TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

MARCH 31, 2013 AND 2012

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To Taiwan Liposome Company

We have reviewed the accompanying consolidated balance sheets of Taiwan Liposome Company and subsidiaries as of March 31, 2013 and 2012, December 31, 2012, and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods ended March 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

Our reviews were made in accordance with the Generally Accepted Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, "Interim Financial Reporting", and IFRS 1, "First-time Adoption of International Financial Reporting Standards" as endorsed by the Financial Supervisory Commission (FSC).

PricewaterhouseCoopers, Taipei, Taiwan
May 9, 2013

TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2013 AND 2012, DECEMBER 31, 2012, AND JANUARY 1, 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

			March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current Assets									
1100	Cash and cash equivalents	6(1)	$ 760,963	74	$ 908,101	81	$ 268,224	55	$ 309,029	61
1170	Accounts receivable, net	6(2)	61,603	6	35,065	3	58,959	12	5,251	1
1200	Other receivables		926	-	666	-	1,789	-	8,905	2
1220	Current income tax assets		156	-	121	-	77	-	76	-
1410	Prepayments		5,266	-	4,842	1	13,679	3	36,089	7
1470	Other current assets	8	2,658	-	2,658	-	4,326	1	4,326	1
11XX	**Total Current Assets**		831,572	80	951,453	85	347,054	71	363,676	72
	Non-current assets									
1600	Property, plant and equipment	6(3) and 8	114,729	11	117,107	10	88,259	18	90,277	18
1780	Intangible assets	6(4)	28,091	3	29,397	3	32,934	7	31,336	6
1900	Other non-current assets	6(5) and 8	59,510	6	24,866	2	19,291	4	19,479	4
15XX	**Total Non-current Assets**		202,330	20	171,370	15	140,484	29	141,092	28
1XXX	**Total assets**		$ 1,033,902	100	$ 1,122,823	100	$ 487,538	100	$ 504,768	100
	Liabilities and Equity									
	Current Liabilities									
2150	Notes payable		$ -	-	$ 12,952	1	$ 8,686	2	$ 2,462	-
2200	Other payables	6(6)	44,679	4	114,126	10	22,400	4	32,937	7
2250	Provisions for liabilities - current	6(10)	-	-	1,050	-	-	-	-	-
2300	Other current liabilities	6(7)	28,113	3	23,152	2	24,347	5	25,421	5
21XX	**Total Current Liabilities**		72,792	7	151,280	13	55,433	11	60,820	12
	Non-current liabilities									
2540	Long-term borrowings	6(7)	65,008	6	69,874	6	84,462	17	89,305	18
2550	Provisions for liabilities - non-current	6(10)	3,087	1	3,087	1	3,853	1	3,853	1
2600	Other non-current liabilities	6(8)	2,210	-	2,207	-	1,958	1	2,593	-
25XX	**Total Non-current Liabilities**		70,305	7	75,168	7	90,273	19	95,751	19
2XXX	**Total Liabilities**		143,097	14	226,448	20	145,706	30	156,571	31

(Continued)

TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2013 AND 2012, DECEMBER 31, 2012, AND JANUARY 1, 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	Liabilities and Equity	Notes	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Equity									
	Equity Attributable to Owners of Parent									
	Capital	6(11)								
3110	Common stock		$ 440,696	43	$ 439,930	39	$ 391,006	80	$ 391,006	77
3140	Advance receipts for share capital		-	-	2,146	-	-	-	-	-
	Capital Surplus	6(12)								
3210	Capital surplus, additional paid-in capital		687,338	66	685,958	61	421,454	86	421,454	84
3271	Capital surplus, share options	6(9)	4,275	-	4,275	1	3,748	1	3,748	1
	Retained earnings									
3350	Accumulated deficit	6(13)	(241,259)	(23)	(235,165)	(21)	(473,926)	(97)	(468,011)	(93)
	Other equity									
3410	Exchange difference on translation of foreign financial statements	6(14)	(245)	-	(769)	-	(450)	-	-	-
31XX	**Equity attributable to owners of the parent**		890,805	86	896,375	80	341,832	70	348,197	69
3XXX	**Total equity**		890,805	86	896,375	80	341,832	70	348,197	69
	Significant contingent liabilities and unrecognised contract commitments	9								
	Subsequent events	11								
	Total liabilities and equity		$ 1,033,902	100	$ 1,122,823	100	$ 487,538	100	$ 504,768	100

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

TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT LOSS PER SHARE DATA)
(UNAUDITED BUT REVIEWED)

			2013		2012	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(15)	$ 77,208	100	$ 71,620	100
	Operating expenses	6(4)(18)(19)				
6200	General and administrative expenses		(12,778)	(17)	(8,918)	(13)
6300	Research and development expenses		(68,289)	(88)	(68,862)	(96)
6000	**Total operating expenses**		(81,067)	(105)	(77,780)	(109)
6900	**Operating loss**		(3,859)	(5)	(6,160)	(9)
	Non-operating income and expenses					
7010	Other income	6(16)	1,103	2	871	2
7020	Other gains and losses	6(17)	(2,861)	(4)	(5)	-
7050	Finance costs		(477)	(1)	(567)	(1)
7000	**Total non-operating income and expenses**		(2,235)	(3)	299	1
7900	**Loss before income tax**		(6,094)	(8)	(5,861)	(8)
7950	Income tax expense	6(20)	-	-	(54)	-
8200	**Loss for the period**		($ 6,094)	(8)	($ 5,915)	(8)
	Other comprehensive income	6(14)				
8310	Financial statements translation differences of foreign operations		$ 524	1	($ 450)	(1)
8300	**Total other comprehensive income for the period**		$ 524	1	($ 450)	(1)
8500	**Total comprehensive income for the period**		($ 5,570)	(7)	($ 6,365)	(9)
	Loss attributable to:					
8610	Owners of the parent		($ 6,094)	(8)	($ 5,915)	(8)
	Other comprehensive income attributable to:					
8710	Owners of the parent		($ 5,570)	(7)	($ 6,365)	(9)
	Basic Loss Per Share					
9750	**Total basic loss per share**	6(21)	($ 0.14)		($ 0.15)	
	Diluted Loss Per Share					
9850	**Total diluted loss per share**	6(21)	($ 0.14)		($ 0.15)	

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

TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	Equity Attributable to Owners of Parent						
	Share Capital		Capital Surplus				
	Common stock	Advance receipts for share capital	Additional paid-in capital	Share options	Accumulated deficit	Exchange difference on translation of foreign financial statements	Total
2012							
Balance at January 1, 2012	$ 391,006	$ -	$ 421,454	$ 3,748	($ 468,011)	$ -	$ 348,197
Loss for the period	-	-	-	-	(5,915)	-	(5,915)
Exchange difference on translation of foreign financial statements	-	-	-	-	-	(450)	(450)
Balance at March 31, 2012	$ 391,006	$ -	$ 421,454	$ 3,748	($ 473,926)	($ 450)	$ 341,832
2013							
Balance at January 1, 2013	$ 439,930	$ 2,146	$ 685,958	$ 4,275	($ 235,165)	($ 769)	$ 896,375
Employee stock options	766	(2,146)	1,380	-	-	-	-
Loss for the period	-	-	-	-	(6,094)	-	(6,094)
Exchange difference on translation of foreign financial statements	-	-	-	-	-	524	524
Balance at March 31, 2013	$ 440,696	$ -	$ 687,338	$ 4,275	($ 241,259)	($ 245)	$ 890,805

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

TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED BUT REVIEWED)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated loss before tax for the period	($ 6,094)	($ 5,861)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Income and expenses having no effect on cash flows		
Depreciation	5,588	4,464
Amortization	1,370	1,637
Interest expense	477	567
Interest income	(1,067)	(8)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Accounts receivable, net	(26,538)	(53,708)
Other receivables	(4)	7,116
Prepayments	(424)	22,410
Other non-current assets	(20,000)	-
Net changes in liabilities relating to operating activities		
Notes payable	(12,952)	6,224
Other current liabilities	4,961	(1,074)
Other payables	(79,696)	(10,533)
Provisions for liabilities - current	(1,050)	-
Other non-current liabilities	3	(635)
Cash used in operations	(135,426)	(29,401)
Interest received	811	8
Interest paid	(481)	(571)
Income tax paid	(35)	(55)
Net cash used in operating activities	(135,131)	(30,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other financial assets	664	-
Acquisition of property, plant and equipment	(1,384)	(1,053)
Increase in intangible assets	-	(3,271)
Decrease in refundable deposits	1,066	6
Increase in other non-current assets	(7,853)	(1,300)
Net cash used in investing activities	(7,507)	(5,618)
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of long-term borrowings	(4,866)	(4,843)
Effect due to changes in exchange rate	366	(325)
Decrease in cash and cash equivalents	(147,138)	(40,805)
Cash and cash equivalents at beginning of period	908,101	309,029
Cash and cash equivalents at end of period	$ 760,963	$ 268,224

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

TAIWAN LIPOSOME COMPANY AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

(UNAUDITED BUT REVIEWED)

1. HISTORY AND ORGANIZATION

Taiwan Liposome Company (the "Company") was incorporated as company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are a biopharmaceutical company focused on the research, development and commercialization of innovative pharmaceutical products based on its proprietary drug delivery technologies.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIALSTATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorised for issuance by the Board of Directors on May 9, 2013.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

IFRS 9, 'Financial Instruments': Classification and measurement of financial assets

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November, 2009, which will take effect on January 1, 2015 with early application permitted. Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments. However, based on preliminary evaluation, there might have no significant effect.

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

A. The following are the new standards and amendments issued by IASB that are effective but not yet endorsed by the FSC and have not been adopted by the Group:

	New Standards or Amendments	Effective Date
IFRS 1	Limited exemption from comparative IFRS 7 disclosures for first-time adopters	July 1, 2010
	2010 improvements to IFRSs	January 1, 2011
IFRS 7	Disclosures - transfers of financial assets	July 1, 2011
IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	July 1, 2011
IAS 12	Deferred tax: recovery of underlying assets	January 1, 2012
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 11	Joint arrangements	January 1, 2013
IFRS 12	Disclosure of interests in other entities	January 1, 2013
IAS 27	Separate financial statements	January 1, 2013
IAS 28	Investments in associates and joint ventures	January 1, 2013
IFRS 13	Fair value measurements	January 1, 2013
IAS 19	Employee benefits	January 1, 2013
IAS 1	Presentation of items of other comprehensive income	July 1, 2012
IFRIC 20	Stripping costs in the production phase of a surface mine	January 1, 2013
IFRS 7	Disclosures - offsetting financial assets and financial liabilities	January 1, 2013
IFRS 1	Government loans	January 1, 2013
	2009-2011 improvements to IFRSs	January 1, 2013
IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance	January 1, 2013

B. The following are the new standards and amendments issued by IASB that are not yet effective and not yet endorsed by the FSC and have not been adopted by the Group:

	New Standards or Amendments	Effective Date
IFRS 9	Financial instruments:Classification and measurement of financial liabilities	January 1, 2015
IAS 32	Offsetting financial assets and financial liabilities	January 1, 2014
IFRS 7 and IFRS 9	Mandatory effective date and transition	January 1, 2015
IFRS 10, IFRS 12 and IAS 27	Investment entities	January 1, 2014

C. The Group is assessing the potential impact of the new standards and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

A. These consolidated financial statements are the first interim consolidated financial statements prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, IAS 34, ‘Interim Financial Reporting’, and IFRS 1, ‘First-time Adoption of International Financial Reporting Standards’, as endorsed by the FSC.

B. In the preparation of the balance sheet of January 1, 2012, the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the “IFRSs”) on the Group’s financial position, operating results and cash flows.

(2) Basis of preparation

A. Except for defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised prior period’s service cost and unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation, these consolidated financial statements have been prepared under the historical cost convention.

B. The significant accounting policies as stated below have been consistently applied to all the periods presented in these consolidated financial statements, including the opening IFRS balance sheet on January 1, 2012 (the Group’s date of transition to IFRSs) that are prepared in transition to IFRSs.

C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activities	Owership (%) March 31, 2013	Owership (%) December 31, 2012	Description
Taiwan Liposome Company	TLC Biopharmaceuticals, Inc.	Research on new anti-cancer drugs and biotechnology services	100	100	
Taiwan Liposome Company	TLC Biopharmaceuticals, B.V.	Technical authorization and product development	100	100	

Investor	Subsidiary	Main activities	Owership (%) March 31, 2012	Owership (%) January 1, 2012	Description
Taiwan Liposome Company	TLC Biopharmaceuticals, Inc.	Research on new anti-cancer drugs and biotechnology services	100	100	
Taiwan Liposome Company	TLC Biopharmaceuticals, B.V.	Technical authorization and product development	100	100	

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

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

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

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

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

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

c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

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

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

b) Assets held mainly for trading purposes;

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

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

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

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

b) Liabilities arising mainly from trading activities;

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

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

(6) Cash and cash equivalents

A. In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

B. Cash equivalents refer to short-term highly liquid investments that meet both the following criteria:

a) Readily convertible to known amount of cash; and

b) Subject to an insignificant risk of changes in value.

(7) Notes and accounts receivable, other receivables

Notes and accounts receivable are claims resulting from the sale of goods or services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables. Notes and accounts receivable and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(8) Impairment of financial assets

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

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

a) Significant financial difficulty of the issuer or debtor;

b) A breach of contract, such as a default or delinquency in interest or principal payments;

c) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

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

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occured on financial assets measured at amortised cost has occurred, accounting for impairment is made as follows:

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

(9) Derecognition of financial assets

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

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

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

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(10) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are 2 ~ 10 years except for buildings, the estimated useful life of which is 44 years.

(11) Leased assets/ lessee

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

(12) Intangible assets

A. Professional technology is stated at cost and amortized on a straight-line basis.

B. Computer software is stated at cost and amortized on a straight-line basis over 1 ~ 4 years.

(13) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss.

(14) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(15) Notes payable

Notes payable are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

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

(18) Provisions for other liabilities

Provisions (decommissioning) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligation once the contributions have been paid. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

b) Defined benefit plans

i. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in such corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

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

(20) <u>Employee share-based payment</u>

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

(21) <u>Income tax</u>

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

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

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

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

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

F. Tax preference given for expenditures incurred on research and development and employees' training is recorded using the income tax credits accounting.

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

(22) Share capital

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

(23) Revenue recognition

Revenues are recognized when the earning process is substantially completed and are realized or realizable. Royalty revenue shall be recognized in a reasonable and systematic approach during the authorized period, and shall not be recognized in full one time, if the authorization contract of the Group does not meet all of the following criteria:

A. The amount of royalty is fixed or non-refundable.

B. The contract is irrevocable.

C. Relevant rights may be at the authorized party's own disposition.

D. The party granting authority has no further obligations after passing on the rights to the authorized party.

(24) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(25) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Judgements and estimates are continually evaluated and adjusted based on historical experience and other factors.

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

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of tangible and intangible assets (excluding goodwill)

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

B. Realisability of deferred income tax assets

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

As of March 31, 2013, the Group had no deferred income tax assets.

C. Calculation of accrued pension obligations

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

As of March 31, 2013, the carrying amount of accrued pension obligations was $2,210. Where the discount rate used differs by 1% from management's estimates, the carrying amount of accrued pension obligations would be $570 lower or $696 higher.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2013	December 31, 2012
Cash on hand	$ 83	$ 83
Checking and demand deposits	114,627	868,021
Time deposits	623,204	-
Foreign currency deposits	23,049	39,997
Cash and cash equivalents as per consolidated balance sheet	$ 760,963	$ 908,101

	March 31, 2012	January 1, 2012
Cash on hand	$ 83	$ 75
Checking and demand deposits	233,850	293,878
Foreign currency deposits	34,291	15,076
Cash and cash equivalents as per consolidated balance sheet	$ 268,224	$ 309,029

A. The Group associates with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

(2) Accounts receivable

	March 31, 2013	December 31, 2012
Accounts receivable	$ 61,603	$ 35,065

	March 31, 2012	January 1, 2012
Accounts receivable	$ 58,959	$ 5,251

A. The Group's accounts receivable including royalty revenue and co-development revenue. The average credit term was 30~90 days and the Group estimated the fair value was the same as the book value since those accounts receivable will be collected within one year.

B. There is just one credit quality classification since the Group's accounts receivable are not overdue or impaired and the customers are known domestic and foreign pharmaceutical factories. The Group has lower significant concentrations of credit risk and has policies in place to ensure that customers with an appropriate credit history when signing the contract. Therefore, the maximum exposure to credit risk at March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 was the carrying amount of accounts receivable.

(3) Property, plant and equipment

	Land	Buildings	Testing equipment	Office equipment	Leasehold improvements	Total
At January 1, 2013						
Cost	$ 14,962	$ 29,532	$ 81,719	$ 8,663	$ 28,576	$ 163,452
Accumulated depreciation	-	(2,078)	(38,759)	(2,702)	(2,806)	(46,345)
	$ 14,962	$ 27,454	$ 42,960	$ 5,961	$ 25,770	$ 117,107
Three-month period ended March 31, 2013						
Opening net book amount	$ 14,962	$ 27,454	$ 42,960	$ 5,961	$ 25,770	$ 117,107
Additions	-	-	1,384	-	-	1,384
Transfer (Note)	-	-	1,732	-	-	1,732
Depreciation charge	-	(164)	(3,479)	(433)	(1,512)	(5,588)
Net exchange differences	-	-	56	2	36	94
Closing net book amonut	$ 14,962	$ 27,290	$ 42,653	$ 5,530	$ 24,294	$ 114,729
At March 31, 2013						
Cost	$ 14,962	$ 29,532	$ 84,978	$ 8,680	$ 28,623	$ 166,775
Accumulated depreciation	-	(2,242)	(42,325)	(3,150)	(4,329)	(52,046)
	$ 14,962	$ 27,290	$ 42,653	$ 5,530	$ 24,294	$ 114,729

	Land	Buildings	Testing equipment	Office equipment	Leasehold improvements	Total
At January 1, 2012						
Cost	$ 14,962	$ 29,532	$ 71,206	$ 3,527	$ 11,068	$ 130,295
Accumulated depreciation	-	(1,422)	(30,738)	(1,840)	(6,018)	(40,018)
	$ 14,962	$ 28,110	$ 40,468	$ 1,687	$ 5,050	$ 90,277
Three-month period ended March 31, 2012						
Opening net book amount	$ 14,962	$ 28,110	$ 40,468	$ 1,687	$ 5,050	$ 90,277
Additions	-	-	1,024	29	-	1,053
Transfer (Note)	-	-	1,482	-	-	1,482
Depreciation charge	-	(164)	(3,072)	(282)	(946)	(4,464)
Net exchange differences	-	-	(60)	(2)	(27)	(89)
Closing net book amonut	$ 14,962	$ 27,946	$ 39,842	$ 1,432	$ 4,077	$ 88,259
At March 31, 2012						
Cost	$ 14,962	$ 29,532	$ 73,589	$ 3,541	$ 11,037	$ 132,661
Accumulated depreciation	-	(1,586)	(33,747)	(2,109)	(6,960)	(44,402)
	$ 14,962	$ 27,946	$ 39,842	$ 1,432	$ 4,077	$ 88,259

Note: Transferred from prepayments for business facilities.

Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(4) Intangible assets

A. The details of intangible assets are as follows:

	Professional technology	Computer software	Total
At January 1, 2013			
Cost	$ 49,050	$ 1,473	$ 50,523
Accumulated amortisation	(20,851)	(275)	(21,126)
	$ 28,199	$ 1,198	$ 29,397
Three-month period ended March 31, 2013			
Opening net book amount	$ 28,199	$ 1,198	$ 29,397
Amortisation charge	(1,272)	(98)	(1,370)
Net exchange differences	64	-	64
Closing net book amount	$ 26,991	$ 1,100	$ 28,091
At March 31, 2013			
Cost	$ 49,114	$ 1,473	$ 50,587
Accumulated amortisation	(22,123)	(373)	(22,496)
	$ 26,991	$ 1,100	$ 28,091

	Professional technology	Computer software	Total
At January 1, 2012			
Cost	$ 46,138	$ 2,369	$ 48,507
Accumulated amortisation	(15,764)	(1,407)	(17,171)
	$ 30,374	$ 962	$ 31,336
Three-month period ended March 31, 2012			
Opening net book amount	$ 30,374	$ 962	$ 31,336
Addition-acquired separately	2,988	283	3,271
Amortisation charge	(1,228)	(409)	(1,637)
Net exchange differences	(36)	-	(36)
Closing net book amount	$ 32,098	$ 836	$ 32,934
At March 31, 2012			
Cost	$ 49,089	$ 2,652	$ 51,741
Accumulated amortisation	(16,991)	(1,816)	(18,807)
	$ 32,098	$ 836	$ 32,934

B. The details of the amortisation charge of intangible assets (recorded in to operating expenses) are as follows:

	For the three-month periods ended March 31, 2013		For the three-month periods ended March 31, 2012	
Administrative expenses	$	217	$	484
Research and development expenses		1,153		1,153
	$	1,370	$	1,637

(5) Other non-current assets

	March 31, 2013		December 31, 2012	
Prepayments for business facilities	$	27,857	$	11,483
Prepaid expense for medicines research - over one year		20,000		-
Other financial assets - non-current		8,226		8,890
Refundable deposits		3,427		4,493
	$	59,510	$	24,866

	March 31, 2012		January 1, 2012	
Prepayments for business facilities	$	5,694	$	5,876
Other financial assets - non-current		11,548		11,548
Refundable deposits		2,049		2,055
	$	19,291	$	19,479

(6) Other payables

	March 31, 2013		December 31, 2012	
Research expenses	$	12,271	$	85,066
Salaries and bonuses		11,768		13,041
Research medicines expenses		2,353		1,821
Service expenses		2,100		3,883
Accrued expenses		5,493		9,081
Payables on machinery and equipment		10,694		1,234
	$	44,679	$	114,126

	March 31, 2012		January 1, 2012	
Research expenses	$	6,029	$	10,079
Salaries and bonuses		9,267		10,599
Research medicines expenses		1,342		1,926
Service expenses		1,864		2,992
Accrued expenses		3,609		5,628
Payables on machinery and equipment		289		1,713
	$	22,400	$	32,937

(7) Long-term borrowings

Type of loans	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2013
Taiwan Business Bank secured borrowings	Note 1	2.495%	Land and buildings	$ 42,959
Taiwan Business Bank secured borrowings	Note 2	3.29%	Demand deposits	17,478
Taiwan Business Bank secured borrowings	Note 3	1%	Demand deposits	17,940
Taiwan Business Bank secured borrowings	Note 4	1%	Time deposits	6,072
				84,449
Less: current portion (recorded as other current liabilities)				(19,441)
				$ 65,008

Type of loans	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2012
Taiwan Business Bank secured borrowings	Note 1	2.495%	Land and buildings	$ 43,478
Taiwan Business Bank secured borrowings	Note 2	3.29%	Demand deposits	19,420
Taiwan Business Bank secured borrowings	Note 3	1%	Demand deposits	19,320
Taiwan Business Bank secured borrowings	Note 4	1%	Time deposits	7,084
				89,302
Less: current portion (recorded as other current liabilities)				(19,428)
				$ 69,874

Type of loans	Borrowing period and repayment term	Interest rate	Collateral	March 31, 2012
Taiwan Business Bank secured borrowings	Note 1	2.495%	Land and buildings	$ 43,650
Taiwan Business Bank secured borrowings	Note 2	3.29%	Demand deposits	25,246
Taiwan Business Bank secured borrowings	Note 3	1%	Demand deposits	23,460
Taiwan Business Bank secured borrowings	Note 4	1%	Time deposits	10,120
				102,476
Less: current portion (recorded as other current liabilities)				(18,014)
				$ 84,462

Type of loans	Borrowing period and repayment term	Interest rate	Collateral	January 1, 2012
Taiwan Business Bank secured borrowings	Note 1	2.495%	Land and buildings	$ 43,650
Taiwan Business Bank secured borrowings	Note 2	3.29%	Demand deposits	27,188
Taiwan Business Bank secured borrowings	Note 3	1%	Demand deposits	24,840
Taiwan Business Bank secured borrowings	Note 4	1%	Time deposits	11,132
				106,810
Less: current portion (recorded as other current liabilities)				(17,505)
				$ 89,305

Note 1: The Company entered into a loan contract with Taiwan Business Bank in 2009 in the amount of $43,650 for the purchase of land and building. The contract period is from November 2009 to November 2029. The principal and interest of the loan is payable monthly from the third year after the draw-down date.

Note 2: The Company entered into a “Synergistic Dual - Function Anticancer Lipotecan Development Project” and signed the loan contract with the Industrial Development Bureau in 2009 in the amount of $31,080 (the bank: Taiwan Business Bank). The contract period is from December 2009 to April 2015. The principal of the loan is payable quarterly from July 15, 2011.

Note 3: The Company entered into a "Synergistic Dual - Function Anticancer Me - Too New Chemical Entity (ME-TOO NCE) Development Project" and signed the loan contract with the Industrial Development Bureau in 2007 in the amount of $40,000 (the bank: Taiwan Business Bank). The original contract period is from June 2007 to April 2013. In 2009, the Company requested for the extension of the maturity date to April 2016. The loan is payable in quarterly capital installments of $1,380 (first quarter: $2,500; second quarter: $1,620), with a moratorium until July 2009 and maturing in April 2016.

Note 4: The Company entered into a "Development of Level NanoVNB" and signed the loan contract with the Industrial Development Bureau in 2005 in the amount of $38,000 (the bank: Taiwan Business Bank). The original contract period is from October 2005 to July 2011. In 2009, the Company requested for the extension of the maturity date to July 2014. The loan is payable in quarterly capital installments of $1,012 (first quarter: $2,580; second to seventh quarter: $2,530 each quarter), with a moratorium until January 2008 and maturing in July 2014.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Group had no undrawn loan facilities. The information about the Group's liquidity risk is provided in Note 12.

(8) Pensions

A.

a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. For the three-month periods ended March 31, 2013 and 2012, the Group recognised pension expenses of $55 and $52 in the statement of comprehensive income, respectively.

b) The amounts recognised in the balance sheet are determined as follows:

	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 3,526	$ 3,057
Fair value of plan assets	(1,319)	(1,099)
	2,207	1,958
Present value of unfunded obligations	-	-
Unrecognised actuarial losses / (gains)	-	-
Unrecognised past service cost	-	-
Net liability in the balance sheet	-	-
	$ 2,207	$ 1,958

c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The composition of fair value of plan assets as of March 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

d) As of December 31, 2012 and January 1, 2012, cumulative actuarial losses/(gains) recognised in other comprehensive income were $425 and $0, respectively.

e) The principal actuarial assumptions used were as follows:

	2012	2011
Discount fee	1.50%	1.75%
Future salary increases	2.00%	2.00%
Expected return on plan assets	1.50%	1.75%

Assumptions regarding future mortality experience are set based on actuarial valuation in accordance with the 5th version and 4th version of Taiwan Standard Ordinary Experience Mortality Tables.

f) Historical information of experience adjustments was as follows:

	2012
Present value of defined benefit obligations	$ 3,526
Fair value of plan assets	(1,319)
Deficit in the plan	$ 2,207
Experience adjustments on plan liabilities	$ 235
Experience adjustments on plan assets	($ 10)

g) Expected contributions to the defined benefit pension plans of the Group within one year from March 31, 2013 are $239.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the three-month periods ended March 31, 2013 and 2012 were $924 and $838, respectively

C. The pension costs of the subsidiaries for the three-month periods ended March 31, 2013 and 2012 were $75 and $116, respectively.

(9) Share-based payment

A. As of March 31, 2013 and 2012, the Company's equity-settled share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	2007.06.01	97.5	5 years	1 month service vested immediately
〃	2007.06.01	313.9	5 years	1 year service vested immediately
〃	2007.12.31	186.0	5 years	1 year service vested immediately
〃	2008.12.31	112.0	5 years	1 year service vested immediately
〃	2009.04.13	102.5	3 years	1 month service vested immediately
〃	2009.04.13	188.2	3 years	1 year service vested immediately

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	2009.10.29	788.0	5 years	1 year service vested immediately
〃	2010.01.21	200.0	5 years	1 year service vested immediately
〃	2010.07.22	108.0	5 years	1 year service vested immediately
〃	2011.07.14	1200.0	5 years	2 years service vested immediately
〃	2011.12.23	168.0	5 years	2 years service vested immediately
〃	2012.05.08	132.0	5 years	2 years service vested immediately
Cash capital increase reserved for employee preemption	2012.12.14	693.0	None	Vested immediately

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

	For the three-month periods ended March 31,			
	2013		2012	
	No. of units (in thousands)	Weighted-average exercise price (in thousands)	No. of units (in thousands)	Weighted-average exercise price (in thousands)
Options outstanding at beginning of period	1,543.3	$ 44	1,937.1	$ 35
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options revoked	-	-	(22.0)	35
Options outstanding at end of period	1,543.3	44	1,915.1	35
Options exercisable at end of period	95.2		142.1	
Options permitted but not yet outstanding at end of period	-		-	

C. The expiry date and exercise price of stock options outstanding at the balance sheet date are as follows:

		March 31, 2013			
		Options outstanding at end of period		Options exercisable at end of period	
Exercise price (in dollars)	Quantity (in thousands)	Weighted average expected remaining life (years)	Weighted average exercise price (in dollars)	Quantity (in thousands)	Weighted average exercise price (in dollars)
$ 28	247.3	1.71	$ 28	95.2	$ 28
35	1,025.0	3.29	35	-	35
69.9	149.0	3.73	69.9	-	69.9
117.3	122.0	4.11	117.3	-	117.3
	1,543.3			95.2	

		December 31, 2012			
		Options outstanding at end of period		Options exercisable at end of period	
Exercise price (in dollars)	Quantity (in thousands)	Weighted average expected remaining life (years)	Weighted average exercise price (in dollars)	Quantity (in thousands)	Weighted average exercise price (in dollars)
$ 28	247.3	1.96	$ 28	37.5	$ 28
35	1,025.0	3.54	35	-	35
69.9	149.0	3.98	69.9	-	69.9
117.3	122.0	4.35	117.3	-	117.3
	1,543.3			37.5	

		March 31, 2012			
		Options outstanding at end of period		Options exercisable at end of period	
Exercise price (in dollars)	Quantity (in thousands)	Weighted average expected remaining life (years)	Weighted average exercise price (in dollars)	Quantity (in thousands)	Weighted average exercise price (in dollars)
$ 18	30.5	0.82	$ 18	30.5	$ 18
18	76.8	0.04	18	10.2	18
28	495.8	2.69	28	101.4	28
35	1,144.0	4.29	35	-	35
69.9	168.0	4.73	69.9	-	69.9
	1,915.1			142.1	

		January 1, 2012			
		Options outstanding at end of period		Options exercisable at end of period	
Exercise price (in dollars)	Quantity (in thousands)	Weighted average expected remaining life (years)	Weighted average exercise price (in dollars)	Quantity (in thousands)	Weighted average exercise price (in dollars)
$ 18	30.5	1.11	$ 18	30.5	$ 18
18	76.8	0.29	18	42.1	18
28	495.8	2.94	28	12.1	28
35	1,166.0	4.54	35	-	35
69.9	168.0	4.98	69.9	-	69.9
	1,937.1			84.7	

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Employee stock options

Grant date	May 8, 2012	December 23, 2011	July 14, 2011
Dividend yield rate	-	-	-
Exercise price volatility	42.44%	43.92%	44.70%
Risk-free interest rate	1.00%	1.00%	1.14%
Expected vesting period (years)	3.875	3.875	3.875
Per share exercise price (in dollars)	$ 117.3	$ 69.9	$ 35
Weighted stock options average fair value (in dollars)	5.98	1.65	2.34

Grant date	July 22, 2010	January 21, 2010	October 29, 2009
Dividend yield rate	-	-	-
Exercise price volatility	41.66%	42.23%	48.10%
Risk-free interest rate	0.64%	0.65%	0.76%
Expected vesting period (years)	3.75	3.75	3.75
Per share exercise price (in dollars)	$ 28	$ 28	$ 28
Weighted stock options average fair value (in dollars)	2.30	3.15	3.53

Grant date	April 13, 2009 (A)	April 13, 2009 (B)	December 31, 2008
Dividend yield rate	-	-	-
Exercise price volatility	53.21%	52.88%	52.87%
Risk-free interest rate	0.30%	0.52%	0.25%
Expected vesting period (years)	1.61	2.615	2.55
Per share exercise price (in dollars)	$ 18	$ 18	$ 18
Weighted stock options average fair value (in dollars)	0.824	1.47	1.41

Grant date	December 31, 2007	June 1, 2007 (A)	June 1, 2007 (B)
Dividend yield rate	-	-	-
Exercise price volatility	44.81%	42.04%	41.79%
Risk-free interest rate	2.43%	2.44%	2.44%
Expected vesting period (years)	3.55	2.54	3.55
Per share exercise price (in dollars)	$ 18	$ 18	$ 18
Weighted stock options average fair value (in dollars)	3.29	4.04	4.91

Cash capital increase reserved for employee preemption

Grant date	December 14, 2012
Dividend yield rate	-
Exercise price volatility	45.84%
Risk-free interest rate	0.67%
Expected vesting period (years)	0.01
Per share exercise price (in dollars)	$ 158
Weighted stock options average fair value (in dollars)	-

(10) Provisions for other liabilities (Decommissioning liabilities)

	For the three-month periods ended March 31,	
	2013	2012
At January 1	$ 4,137	$ 3,853
Used during the period	(1,050)	-
At March 31	$ 3,087	$ 3,853

Analysis of total provisions:

	March 31, 2013	December 31, 2012
Current	$ -	$ 1,050
Non-current	$ 3,087	$ 3,087

	March 31, 2012	January 1, 2012
Current	$ -	$ -
Non-current	$ 3,853	$ 3,853

In accordance with the requirements specified in the agreement, the Group bears the obligation for the costs of dismantling, removing the asset and restoring the site of its the rented office in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site. It is expected that the provision will be used in 4 years.

(11) Share capital

A. As of March 31, 2013, the Company's authorized capital was $600,000, and the paid-in capital was $440,696, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: thousand shares):

	For the three-month periods ended March 31,	
	2013	2012
At January 1	$ 43,993	$ 39,101
Employee stock options exercised	77	-
At March 31	$ 44,070	$ 39,101

B. To increase the Company's working capital, the stockholders at their extraordinary stockholders' meeting on March 10, 2011 adopted a resolution to raise additional cash through private placement with the effective date set on March 25, 2011. The maximum number of shares to be issued through the private placement is 4,711 thousand shares at an estimated subscription price of $42.45 (in dollars) per share. The amount of capital raised through the private placement was $200,000 which had been registered. Pursuant to the Securities and Exchange Law, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

(12) Capital surplus

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

The Group's capital surplus includes additional paid-in capital and share options. The movement in capital surplus during the period is as follows:

	For the three-month periods ended March 31, 2013	2012
At January 1	$ 690,233	$ 425,202
Employee stock options exercised	1,380	-
At March 31	$ 691,613	$ 425,202

(13) Accumulated deficit

	For the three-month periods ended March 31, 2013	2012
At January 1	($ 235,165)	($ 468,011)
Profit for the period	(6,094)	(5,915)
At March 31	($ 241,259)	($ 473,926)

A. Under the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

a. Payment of taxes and duties.

b. Cover prior years' accumulated deficit, if any.

c. After deducting items A and B, set aside 10% of the remaining amount as legal reserve.

d. After deducting items A to C, appropriating 2% of remaining earnings as remuneration to directors and supervisors.

e. After deducting items A to C, appropriating 2%~8% of remaining earnings as employees' bonuses.

B. The Company's dividend policy is summarized below:

As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, cash dividends shall account for at least 10% of the total dividends distributed.

C. Under the R.O.C. Company Law, when the accumulated deficit exceeds 50% of the capital, the directors should convene a meeting of the stockholders and report the situation.

D. a. The stockholders during their meeting on June 26, 2012 adopted a resolution to use capital reserve amounting to $421,454 to cover accumulated deficit.

b. On March 4, 2013, the Board of Directors proposed that the Company shall use capital reserve of $229,974 to cover accumulated deficit; however, as of May 9, 2013, this proposal had not been resolved by the stockholders.

Information on the above as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. As of March 31, 2013, there was no balance in stockholders' account of deductible tax and creditable tax ratio.

F. As of March 31, 2013, the Company had an accumulated deficit, accordingly, no distribution of earnings information needs to be disclosed

(14) Other equity items

The Group's other equity items are exchange differences on translation of foreign financial statements. The movement in other equity items during the period is as follows:

	For the three-month periods ended March 31,	
	2013	2012
At January 1	($ 769)	$ -
Currency translation differences-group	524	(450)
At March 31	($ 245)	($ 450)

(15) Operating revenue

	For the three-month periods ended March 31,	
	2013	2012
Co-development revenue	$ 68,562	$ 63,152
Milestone payment revenue	8,646	8,468
	$ 77,208	$ 71,620

A. Co-development revenue is the revenue arising from authorized co-development generic drugs. The details are as follows:

a) The Company, TEVA Pharmaceuticals, Curacao, NV. (TEVA) and TWI Pharmaceuticals, Inc. (TWI) signed an agreement to co-development generic drugs. This agreement authorizes TEVA to sell anti-cancer drugs developed by the Company in USA. The Company recognizes up-front payment revenue in installments during the development stage and also recognizes milestone payment revenue upon each milestone achieved. Once the new drug is launched to the market, a royalty fee will be received by the Company, which is equal to a certain percentage of its net sales revenue.

b) The Company, YUNGSHIN PHARM IND. CO. LTD (YSP) signed an agreement to co-development generic drugs. This agreement authorizes YSP the exclusive right in Taiwan to produce and promote. The Company recognizes up-front payment revenue in installments during the development stage and also recognizes milestone payment revenue upon eash milestone achieved. Under the contract, if the Company has not obtained drug permit licence from "Taiwan government" during the period, the Company must reimburse YSP 25% of signing bonuses and milestome payment. Therefore the Company deferred recognition of this part of revenue (recorded as other current liabilities). Once the new drug is launched in the market, a royalty fee will be received by the Company, which is equal to a certain percentage of its net sales revenue.

B. The Company granted TTY Biopharm Company Limited (TTY) the exclusive right in Taiwan to produce and promote LIPO-DOX, a medicinal product developed by the Company. Under the contract, royalty payments are based on 12% of the sales from the products sold.

(16) Other income

	For the three-month periods ended March 31, 2013	For the three-month periods ended March 31, 2012
Interest income	$ 1,067	$ 8
Government subsidy income (Note)	-	829
Others	36	34
	$ 1,103	$ 871

(Note) The Company entered into a "A Lipid-based Sustained Release Ophthalmicdrug" contract with the Institute for Information Industry in 2011, and the Company is entitled to receive $12,800 in subsidy as approved by the (100) Zi-An-Zi Letter No. 1001000462. The Company recognized government subsidy income according to the progress of execution.

(17) Other gains and losses

	For the three-month periods ended March 31, 2013	For the three-month periods ended March 31, 2012
Net currency exchange losses	($ 2,861)	($ 5)

(18) Expenses by nature (Recorded in operating expenses)

	For the three-month periods ended March 31, 2013	For the three-month periods ended March 31, 2012
Employee benefit expense	$ 26,993	$ 25,893
Depreciation charges on property, plant and equipment	5,588	4,464
Amortization charges on intangible assets	1,370	1,637
Research expenses	26,653	14,530
Research medicine expenses	3,442	19,270
Service expenses	2,821	3,395
Transportation expenses	1,288	1,060
Operating lease payments	4,255	2,860
Other expenses	8,657	4,671
	$ 81,067	$ 77,780

(19) Employee benefit expense

	For the three-month periods ended March 31,	
	2013	2012
Wages and salaries	$ 23,081	$ 22,081
Labor and health insurance fees	1,830	1,763
Pension costs	1,054	1,006
Other personal expenses	1,028	1,043
	$ 26,993	$ 25,893

(20) Income tax

A. Income tax expense

a) Components of income tax expense:

	For the three-month periods ended March 31,	
	2013	2012
Current tax:		
Current tax on profits for the period	$ -	$ 54

b) The Company's other comprehensive income includes only currency translation differences since the Company has an accumulated defict and has no income tax.

B. The Company's income tax returns through 2011 have been assessed and approved by the Tax Authority.

(21) Loss per share

A. Basic

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

B. Diluted

Diluted loss per share is calculated by adjusting the loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	For the three-month period ended March 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the Company	($ 6,094)	44,062	($ 0.14)
Dilutive effect of common stock equivalents:			
Employees' stock options	-	(Note)	
Diluted loss per share			
Loss attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	($ 6,094)	44,062	($ 0.14)

	For the three-month period ended March 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the Company	($ 5,915)	39,101	($ 0.15)
Dilutive effect of common stock equivalents:			
Employees' stock options	-	(Note)	
Diluted loss per share			
Loss attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	($ 5,915)	39,101	($ 0.15)

(Note) Since the shares have anti-dilutive effect when using the treasury method, such shares shall not be included.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

There is no ultimate parent and ultimate controlling party since the Company is publicly held.

(2) Significant transactions and balances with related parties

The Company's person in charge provided guarantees for the Company's long-term loans with the Industrial Development Bureau. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, details of loans are described in Note 6.(7).

(3) Key management compensation

	For the three-month periods ended March 31, 2013	2012
Salaries and other short-term employee benefits	$ 4,173	$ 3,543
Post-employment benefits	27	27
Total	$ 4,200	$ 3,570

8. PLEDGED ASSETS

Assets Pledged	March 31, 2013	December 31, 2012	Pledge purpose
Shown as other current assets			
Demand deposits	$ 2,658	$ 2,658	Note 1
Shown as other non-current assets			
Demand deposits	$ 4,426	$ 5,090	Note 1
Time deposits	3,800	3,800	Note 1
	$ 8,226	$ 8,890	
Shown as property, plant and equipment			
Land	$ 14,962	$ 14,962	Note 2
Buildings	27,290	27,454	Note 2
	$ 42,252	$ 42,416	

Assets Pledged	March 31, 2012	January 1, 2012	Pledge purpose
Shown as other current assets			
Demand deposits	$ 4,326	$ 4,326	Note 1
Shown as other non-current assets			
Demand deposits	$ 7,748	$ 7,748	Note 1
Time deposits	3,800	3,800	Note 1
	$ 11,548	$ 11,548	
Shown as property, plant and equipment			
Land	$ 14,962	$ 14,962	Note 2
Buildings	27,946	28,110	Note 2
	$ 42,908	$ 43,072	

Note 1: The Company provided collaterals for loans and government subsidies.

Note 2: The Company provided collaterals for loans.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Property, plant and equipment	$ 22,638	$ 10,578	$ 3,172	$ 5,174

B. Operating lease commitments

The Group leases offices with lease terms between 1 and 4 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments are as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Not later than one year	$ 15,800	$ 19,873	$ 10,082	$ 11,418
Later than one year but not later than five years	36,706	37,508	4,929	7,482
Total	$ 52,506	$ 57,381	$ 15,011	$ 18,900

C. The Company had outstanding commitments on purchase contracts for the research of medicines as follows:

March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
$ 26,033	$ 23,032	$ 18,957	$ 13,565

D. The Company had outstanding commitments on research and development as follows:

March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
$ 200,638	$ 216,708	$ 142,157	$ 131,540

E. The Company's subsidiary entered into a synthesis technology of novel camptothecin derivative transfer agreement with California Pacific Medical Center (CPMC). Under the agreement, CPMC charges the Company's subsidiary a patent usage fee of USD10,000 per annum and charges royalties of USD300,000 maximum according to its R&D achievement rate and charges royalties equal to a certain percentage of relevant sales volume in the future. As of March 31, 2013, it had paid USD 100,000 in royalty.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In order to facilitate development of operations, the Company established a subsidiary in Australia as approved by the Board of Directors on May 9, 2013. However, as of the date of this review report, the remittance had not been paid.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to improve the Group's capital structure, the Group may issue new shares or sell assets to reduce debt rate. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital.

(2) Financial instruments

A. Fair value information of financial instruments

	March 31, 2013		December 31, 2012	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	$ 760,963	$ 760,963	$ 908,101	$ 908,101
Accounts receivable	61,603	61,603	35,065	35,065
Other receivables	926	926	666	666
Other financial assets (Note)	10,884	10,884	11,548	11,548
	$ 834,376	$ 834,376	$ 955,380	$ 955,380
Financial liabilities				
Notes payable	$ -	$ -	$ 12,952	$ 12,952
Other payables	44,679	44,679	114,126	114,126
Long-term borrowings (including current portion)	84,449	84,449	89,302	89,302
	$ 129,128	$ 129,128	$ 216,380	$ 216,380

	March 31, 2012		January 1, 2012	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	$ 268,224	$ 268,224	$ 309,029	$ 309,029
Accounts receivable	58,959	58,959	5,251	5,251
Other receivables	1,789	1,789	8,905	8,905
Other financial assets (Note)	15,874	15,874	15,874	15,874
	$ 344,846	$ 344,846	$ 339,059	$ 339,059
Financial liabilities				
Notes payable	$ 8,686	$ 8,686	$ 2,462	$ 2,462
Other payables	22,400	22,400	32,937	32,937
Long-term borrowings (including current portion)	102,476	102,476	106,810	106,810
	$ 133,562	$ 133,562	$ 142,209	$ 142,209

(Note) Recorded as other current assets and other non-current assets.

B. Financial risk management policies

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

b) Risk management is carried out by a central treasury department (Group Treasury) in accordance with the policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

c) To meet its risk management objectives, the Group's procedure of hedge focus on market risk and cash flow interest rate risk.

C. Significant financial risks and degrees of financial risks

a) Market risk

i. Foreign exchange risk

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

	March 31, 2013					
				Sensitivity Analysis		
(Foreign currency: functional currency)	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD) (In thousands)	Extent of variation	Effect on profit or loss	Effect on equity
Financial assets						
Monetary items						
USD : NTD	$ 926	29.825	$ 27,618	1%	$ 276	$ -
GBP : NTD	412	45.320	18,672	1%	187	-
Financial liabilities						
Monetary items						
USD : NTD	222	29.825	6,621	1%	66	-
AUD : NTD	200	31.075	6,215	1%	62	-

	December 31, 2012					
(Foreign currency: functional currency)	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD) (In thousands)	Sensitivity Analysis: Extent of variation	Sensitivity Analysis: Effect on profit or loss	Sensitivity Analysis: Effect on equity
Financial assets						
Monetary items						
USD : NTD	$ 1,503	29.040	$ 43,647	1%	$ 436	$ -
GBP : NTD	422	46.830	19,762	1%	198	-
Financial liabilities						
Monetary items						
USD : NTD	594	29.040	17,250	1%	173	-
AUD : NTD	338	30.165	10,196	1%	102	-

	March 31, 2012					
(Foreign currency: functional currency)	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD) (In thousands)	Sensitivity Analysis: Extent of variation	Sensitivity Analysis: Effect on profit or loss	Sensitivity Analysis: Effect on equity
Financial assets						
Monetary items						
USD : NTD	$ 378	29.510	$ 11,155	1%	$ 112	$ -
GBP : NTD	454	47.240	21,447	1%	214	-
Financial liabilities						
Monetary items						
None.						

	January 1, 2012					
(Foreign currency: functional currency)	Foreign Currency Amount (In thousands)	Exchange Rate	Book Value (NTD) (In thousands)	Sensitivity Analysis: Extent of variation	Sensitivity Analysis: Effect on profit or loss	Sensitivity Analysis: Effect on equity
Financial assets						
Monetary items						
GBP : NTD	$ 248	46.730	$ 11,589	1%	$ 116	$ -
Financial liabilities						
Monetary items						
USD : NTD	315	30.275	9,537	1%	95	-

ii. Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the three-month periods ended March 31, 2013 and 2012, the Group's loans at variable rate were denominated in the NTD.

If interest rates had been 0.2% higher/lower with all other conditions held constant, net loss for the three-month periods ended March 31, 2013 and 2012 would have been $30 and $34 higher/lower, respectively.

b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before signing license agreement. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Credit risk arises from cash and deposits with banks and financial institutions, as well as credit exposures to corporate pharmaceutical factories, including outstanding receivables and committed transactions. For banks and financial institutions, only rated parties with a good rating are accepted.

ii. The Group's deposits with banks and credit quality of accounts receivable are provided in Notes 6.(1) and 6.(2), respectively.

c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	March 31, 2013				
	1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable	$ -	$ -	$ -	$ -	$ -
Other payables	44,679	-	-	-	-
Long-term borrowings (including current portion)	19,441	17,553	9,710	6,030	31,715

	December 31, 2012				
	1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable	$ 12,952	$ -	$ -	$ -	$ -
Other payables	114,126	-	-	-	-
Long-term borrowings (including current portion)	19,428	18,543	11,639	7,384	32,308

	March 31, 2012				
	1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable	$ 8,686	$ -	$ -	$ -	$ -
Other payables	22,400	-	-	-	-
Long-term borrowings (including current portion)	18,014	19,497	17,510	13,388	34,067

	January 1, 2012				
	1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Notes payable	$ 2,462	$ -	$ -	$ -	$ -
Other payables	32,937	-	-	-	-
Long-term borrowings (including current portion)	17,505	19,464	18,510	16,685	34,646

(3) Fair value estimation

The Group had no financial instruments measured at fair value, by valuation method as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

A. Loans to others: None.

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

C. Holding of marketable securities at the end of the period:

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2013				Remarks
				Number of shares	Book value	Ownership (%)	Market value (Note)	
Taiwan Liposome Company	TLC Biopharmaceuticals, Inc. (stock)	A subsidiary of the Company	Investments accounted for using equity method	3,100,000	$ 44,899	100	$ 14.48	-
Taiwan Liposome Company	TLC Biopharmaceuticals, B.V. (stock)	A subsidiary of the Company	Investments accounted for using equity method	1,000,000	472	100	0.47	-

(Note) Net value per share.

D. Aggregate purchases or sales of the same securities reaching NT$100 million or 20% of paid-in capital or more: None.

E. Acquisition of real estate reaching NT$100 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$100 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

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

I. Derivative financial instruments undertaken during the three-month period ended March 31, 2013: None.

J. Significant inter-company transactions during the three-month period ended March 31, 2013:

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	TLC Biopharmaceuticals, Inc.	Taiwan Liposome Company	2	Sales revenue	$ 6,032	(Note 4)	7.81%
1	TLC Biopharmaceuticals, Inc.	Taiwan Liposome Company	2	Accounts receivable	6,096	(Note 4)	0.59%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

Note 4: Transaction items follow the agreement.

Note 5: Only related party transactions in excess of $1,000 are disclosed.

(2) Information on investees

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only. Information related to investee companies' investment income or loss was translated at the average exchange rate for the three-month period ended March 31, 2013 while others were translated at the rate of exchange prevailing on March 31, 2013.

Information of investee company:

Investor	Investee	Location	Main business activities	Initial investment		Shares held as of March 31, 2013			Net profit of the investee for the three-month period ended March 31, 2013	Investment income (loss) recognised by the Company for the three-month period ended March 31, 2013
				Balance as of March 31, 2013	Balance as of January 1, 2013	Number of shares	Ownership (%)	Book value		
Taiwan Liposome Company	TLC Biopharmaceuticals, Inc.	USA	Research on new anti-cancer drugs and biotechnology services	$ 55,433	$ 55,433	3,100,000	100	$ 44,899	$ 446	($ 707)
Taiwan Liposome Company	TLC Biopharmaceuticals, B.V.	Netherlands	Technical authorization and product development	4,410	4,410	1,000,000	100	472	48	48

(3) Information on investments in Mainland China: None.

14. SEGMENT INFORMATION

The Group operates business only in a single industry and allocates resources and assesses performance of the Group as a whole. Management has identified that the Group has only one reportable operating segment.

15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first interim consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Group

A. Business combinations

The Group has elected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date").

B. Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'accumulated deficit' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

C. Cumulative translation differences

The Group has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, 'The Effects of Changes in Foreign Exchange Rates'.

(2) The Group applied the exceptions to the retrospective application of IFRSs specified in IFRS 1 as set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that date.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that entity should make reconciliation for equity, comprehensive income and cash flows for the comparative periods. The Group's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliation for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 309,029	$ -	$ 309,029	
Accounts receivable	5,251	-	5,251	
Other receivables	8,905	-	8,905	
Current income tax assets	76	-	76	
Prepayments	36,089	-	36,089	
Other current assets	4,326	-	4,326	
Total current assets	363,676	-	363,676	
Non-current assets				
Property, plant and equipment	$ 93,894	($ 3,617)	$ 90,277	(1)
Intangible assets	32,339	(1,003)	31,336	(3)
Other non-current assets	15,862	3,617	19,479	(1)(2)
Total non-current assets	142,095	(1,003)	141,092	
Total assets	$ 505,771	($ 1,003)	$ 504,768	
Current liabilities				
Notes payable	$ 2,462	$ -	$ 2,462	
Other payables	32,250	687	32,937	(4)
Other current liabilities	25,421	-	25,421	
Total current liabilities	60,133	687	60,820	
Non-current liabilities				
Long-term borrowings	$ 89,305	$ -	$ 89,305	
Provision for liabilities - non-current	3,853	-	3,853	
Other non-current liabilities	1,630	963	2,593	(3)
Total non-current liabilities	94,788	963	95,751	
Total liabilities	154,921	1,650	156,571	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Equity attributable to owners of the parent				
Share capital				
Common stock	$ 391,006	$ -	$ 391,006	
Capital surplus	425,202	-	425,202	
Retained earnings				
Accumulated deficit	(464,300)	(3,711)	(468,011)	(3)(4)(5)
Other equity	(1,058)	1,058	-	(3)(5)
Total equity	350,850	(2,653)	348,197	
Total liabilities and equity	$ 505,771	($ 1,003)	$ 504,768	

B. Reconciliation for equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 908,101	$ -	$ 908,101	
Accounts receivable	35,065	-	35,065	
Other receivables	666	-	666	
Current income tax assets	121	-	121	
Prepayments	4,842	-	4,842	
Other current assets	2,658	-	2,658	
Total current assets	951,453	-	951,453	
Non-current assets				
Property, plant and equipment	128,590	(11,483)	117,107	(1)
Intangible assets	30,317	(920)	29,397	(3)
Other non-current assets	13,383	11,483	24,866	(1)
Total non-current assets	172,290	(920)	171,370	
Total assets	$ 1,123,743	($ 920)	$ 1,122,823	
Current liabilities				
Notes payable	$ 12,952	$ -	$ 12,952	
Other payables	112,247	1,879	114,126	(4)
Provisions for liabilities - current	1,050	-	1,050	
Other current liabilities	23,152	-	23,152	
Total current liabilities	149,401	1,879	151,280	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Non-current liabilities				
Long-term borrowings	$ 69,874	$ -	$ 69,874	
Provision for liabilities - non-current	3,087	-	3,087	
Other non-current liabilities	1,098	1,109	2,207	(3)
Total non-current liabilities	74,059	1,109	75,168	
Total liabilities	223,460	2,988	226,448	
Equity attributable to owners of the parent				
Share capital				
Common stock	$ 439,930	$ -	$ 439,930	
Advance receipts for share capital	2,146	-	2,146	
Capital surplus	690,233	-	690,233	
Retained earnings				
Accumulated deficit	(229,974)	(5,191)	(235,165)	(3)(4)(5)
Other equity	(2,052)	1,283	(769)	(3)(5)
Total equity	900,283	(3,908)	896,375	
Total liabilities and equity	$ 1,123,743	($ 920)	$ 1,122,823	

C. Reconciliation for equity on March 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 268,224	$ -	$ 268,224	
Accounts receivable	58,959	-	58,959	
Other receivables	1,789	-	1,789	
Current income tax assets	77	-	77	
Prepayments	13,679	-	13,679	
Other current assets	4,326	-	4,326	
Total current assets	$ 347,054	$ -	$ 347,054	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Non-current assets				
Property, plant and equipment	$ 93,953	($ 5,694)	$ 88,259	(1)
Intangible assets	33,937	(1,003)	32,934	(3)
Other non-current assets	13,597	5,694	19,291	(1)
Total non-current assets	141,487	(1,003)	140,484	
Total assets	$ 488,541	($ 1,003)	$ 487,538	
Current liabilities				
Notes payable	$ 8,686	$ -	$ 8,686	
Other payables	21,713	687	22,400	(4)
Other current liabilities	24,347	-	24,347	
Total current liabilities	54,746	687	55,433	
Non-current liabilities				
Long-term borrowings	84,462	-	84,462	
Provision for liabilities - non-current	3,853	-	3,853	
Other non-current liabilities	995	963	1,958	(3)
Total non-current liabilities	89,310	963	90,273	
Total liabilities	144,056	1,650	145,706	
Equity attributable to owners of the parent				
Share capital				
Common stock	391,006	-	391,006	
Capital surplus	425,202	-	425,202	
Retained earnings				
Accumulated deficit	(470,215)	(3,711)	(473,926)	(3)(4)(5)
Other equity	(1,508)	1,058	(450)	(3)(5)
Total equity	344,485	(2,653)	341,832	
Total liabilities and equity	$ 488,541	($ 1,003)	$ 487,538	

D. Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 240,656	$ -	$ 240,656	
Operating expenses				
General and administrative expenses	(55,852)	(345)	(56,197)	(3)(4)
Research and development expenses	(374,583)	(710)	(375,293)	(3)(4)
Operating loss	(189,779)	(1,055)	(190,834)	
Non-operating revenue and expenses				
Other income	5,542	-	5,542	
Other gains and losses	(501)	-	(501)	
Financial costs	(2,139)	-	(2,139)	
Loss before income tax	(186,877)	(1,055)	(187,932)	
Income tax expense	(251)	-	(251)	
Loss for the period	(187,128)	(1,055)	(188,183)	
Other comprehensive income				
Currency translation differences	-	(769)	(769)	(5)
Total comprehensive income for the period	($ 187,128)	($ 1,824)	($ 188,952)	
Loss attributable to:				
Owners of the parent	($ 187,128)	($ 1,055)	($ 188,183)	
Total comprehensive income attributable to:				
Owners of the parent	($ 187,128)	($ 1,824)	($ 188,952)	

E. Reconciliation for comprehensive income for the three-month period ended March 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 71,620	$ -	$ 71,620	
Operating expenses				
General and administrative expenses	(8,918)	-	(8,918)	
Research and development expenses	(68,862)	-	(68,862)	
Operating loss	(6,160)	-	(6,160)	
Non-operating revenue and expenses				
Other income	871	-	871	
Other gains and losses	(5)	-	(5)	
Financial costs	(567)	-	(567)	
Loss before income tax	(5,861)	-	(5,861)	
Income tax expense	(54)	-	(54)	
Loss for the period	(5,915)	-	(5,915)	
Other comprehensive income				
Currency translation differences	-	(450)	(450)	(5)
Total comprehensive income for the period	($ 5,915)	($ 450)	($ 6,365)	
Loss attributable to:				
Owners of the parent	($ 5,915)	$ -	($ 5,915)	
Total comprehensive income attributable to:				
Owners of the parent	($ 5,915)	($ 450)	($ 6,365)	

Reasons for reconciliation are outlined below:

1) Prepayment for equipment

   The Group's prepayments for the acquisition of property, plant and equipment are classified as "Property, plant and equipment" in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers". However, under IFRSs, it should be classified as "other non-current assets".

2) The Group reclassified the related accounts of deferred expenses in accordance with the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by FSC and "Rules Governing the Preparation of Financial Statements by Securities Issuers".

3) Pensions

a. The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields at the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.

b. In accordance with generally accepted accounting principles in the Republic of China, the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, in accordance with IAS 19, “Employee Benefits”, the unrecognized transitional net benefit obligation should not be recognized because it is the Group’s first-time adoption of IFRSs.

c. In accordance with generally accepted accounting principles in the Republic of China, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet (“minimum pension liability”). However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.

d. In accordance with generally accepted accounting principles in the Republic of China, actuarial pension gain or loss of the Group is recognised in net pension cost of current period using the ‘corridor’ method. However, in accordance with IAS 19, “Employee Benefits”, the Group has selected to recognise immediately actuarial pension gain or loss in other comprehensive income.

4) The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, “Employee Benefits”, requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period.

5) In accordance with R.O.C. GAAP, when financial statements of the foreign subsidiaries are translated into New Taiwan dollars, foreign currency is the functional currency; asset and liability accounts are translated using the exchange rate at the balance sheet date. Profit and loss accounts are translated using the weighted-average rate for the year. Exchange differences are recorded as cumulative translation adjustments and are included as a component of stockholders' equity. The Company selected the exemption in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, and recognized cumulative translation adjustment as zero at the date of

transition to IFRSs.

F. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012 and for the three-month period ended March 31, 2012:

   a) Under R.O.C. GAAP, payment of interest and receipt of interest are both included in cash flows from operating activities. However, under IFRSs, payment of interest and receipt of interest are classified as cash flows from financing activities and from investing activities, respectively, when they are the cost for acquisitions of financial resources or the return on investments.

   b) The transition of R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.

   c) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.

G. The accounting policies and selection of exemptions applied in these interim consolidated financial statements may be different from those applied in the first year-end IFRSs consolidated financial statements due to the issuance of related regulations by regulatory authorities, changes in economic environment, or changes in the evaluation of the impact of application of accounting policies and exemptions by the Group.