

Crown Bioscience International Group  
Consolidated Balance Sheets  
September 30, 2017 and 2016 and December 31, 2016

(Expressed in Thousands of New Taiwan Dollars)

Assets		<u>September 30, 2017</u>		<u>December 31, 2016</u>		<u>September 30, 2016</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Current Assets</b>							
1100	Cash and cash equivalents	\$ 579,272	20	\$ 1,034,922	30	\$ 260,743	10
1150	Notes receivable, net	2,730	-	-	-	-	-
1170	Accounts receivable, net	802,718	27	765,825	23	769,105	30
1180	Accounts receivable — related parties, net	91	-	2,375	-	2,298	-
1200	Other receivables	1,259	-	4,202	-	2,739	-
130X	Inventories	1,328	-	-	-	-	-
1410	Prepayments	57,543	2	30,937	1	49,359	2
11XX	<b>Total Current Assets</b>	<u>1,444,941</u>	<u>49</u>	<u>1,838,261</u>	<u>54</u>	<u>1,084,244</u>	<u>42</u>
<b>Non-Current Assets</b>							
1600	Property, plant and equipment	641,544	22	638,351	19	626,522	24
1780	Intangible assets	828,112	28	866,974	26	833,126	32
1840	Deferred income tax assets	2,330	-	2,376	-	2,417	-
1915	Prepayments for equipment	7,958	-	2,709	-	14,442	1
1920	Refundable deposits	10,701	-	7,036	-	6,689	-
1990	Other non-current assets	25,224	1	24,809	1	25,723	1
15XX	<b>Total Non-current Assets</b>	<u>1,515,869</u>	<u>51</u>	<u>1,542,255</u>	<u>46</u>	<u>1,508,919</u>	<u>58</u>
1XXX	<b>Total Assets</b>	<u>\$ 2,960,810</u>	<u>100</u>	<u>\$ 3,380,516</u>	<u>100</u>	<u>\$ 2,593,163</u>	<u>100</u>

(Continued)

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Consolidated Balance Sheets  
September 30, 2017 and 2016 and December 31, 2016

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and equity		September 30, 2017		December 31, 2016		September 30, 2016	
		Amount	%	Amount	%	Amount	%
<b>Current Liabilities</b>							
2100	Short-term borrowings	\$ -	-	\$ 55,687	2	\$ 56,657	2
2170	Accounts payable	142	-	3,155	-	-	-
2200	Other payables	256,214	9	396,121	12	314,801	12
2220	Other payables – related parties	-	-	59,617	2	50,894	2
2230	Income tax payable	3,741	-	6,872	-	29,627	1
2310	Advance receipts	287,656	10	272,747	8	365,802	14
2320	Long-term liabilities current portion	26,260	1	18,376	-	9,841	1
21XX	<b>Total current liabilities</b>	<u>574,013</u>	<u>20</u>	<u>812,575</u>	<u>24</u>	<u>827,622</u>	<u>32</u>
<b>Non-current liabilities</b>							
2540	Long-term borrowings	43,234	1	57,312	2	71,766	3
2570	Deferred income tax liabilities	105,173	4	136,948	4	104,946	4
2610	Long-term notes and accounts payable	54,468	2	77,400	2	75,264	3
2630	Long-term deferred revenue	10,241	-	12,859	-	22,622	1
2670	Other non-current liabilities, others	-	-	-	-	1,737	-
25XX	<b>Total Non-current Liabilities</b>	<u>213,116</u>	<u>7</u>	<u>284,519</u>	<u>8</u>	<u>276,335</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>	<u>787,129</u>	<u>27</u>	<u>1,097,094</u>	<u>32</u>	<u>1,103,957</u>	<u>43</u>
<b>Equity</b>							
<b>Equity attributable to shareholders of the parent</b>							
<b>Share Capital</b>							
3110	Share capital – common stock	1,436,703	49	1,449,723	43	1,317,666	51
3140	Advance receipts for share capital	-	-	70	-	119	-
<b>Capital Surplus</b>							
3200	Capital Surplus	711,233	24	718,362	21	119,292	4
<b>Retained Earnings</b>							
3310	Legal reserve	27,639	1	9,861	-	9,861	-
3320	Special reserve	201,814	7	88,748	3	88,748	3
3350	Unappropriated retained earnings	39,735	1	175,208	5	94,433	4
<b>Other Equity</b>							
3400	Other equity	( 283,961)	( 10)	( 201,814)	( 6)	( 185,647)	( 7)
31XX	<b>Total Equity attributable to shareholders of the parent</b>	<u>2,133,163</u>	<u>72</u>	<u>2,240,158</u>	<u>66</u>	<u>1,444,472</u>	<u>55</u>
36XX	<b>Non-controlling Interest</b>	<u>40,518</u>	<u>1</u>	<u>43,264</u>	<u>2</u>	<u>44,734</u>	<u>2</u>
3XXX	<b>Total Equity</b>	<u>2,173,681</u>	<u>73</u>	<u>2,283,422</u>	<u>68</u>	<u>1,489,206</u>	<u>57</u>
<b>Significant contingent liabilities and unrecognized contract commitments</b>							
<b>Significant events after the Balance Sheet date</b>							
3X2X	<b>Total Liabilities and equity</b>	<u>\$ 2,960,810</u>	<u>100</u>	<u>\$ 3,380,516</u>	<u>100</u>	<u>\$ 2,593,163</u>	<u>100</u>

Chairman：余國良

Manager：Jean Pierre Wery

Controller：何一華

Crown Bioscience International Group

Consolidated Income Statement

For the three-month and nine-month periods ended September 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars  
except earnings per share amounts)

Items	Third Quarter				Cumulative Quarters			
	3 months ended September 30				9 months ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 <b>Operating revenue</b>	\$ 524,154	100	\$ 572,177	100	\$ 1,590,595	100	\$ 1,402,526	100
5000 <b>Operating costs</b>	( 246,735)	( 47)	( 218,454)	( 38)	( 748,050)	( 47)	( 617,042)	( 44)
5900 <b>Gross Profit</b>	<u>277,419</u>	<u>53</u>	<u>353,723</u>	<u>62</u>	<u>842,545</u>	<u>53</u>	<u>785,484</u>	<u>56</u>
<b>Operating expenses</b>								
6100 Selling expenses	( 70,573)	( 14)	( 66,196)	( 12)	( 213,088)	( 13)	( 189,498)	( 14)
6200 General & administrative expenses	( 89,685)	( 17)	( 110,876)	( 19)	( 277,247)	( 18)	( 266,008)	( 19)
6300 Research and development expenses	( 84,789)	( 16)	( 80,839)	( 14)	( 229,221)	( 14)	( 229,376)	( 16)
6000 <b>Total operating expense</b>	<u>( 245,047)</u>	<u>( 47)</u>	<u>( 257,911)</u>	<u>( 45)</u>	<u>( 719,556)</u>	<u>( 45)</u>	<u>( 684,882)</u>	<u>( 49)</u>
6900 <b>Operating profit (loss)</b>	<u>32,372</u>	<u>6</u>	<u>95,812</u>	<u>17</u>	<u>122,989</u>	<u>8</u>	<u>100,602</u>	<u>7</u>
<b>Non-operating income and expenses</b>								
7010 Other income	10,356	2	7,890	1	31,179	2	15,134	1
7020 Other gains (losses)	( 16,469)	( 3)	( 6,561)	( 1)	( 23,540)	( 2)	( 14,449)	( 1)
7050 Financial costs	( 1,122)	-	( 1,792)	-	( 3,708)	-	( 6,598)	-
7000 <b>Total Non-operating revenue and expenses</b>	<u>( 7,235)</u>	<u>( 1)</u>	<u>( 463)</u>	<u>-</u>	<u>3,931</u>	<u>-</u>	<u>22,985</u>	<u>2</u>
7900 <b>Income before income tax</b>	<u>25,137</u>	<u>5</u>	<u>95,349</u>	<u>17</u>	<u>126,920</u>	<u>8</u>	<u>123,587</u>	<u>9</u>
7950 Income tax expense	( 10,628)	( 2)	( 10,262)	( 2)	( 34,153)	( 2)	( 27,763)	( 2)
8200 <b>Net income (loss)</b>	<u>\$ 14,509</u>	<u>3</u>	<u>\$ 85,087</u>	<u>15</u>	<u>\$ 92,767</u>	<u>6</u>	<u>\$ 95,824</u>	<u>7</u>
<b>Other comprehensive income (loss)</b>								
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
8341 Financial statements translation differences of foreign operations	(\$ 10,900)	( 2)	(\$ 44,950)	( 8)	(\$ 141,286)	( 9)	(\$ 69,804)	( 5)
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8391 Financial statements translation differences of foreign operations	25,032	4	( 1,211)	-	57,194	4	( 31,271)	( 2)
8300 <b>Other comprehensive income (loss) for the period</b>	<u>\$ 14,132</u>	<u>2</u>	<u>(\$ 46,161)</u>	<u>( 8)</u>	<u>(\$ 84,092)</u>	<u>( 5)</u>	<u>(\$ 101,075)</u>	<u>( 7)</u>
8500 <b>Total comprehensive loss for the period</b>	<u>\$ 28,641</u>	<u>5</u>	<u>\$ 38,926</u>	<u>7</u>	<u>\$ 8,675</u>	<u>1</u>	<u>(\$ 5,251)</u>	<u>-</u>
<b>Net income (loss) attributable to:</b>								
8610 Shareholders of the parent	<u>\$ 14,217</u>	<u>3</u>	<u>\$ 85,474</u>	<u>15</u>	<u>\$ 93,568</u>	<u>6</u>	<u>\$ 97,001</u>	<u>7</u>
8620 Non-controlling interest	<u>\$ 292</u>	<u>-</u>	<u>(\$ 387)</u>	<u>-</u>	<u>(\$ 801)</u>	<u>-</u>	<u>(\$ 1,177)</u>	<u>-</u>
<b>Comprehensive loss attributable to:</b>								
8710 Shareholders of the parent	<u>\$ 28,061</u>	<u>5</u>	<u>\$ 40,621</u>	<u>7</u>	<u>\$ 11,421</u>	<u>1</u>	<u>(\$ 1,339)</u>	<u>-</u>
8720 Non-controlling interest	<u>\$ 580</u>	<u>-</u>	<u>(\$ 1,695)</u>	<u>-</u>	<u>(\$ 2,746)</u>	<u>-</u>	<u>(\$ 3,912)</u>	<u>-</u>
<b>Earnings Per Share (in dollars)</b>								
9750 <b>Basic earnings per share</b>	<u>\$ 0.10</u>		<u>\$ 0.65</u>		<u>\$ 0.65</u>		<u>\$ 0.74</u>	
<b>Diluted Earnings Per Share (in dollars)</b>								
9850 <b>Diluted earnings per share</b>	<u>\$ 0.09</u>		<u>\$ 0.61</u>		<u>\$ 0.61</u>		<u>\$ 0.70</u>	

Chairman : 余國良

Manager : Jean Pierre Wery

Controller : 何一華

Crown Bioscience International Group  
Consolidated Statements of Changes in Equity

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to shareholders of the parent												
	Capital		Capital Reserve			Retained Earnings			Financial statements translation differences of foreign operations	Treasury Stock	Total	Non-controlling interest	Total Equity
	Common Stock	Advance receipts for share capital	Additional paid-in capital	Employee stock option	Other	Legal reserve	Special reserve	Unappropriated retained earnings – Accumulated deficit					
For the nine-month period ended September 30, 2016													
Balance at January 1, 2016	\$ 1,313,820	\$ 32	\$ 239,797	\$ 45,467	\$ 3,157	\$ -	\$ -	\$ 96,041	(\$ 95,961 )	\$ -	\$ 1,602,353	\$ 48,646	\$ 1,650,999
Appropriations of period year' s earnings													
Legal capital reserve	-	-	-	-	-	9,861	-	( 9,861 )	-	-	-	-	-
Special capital reserve	-	-	-	-	-	-	88,748	( 88,748 )	-	-	-	-	-
Compensation costs of employee stock options	-	-	-	12,068	-	-	-	-	-	-	12,068	-	12,068
Employee stock options exercised	3,846	87	478	( 2,185 )	-	-	-	-	-	-	2,226	-	2,226
Distribute additional paid-in capital to shareholders	-	-	( 179,490 )	-	-	-	-	-	8,654	-	( 170,836 )	-	( 170,836 )
Expired Employee Stock options	-	-	-	( 308 )	308	-	-	-	-	-	-	-	-
Profit(Loss) for the period	-	-	-	-	-	-	-	97,001	-	-	97,001	( 1,177 )	95,824
Other comprehensive income	-	-	-	-	-	-	-	-	( 98,340 )	-	( 98,340 )	( 2,735 )	( 101,075 )
Balance at September 30, 2016	<u>\$ 1,317,666</u>	<u>\$ 119</u>	<u>\$ 60,785</u>	<u>\$ 55,042</u>	<u>\$ 3,465</u>	<u>\$ 9,861</u>	<u>\$ 88,748</u>	<u>\$ 94,433</u>	<u>(\$ 185,647 )</u>	<u>\$ -</u>	<u>\$ 1,444,472</u>	<u>\$ 44,734</u>	<u>\$ 1,489,206</u>
For the nine-month period ended September 30, 2017													
Balance at January 1, 2017	\$ 1,449,723	\$ 70	\$ 661,274	\$ 53,483	\$ 3,605	\$ 9,861	\$ 88,748	\$ 175,208	(\$ 201,814 )	\$ -	\$ 2,240,158	\$ 43,264	\$ 2,283,422
Appropriations of period year' s earnings													
Legal capital reserve	-	-	-	-	-	17,778	-	( 17,778 )	-	-	-	-	-
Special capital reserve	-	-	-	-	-	-	113,066	( 113,066 )	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	-	-	( 44,364 )	-	-	( 44,364 )	-	( 44,364 )
Compensation costs of employee stock options	-	-	-	4,491	-	-	-	-	-	-	4,491	-	4,491
Employee stock options exercised	6,980	( 70 )	2,844	( 5,346 )	-	-	-	-	-	-	4,408	-	4,408
Expired Employee Stock options	-	-	-	( 311 )	311	-	-	-	-	-	-	-	-
Treasury Stock Acquired	-	-	-	-	-	-	-	-	-	( 82,951 )	( 82,951 )	-	( 82,951 )
Treasury Stock Retired	( 20,000 )	-	( 9,118 )	-	-	-	-	( 53,833 )	-	82,951	-	-	-
Profit for the period	-	-	-	-	-	-	-	93,568	-	-	93,568	( 801 )	92,767
Other comprehensive loss	-	-	-	-	-	-	-	-	( 82,147 )	-	( 82,147 )	( 1,945 )	( 84,092 )
Balance at September 30, 2017	<u>\$ 1,436,703</u>	<u>\$ -</u>	<u>\$ 655,000</u>	<u>\$ 52,317</u>	<u>\$ 3,916</u>	<u>\$ 27,639</u>	<u>\$ 201,814</u>	<u>\$ 39,735</u>	<u>(\$ 283,961 )</u>	<u>\$ -</u>	<u>\$ 2,133,163</u>	<u>\$ 40,518</u>	<u>\$ 2,173,681</u>

Chairman : 余國良

Manager : Jean Pierre Wery

Controller : 何一華

Crown Bioscience International Group  
Consolidated Statements of Cash Flows  
For the nine-month periods ended September 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	<u>For the nine-month periods ended September 30</u>	
	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated Income before income tax	\$ 126,920	\$ 123,587
Reconcile consolidated income before income tax to net cash used in operating activities:		
Non Cash flows from income and expenses		
Depreciation	68,526	67,501
Amortization	37,004	29,613
Reversal of allowance for doubtful accounts(Bad debt provision)	( 1,910 )	13,756
Interest expense	3,708	6,598
Interest income	( 1,307 )	( 446 )
Loss on disposal of property, plant and equipment, net	2,725	( 14 )
Compensation cost of employee stock options	4,491	12,068
Realized gain from deferred revenue	( 2,381 )	( 14,389 )
Changes in assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Notes receivable, net	( 2,730 )	-
Accounts receivable, net	( 82,939 )	( 184,438 )
Account receivable - related parties, net	2,156	-
Other receivables	2,706	( 5,328 )
Inventories	( 1,328 )	-
Prepayments	( 28,752 )	( 4,527 )
Net changes in liabilities related to operating activities		
Accounts payable	( 2,841 )	-
Other payables	( 84,447 )	( 98,854 )
Other payables - related parties	( 10,819 )	-
Advance receipts	32,040	98,760
Other non-current liabilities	-	( 3,163 )
Cash provided by operations	60,822	40,724
Interest paid	( 3,795 )	( 6,598 )
Interest received	1,307	446
Income tax paid	( 64,745 )	( 4,338 )
Net cash provided by operating activities	( 6,411 )	30,234
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property, plant and equipment	( 94,754 )	( 101,439 )
Proceeds from disposal of property, plant and equipment	1,993	303
Acquisitions of intangible assets	( 51,840 )	( 43,893 )
Increase in prepayments for equipment	( 5,461 )	( 14,659 )
(Increase) Decrease in refundable deposits	( 4,133 )	633
Increase in other non-current assets	( 1,962 )	( 3,231 )
Acquisition of business	( 73,966 )	( 71,598 )
Acquisition of subsidiary	( 15,420 )	( 119,919 )
Disposal of subsidiary	( 46,120 )	( 115,458 )
Net cash used in investing activities	( 291,663 )	( 469,261 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease)Increase in short-term borrowings	( 55,687 )	56,657
Repayment of long-term borrowings	( 4,211 )	( 4,677 )
Exercise of employee stock options	4,408	2,226
Treasury Stock Acquired	( 82,951 )	-
Net cash used in (provided by) financing activities	( 138,441 )	54,206
Effect of exchange rate changes on cash and cash equivalents	( 19,135 )	80,754
NET DECREASE IN CASH AND CASH EQUIVALENTS	( 455,650 )	( 304,067 )
CASH AND CASH EQUIVALENT, at BEGINNING OF YEAR	1,034,922	564,810
CASH AND CASH EQUIVALENTS, at END OF YEAR	<u>\$ 579,272</u>	<u>\$ 260,743</u>

Chairman：余國良

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