Stock Code:4107

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2018 and 2017

Address: 5F.-6, No.23, Sec.1. Chang-An E. Rd., Taipei City 104, Taiwan (R.O.C.)
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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Bioteque Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Bioteque Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2018 and 2017, and the statements of changes in equity and cash flows for the nine months ended September 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2018 and 2017, and of its consolidated financial performance for the three months and nine months ended September 30, 2018 and 2017, as well as its consolidated cash flows for the nine months ended September 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 8, 2018

<u>Notes to Readers</u>

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

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

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2018, December 31, 2017, and September 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	September 30, 2018 Amount	%	December 31, 2017 Amount	%	September 30, 2017 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 841,120	31	916,854	35	846,877	33
1110	Current financial assets at fair value through profit or loss (note 6(b))	176,253	7	173,542	7	173,968	7
1150	Notes receivable, net (notes 6(e) and (n))	61,081	2	74,723	3	63,979	3
1170	Accounts receivable, net (notes 6(e) and (n))	239,286	9	192,829	7	167,865	7
130X	Inventories (note 6(f))	264,266	10	197,592	7	201,293	8
1476	Other current financial assets (note 8)	2,100	-	1,435	-	2,698	-
1479	Other current assets (note 6(i))	21,258	1	22,606	1	32,264	1
	Total current assets	1,605,364	60	1,579,581	60	1,488,944	59
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	319	-	-	-	-	-
1523	Non-current available-for-sale financial assets (note 6(d))	-	-	328	-	349	-
1600	Property, plant and equipment (notes 6(g) and 8)	944,704	35	959,108	37	961,403	38
1840	Deferred tax assets	3,066	-	3,066	-	1,804	-
1915	Prepayments for business facilities (note 9)	74,443	3	22,933	1	21,094	1
1980	Other non-current financial assets	1,814	-	1,780	-	1,792	-
1995	Other non-current assets (note 6(i))	53,675	2	54,674	2	54,737	2
	Total non-current assets	1,078,021	40	1,041,889	40	1,041,179	41
	Total assets	$ 2,683,385	100	2,621,470	100	2,530,123	100

	Liabilities and Equity	September 30, 2018 Amount	%	December 31, 2017 Amount	%	September 30, 2017 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6(h))	$ 80,000	3	80,000	3	101,802	4
2130	Current contract liabilities (notes 3 and 6(n))	28,232	1	-	-	-	-
2150	Notes payable	39,803	1	43,197	2	39,508	2
2170	Accounts payable	79,073	3	53,805	2	52,762	2
2209	Other payables (note 6(p))	97,450	4	97,316	4	84,346	3
2213	Payables on machinery and equipment	3,567	-	9,478	-	2,248	-
2230	Current tax liabilities	46,194	2	46,056	2	25,560	1
2320	Long-term liabilities, current portion (notes 6(h), 6(u), 8 and 9)	43,251	2	37,225	1	29,018	1
2399	Other current liabilities (note 3)	6,839	-	27,200	1	37,573	2
	Total current liabilities	424,409	16	394,277	15	372,817	15
	Non-Current liabilities:						
2540	Long-term borrowings (notes 6(h), 6(u), 8 and 9)	15,265	1	44,670	2	58,037	2
2570	Deferred tax liabilities	38,448	1	38,448	1	41,035	2
2600	Other non-current liabilities	7	-	8	-	8	-
2640	Net defined benefit liability, non-current	7,430	-	7,291	-	6,785	-
	Total non-current liabilities	61,150	2	90,417	3	105,865	4
	Total liabilities	485,559	18	484,694	18	478,682	19
	Equity attributable to owners of parent (note 6(l)):						
3100	Ordinary shares	692,983	26	692,983	26	692,983	27
3200	Capital surplus	315,168	12	315,168	12	315,168	13
	Retained earnings:						
3310	Legal reserve	283,404	11	253,010	10	253,010	10
3320	Special reserve	6,459	-	-	-	-	-
3350	Unappropriated retained earnings	892,550	33	882,074	34	790,928	31
		1,182,413	44	1,135,084	44	1,043,938	41
	Other equity interest:						
3410	Exchange differences on translation of foreign financial statements	8,495	-	(5,235)	-	555	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(1,233)	-	-	-	-	-
3425	Unrealized gains (losses) on available-for-sale financial assets	-	-	(1,224)	-	(1,203)	-
		7,262	-	(6,459)	-	(648)	-
	Total equity	2,197,826	82	2,136,776	82	2,051,441	81
	Total liabilities and equity	$ 2,683,385	100	2,621,470	100	2,530,123	100

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

Reviewed only, not audited in accordance with generally accepted auditing standards

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2018 and 2017

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

		For the three months ended September 30				For the nine months ended September 30			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (notes 6(n) and (o))**	$ 411,533	100	358,160	100	1,195,118	100	1,036,441	100
5000	**Operating costs (notes 6(f), (g), (i), (j) and 12)**	241,528	59	201,319	56	690,267	58	599,177	58
	Gross profit from operations	170,005	41	156,841	44	504,851	42	437,264	42
6000	**Operating expenses (notes 6(g), (j), (p), 7 and 12):**								
6100	Selling expenses	21,421	5	16,053	4	55,708	5	46,237	4
6200	Administrative expenses	19,826	5	20,606	6	62,659	5	55,541	5
6300	Research and development expenses	9,726	2	9,267	3	27,312	2	28,385	3
	Total operating expenses	50,973	12	45,926	13	145,679	12	130,163	12
6900	**Net operating income**	119,032	29	110,915	31	359,172	30	307,101	30
7000	**Non-operating income and expenses (note 6(q)):**								
7010	Other income	2,514	1	1,975	-	8,147	1	6,452	1
7020	Other gains and losses	(2,014)	(1)	(502)	-	5,605	-	(29,686)	(3)
7050	Finance costs	(817)	-	(1,483)	-	(2,324)	-	(3,776)	(1)
	Total non-operating income and expenses	(317)	-	(10)	-	11,428	1	(27,010)	(3)
7900	**Profit before tax**	118,715	29	110,905	31	370,600	31	280,091	27
7950	**Less: Tax expense (note 6(k))**	24,988	6	18,615	5	80,727	7	68,152	7
	Profit	93,727	23	92,290	26	289,873	24	211,939	20
8300	**Other comprehensive income (loss):**								
8310	**Components of other comprehensive income that will not be reclassified to profit or loss:**								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(21)	-	-	-	(9)	-	-	-
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	(21)	-	-	-	(9)	-	-	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss:**								
8361	Exchange differences on translation	875	-	(2,490)	(1)	13,730	1	(29,979)	(3)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(66)	-	-	-	23	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss	875	-	(2,556)	(1)	13,730	1	(29,956)	(3)
8300	**Other comprehensive income (loss), net**	854	-	(2,556)	(1)	13,721	1	(29,956)	(3)
	Comprehensive income	$ 94,581	23	89,734	25	303,594	25	181,983	17
	Profit, attributable to:								
	Profit, attributable to owners of parent	$ 93,727	23	92,290	26	289,873	24	211,939	20
	Comprehensive income, attributable to:								
	Comprehensive income, attributable to owners of parent	$ 94,581	23	89,734	25	303,594	25	181,983	17
9750	**Basic earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)**	$	1.35		1.33		4.18		3.06
9850	**Diluted earnings per share (note 6(m)) (Expressed in New Taiwan Dollars)**	$	1.35		1.33		4.17		3.05

See accompanying notes to consolidated financial statements.

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Reviewed only, not audited in accordance with generally accepted auditing standards

BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 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
Net income for the nine months ended September 30, 2017	-	-	-	-	211,939	-	-	-	211,939
Other comprehensive income for the nine months ended September 30, 2017	-	-	-	-	-	(29,979)	-	23	(29,956)
Total comprehensive income for the nine months ended September 30, 2017	-	-	-	-	211,939	(29,979)	-	23	181,983
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	35,823	-	(35,823)	-	-	-	-
Cash dividends	-	(69,299)	-	-	(138,596)	-	-	-	(207,895)
Balance at September 30, 2017	$ 692,983	315,168	253,010	-	790,928	555	-	(1,203)	2,051,441
Balance at January 1,2018	$ 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
Net income for the nine months ended September 30, 2018	-	-	-	-	289,873	-	-	-	289,873
Other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	13,730	(9)	-	13,721
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	289,873	13,730	(9)	-	303,594
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	30,394	-	(30,394)	-	-	-	-
Special reserve	-	-	-	6,459	(6,459)	-	-	-	-
Cash dividends	-	-	-	-	(242,544)	-	-	-	(242,544)
Balance at September 30, 2018	$ 692,983	315,168	283,404	6,459	892,550	8,495	(1,233)	-	2,197,826

See accompanying notes to consolidated financial statements.

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BIOTEQUE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2018	2017
Cash flows generated from (used in) operating activities:		
Profit before tax	$ 370,600	280,091
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	60,706	56,708
Amortization expense	3,211	2,193
Net gains on financial assets at fair value through profit or loss	(49)	(1,513)
Interest expense	2,324	3,776
Interest income	(3,969)	(5,160)
Losses (gains) on disposal of property, plant and equipment	25	(124)
Total adjustments to reconcile profit	62,248	55,880
Changes in operating assets:		
Notes receivable	13,642	12,864
Accounts receivable	(46,457)	(3,535)
Inventories	(66,674)	2,697
Other current assets	1,865	(8,535)
Other financial assets	(665)	(129)
Total changes in operating assets	(98,289)	3,362
Changes in operating liabilities:		
Current contract liabilities	28,232	-
Notes payable	(3,394)	7,136
Accounts payable	25,268	(20,624)
Other payable	315	(16,083)
Net defined benefit liability	139	(103)
Other current liabilities	(20,361)	(1,686)
Total changes in operating liabilities	30,199	(31,360)
Total changes in operating assets and liabilities	(68,090)	(27,998)
Total adjustments	(5,842)	27,882
Cash inflow generated from operations	364,758	307,973
Interest received	3,452	5,035
Income taxes paid	(80,590)	(93,188)
Net cash flows generated from operating activities	287,620	219,820
Cash flows generated from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(89,961)	(87,814)
Proceeds from disposal of financial assets at fair value through profit or loss	88,033	97,592
Acquisition of property, plant and equipment	(18,605)	(16,082)
Proceeds from disposal of property, plant and equipment	106	163
(Increase) decrease in other non-current financial assets	(34)	56
(Increase) decrease in other non-current assets	(2,212)	2,049
Increase in prepayments for business facilities	(68,008)	(28,246)
Decrease in payables on machinery and equipment	(5,911)	-
Net cash flows used in investing activities	(96,592)	(32,282)
Cash flows generated from (used in) financing activities:		
Increase in short-term loans	-	21,802
Proceeds from long-term borrowings	-	45,755
Repayments of long-term borrowings	(24,945)	(11,439)
(Decrease) increase in guarantee deposits	(1)	8
Cash dividends paid	(242,544)	(207,895)
Interest paid	(2,505)	(3,758)
Net cash flows used in financing activities	(269,995)	(155,527)
Effect of exchange rate changes on cash and cash equivalents	3,233	(4,101)
Net (decrease) increase in cash and cash equivalents	(75,734)	27,910
Cash and cash equivalents at beginning of period	916,854	818,967
Cash and cash equivalents at end of period	$ 841,120	846,877

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

BIOTEQUE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2018 and 2017

(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 nine months ended September 30, 2018 and 2017 were authorized for issuance by the board of directors on November 8, 2018.

(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 need 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:

	September 30, 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)	$ 28,232	(28,232)	-	15,755	(15,755)	-
Current contract liabilities	-	28,232	28,232	-	15,755	15,755
Impact on liabilities		-			-	

(Note) Recognized under other current liabilities.

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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(c).

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(c).

BIOTEQUE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Note1: 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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Note2: 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.

Note3: 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.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on its financial statements in the period of initial application will depend on future economic conditions, including the Group' s discounting rate, the composition of the Group' s lease portfolio at that date, the Group' s latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouses, and factory facilities.

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.

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 is assessing the potential impact of using the practical expedient.

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.

The Group is assessing the potential impact.

(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 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

Above IFRS issued by IASB but not yet endorsed by the FSC which may not be relevant to the Group.

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

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(b) Basis of consolidation

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

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**September 30, 2018**	**December 31, 2017**	**September 30, 2017**
The Company	BIOTEQUE MEDICAL CO., LTD.	Investment activities	100.00 %	100.00 %	100.00 %
The Company	CHUNGTEX INVESTMENT CO., LTD	Investment activities	100.00 %	100.00 %	100.00 %
The Company	BIOTEQUE MEDICAL PHIL. INC.	Manufacturing and Trading of Medical equipment	100.00 %	100.00 %	100.00 %
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Trading of Medical equipment	100.00 %	100.00 %	100.00 %

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

(c) Financial instruments (applicable from January 1, 2018)

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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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.

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.

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.

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

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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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'.

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.

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BIOTEQUE CORPORATION AND SUBSIDIARIES
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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.

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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.

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

(i) 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.

1) 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.

2) 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.

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(e) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

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

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

(ii) Costs to fulfil a contract

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

— 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.

(f) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(g) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2017.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 6 of the 2017 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand	$ 813	332	643
Cash in bank	673,806	756,435	684,095
RP bills	166,501	160,087	162,139
Cash and cash equivalents in the consolidated statement of cash flows	$ **841,120**	**916,854**	**846,877**

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

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets designated as at fair value through profit or loss:			
Money market funds and bond funds	$ -	143,319	143,299
RP bills	29,926	28,809	29,176
Stock listed on domestic markets	-	1,414	1,493
Mandatorily measured at fair value through profit or loss:			
Non-derivative financial assets			
Money market funds and bond funds	143,164	-	-
Stock listed on domestic markets	3,163	-	-
Total	$ 176,253	173,542	173,968

(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

	September 30, 2018
Equity investments at fair value though other comprehensive income:	
Stock listed on domestic markets	$ 319

(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 and September 30, 2017.

No strategic investments were disposed as of September 30, 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	September 30, 2017
Stock listed on domestic markets	$ 328	349

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

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

(e) Notes and trade receivables

	September 30, 2018	December 31, 2017	September 30, 2017
Notes receivable	$ 61,081	74,723	63,979
Trade receivables	239,286	192,829	167,865
Less: Loss allowance	-	-	-
	$ 300,367	267,552	231,844

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 September 30, 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 September 30, 2018 was determined as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 262,900	-	-
1 to 30 days past due	36,102	-	-
31 to 60 days past due	1,364	-	-
61 to 90 days past due	-	-	-
91 to 120 days past due	1	-	-
121 to 150 days past due	-	-	-
151 to 180 days past due	-	21.69 %	-
More than 181 days past due	-	100 %	-
	$ 300,367		-

As of December 31 and September 30, 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	September 30, 2017
Past due 1 to 60 days	$ 41,956	29,325

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

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(f) Inventories

	September 30, 2018	December 31, 2017	September 30, 2017
Raw materials	$ 173,383	114,211	130,666
Work in progress	52,801	41,791	43,726
Finished goods	18,177	18,367	15,266
Merchandise	2,227	1,148	1,562
Raw materials in transit	17,678	22,075	10,073
	$ 264,266	197,592	201,293

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:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Gains on physical inventory	$ 685	344	1,809	919

The inventories of the Group were not collateralized.

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the nine months ended September 30, 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	-	2,510	2,987	-	681	9,052	3,375	18,605
Disposals	-	-	(660)	-	-	(80)	-	(740)
Reclassification (Note)	-	6,136	9,024	-	-	8,039	(6,701)	16,498
Effect of changes in foreign exchange rates	-	8,389	2,567	594	34	1,111	68	12,763
Balance at September 30, 2018	$ 91,834	750,387	690,297	9,660	20,285	132,499	3,480	1,698,442
Balance at January 1, 2017	$ 91,834	722,187	610,984	5,989	19,417	118,782	51,726	1,620,919
Additions	-	-	4,809	36	83	5,465	1,920	12,313
Disposals	-	-	(671)	(662)	-	(270)	-	(1,603)
Reclassification (Note)	-	36,533	46,905	3,789	135	2,927	(44,462)	45,827
Effect of changes in foreign exchange rates	-	(19,809)	(4,823)	(69)	(86)	(2,262)	(2,095)	(29,144)
Balance at September 30, 2017	$ 91,834	738,911	657,204	9,083	19,549	124,642	7,089	1,648,312
Accumulated depreciation and impairment loss:								
Balance at January 1, 2018	$ -	174,326	412,932	4,318	16,252	84,380	-	692,208
Depreciation	-	15,057	32,033	641	845	12,130	-	60,706
Disposals	-	-	(568)	-	-	(41)	-	(609)
Effect of changes in foreign exchange rates	-	510	448	19	17	439	-	1,433
Balance at September 30, 2018	$ -	189,893	444,845	4,978	17,114	96,908	-	753,738

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	Land	Building and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2017	$ -	155,734	372,477	4,213	14,968	85,818	-	633,210
Depreciation	-	14,578	30,948	596	1,065	9,521	-	56,708
Disposals	-	-	(632)	(662)	-	(270)	-	(1,564)
Effect of changes in foreign exchange rates	-	(679)	(327)	(30)	(23)	(386)	-	(1,445)
Balance at September 30, 2017	$ -	169,633	402,466	4,117	16,010	94,683	-	686,909
Carrying amounts:								
Balance at January 1, 2018	$ 91,834	559,026	263,447	4,748	3,318	29,997	6,738	959,108
Balance at September 30, 2018	$ 91,834	560,494	245,452	4,682	3,171	35,591	3,480	944,704
Balance at January 1, 2017	$ 91,834	566,453	238,507	1,776	4,449	32,964	51,726	987,709
Balance at September 30, 2017	$ 91,834	569,278	254,738	4,966	3,539	29,959	7,089	961,403

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

As of September 30, 2018, December 31 and September 30, 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

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured bank loans	$ 80,000	80,000	101,802
Unused credit lines	$ 922,385	679,010	671,260
Range of interest rate	0.91%	0.91%	0.91%~2.30%

(ii) Long-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured bank loans	$ 58,516	81,895	87,055
Less: Current portion	(43,251)	(37,225)	(29,018)
	$ 15,265	44,670	58,037
Unused credit lines	$ 30,530	29,780	8,478
Range of interest rate	2.79%~4.07%	2.51%~3.07%	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:

	September 30, 2018	December 31, 2017	September 30, 2017
USD (thousand dollars)	$ 500	1,500	1,917
Convert to NTD	$ 15,265	44,670	58,037

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As of September 30, 2018, the remaining balance of the borrowing due were as follows:

Period	Amount
2018.10.01～2019.09.30	$ 43,251
2019.10.01～2020.09.30	15,265
	$ **58,516**

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 September 30, 2018, December 31 and September 30, 2017, the amounts of the prepaid rent were $50,595 thousand, $49,882 thousand and $50,899 thousand, respectively, which recognized in other current assets of $725 thousand, $707 thousand and $719 thousand and in other non-current assets of $49,870 thousand, $49,175 thousand and $50,180 thousand, respectively.

The amounts of rental were as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating costs	$ **182**	**179**	**533**	**543**

(j) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other significant one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2017 and 2016.

The expense recognized in profit or loss for the Group were as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating costs	$ 70	69	209	208
Operating expenses	125	290	485	846
	$ **195**	**359**	**694**	**1,054**

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(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Operating costs	$ 1,392	1,262	4,091	3,985
Operating expenses	577	552	1,719	1,611
	$ 1,969	1,814	5,810	5,596

(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 FY 2018. The group spreads the effect of the change amounting to $6,244 thousand in the tax rate by an adjustment to the estimated annual effective income tax rate.

The amounts of income tax were as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Current period	$ 24,988	18,387	80,792	64,939
Adjustment for prior periods	-	228	(65)	3,213
Income tax expenses	$ 24,988	18,615	80,727	68,152

The Company's tax return for the years through 2016 were examined and approved by the Taipei Nation Tax Administration.

(l) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to September 30, 2018 and 2017. For the related information, please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2017.

(i) Capital surplus

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

	September 30, 2018	December 31, 2017	September 30, 2017
Share capital	$ 315,168	315,168	315,168

(Continued)

(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.

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) 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.

2) 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)

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(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 foreign operations	13,730	-	-	13,730
Unrealized gains (losses) from financial asset measured at fair value through other comprehensive income	-	(9)	-	(9)
Balance at September 30, 2018	$ 8,495	(1,233)	-	7,262

	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	(29,979)	-	-	(29,979)
Unrealized gains (losses) on available-for-sale financial assets	-	-	23	23
Balance at September 30, 2017	$ 555	-	(1,203)	(648)

(m) Earnings per share

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

(i) Basic earnings per share

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Profit attributable to ordinary shareholders of the Company	$ 93,727	92,290	289,873	211,939
Weighted-average number of ordinary shares	69,298	69,298	69,298	69,298
Basic earnings per share (express in New Taiwan Dollar)	$ 1.35	1.33	4.18	3.06

(ii) Diluted earnings per share

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Profit attributable to ordinary shareholders of the Company	$ 93,727	92,290	289,873	211,939
Weighted-average number of ordinary shares (basic)	69,298	69,298	69,298	69,298
Effect of employee remuneration (in thousands)	63	72	263	270
Weighted-average number of ordinary shares (diluted)	69,361	69,370	69,561	69,568
Diluted earnings per share (express in New Taiwan Dollar)	$ 1.35	1.33	4.17	3.05

(Continued)

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(n) Revenue from contracts with customers

(i) Disaggregation of revenue

		Three months ended September 30, 2018	Nine months ended September 30, 2018
Primary geographical markets:			
Asia	$	128,830	379,979
South America		50,928	145,915
North America		50,599	130,283
Others		181,176	538,941
	$	411,533	1,195,118
Major products service lines:			
Manufacturing, trading and selling of medical equipment	$	411,533	1,195,118

For details on revenue for the nine months ended September 30, 2017 please refer to note 6(o).

(ii) Contract balances

		September 30, 2018	January 1, 2018
Notes and accounts receivable	$	300,367	267,552
Less: allowance for impairment		-	-
Total	$	300,367	267,552

		September 30, 2018	January 1, 2018
Current contract liabilities	$	28,232	15,755

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

The amount of revenue recognized for the nine months ended September 30, 2018 that was included in the contract liability balance at the beginning of the period was $12,731 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.

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(o) Revenue

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Sale of goods	$ 358,997	1,037,890
Other operating income	15	261
Less: sale returns and allowances	(852)	(1,710)
	$ 358,160	1,036,441

(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 Company's estimated remuneration is as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Employee remuneration	$ 6,323	5,945	19,761	14,974
Directors' and supervisors' remuneration	2,024	1,903	6,324	4,792
	$ 8,347	7,848	26,085	19,766

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 nine months ended September 30, 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, 2017 and 2016 the Company accrued and recognized its employee remuneration amounting to $20,957 thousand and $38,906 thousand, and directors'and supervisors' remuneration amounting to $6,706 thousand and $7,781 thousand, respectively. There was 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

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest income:				
Interest income from RP bills	$ 1,156	1,321	2,881	4,098
Interest income from funds	88	89	267	267
Interest income from deposit	3	3	8	8
Interest income from bank deposit	413	236	813	787
	1,660	1,649	3,969	5,160
Subsidy revenue	80	85	343	611
Compensation income	-	-	592	-
Others	774	241	3,243	681
	$ 2,514	1,975	8,147	6,452

(ii) Other gains and losses

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Foreign exchange gains (losses)	$ (2,045)	(761)	6,336	(30,848)
Gains (losses) on financial assets at fair value through profit or loss	164	381	49	1,513
Gains (losses) on disposal of property plant and equipment	-	-	(25)	124
Others	(133)	(122)	(755)	(475)
	$ (2,014)	(502)	5,605	(29,686)

(iii) Finance costs

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Interest expense on bank borrowings	$ (817)	(1,483)	(2,324)	(3,776)

(r) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2017.

(i) Credit risk

1) Credit risk exposure

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

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2) Concentration of credit risk

As of September 30, 2018, December 31 and September 30, 2017, 30%, 27% and 16% of the Group' s accounts receivable were concentrated on 2, 2 and 1 specific customers, respectively.

3) Receivables securities

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

(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
September 30, 2018						
Non-derivative financial liabilities						
Short-term borrowing	$ 80,000	80,050	80,050	-	-	-
Long-term liabilities, current portion	43,251	45,177	45,177	-	-	-
Notes payable	39,803	39,803	39,803	-	-	-
Accounts payable	79,073	79,073	79,073	-	-	-
Other payables	38,117	38,117	38,117	-	-	-
Payables on machinery and equipment	3,567	3,567	3,567	-	-	-
Long-term borrowings	15,265	15,691	-	15,691	-	-
	$ 299,076	301,478	285,787	15,691	-	-
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	-
September 30, 2017						
Non-derivative financial liabilities						
Short-term borrowing	$ 101,802	102,643	102,643	-	-	-
Long-term liabilities, current portion	29,018	30,319	30,319	-	-	-
Notes payable	39,508	39,508	39,508	-	-	-
Accounts payable	52,762	52,762	52,762	-	-	-
Other payables	17,879	17,879	17,879	-	-	-
Payables on machinery and equipment	2,248	2,248	2,248	-	-	-
Long-term borrowings	58,037	58,965	-	43,681	15,284	-
	$ 301,254	304,324	245,359	43,681	15,284	-

(Continued)

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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:

	September 30, 2018			December 31, 2017			September 30, 2017		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	$ 12,375	30.53	377,803	20,780	29.78	618,818	18,077	30.28	547,37[illegible]
EUR	801	35.48	28,435	1,262	35.64	44,990	1,349	35.85	48,34[illegible]
JPY	127,092	0.2694	34,232	160,294	0.2648	43,438	159,151	0.2698	42,93[illegible]
PHP	60,044	0.5795	34,795	46,686	0.6115	28,465	45,728	0.6095	27,87[illegible]
CNY	16,304	4.439	72,372	6,612	4.573	30,238	6,828	4.555	31,10[illegible]
Investments accounted for using equity method									
USD	17,777	30.53	542,738	14,455	29.78	430,459	16,501	30.28	499,66[illegible]
PHP	8,165	0.5795	4,732	7,029	0.6115	4,298	7,198	0.6095	4,38[illegible]
Financial liabilities									
Monetary items									
USD	1,404	30.53	42,872	971	29.78	28,913	874	30.28	26,46[illegible]
EUR	333	35.48	11,804	128	35.64	4,575	167	35.85	5,99[illegible]
JPY	38,679	0.2694	10,418	25,512	0.2648	6,754	20,047	0.2698	5,40[illegible]
PHP	16,177	0.5795	9,375	15,282	0.6115	9,345	13,722	0.6095	8,36[illegible]

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 nine months ended September 30, 2018 and 2017 would have increased (decreased), the net profit after tax by $3,785 thousand and $5,407 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 nine months ended September 30, 2018 and 2017, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $6,336 thousand and $(30,848) thousand, respectively.

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 income would have increased / decreased by $1,108 thousand and $1,568 thousand for the nine months ended September 30, 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 nine months ended September 30, 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:

	For the nine months ended September 30			
	2018		2017	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 1%	$ 3	25	3	1,740
Decreasing 1%	$ (3)	(25)	(3)	(1,740)

(iv) Fair value of financial instruments

1) Fair value hierarchy

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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	September 30, 2018				
		Fair value			
	Bok 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	$ 146,327	146,327	-	-	146,327
Designated at fair value through profit or loss	29,926	29,926	-	-	29,926
Subtotal	176,253	176,253	-	-	176,253
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	319	319	-	-	319
Financial assets measured at amortized cost					
Cash and cash equivalents	841,120	-	-	-	-
Notes and accounts receivables	300,367	-	-	-	-
Other financial assets	3,914	-	-	-	-
Subtotal	1,145,401	-	-	-	-
Total	$ 1,321,973	176,572	-	-	176,572
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 80,000	-	-	-	-
Long-term liabilities, current portion	43,251	-	-	-	-
Notes and accounts payables	118,876	-	-	-	-
Other payable	38,117	-	-	-	-
Payables on machinery and equipment	3,567	-	-	-	-
Long-term borrowings	15,265	-	-	-	-
Total	$ 299,076	-	-	-	-

	December 31, 2017				
		Fair value			
	Bok 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	-	-	-	-

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	September 30, 2017				
		Fair value			
	Bok 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	$ 173,968	173,968	-	-	173,968
Available-for-sale financial assets					
Stocks listed on domestic markets	349	349	-	-	349
Loans and receivables					
Cash and cash equivalents	846,877	-	-	-	-
Notes and accounts receivables	231,844	-	-	-	-
Other financial assets	4,490	-	-	-	-
Subtotal	1,083,211	-	-	-	-
Total	$ 1,257,528	174,317	-	-	174,317
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 101,802	-	-	-	-
Long-term liabilities, current portion	29,018	-	-	-	-
Notes and accounts payables	92,270	-	-	-	-
Other payable	17,879	-	-	-	-
Payables on machinery and equipment	2,248	-	-	-	-
Long-term borrowings	58,037	-	-	-	-
Total	$ 301,254	-	-	-	-

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.

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3) Categories and fair values of financial instruments

The Company 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 nine months ended September 30, 2018 and 2017, there were no change on the fair value hierarchy of financial asset.

(s) Financial risk management

There were no significant changes in the Group' s financial risk management and policies as disclosed in note 6(p) of the consolidated financial statements for the year ended December 31, 2017.

(t) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2017. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2017. Please refer to Note 6(q) of the consolidated financial statements for the year ended December 31, 2017 for further details.

(u) Investing and financing activities affect the current cash flow

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2018	Cash flows	Non-cash changes Foreign exchange movement	September 30, 2018
Long-term borrowings (including current portion)	$ 81,895	(24,945)	1,566	58,516
Total liabilities from financial activities	$ 81,895	(24,945)	1,566	58,516

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(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:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Short-term employee benefits	$ 4,603	3,947	14,839	11,461
Post-employment benefits	100	265	409	770
	$ 4,703	4,212	15,248	12,231

(8) Pledged assets:

Pledged assets	Object	September 30, 2018	December 31, 2017	September 30, 2017
Other current financial assets:				
Restricted bank deposit	Purchase guarantee	$ 601	601	601
Property, plant and equipment				
Land	Credit of long-term borrowings	91,834	91,834	91,834
Buildings and structures	Credit of long-term borrowings	193,707	199,641	201,620
Machinery and equipment	Credit of long-term borrowings	21,450	27,732	29,902
		$ 307,592	319,808	323,957

(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.

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(b) Notes issued as guarantee

	September 30, 2018	December 31, 2017	September 30, 2017
Long-term borrowings	$ 877,385	784,010	776,260

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

	September 30, 2018	December 31, 2017	September 30, 2017
Total contract price	$ 127,177	40,252	35,215
Paid amount	$ 74,025	20,759	20,588

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

By function / By item	Three months ended September 30, 2018			Three months ended September 30, 2017		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	46,499	19,734	66,233	39,507	22,029	61,536
Labor and health insurance	3,661	1,246	4,907	3,441	1,815	5,256
Pension	1,462	702	2,164	1,331	842	2,173
Remuneration of directors	-	1,804	1,804	-	1,452	1,452
Others	2,039	853	2,892	1,876	1,331	3,207
Depreciation	19,927	899	20,826	18,462	724	19,186
Amortization	537	564	1,101	325	445	770

By function / By item	Nine months ended September 30, 2018			Nine months ended September 30, 2017		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	136,600	60,712	197,312	112,414	53,646	166,060
Labor and health insurance	10,924	3,793	14,717	10,692	4,255	14,947
Pension	4,300	2,204	6,504	4,193	2,457	6,650
Remuneration of directors	-	4,965	4,965	-	3,714	3,714
Others	5,974	2,966	8,940	5,880	3,098	8,978
Depreciation	58,027	2,679	60,706	54,374	2,334	56,708
Amortization	1,481	1,730	3,211	995	1,198	2,193

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

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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 nine months ended September 30, 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	122,840 (USD4,000)	122,120 (USD4,000)	122,120 (USD4,000)	2.00%	2	-	Working Capital	-	None	-	260,825 (Note 2)	260,825 (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		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
		Name	Relationship with the Company (Note 3)										
1	The Company	BIOTEQUE MEDICAL CO., LTD.	4	207,895	92,130 (USD3,000)	91,590 (USD3,000)	-	-	4.17 %	346,492	Y	N	N
2	The Company	BIOTEQUE MEDICAL PHIL. INC.	4	207,895	199,615 (USD6,500)	198,445 (USD6,500)	71,226 (USD2,333)	-	9.03 %	346,492	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	10,312	-	10,312	
〃	Yuanta Wan Tai Money Market Fund	〃	〃	2,497	37,726	-	37,726	
〃	Franklin Templeton Sinoam Money Market Fund	〃	〃	2,992	30,847	-	30,847	
〃	Mega Diamond Money Market Fund	〃	〃	2,894	36,190	-	36,190	
〃	Paradigm Pion Money Market Fund	〃	〃	1,970	22,700	-	22,700	
〃	LEAD DATA INC.	〃	Non-current financial assets at fair value through other comprehensive income	53	319	0.04	319	
CHUNGTEX INVESTMENT CO., LTD.	E.SUN FINANCIAL HOLDING COMPANY,LTD.	〃	Current financial assets at fair value through profit or loss	32	718	-	718	
〃	China Steel Corporation	〃	〃	11	280	-	280	
〃	UNITED MICROELECTRONICS CORP.	〃	〃	10	161	-	161	
〃	EVERGREEN MARINE CORP. (TAIWAN) LTD.	〃	〃	-	3	-	3	
〃	TAISHIN FINANCIAL HOLDING CO., LTD.	〃	〃	64	940	-	940	
〃	CHANG HWA CONNERCIAL BANK., LTD.	〃	〃	31	590	-	590	
〃	EXCELSIOR MEDICAL CO., LTD	〃	〃	10	471	-	471	
〃	PineBridge Emerging Market Corporate Strategy Bond Fund B	〃	〃	378	3,129	-	3,129	
〃	Fuh Hwa Emerging Market High Yield Bond Fund B	〃	〃	412	2,260	-	2,260	
BIOTEQUE MEDICAL CO., LTD	Bonds with a rating of BBB- or better by the standard & poor's	〃	〃	-	29,926	-	29,926	

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.

(Continued)

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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	149,757	1.34 %	-	-	14,256	-

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 nine months ended September 30, 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	137,834	OA 270	5.14%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Processing costs	25,432	There is no significant difference from translation terms with non-related parties.	2.13%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Other receivables	11,923	OA 270	0.44%
0	The Company	BIOTEQUE MEDICAL PHIL. INC.	1	Account payables	22,989	OA 30	0.86%
1	BIOTEQUE MEDICAL CO., LTD.	BIOTEQUE MEDICAL PHIL. INC.	3	Other receivables	122,120	2%	4.55%

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 nine months ended September 30, 2018 (excluding information on investees in Mainland China):

(In thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2018			Net income (losses) of investee	Share of profits (losses) of investee	Remark
				September 30, 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 %	260,825	2,185	2,185	Subsidiary
The Company	CHUNGTEX INVESTMENT CO., LTD.	Taipei	Investment activities	28,800	28,800	2,880	100.00 %	29,115	57	57	"
The Company	BIOTEQUE MEDICAL PHIL. INC.	Philippines	Manufacturing and Trading of Medical equipment	299,315	230,895	4,481	100.00 %	281,913	25,494	25,494	"
BIOTEQUE MEDICAL PHIL. INC.	BONTEQ MEDICAL DISTRIBUTION PHIL. INC.	Philippines	Trading of Medical equipment	6,801	6,801	100	100.00 %	4,732	664	664	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:

There were no significant changes in the Group's division, as well as the profit and loss measurement basis, as disclosed in the consolidated financial statements for the year December 31, 2017.

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

	Three months ended September 30, 2018					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	187,434	73,824	147,064	3,211	-	411,533
Intersegment revenue	-	5,483	-	-	(5,483)	-
Total revenue	$ 187,434	79,307	147,064	3,211	(5,483)	411,533
Reporting segment profit or loss	$ 30,028	20,413	69,736	(1,462)	-	118,715

	Three months ended September 30, 2017					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	161,365	61,560	133,340	1,895	-	358,160
Intersegment revenue	-	4,661	-	-	(4,661)	-
Total revenue	$ 161,365	66,221	133,340	1,895	(4,661)	358,160
Reporting segment profit or loss	$ 28,517	15,354	67,443	(409)	-	110,905

	Nine months ended September 30, 2018					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	516,932	220,875	447,636	9,675	-	1,195,118
Intersegment revenue	-	16,671	-	-	(16,671)	-
Total revenue	$ 516,932	237,546	447,636	9,675	(16,671)	1,195,118
Reporting segment profit or loss	$ 85,114	58,108	218,425	8,953	-	370,600

	Nine months ended September 30, 2017					
	Segment A	Segment B	Segment C	Other Segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	446,963	198,845	382,308	8,325	-	1,036,441
Intersegment revenue	-	14,841	-	-	(14,841)	-
Total revenue	$ 446,963	213,686	382,308	8,325	(14,841)	1,036,441
Reporting segment profit or loss	$ 62,523	52,198	192,930	(27,560)	-	280,091

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

Total reportable segment revenue after deducting the intersegment revenue was $16,671 and $14,841 thousand dollars in the nine months ended September 30, 2018 and 2017.