	-	-	-	-	-	(1,224)	1,224	-
Balance at January 1,2018 after adjustments	692,983	315,168	253,010	-	882,074	(5,235)	(1,224)	-	2,136,776
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	30,394	-	(30,394)	-	-	-	-
Special reserve	-	-	-	6,459	(6,459)	-	-	-	-
Cash dividends	-	-	-	-	(242,544)	-	-	-	(242,544)
Net income for the years ended December 31, 2018	-	-	-	-	404,997	-	-	-	404,997
Other comprehensive income for the years ended December 31, 2018	-	-	-	-	(2,605)	17,494	(91)	-	14,798
Total comprehensive income for the years ended December 31, 2018	-	-	-	-	402,392	17,494	(91)	-	419,795
Balance at December 31, 2018	$ 692,983	315,168	283,404	6,459	1,005,069	12,259	(1,315)	-	2,314,027

See accompanying notes to consolidated financial statements.

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(expressed in thousands of New Taiwan dollars)

	2018	2017
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 515,268	393,070
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	81,595	75,955
Amortization expense	4,318	3,022
Net loss (gain) on financial assets at fair value through profit or loss	256	(1,605)
Interest expense	2,957	2,832
Interest income	(6,440)	(4,407)
Loss (gain) on disposal of property, plant and equipment	25	(124)
Total adjustments to reconcile profit	82,711	75,673
Changes in operating assets:		
Notes receivable	3,085	2,120
Accounts receivable	(18,209)	(28,499)
Inventories	(84,142)	6,398
Other current assets	1,385	967
Other financial assets	(508)	1,134
Total changes in operating assets	(98,389)	(17,880)
Changes in operating liabilities:		
Current contract liabilities	33,923	-
Notes payable	(5,390)	10,825
Accounts payable	21,451	(19,581)
Other payable	6,788	(3,115)
Net defined benefit liability	385	(451)
Other current liabilities	(21,181)	(12,059)
Total changes in operating liabilities	35,976	(24,381)
Total changes in operating assets and liabilities	(62,413)	(42,261)
Total adjustments	20,298	33,412
Cash inflow generated from operations	535,566	426,482
Interest received	5,946	4,438
Income taxes paid	(81,099)	(94,406)
Net cash flows generated from operating activities	460,413	336,514
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(120,431)	(117,886)
Proceeds from disposal of financial assets at fair value through profit or loss	118,312	127,701
Acquisition of property, plant and equipment	(29,066)	(25,182)
Proceeds from disposal of property, plant and equipment	107	465
(Increase) decrease in other non-current financial assets	(192)	68
(Increase) decrease in other non-current assets	(3,199)	1,283
Increase in prepayments for business facilities	(78,673)	(38,261)
Decrease in payables on machinery and equipment	(3,537)	-
Net cash flows used in investing activities	(116,679)	(51,812)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	25,000	160,000
Decrease in short-term loans	(80,000)	(160,000)
Proceeds from long-term borrowings	-	45,603
Repayments of long-term borrowings	(37,715)	(15,201)
Increase in guarantee deposits received	-	8
Cash dividends paid	(242,544)	(207,895)
Interest paid	(3,128)	(2,812)
Net cash flows used in financing activities	(338,387)	(180,297)
Effect of exchange rate changes on cash and cash equivalents	4,400	(6,518)
Net increase in cash and cash equivalents	9,747	97,887
Cash and cash equivalents at beginning of period	916,854	818,967
Cash and cash equivalents at end of period	$ 926,601	916,854

See accompanying notes to consolidated financial statements.

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

(1) Company history

Bioteque Corporation ("the Company") was incorporation in November, 1991 in accordance with The Company Act and the other related laws and regulations.

The Company's stock was listed on Taipei Exchange on March 4, 2002.

The business operation of the Company and its subsidiaries (together referred to as"the Group") are as follows:

(a) Manufacturing, trading and selling of the medical equipment and instruments.

(b) Reinvestment and monopoly investment in securities business.

Please refer to note 14 for the related information.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements for the years ended December 31, 2018 and 2017 were authorized for issuance by the board of directors on March 15, 2019.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

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

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

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

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

The Group uses the practical expedients for completed contracts, which means it needs not restate those contracts that have been completed on January 1, 2018.

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

1) Sales of goods

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Group' s consolidated financial statements:

	December 31, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balance upon adoption of IFRS 15**
Advance sale receipts (Note)	$ 33,923	(33,923)	-	15,755	(15,755)	-
Current contract liabilities	-	33,923	33,923	-	15,755	15,755
Impact on liabilities		-			-	

(Note) Recognized under other current liabilities.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) IFRS 9 “Financial Instruments”

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

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 “Presentation of Financial Statements” which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group’ s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale financial assets. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(g).

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

2) Impairment of financial assets

IFRS 9 replaces the ‘ incurred loss’ model in IAS 39 with the ‘ expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(g).

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3) Transition

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

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

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

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

— The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

—The designation of certain investments in equity instruments not held for trading as at FVOCI.

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

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

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

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and cash equivalents	Loans and receivables (Note 1)	916,854	Amortized cost	916,854
Equity instruments	Designated as at FVTPL (Note 2)	144,733	Mandatorily at FVTPL	144,733
	Available-for-sale (Note 3)	328	FVOCI	328
Trade and other receivables	Loans and receivables (Note 1)	267,552	Amortized cost	267,552
Other financial assets	Loans and receivables (Note 1)	3,215	Amortized cost	3,215

Note 1: Cash and cash equivalents, notes and accounts receivable, guarantee deposits paid and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

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Note 2: Under IAS 39, these equity securities were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatory measured at FVTPL under IFRS 9.

Note 3: These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

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

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (IAS 39)	$ 328	(328)	-	-	-	-
Available for sale to FVOCI	-	328	-	328	-	-
Total	$ 328	-	-	328	-	-

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(u).

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

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

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

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Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16“Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

—IFRS 16 definition of a lease to all its contracts; or

— a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

—retrospective approach; or

—modified retrospective approach with optional practical expedients.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the right-of-use assets measured based on the amounts of the lease liabilities, with no restatement of comparative information.

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When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group chooses to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics.
- adjust the right-of-use assets, based on the amount reflected in IAS 37 onerous contract provision, immediately before the date of initial application, as an alternative to an impairment review.
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs from measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of its offices, factory facilities, and warehouses. The Group estimated that the right-of-use assets and the lease liabilities to increase by $70,824 thousand and $20,096 thousand respectively, as well as the other current assets and other non-current assets to decrease by $730 thousand and $49,998 thousand respectively, on January 1, 2019. No significant impact is expected for the Group's finance leases. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant. Also, the Group is not required to make any adjustments for leases where the Group is the intermediate lessor in a sub-lease.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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

Issuance / Release Dates	Standards or Interpretations	Content of amendment
October 31, 2018	Amendments to IAS 1 and IAS 8 "Definition of Material"	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

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

(4) Summary of significant accounting policies:

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

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value;

3) The defined benefit liability is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group' s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries in the consolidated financial statements:

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2018**	**December 31, 2017**
The Company	BIOTEQUE MEDICAL CO., LTD.	Investment activities	100.00 %	100.00 %
The Company	CHUNGTEX INVESTMENT CO., LTD	Investment activities	100.00 %	100.00 %
The Company	BIOTEQUE MEDICAL PHIL. INC.	Manufacturing and Trading of Medical equipment	100.00 %	100.00 %
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Trading of Medical equipment	100.00 %	100.00 %

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

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

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Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the differences of the fair value through other comprehensive income (available-for-sale) equity investment which are recognized in other comprehensive income that arises from the retranslation.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated at the average exchange rate. Translation differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash, cash in bank, and short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents. If they do not meet the above definition, time deposits should be classified as other current and/or noncurrent financial assets.

(g) Financial instruments

(i) Financial assets (policy applicable from January 1, 2018)

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

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

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

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Fair value through other comprehensive income (FVOCI)

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

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

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

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

3) Fair value through profit or loss (FVTPL)

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

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Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

—debt securities that are determined to have low credit risk at the reporting date ; and

— other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

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

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

—significant financial difficulty of the borrower or issuer；

—a breach of contract such as a default or being more than 180 days past due；

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

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

—the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial assets (policy applicable before January 1, 2018)

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held for trading. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and are presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables other than insignificant interest on short-term receivables, are measured at amortized cost using the effective interest method, less any impairment losses. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment 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 that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is considered objective evidence of impairment.

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All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management' s judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than the those suggested by historical trends.

An impairment loss in respect of a financial asset is deducted from the carrying amount except for accounts receivable, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses and recoveries of accounts receivable are recognized in profit or loss; impairment losses and recoveries of other financial assets are recognized in non-operating income and expenses.

5) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity – unrealized gains or losses on available-for-sale financial assets" in profit or loss is included in non-operating income and expenses.

The Group separates the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss.

(iii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses.

On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating costs.

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

4) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

(Continued)

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Maintenance and repairs expenses are recognized in profit or loss; significant addition, improvement and replacement cost should be capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately.

(Continued)

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Building and structures 5~50 years
2) Machinery and equipment 2~15 years
3) Transportation equipment 5 years
4) Office equipment 2~5 years
5) Other equipment 2~10 years

The depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(j) Lease

Leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use.

If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated.

An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

If the carrying amount of each of the CGUs exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit.

(l) Revenue

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

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

a) Sale of goods

The Group manufactures and sells medical equipment. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

b) Financing components

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

(ii) Revenue (policy applicable before January 1, 2018)

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that a discount will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement.

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(iii) Contract costs (policy applicable from January 1, 2018)

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

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

— the costs are expected to be recovered.

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

(m) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group's net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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(n) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfills one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset is recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences are also revaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(o) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

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(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The loss allowance of trade receivable

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

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The further description of the valuation of inventories, please refer to note 6(f).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2018	December 31, 2017
Cash on hand	$	509	332
Cash in bank		757,584	756,435
RP bills		168,508	160,087
Cash and cash equivalents in the consolidated statement of cash flows	$	**926,601**	**916,854**

(Continued)

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Please refer to note 6(r) for the exchange rat risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Current financial assets at fair value through profit or loss

	December 31, 2018	December 31, 2017
Financial assets designated as at fair value through profit or loss:		
Money market funds and bond funds	$ -	143,319
RP bills	30,308	28,809
Stock listed on domestic markets	-	1,414
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Money market funds and bond funds	143,167	-
Stock listed on domestic markets	2,850	-
Total	$ 176,325	173,542

(i) For credit risk and market risk, please refer to note 6(r).

(ii) The financial assets of the Group were not collateralized.

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2018
Equity investments at fair value though other comprehensive income:	
Stock listed on domestic markets	$ 237

(i) Equity investments at fair value through other comprehensive income

On January 1, 2018, the Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes. These investments were classified as available-for-sale financial assets on December 31, 2017.

No strategic investments were disposed as of December 31, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(ii) For credit risk and market risk, please refer to note 6(r).

(iii) The financial assets of the Group were not collateralized.

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(d) Non-current available-for-sale financial assets

	December 31, 2017
Stock listed on domestic markets	$ 328

(i) The investment were classified as financial assets at fair value through other comprehensive income on December 31, 2018; please refer to note 6(c).

(ii) For credit risk and market risk, please refer to note 6(r).

(iii) The financial assets of the Group were not collateralized.

(e) Notes and trade receivables

	December 31, 2018	December 31, 2017
Notes receivable	$ 71,638	74,723
Trade receivables	211,038	192,829
Less: Loss allowance	-	-
	$ 282,676	267,552

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of December 31, 2018 was determined as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 265,215	-	-
1 to 30 days past due	17,461	-	-
31 to 60 days past due	-	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	-	-	-
121 to 150 days past due	-	9.40 %	-
151 to 180 days past due	-	20.86 %	-
More than 181 days past due	-	100 %	-
	$ 282,676		-

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As of December 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable, which were past due but not impaired, was as follows:

	December 31, 2017
Past due 1 to 60 days	$ 41,956

On December 31, 2017, there were no customers who entered bankruptcy and unable to repay the balance owing to the unfavorable economic conditions, and therefore, the Group did not recognize any impairment loss of trade receivable.

The note and trade receivables of the Group were not collateralized.

(f) Inventories

	December 31, 2018	December 31, 2017
Raw materials	$ 169,502	114,211
Work in progress	55,222	41,791
Finished goods	37,501	18,367
Merchandise	3,057	1,148
Raw materials in transit	16,452	22,075
	$ 281,734	197,592

Except for cost of goods sold and inventories recognized as operating cost, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2018	2017
Gains on physical inventory	$ 4,795	1,723
Losses on valuation of inventories	(500)	(2,200)
	$ 4,295	(477)

The inventories of the Group were not collateralized.

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(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2018 and 2017 were as follows:

	Land	Building and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:								
Balance at January 1, 2018	$ 91,834	733,352	676,379	9,066	19,570	114,377	6,738	1,651,316
Additions	-	2,530	4,847	-	1,058	13,406	7,225	29,066
Disposals	-	-	(660)	-	-	(81)	-	(741)
Reclassification (Note)	-	6,136	13,261	-	-	11,521	(6,706)	24,212
Effect of changes in foreign exchange rates	-	10,498	3,216	604	44	1,368	136	15,866
Balance at December 31, 2018	$ 91,834	752,516	697,043	9,670	20,672	140,591	7,393	1,719,719
Balance at January 1, 2017	$ 91,834	722,187	610,984	5,989	19,417	118,782	51,726	1,620,919
Additions	-	-	20,431	37	126	7,525	525	28,644
Disposals	-	-	(671)	(662)	-	(13,846)	-	(15,179)
Reclassification (Note)	-	36,413	52,142	3,788	135	4,817	(43,292)	54,003
Effect of changes in foreign exchange rates	-	(25,248)	(6,507)	(86)	(108)	(2,901)	(2,221)	(37,071)
Balance at December 31, 2017	$ 91,834	733,352	676,379	9,066	19,570	114,377	6,738	1,651,316
Accumulated depreciation and impairment loss:								
Balance at January 1, 2018	$ -	174,326	412,932	4,318	16,252	84,380	-	692,208
Depreciation	-	19,689	42,833	882	1,161	17,030	-	81,595
Disposals	-	-	(568)	-	-	(41)	-	(609)
Effect of changes in foreign exchange rates	-	636	558	24	23	550	-	1,791
Balance at December 31, 2018	$ -	194,651	455,755	5,224	17,436	101,919	-	774,985
Balance at January 1, 2017	$ -	155,734	372,477	4,213	14,968	85,818	-	633,210
Depreciation	-	19,533	41,608	807	1,316	12,691	-	75,955
Disposals	-	-	(632)	(662)	-	(13,544)	-	(14,838)
Effect of changes in foreign exchange rates	-	(941)	(521)	(40)	(32)	(585)	-	(2,119)
Balance at December 31, 2017	$ -	174,326	412,932	4,318	16,252	84,380	-	692,208
Carrying amounts:								
Balance at December 31, 2018	$ 91,834	557,865	241,288	4,446	3,236	38,672	7,393	944,734
Balance at January 1, 2017	$ 91,834	566,453	238,507	1,776	4,449	32,964	51,726	987,709
Balance at December 31, 2017	$ 91,834	559,026	263,447	4,748	3,318	29,997	6,738	959,108

(Note) Prepayments for business facilities were reclassified as property, plant and equipment.

As of December 31, 2018 and 2017, the property, plant and equipment of the Group had been pledged as collateral for borrowings; please refer to note 8.

(h) Short-term and long-term borrowings

(i) Short-term borrowings

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 25,000	80,000
Unused credit lines	$ 663,345	679,010
Range of interest rate	1%	0.19%

(Continued)

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(ii) Long-term borrowings

	December 31, 2018	December 31, 2017
Unsecured bank loans	$ 46,080	81,895
Less: Current portion	(35,840)	(37,225)
	$ 10,240	44,670
Unused credit lines	$ 30,720	29,780
Range of interest rate	3.75%~4.49%	2.15%~3.07%

Parts of the Group's long-term borrowings will be settled in foreign currency. The details of foreign long-term liabilities were as follows:

	December 31, 2018	December 31, 2017
USD (thousand dollars)	$ 333	1,500
Convert to NTD	$ 10,240	44,670

As of December 31, 2018, the remaining balance of the borrowing due were as follows:

Period	Amount
2019.1.1～2019.12.31	$ 35,840
2020.1.1～2020.12.31	10,240
	$ 46,080

For the collateral for borrowing, please refer to note 8.

(i) Operating lease

Since July 15, 2013, the Group has leased land from Hermosa Industrial Zone in the Philippines, with a lease term of 50 years, which will expire on July 14, 2063. After the expiry date, it will be extended automatically for another 25 years, with the expiration date on July 14, 2088. The rental for 75 years amounted to PHP77,148 thousand (approximately $53,391 thousand), which has already been paid.

As of December 31, 2018 and 2017, the amounts of the prepaid rent were $50,728 thousand and $49,882 thousand respectively, which recognized in other current assets of $730 thousand and $707 thousand and in other non-current assets of $49,998 thousand and $49,175 thousand, respectively.

The amounts of rental were as follows:

	2018	2017
Operating costs	$ 717	722

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(j) Employee benefits

(i) Defined benefit plans

Only the Company use the defined benefit plans.

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

		2018	2017
Present value of the defined benefit obligations	$	29,771	25,694
Fair value of plan assets		(19,673)	(18,403)
Net defined benefit liabilities (assets)	$	10,098	7,291

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months piror to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $19,673 thousand as of December 31, 2018. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) The movement in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Group were as follows:

		2018	2017
Defined benefit obligations as of January 1	$	25,694	25,779
Benefits paid		(382)	(2,059)
Current service costs and interest cost		1,407	1,212
Remeasurements loss (gains)		3,052	762
Defined benefit obligations as of December 31	$	29,771	25,694

3) The movement in fair value of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

		2018	2017
Fair value of plan assets as of January 1	$	18,403	18,891
Amounts contributed to plan		943	1,397
Benefits paid		(382)	(2,059)
Interest revenue		262	266
Remeasurements gains (loss)		447	(92)
Fair value of plan assets as of December 31	$	**19,673**	**18,403**

4) The expenses recognized in profit or losses

For the years ended December 31, 2018 and 2017, the expenses recognized in profit or losses for the Group were as follows:

		December 31, 2018	December 31, 2017
Current service costs	$	1,054	860
Net interest of net defined benefit obligations		91	86
	$	**1,145**	**946**

		2018	2017
Operating costs	$	278	278
Operating expenses		867	668
	$	**1,145**	**946**

5) The remeasurements of the net defined benefit liabilities recognized in other comprehensive income

The remeasurements of the net defined benefit liabilities recognized in other comprehensive income were as follows:

		2018	2017
Balance as of January1	$	2,152	3,006
Recognized in the current period		(2,605)	(854)
Balance as of December 31	$	**(453)**	**2,152**

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6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

The defined benefit obligations:

	December 31, 2018	December 31, 2017
Discount rate	1.13 %	1.38 %
Future salary increases rate	1.50 %	1.00 %

Cost of the defined benefit plan assets:

	December 31, 2018	December 31, 2017
Discount rate	1.38 %	1.38 %
Future salary increases rate	1.00 %	1.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $778 thousand. The weighted average lifetime of the defined benefit plans is 14.17 years.

7) Sensitivity analysis

When calculating the present of the defined benefit plan assets, the related actuarial assumptions at the reporting date, including the discount rate, the demission rate and the changes in future salary rate, are required to be judged and estimated.

As of December 31, 2018 and 2017, the changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences of defined benefit obligations	
	Increase by 0.25%	Decrease by 0.25%
Balance as of December 31, 2018		
Discount rate	$ 874	(912)
Future salary increases rate	890	(857)
Balance as of December 31, 2017		
Discount rate	804	(840)
Future salary increases rate	821	(790)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2018 and 2017.

(Continued)

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(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.
The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $7,739 thousand and $7,448 thousand for the years ended December 31, 2018 and 2017, respectively.

(iii) The Group's subsidiaries incorporated in the Philippine have a defined contribution plan, wherein a monthly contribution to an independent fund, administered by the government in accordance with the pension regulations in the Republic of the Philippines, are based on certain percentage of employees' monthly salaries and wages. For the years ended December 31, 2018, the Group recognized the pension costs amounting to $181 thousand in accordance with the pension regulations.

(iv) Short-term benefit obligations

	December 31, 2018	December 31, 2017
Paid leave	$ 452	436

(k) Income taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing 2018.

(i) Income tax expense

The components of income tax in the year 2018 and 2017 were as follows:

	2018	2017
Current tax expense		
Current period	$ 96,854	86,816
Adjustment for prior periods	(65)	3,050
	96,789	89,866
Deferred tax expense		
Origination and reversal of temporary differences	7,649	(735)
Adjustment in tax rate	5,833	-
	13,482	(735)
Income tax expenses	$ 110,271	89,131

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
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The amount of income tax recognized in other comprehensive income for 2018 and 2017 was as follows:

	2018	2017
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ -	(3,114)

Reconciliation of income tax and profit before tax for 2018 and 2017 is as follows.

	2018	2017
Profit excluding income tax	$ 515,268	393,070
Income tax using the Company's domestic tax rate	$ 103,054	66,822
Adjustment in tax rate	5,833	-
Effect of tax rates in foreign jurisdiction	1,944	1,262
Adjustment for prior periods	(65)	3,050
10% surtax on unappropriated earnings	2,369	18,265
Others	(2,864)	(268)
Total	$ 110,271	89,131

(ii) Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 were as follows:

Deferred tax assets:

	Allowance for obsolete inventories	Unrealized exchange losses	Others	Total
Balance as of January 1, 2018	$ 687	812	1,567	3,066
Recognized in profit or loss	221	(812)	182	(409)
Balance as of December 31, 2018	$ 908	-	1,749	2,657
Balance as of January 1, 2017	$ 313	-	1,491	1,804
Recognized in profit or loss	374	812	76	1,262
Balance as of December 31, 2017	$ 687	812	1,567	3,066

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Deferred tax liabilities:

	Unrealized investment income recognized under equity method	Unrealized exchange losses	Others	Total
Balance as of January 1, 2018	$ 38,448	-	-	38,448
Recognized in profit or loss	12,528	545	-	13,073
Balance as of December 31, 2018	$ 50,976	545		51,521
Balance as of January 1, 2017	$ 36,805	1,116	3,114	41,035
Recognized in profit or loss	1,643	(1,116)	-	527
Foreign currency translation differences for foreign operations	-	-	(3,114)	(3,114)
Balance as of December 31, 2017	$ 38,448	-	-	38,448

(iii) The Company's tax returns for the years through 2016 were assessed by the Taipei National Tax Administration.

(l) Capital and other equity

As of December 31, 2018 and 2017, the Company's authorized share capital consisted of 1,200,000 thousand shares of ordinary share, with $10 dollars par value per share, of which 69,298 thousand shares, was issued and outstanding. All issued shares were paid up upon issuance.

(i) Capital surplus

Balance of capital surplus at the reporting date were as follows:

	December 31, 2018	December 31, 2017
Share capital	$ 315,168	315,168

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

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that 10% of the annual income or earnings, after deducting any accumulated deficit, shall be set aside as a legal reserve. When the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserves is discontinued. The remaining balance, if any, shall be appropriated as special reserve or distributed as shareholders' equity, which is to be proposed by the board of directors during the shareholders' meeting for approval, in accordance with the relevant laws and regulations.

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
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The Company' s industry is in its development stage. In order to achieve its sustainable development goals, the Company is aggressively developing and introducing new products. Thus, the growth stage requires funds to further expand the Companys' production lines to facilitate the growth in a next few years. The Company planned to adopt the policy for equalization of dividends to be paid in shares or cash, which is more than 20%, in general. However, if there is a significant capital expenditure in the future (when the purchasing amount of fixed assets or the investment of production offshoring exceed 10% of the paid-in capital), all the cash dividend can be converted into shares, with the approval from the shareholders.

When the Board of Directors decides to distribute the dividend and if the Company's market price of common stock is lower than the par value from Over The Counter Market on the previous day, the cash dividend can be fully or partially paid.

1) Legal reserve

According to the amendment of the R.O.C. Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. The amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 15, 2018 and June 22, 2017, the shareholder's meeting resolved to distribute the 2017 and 2016 earnings as follows:

	2017		2016	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash of retained earnings	$ 3.50	$ 242,544	2.00	138,596
Cash of capital surplus	-	-	1.00	69,299
Total		$ 242,544		207,895

(Continued)

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 15, 2019, the Company's Board of Directors resolved to appropriate the 2018 earnings. These earnings were appropriated as follows:

	2018	
	Amount per share	Amount
Dividends distributed to ordinary shareholders		
Cash	$ 4.00	$ 277,193

(iii) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance at January 1, 2018	$ (5,235)	-	(1,224)	(6,459)
Effects of retrospective application	-	(1,224)	1,224	-
Balance at January 1, 2018 after adjustments	(5,235)	(1,224)	-	(6,459)
Exchange differences on translate of foreign financial statements	17,494	-	-	17,494
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	-	(91)	-	(91)
Balance at December 31, 2018	$ 12,259	(1,315)	-	10,944

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance at January 1, 2017	$ 30,534	-	(1,226)	29,308
Exchange differences on translation of foreign financial statements	(35,769)	-	-	(35,769)
Unrealized gains (losses) on available-for-sale financial assets	-	-	2	2
Balance at December 31, 2017	$ (5,235)	-	(1,224)	(6,459)

(m) Earnings per share

The Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	2018	2017
Profit attributable to ordinary shareholders of the Company	$ 404,997	303,939
Weighted-average number of ordinary shares	69,298	69,298
Basic earnings per share (express in New Taiwan Dollar)	$ 5.84	4.39

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Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	2018	2017
Profit attributable to ordinary shareholders of the Company	$ 404,997	303,939
Weighted-average number of ordinary shares (basic)	69,298	69,298
Effect of employee remuneration (in thousands)	$ 350	278
Weighted-average number of ordinary shares (diluted)	69,648	69,576
Diluted earnings per share (express in New Taiwan Dollar)	$ 5.81	4.37

(n) Revenue from contracts with customers

(i) Disaggregation of revenue

	December 31, 2018
Primary geographical markets:	
Asia	$ 713,908
South America	196,787
North America	193,396
Others	508,918
	$ 1,613,009
Major products service lines:	
Manufacturing, trading and selling of medical equipment	$ 1,613,009

For details on revenue for the years ended December 31, 2017 please refer to note 6(o).

(ii) Contract balances

	December 31, 2018	January 1, 2017
Notes and accounts receivable	$ 282,676	267,552
Less: allowance for impairment	-	-
Total	$ 282,676	267,552

	December 31, 2018	January 1, 2017
Current contract liabilities	$ 33,923	15,755

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

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The amount of revenue recognized for the years ended December 31, 2018 that was included in the contract liability balance at the beginning of the period was $13,389 thousand.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(o) Revenue

	For years ended December 31, 2017
Sale of goods	$ 1,423,616
Other operating income	15
Less: sale returns and allowances	(3,412)
	$ 1,420,219

(p) Remuneration to employees, directors and supervisors

According to the Article of Association revised after June 22, 2017, once the Company has annual profit, it should appropriate no less than 5% of the profit to its employees and 1.6% or less to its directors and supervisors.

According to the Article of Association revised before June 21, 2017, once the Company has annual profit, it should appropriate no less than 8% of the profit to its employees and 1.6% or less to its directors and supervisors.

The amount of employee remuneration, and directors' and supervisors' remuneration were estimated based on profit before tax, net of the amount of the remuneration, and multiplied by the rule of Company's Article of Association. The above remuneration were included in the operating expenses of the years ended December 31, 2018 and 2017. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year.

For the year ended December 31, 2018 and 2017 the Company accrued and recognized its employee remuneration amounting to $27,440 and $20,957 thousand, respectively; and its directors' and supervisors' remuneration amounting to $8,781 and $6,706 thousand, respectively. There were no differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements.

The related information mentioned above can be found on websites such as the Market Observation Post System.

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(q) Non-operating income and expenses

(i) Other income

		2018	2017
Interest income:			
Interest income from RP bills	$	3,969	3,045
Interest income from funds		356	356
Interest income from deposit		11	10
Interest income from bank deposit		2,104	996
		6,440	4,407
Subsidy revenue		6,823	649
Compensation income		598	468
Others		4,785	2,055
	$	18,646	7,579

(ii) Other gains and losses

		2018	2017
Foreign exchange gains (losses)	$	11,443	(40,515)
Gains (losses) on financial assets at fair value through profit or loss		(256)	1,605
Gains (losses) on disposal of property plant and equipment		(25)	124
Others		(775)	(1,062)
	$	10,387	(39,848)

(iii) Finance costs

		2018	2017
Interest expense on bank borrowings	$	(2,957)	(2,832)

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

BIOTEQUE CORPORATION AND SUBSIDIARIES
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2) Concentration of credit risk

If the transactions of the financial instruments are significantly concentrated within certain counterparties, or if the counterparties with similar business activities and economic characteristics are not significantly concentrated within certain counterparties, the concentration of credit risk is highly probable. As of December 31, 2018 and 2017, 30 % and 27%, respectively, of notes and accounts receivable were from two major customers.

	Amount	Pecentage of the company's trade receivables
December 31, 2018		
C Compamy	$ 52,251	18
F Compamy	35,214	12
	$ 87,465	30
December 31, 2017		
C Compamy	$ 36,413	14
F Compamy	35,655	13
	$ 72,068	27

3) Receivables securities

For credit risk exposure of note and trade receivables, please refer to note 6(e).

Other financial assets at amortized costs includes other receivables. The above financial assets are considered to have low risk, and the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low risk, please refer to note 4(g).)

For years ened December 31, 2018 and 2017, the impairment losses are not recognized and reserved.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2018						
Non-derivative financial liabilities						
Short-term borrowing	$ 25,000	25,125	25,125	-	-	-
Long-term liabilities, current portion	35,840	37,681	37,681	-	-	-
Notes payable	37,807	37,807	37,807	-	-	-
Accounts payable	75,256	75,256	75,256	-	-	-
Other payables	35,634	35,634	35,634	-	-	-
Payables on machinery and equipment	5,941	5,941	5,941	-	-	-
Long-term borrowings	10,240	10,624	-	10,624	-	-
	$ 225,718	228,068	217,444	10,624	-	-

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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	Carrying amount	Contractual cash flows	within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2017						
Non-derivative financial liabilities						
Short-term borrowing	$ 80,000	80,272	80,272	-	-	-
Long-term liabilities, current portion	37,225	39,489	39,489	-	-	-
Notes payable	43,197	43,197	43,197	-	-	-
Accounts payable	53,805	53,805	53,805	-	-	-
Other payables	36,421	36,421	36,421	-	-	-
Payables on machinery and equipment	9,478	9,478	9,478	-	-	-
Long-term borrowings	44,670	46,124	-	35,948	10,176	-
	$ 304,796	308,786	262,662	35,948	10,176	-

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

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2018			December 31, 2017		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 14,218	30.72	436,778	20,780	29.78	618,818
EUR	1,196	35.24	42,159	1,262	35.64	44,990
JPY	54,721	0.2786	15,242	160,294	0.2648	43,438
PHP	53,363	0.5990	31,964	46,686	0.6115	28,465
CNY	13,352	4.473	59,725	6,612	4.573	30,238
Investments accounted for using equity method						
USD	18,224	30.72	559,855	14,455	29.78	430,459
PHP	11,833	0.5990	7,088	7,029	0.6115	4,298
Financial liabilities						
Monetary items						
USD	1,044	30.72	32,068	971	29.78	28,913
EUR	296	35.24	10,414	128	35.64	4,575
JPY	43,942	0.2786	12,240	25,512	0.2648	6,754
PHP	27,482	0.5990	16,462	15,282	0.6115	9,345

The Group's exposure to foreign currency risk arise from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the foreign currency for the years ended December 31, 2018 and 2017 would have increased (decreased), the net profit before tax by $5,147 thousand and$7,164 thousand respectively. The analysis is performed on the same basis for 2017.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2018 and 2017, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $11,443 thousand and $(40,515) thousand respectively.

(Continued)

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2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basic points the Group's net profit before tax would have increased / decreased by $711 thousand and $1,619 thousand for the years ended December 31, 2018 and 2017 with all other variable factors remain constant. This is mainly due to the Group's borrowing at floating rates.

3) Other market price risk

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

	2018		2017	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Net income**	**Other comprehensive income before tax**	**Net income**
Increasing 1%	$ 2	29	3	14
Decreasing 1%	$ (2)	(29)	(3)	(14)

(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income or loss (available-for-sale financial assets) are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

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	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 146,017	146,017	-	-	146,017
Designated at fair value through profit or loss	30,308	30,308	-	-	30,308
Subtotal	176,325	176,325	-	-	176,325
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	237	237	-	-	237
Financial assets measured at amortized cost					
Cash and cash equivalents	926,601	-	-	-	-
Notes and accounts receivables	282,676	-	-	-	-
Other financial assets	3,915	-	-	-	-
Subtotal	1,213,192	-	-	-	-
Total	$ 1,389,754	176,562	-	-	176,562
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 25,000	-	-	-	-
Long-term liabilities, current portion	35,840	-	-	-	-
Notes and accounts payables	113,063	-	-	-	-
Other payable	35,634	-	-	-	-
Payables on machinery and equipment	5,941	-	-	-	-
Long-term borrowings	10,240	-	-	-	-
Total	$ 225,718	-	-	-	-

	December 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Designated at fair value through profit or loss	$ 173,542	173,542	-	-	173,542
Available-for-sale financial assets					
Stocks listed on domestic markets	328	328	-	-	328
Loans and receivables					
Cash and cash equivalents	916,854	-	-	-	-
Notes and accounts receivables	267,552	-	-	-	-
Other financial assets	3,215	-	-	-	-
Subtotal	1,187,621	-	-	-	-
Total	$ 1,361,491	173,870	-	-	173,870
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 80,000	-	-	-	-
Long-term liabilities, current portion	37,225	-	-	-	-
Notes and accounts payables	97,002	-	-	-	-
Other payable	36,421	-	-	-	-
Payables on machinery and equipment	9,478	-	-	-	-
Long-term borrowings	44,670	-	-	-	-
Total	$ 304,796	-	-	-	-

(Continued)

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

When the financial instruments of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

The fair value of listed stocks and funds traded in an active market is based on the market quoted price.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market date at the reporting date.

3) Categories and fair values of financial instruments

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For the years ended December 31, 2018 and 2017, there were no changes on the fair value hierarchy of financial asset.

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(s) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following, likewise, discusses the Group' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has an overall responsibility for the establishment and oversight of the risk management framework. The board chairman and general manager are responsible for developing and monitoring the Group's risk management policies. Also they report regularly to the Board of Directors on the activities performed by the Group.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set and monitor appropriate risk limits and controls, to ensure they are adhered to accordingly. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors ensures that the supervision of the management is in compliance with the Group's risk management policies and procedures, as well as reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of the Company is assisted in its oversight role by an Internal Audit, wherein the Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, in which the results are to be reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(Continued)

1) Trade and other receivable

The Group's exposure to credit risk is mainly influenced by its individual customer's condition. The management also assess the statistical information based on the Group's customers, including the default risk of the customer's industry and nation, which have the factors to influence the Group's credit risk. For the years ended December 31, 2018 and 2017, the Group's accounts receivable were not concentrated in any geographical location, therefore, there were no concentration of credit risks.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Board of Directors; these limits are reviewed periodically.

The Group sets the allowance for its doubtful accounts to reflect the estimated loss of its trade and other receivables, as well as its investments. The major component of the allowance account contains individually significant exposure related to specific losses. Also, the component includes the losses on similar asset groups that have occurred but not yet identified.

The allowance for doubtful account is based on statistical information of historical payment of the similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2018, no other guarantees were outstanding.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2018 and 2017, the Group's unused credit line were amounted to $694,065 thousand and $708,790 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and equity prices, which will affect the Group' s income or the value of its holdings of financial instruments. In order to manage and control the foreign exchange rates, the Group will maintain a certain limit of the net portion of the foreign currency.

The Group designates the stocks listed on domestic markets and bond funds which are classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income respectively; and therefore, the valuation of equity prices will fluctuate according to the changes in market prices. To manage the market risk, the Group transacts with securities trusts institutions with good credit ratings and estimates the equity price risk of its equity instruments through a professional manager.

The Group is exposed to interest risk on the fair value of its financial asset and financial liabilities due to deposit in bank and bank loans. The changes in interest risk on these financial instruments have no significant impact on the fair value.

(t) Capital management

The Board of Directors' policy is to maintain a strong capital base to ensure the confidence of investors, creditors and market, and to sustain future development of the business. The Group use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt. The Group's debt-to-equity ratio at the end of the reporting period as of 31 December 2018 and 2017, is as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 457,515	484,694
Less: cash and cash equivalents	926,601	916,854
Net liabilities (assets)	$ (469,086)	(432,160)
Total equity	$ 1,844,941	1,704,616
	(25)%	(25)%

The Group's debt-to-equity ratio doesn't change significantly as of December 31, 2018.

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(u) Investing and financing activities not affecting current cash flow

The Group' s financial activities which did not effect the current cash flow the years ended December 31, 2018 and 2017, were as follows:

			Non-cash changes	
	January 1, 2018	Cash flows	Foreign exchange movement	December 31, 2018
Long-term borrowings (including current portion)	$ 81,895	(37,715)	1,900	46,080
Total liabilities from financial activities	$ 81,895	(37,715)	1,900	46,080

(7) Related-parties transactions:

(a) Names and relationship with related parties

Due to the absence of any transaction with related parties during the periods covered in the consolidated financial statements, the name and relationships of related parties have not been disclosed.

(b) Significant transactions with related parties: None.

(c) Key management personnel compensation

Key management personnel compensation were comprised as below:

	2018	2017
Short-term employee benefits	$ 21,788	18,593
Post-employment benefits	509	1,017
	$ 22,297	19,610

(8) Pledged assets:

Pledged assets	Object	December 31, 2018	December 31, 2017
Other current financial assets:			
Restricted bank deposit	Purchase guarantee	$ 601	601
Property, plant and equipment			
Land	Credit of short-term borrowings	91,834	91,834
Buildings and structures	Credit of short-term borrowings	191,729	199,641
Machinery and equipment	Credit of short-term borrowings	19,367	27,732
		$ 303,531	319,808

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(9) Commitments and contingencies:

(a) Contingencies

In prior years, the Group entered into the license agreement which has expired with a supplier. On July 5, 2018, the supplier filed a complaint which has not completed accusing the Group. The Group assess there is no the significant impact on its consolidated financial statements.

(b) Notes issued as guarantee

	December 31, 2018	December 31, 2017
Long-term borrowings	$ 743,600	784,010

(c) The agreements for expansion of the factory and purchases of machinery and equipment

	December 31, 2018	December 31, 2017
Total contract price	$ 140,761	40,252
Paid amount	$ 77,348	20,759

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2018			2017		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	183,600	90,928	274,528	154,020	68,903	222,923
Labor and health insurance	14,493	5,186	19,679	14,173	4,900	19,073
Pension	5,806	3,259	9,065	5,555	2,839	8,394
Remuneration of directors	-	6,537	6,537	-	4,672	4,672
Others	8,630	3,665	12,295	8,321	4,739	13,060
Depreciation	77,963	3,632	81,595	72,846	3,109	75,955
Amortization	2,026	2,292	4,318	1,325	1,697	3,022

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(13) Other disclosures:

(a) Information on significant transactions:

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2018 :

(i) Leading to other parties:

(In thousands of dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Amount of used loan facilities (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	Accounts receivable from related parties	Yes	123,840 (USD4,000)	122,880 (USD4,000)	122,880 (USD4,000)	2.00%	2	-	Working Capital	-	None	-	263,431 (Note 2)	263,431 (Note 2)

Note 1: Purposes of lending were as follows:

1. Business relationship
2. Short-term financing

Note 2: For entities in which the Company, directly or indirectly, owned 100% of their shares, the amount available for financing shall not exceed the net worth of the borrower.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of dollars)

Number	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 3)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
1	The Company	BIOTEQUE MEDICAL CO., LTD	4	207,894	92,130 (USD3,000)	30,720 (USD1,000)	-	-	1.33 %	346,491	Y	N	N
2	The Company	BIOTEQUE MEDICAL PHIL. INC	4	207,894	201,240 (USD7,000)	199,680 (USD6,500)	46,080 (USD1,000)	-	8.63 %	346,491	Y	N	N

Note 1: The total amount for the guarantees and endorsements provided by the Company to external entities shall not exceed 50% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to external entities shall not exceed 50% of the Company's net worth.

Note 2: The total amount for the guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's shares. The total amount for the guarantees and endorsements provided by the Company and its subsidiaries to any individual entity shall not exceed 30% of the Company's net worth.

Note 3: Relationship with the Company

1. Ordinary business relationship.
2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.
3. A guarantor, directly and indirectly, owned more than 50% voting shares of an entity.
4. An entity, directly and indirectly, owned more than 90% voting shares of a guarantor.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. Peer engaged in the escrow of the sales contract on pre-sale house under the Consumer Protection Act.

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(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Remark
				Shares/Units (in thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	641	10,324	-	10,324	
〃	Yuanta Wan Tai Money Market Fund	〃	〃	2,497	37,771	-	37,771	
〃	Franklin Templeton Sinoam Money Market Fund	〃	〃	2,992	30,885	-	30,885	
〃	Mega Diamond Money Market Fund	〃	〃	2,894	36,233	-	36,233	
〃	Paradigm Pion Money Market Fund	〃	〃	1,970	22,725	-	22,725	
〃	LEAD DATA INC.	〃	Non-current financial assets at fair value through other comprehensive income	53	237	0.04	237	
CHUNGTEX INVESTMENT CO., LTD.	E.SUN FINANCIAL HOLDING COMPANY,LTD.	〃	Current financial assets at fair value through profit or loss	32	640	-	640	
〃	China Steel Corporation	〃	〃	11	266	-	266	
〃	UNITED MICROELECTRONICS CORP.	〃	〃	10	113	-	113	
〃	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	-	2	-	2	
〃	TAISHIN FINANCIAL HOLDING CO., LTD.	〃	〃	64	832	-	832	
〃	CHANG HWA CONNERCIAL BANK., LTD.	〃	〃	31	537	-	537	
〃	EXCELSIOR MEDICAL CO., LTD	〃	〃	10	460	-	460	
〃	PineBridge Emerging Market Corporate Strategy Bond Fund B	〃	〃	378	3,060	-	3,060	
〃	Fuh Hwa Emerging Market High Yield Bond Fund B	〃	〃	412	2,169	-	2,169	
BIOTEQUE MEDICAL CO., LTD	Bonds with a rating of BBB- or better by the standard & poor's	〃	〃	-	30,308	-	30,308	

Note: If there are public markets prices, the fair value shall be evaluated by the last operating date of the accounting duration.

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital: None.

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital: None.

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(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	BIOTEQUE MEDICAL PHIL. INC.	Subsidiary	169,275	1.33 %	-	-	19,157	-

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(ix) Information regarding trading in derivative financial instruments: None.

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2018:

(In thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Account receivables	156,111	OA 270	5.63%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Processing costs	26,650	There is no significant difference from translation terms with non-related parties.	1.65%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Other receivables	13,164	OA 270	0.47%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Account payables	17,566	OA 30	0.63%
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	3	Other receivables	122,880	2%	4.43%

Note 1: Company numbering as follows:

Parent company—0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary—1

Subsidiary to parent company—2

Subsidiary to subsidiary—3

Note 3: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(b) Information on investees:

The following are the information on investees for the year ended December 31, 2018 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2018			Highest Percentage of ownership	Net income (losses) of investee	Share of profits (losses) of investee	Remark
				December 31, 2018	December 31, 2017	Shares (in thousands)	Percentage of ownership	Carrying value				
The Company	BIOTEQUE MEDICAL CO., LTD.	Samoa	Investment activities	16,349	16,349	500	100.00 %	263,431	100.00 %	3,168	3,168	Subsidiary
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100.00 %	28,667	100.00 %	(392)	(392)	"
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	230,895	4,481	100.00 %	296,424	100.00 %	38,466	38,466	"
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100.00 %	7,088	100.00 %	2,822	2,822	Investment through subsidiary

Note: The amount of the transaction and the ending balance had been offset in the consolidated financial statements.

(c) Information on investment in Mainland China: None.

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(14) Segment information:

(a) General information

(i) The Group's reportable segments were as follows:

1) Segment A: manufacturing medical disposables for hemodialysis use, and selling them to global dealers and retailers.

2) Segment B: manufacturing and selling catheters for healthcare and medical PVC IV bag to medical organizations.

3) Segment C: manufacturing and selling medical key components and inner catheters to medical organization.

4) Other Segment: BIOTEQUE MEDICAL CO., LTD., CHUNGTEX INVESTMENT CO., LTD., BIOTEQUE MEDICAL PHIL. INC., and BONTEQ MEDICAL DISTRIBUTION PHIL. INC sell their products and related parts to non-continuous customers who are engaged in investment and securities.

The reportable segments are the Group' s divisions which provide different products and services, and are managed separately because they require different technology and marketing strategies.

(b) Information about reportable segments and their measurement and reconciliations

Taxation, as well as profit and loss, incurred from extraordinary activities can not be allocated to each reportable segmens. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The profits or losses of the Group's operating segments are measured by the pre-tax operating profits or losses, which is regarded as the base on the performance. The Group treated intersegment sales and transfers as third-party transactions. They are measured by cost markups.

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

	years ended December 31, 2018					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	$ 698,064	290,773	610,537	13,635	-	1,613,009
Intersegment revenue	-	22,473	-	-	(22,473)	-
Interest received	-	-	-	6,440	-	6,440
Total revenue	$ 698,064	313,246	610,537	20,075	(22,473)	1,619,449
Interest expense	$ -	-	-	2,957	-	2,957
Depreciation and amortization	$ 18,030	32,101	7,293	33,375	(4,886)	85,913
Reporting segment profit or loss	$ 118,621	77,059	298,770	20,818	-	515,268

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	years ended December 31, 2017					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	$ 610,473	263,270	534,749	11,727	-	1,420,219
Intersegment revenue	-	20,508	-	-	(20,508)	-
Interest received	-	-	-	4,407	-	4,407
Total revenue	$ 610,473	283,778	534,749	16,134	(20,508)	1,424,626
Interest expense	$ -	-	-	2,832	-	2,832
Depreciation and amortization	$ 16,816	32,914	6,892	27,410	(5,055)	78,977
Reporting segment profit or loss	$ 74,432	68,421	273,858	(23,641)	-	393,070

The material reconciling items of the above reportable segment as below:

Total reportable segment revenue after deducting the intersegment revenue was $22,473 thousand and $20,508 thousand dollars in 2018 and 2017 respectively.

(c) Enterprise Overall Information

(i) Product and service information

Revenue from the external customers of the Group was as follows:

Products and service	2018	2017
Bloodline Tube	$ 412,725	320,849
Catheters of TPU	329,361	304,229
IV Bag	254,472	234,426
AVF Needle	156,596	139,316
Surgical Tubing	147,746	147,319
Components	112,390	117,615
Catheters of Cardiovascular	92,886	62,055
Others	106,833	94,410
	$ 1,613,009	1,420,219

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Region	2018	2017
Asia	$ 713,908	607,746
South America	196,787	148,793
North America	193,396	143,778
Other courtiers	508,918	519,902
	$ 1,613,009	1,420,219

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Non-current assets:

Region	2018	2017
Taiwan	$ 616,150	586,956
Philippines	459,532	449,759
	$ 1,075,682	1,036,715

(d) Major customers

	2018	2017
The Group's total revenue from segment A:		
C company	$ 170,378	114,194
F company	125,538	129,447
	$ 295,916	243,641