Stock Code:4138

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

DYNAMIC MEDICAL TECHNOLOGIES INC.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016
(With Independent Auditors' Report Thereon)

Address: 4F-1, No. 872. Zhong Zheng Rd., Zhonghe Dist., New Taipei City, Taiwan
Telephone: 886-2-2221-7733

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

Table of contents

Representation Letter

The entities that are required to be included in the consolidated financial statements of Dynamic Medical Technologies Inc. as of and for the year ended December 31, 2017, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dynamic Medical Technologies Inc. and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Dynamic Medical Technologies Inc.
Chairman: Tony Fu
Date: March 7, 2018

KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of Dynamic Medical Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Dynamic Medical Technologies Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2017 the consolidated statement of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Impairment Assessment on Receivables

Please refer to Note (4)(g), Note (5) and Note (6)(c) for the "Impirment Assessment on Receivables" section of the consolidated financial statements .

Description of the key audit matter:

The allowance for doubtful debts in the financial statements is based on the ageing report and the recoverability of receivables. Because the assessment of impairment loss of receivables involves critical accounting estimates, which are subject to the judgment of the management, the assessment of the impairment loss of receivables has been identified as a key audit matter.

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How the matter was addressed in our audit:

In relation to the key audit matter above, our key audit procedures in a response to the assessment of the impairment of receivables were assessing the reasonableness of the methodology and assumptions used by the management for the impairment assessment of receivables and whether the methodology was adopted consistently, testing the reasonableness of the documentation adopted by the management for assessing the impairment of receivables, reviewing the accuracy of the calculation of the allowance for receivables, and evaluating the adequacy of the Group's disclosure for the impairment of receiviables.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2016, were audited by another auditor who expressed an unmodified opinion those statements on March 9, 2017.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wan-Wan Lin and Liu-Fong Yang.

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Taipei, Taiwan (Republic of China)
March 7, 2018

Notes to Readers

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

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUED IN CHINESE)

DYNAMIC MEDICAL TECHNOLOGIES INC. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	ASSETS	2017.12.31 Amount	%	2016.12.31 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note (6)(a))	$ 925,464	40	918,807	41
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	700	-	716	-
1147	Current investments in debt instrument without active market (Note (6)(b))	329,900	14	340,900	15
1151	Notes receivable (Note (6)(c))	89,335	4	116,047	5
1170	Accounts receivable, net (Note (6)(c) and (7))	72,795	3	100,775	4
1210	Other receivables, net (Note (7))	387	-	7,463	-
1300	Inventories (Note (6)(d))	385,709	17	267,329	12
1470	Other current assets	26,456	1	32,962	2
		1,830,746	79	1,784,999	79
	Non-current assets:				
1523	Non-current available-for-sale financial assets (Note (6)(b))	123,869	5	140,173	6
1543	Non-current financial assets at cost (Note (6)(b))	1,682	-	1,682	-
1550	Investments accounted for using equity method (Note (6)(e))	114,388	5	135,971	6
1600	Property, plant and equipment (Note (6)(h))	68,074	3	59,181	3
1780	Intangible assets	406	-	666	-
1840	Deferred tax assets (Note (6)(m))	52,303	2	47,711	2
1920	Guarantee deposits paid	56,587	3	61,150	3
1930	Long-term notes and accounts receivable (Note (6)(c))	42,598	2	19,199	-
1975	Net defined benefit asset (Note (6)(l))	2,038	-	1,862	-
1980	Other non-current financial assets (Note (8))	16,000	1	16,000	1
1990	Other non-current assets, others	1,524	-	657	-
		479,469	21	484,252	21
	TOTAL ASSETS	$ 2,310,215	100	2,269,251	100

	LIABILITIES AND EQUITY	2017.12.31 Amount	%	2016.12.31 Amount	%
	Current liabilities:				
2170	Accounts payable (Note (7))	104,460	5	44,957	2
2219	Other payables (Note (7))	183,220	8	159,077	8
2230	Current tax liabilities	17,360	1	23,592	1
2250	Current provisions (Note (6)(j))	10,903	-	10,516	-
2310	Advance receipts	274,764	12	304,563	13
2320	Long-term liabilities, current portion (Note (6)(i))	299,606	13	-	-
2399	Other current liabilities (Note (7))	1,897	-	1,931	-
		892,210	39	544,636	24
	Non-Current liabilities:				
2530	Bonds payable (Note (6)(i))	-	-	294,518	13
2550	Non-current provisions (Note (6)(j))	3,264	-	3,555	-
2570	Deferred tax liabilities (Note (6)(m))	5,387	-	8,610	1
2600	Other non-current liabilities, others	119	-	167	-
		8,770	-	306,850	14
	Total liabilities	900,980	39	851,486	38
	Equity attributable to owners of parent: (Note (6)(n))				
3110	Ordinary share	300,000	13	300,000	13
3200	Capital surplus	625,942	27	625,942	28
	Retained earnings:				
3310	Legal reserve	123,563	6	111,718	5
3350	Unappropriated retained earnings (accumulated deficit)	158,907	7	166,795	7
3400	Other equity interest	31,394	1	66,370	3
	Total equity attributable to owners of parent	1,239,806	54	1,270,825	56
36XX	**Non-controlling interests (Note (6)(n))**	169,429	7	146,940	6
	Total equity	1,409,235	61	1,417,765	62
	TOTAL LIABILITIES AND EQUITY	$ 2,310,215	100	2,269,251	100

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUED IN CHINESE)

DYNAMIC MEDICAL TECHNOLOGIES INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		2017			2016	
			Amount	%	Amount	%
4000	**Operating revenue (Note (6)(p))**	$	1,156,622	100	1,214,814	100
5000	**Operating costs (Note (6)(d))**		785,819	68	808,972	67
	Gross profit from operations		370,803	32	405,842	33
	Operating expenses:					
6100	Selling expenses		115,704	10	111,509	9
6200	Administrative expenses		61,006	5	99,651	8
			176,710	15	211,160	17
	Net operating income		194,093	17	194,682	16
	Non-operating income and expenses:					
7010	Other income (Note (6)(r))		8,181	-	7,512	1
7020	Other gains and losses, net (Note (6)(r))		(8,213)	(1)	(2,890)	-
7050	Finance costs (Note (6)(r))		(5,088)	-	(5,016)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method (Note (6)(e))		(13,367)	(1)	(11,353)	(1)
			(18,487)	(2)	(11,747)	(1)
7900	**Profit before tax**		175,606	15	182,935	15
7950	**Less: Tax expense (Note (6)(m))**		32,288	3	34,371	3
	Profit		143,318	12	148,564	12
	Other comprehensive income: (Note (6)(n))					
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**					
8311	(Losses) gains on remeasurements of defined benefit plans		(86)	-	50	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		14	-	(9)	-
	Components of other comprehensive income that will not be reclassified to profit or loss		(72)	-	41	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**					
8361	Exchange differences on translation		(21,137)	(2)	(9,821)	(1)
8362	Unrealized losses on valuation of available-for-sale financial assets		(16,304)	(1)	(29,534)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		2,465	-	5,475	-
	Components of other comprehensive income that will be reclassified to profit or loss		(34,976)	(3)	(33,880)	(3)
	Other comprehensive income, net		(35,048)	(3)	(33,839)	(3)
8500	**Total comprehensive income for the year**	$	108,270	9	114,725	9
	Profit attributable to:					
8610	Profit, attributable to owners of parent	$	113,078	10	118,454	10
8620	Profit, attributable to non-controlling interests		30,240	2	30,110	2
		$	143,318	12	148,564	12
	Comprehensive income attributable to:					
8710	Comprehensive income, attributable to owners of parent	$	78,030	7	84,615	7
8720	Comprehensive income, attributable to non-controlling interests		30,240	2	30,110	2
		$	108,270	9	114,725	9
	Earnings per share attributable to parent company (Note (6)(o))					
9750	**Basic earnings per share (NT dollars)**	$		3.77		3.95
9850	**Diluted earnings per share (NT dollars)**	$		3.28		3.56

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUDED IN CHINESE)

DYNAMIC MEDICAL TECHNOLOGIES INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity Attributable to Owners of Parent								
	Share Capital		Retained Earnings		Other Equity Interest				
	Ordinary Shares	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available for sale Financial Assets	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
Balance as of January 1, 2016	$ 300,000	625,942	99,634	171,514	24,451	75,799	1,297,340	125,670	1,423,010
Profit for the year	-	-	-	118,454	-	-	118,454	30,110	148,564
Other comprehensive income for the year	-	-	-	41	(8,152)	(25,728)	(33,839)	-	(33,839)
Total comprehensive income	-	-	-	118,495	(8,152)	(25,728)	84,615	30,110	114,725
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	12,084	(12,084)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(108,900)	-	-	(108,900)	-	(108,900)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(2,230)	-	-	(2,230)	2,230	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(11,070)	(11,070)
Balance as of December 31, 2016	300,000	625,942	111,718	166,795	16,299	50,071	1,270,825	146,940	1,417,765
Profit for the year	-	-	-	113,078	-	-	113,078	30,240	143,318
Other comprehensive income for the year	-	-	-	(72)	(17,544)	(17,432)	(35,048)	-	(35,048)
Total comprehensive income	-	-	-	113,006	(17,544)	(17,432)	78,030	30,240	108,270
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	11,845	(11,845)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(106,800)	-	-	(106,800)	-	(106,800)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	(2,249)	-	-	(2,249)	2,249	-
Changes in non-controlling interests	-	-	-	-	-	-	-	(10,000)	(10,000)
Balance as of December 31, 2017	$ 300,000	625,942	123,563	158,907	(1,245)	32,639	1,239,806	169,429	1,409,235

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUED IN CHINESE)

DYNAMIC MEDICAL TECHNOLOGIES INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		2017	2016
Cash flows from operating activities :			
Profit before tax	$	175,606	182,935
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		33,528	32,036
Amortization expense		3,236	1,502
Provisions for bad debt expense		(8,626)	8,306
Net loss on financial assets or liabilities at fair value through profit or loss		(45)	814
Interest expense		5,088	5,016
Interest income		(6,248)	(5,998)
Dividend income		(1,561)	(1,142)
Share of losses of associates and joint ventures accounted for using equity method		13,367	11,353
Loss on disposal of property, plant and equipment		159	(4,184)
Reversal of impairment loss on non-financial assets		(1,120)	(1,525)
Total adjustments to reconcile profit		37,778	46,178
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets held for trading		61	(1,530)
Notes receivable		25,939	(9,085)
Accounts receivable		37,667	(18,611)
Other receivables		7,076	(6,707)
Inventories		(137,988)	(36,598)
Other current assets		4,129	25,994
Net defined benefit assets		(262)	(286)
Long-term notes and accounts receivable		(23,399)	(5,364)
Total changes in operating assets		(86,777)	(52,187)
Changes in operating liabilities:			
Notes payable		-	(353)
Accounts payable		59,503	23,166
Other payables		24,143	35,233
Provisions		210	(6,422)
Advance receipts		(29,799)	53,724
Other current liabilities		(34)	(520)
Total changes in operating liabilities		54,023	104,828
Total changes in operating assets and liabilities		(32,754)	52,641
Total adjustments		5,024	98,819
Cash generated from operations		180,630	281,754
Interest received		6,255	5,988
Income taxes paid		(43,202)	(40,413)
Net cash provided by operating activities		143,683	247,329

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUED IN CHINESE)

DYNAMIC MEDICAL TECHNOLOGIES INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2017	2016
Cash flows from investing activities:		
Acquistion of investments in debt instrument without active market	(128,600)	(501,800)
Proceeds from disposal of investments in debt instrument without active market	139,600	270,900
Acquisition of property, plant and equipment	(23,336)	(15,332)
Proceeds from disposal of property, plant and equipment	1,237	8,638
Decrease in refundable deposits	4,563	7,092
Acquisition of intangible assets	-	(770)
Increase in other financial assets	-	(10,000)
Increase in other non-current assets	(2,127)	(926)
Dividends received	1,561	1,142
Net cash used in investing activities	(7,102)	(241,056)
Cash flows from financing activities:		
Decrease in other non-current liabilities	(48)	(15)
Cash dividends paid	(106,800)	(108,900)
Acquisition of ownership interests in subsidiaries	(10,000)	(6,300)
Cash dividends paid to non-controlling interests	-	(4,770)
Net cash used in financing activities	(116,848)	(119,985)
Effect of exchange rate changes on cash and cash equivalents	(13,076)	(8,344)
Net increase (decrease) in cash and cash equivalents	6,657	(122,056)
Cash and cash equivalents at beginning of year	918,807	1,040,863
Cash and cash equivalents at end of year	$ 925,464	918,807

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

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(1) Company history

Dynamic Medical Technologies Inc. (the Company) was incorporated on October 9, 2003 as a company limited by shares and registered. The address of the Company's registered office is 4F-1, No. 872. Zhong Zheng Rd., Zhonghe Dist., New Taipei City, Taiwan. The Company and its subsidiaries (the Group) engage mainly sells and leases medical equipment for beauty treatment and renders related workshop services, and sells the consumables of beauty treatment and cosmetic products.

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

The consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2018.

(3) New standards, amendments and interpretations adopted

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " Presentation of Financial Statements-Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012–2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017.

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

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

1. IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

The Group has completed an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements.

1) Sales of goods

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

For certain contracts that permit a customer to return an item, revenue is currently recognized when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. Otherwise, a revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

2) Rending of services

The Group is involved in managing forest resources, as well as performing related services. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. Revenue is currently recognized using the stage-of-completion method.

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.
Based on the Group' s assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the Group does not expect any significant differences in the timing of revenue recognition for these services.

3) Transition

The Group plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018. The Group plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

The Group estimates the adoption of IFRS 15, resulting in the increase of $274,128 contract liabilities; and a decrease of $274,128 in advance receipts on January 1, 2018.

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

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

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ·For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. ·A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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

(4) Summary of significant accounting policies

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

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

1. Basis of measurement

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

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

2) Available-for-sale financial assets are measured at fair value;

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

2. Functional and presentation currency

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

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

2.List of subsidiaries in the consolidated financial statements：

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding 2017.12.31	Shareholding 2016.12.31	Note
The Company	Dynamic Medical Technologies (Hong Kong) Limited.	Retail and wholesale of medical equipment, cosmetic healthcare products and medical herbs and academic training	100.00 %	100.00 %	
	Excelsior Beauty Co., Ltd.	Sale of aesthetic medical and cosmetic healthcare products	53.89 %	51.66 %	
Dynamic Medical Technologies (Hong Kong) Limited.	Guangzhou Dynamic Inc.	Sale and maintenance of medical equipment	100.00 %	100.00 %	
	Excelsior Beauty Limited	Sale of professional weight loss and cosmetic healthcare products	100.00 %	100.00 %	
	Beijing Excelsior Beauty Ltd.	Sale and maintenance of medical equipment	100.00 %	100.00 %	

3. Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign Currency

1. Foreign currency transaction

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

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

Foreign currency differences arising on retranslation are recognized in profit or loss, except for those differences relating to the following which are recognized in other comprehensive income:

1) Available-for-sale equity investment;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

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

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

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

(e) Classification of Current and Non-Current Assets and Liabilities

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

1.It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is expected to be realized within twelve months after the reporting period; or

4.The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

1.It is expected to be settled in the normal operating cycle;

2.It is held primarily for the purpose of trading;

3.It is due to be settled within twelve months after the reporting period; or

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

(f) Cash and Cash Equivalents

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

Bank overdrafts that are repayable on demand and form an integral part of the Group' s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

1.Financial assets

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

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

A.Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

B.Performance of the financial asset is evaluated on a fair value basis;

C.A hybrid instruments contains one or more embedded derivatives.

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

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

2) Available-for-sale financial assets

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

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

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

Interest income from investment in bond security is recognized in profit or loss, under other income of non-operating income and expenses.

3) Receivables

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

Interest income is recognized in profit or loss, under other income of non-operating income and expense.

4) Impairment of financial assets

Except for financial assets at fair value through profit or loss, financial assets are assessed for impairment at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

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

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

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

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

If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

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

5) Derecognition of financial assets

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

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

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

2.Financial liabilities and equity instruments

1) Classification of debt or equity

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

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

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus-share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus-other.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

The Group enters into derivative financial instruments of stock warrants.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

2) Other financial liabilities

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

3) Derecognition of financial liabilities

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

4) Offsetting of financial assets and liabilities

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

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated using the weighted-average-cost formula.

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

(i) Investment in Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of associates, after adjustments to align their accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group recognizes any changes, proportionately with the shareholding ratio under capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group' s share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

(j) Property, Plant, and Equipment

1.Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

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

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

2.Subsequent cost

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

3.Depreciation

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

Leased assets are depreciated by the straight-line method during the period of expected use, consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise, the asset is depreciated over the shorter of the lease term and its useful life.

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

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

1) Medical equipment	3~ 8 years
2) Other equipment	2~ 5 years
3) Leasehold improvements	2~10 years
4) Exhibition equipment	2~ 3 years
5) Lease equipment	2~ 5 years

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

(k) Lease

1.Lessor

A finance lease asset is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease are added to the net investment in the leased asset. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

2.Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

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

Contingent rent is recognized as expense in the period in which it is incurred.

(l) Intangible Assets

1.Other Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

2.Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

3.Amortization

The amortizable amount is the cost of an asset less its residual value. Except for goodwill and intangible assets with indefinite useful lives, amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows..

Computer software	2~ 3 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as a change in accounting estimate.

(m) Impairment of Non-Financial Assets

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

Notwithstanding whether indication of impairment exists, impairment of goodwill and intangible assets with indefinite useful lives or those not yet in use is required to be tested annually.

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. When evaluating value in use, the pre tax discount rate is used to estimate the future cash flows. The discount rate should reflect the evaluation of specific risk resulting from the impact of the current market on the time value of money and on the asset or CGU.

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

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. The reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

1.Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue

1.Goods sold

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

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

2.Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(p) Employee Benefits

1.Defined contribution plans

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

2.Defined benefit plans

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

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

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

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

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

3.Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

(q) Income Taxes

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

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

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

1.Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) arising from the transaction.

2.Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3.Initial recognition of goodwill.

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

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

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(1)levied by the same taxing authority; or

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

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

(r) Earnings per Share

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

(s) Operating Segments

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

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

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

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

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

Impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. 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, taking into consideration the historical recoverability of receivables, the financial position of customers, and the aging report. When the actual future cash flows are less than expected, a material impairment loss may arise.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		2017.12.31	2016.12.31
Cash on hand, current deposits and checking accounts	$	624,258	754,547
Time deposits		301,206	164,260
Cash and cash equivalents in consolidated statement of cash flows	$	925,464	918,807

The Group's interest risk and sensibility analysis of financial assets and liabilities was disclosed in Note (6)(t).

(b) Financial assets and liabilities

1.Details of financial assets and liabilities are as follows:

1) Current financial assets at fair value through profit or loss

		2017.12.31	2016.12.31
Held-for-trading financial assets			
Stock warrants	$	700	716

The Group acquired the stock warrants issued by Viveve Medical, Inc. in April 2016. The stock warrants will expire in April 2026.

2) Available-for-sale financial assets

		2017.12.31	2016.12.31
Domestic listed shares	$	40,728	63,669
Foreign listed shares		83,141	76,504
Total	$	123,869	140,173
Current	$	-	-
Non-current		123,869	140,173
Total	$	123,869	140,173

3) Investments in debt instrument without active market

		2017.12.31	2016.12.31
Time deposits with original maturity of more than 3 months	$	329,900	340,900

The market interest rates of the time deposits with original maturity of more than 3 months were 0.62%~1.03% and 0.64%~1.29% per annum as of December 31, 2017 and 2016, respectively.

4) Non-current financial assets carried at cost

	2017.12.31	2016.12.31
Domestic unlisted common shares	$ 1,682	1,682

The aforementioned investments held by the Group are measured at amortized cost at year-end given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined; therefore, the Group management had determined that the fair value cannot be measured reliably.

5) The Group's credit, currency and interest risks were disclosed in Note (6)(t).

6) As of December 31, 2017 and 2016, the aforesaid financial assets were not pledged as collateral.

2.Sensitivity analysis—equity price risk:

If the equity price changes, the impact to other comprehensive income, using the sensitivity analysis based on the same variables except for the price index for both period, will be as follows:

	For the Years Ended December 31,			
	2017		2016	
Equity price at reporting day	After-tax other comprehensive income	After-tax profit (loss)	After-tax other comprehensive income	After-tax profit (loss)
Stock—Increase 10%	$ 12,387	-	14,017	-
Stock—Decrease 10%	$ (12,387)	-	(14,017)	-

3.Foreign equity investments

1) Financial assets

	2017.12.31		
	Foreign currency (in thousands)	Exchange rate	TWD
KRW	$ 2,956,650	TWD/KRW=0.028	83,141

	2016.12.31		
	Foreign currency (in thousands)	Exchange rate	TWD
KRW	$ 2,832,450	TWD/KRW=0.027	76,504

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(c) Notes receivable, accounts receivable and lease payment receivable

1.Notes receivable and accounts receivable

	2017.12.31	2016.12.31
Current		
Notes receivable and accounts receivable	$ 169,119	235,259
Less: Unrealized interest income	(1,304)	(583)
Allowance for impairment	(14,806)	(23,745)
	153,009	210,931
Non-current		
Notes receivable and accounts receivable	25,747	9,927
Less: Unrealized interest income	(455)	(274)
	25,292	9,653
Notes receivable and accounts receivable, net	$ 178,301	220,584

The Group's installment accounts receivalbe were as follows:

	2017.12.31	2016.12.31
Current		
Installment accounts receivable	$ 22,361	8,262
Less: Unrealized interest income	(1,304)	(583)
	21,057	7,679
Non-current		
Installment accounts receivable	15,184	7,901
Less: Unrealized interest income	(455)	(274)
	14,729	7,627
Notes receivable and accounts receivable, net	$ 35,786	15,306

The average credit period of sales of goods was 90 to 180 days. Allowance for impairment loss was recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

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The aging analysis of notes and trade receivable which were past due but not impaired was as follows:

	2017.12.31	2016.12.31
Overdue 1~90 days	$ -	4,928
Overdue 91~180 days	44	-
Overdue 365 days and more	428	756
Total	$ 472	5,684

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable.

The movement in the allowance for notes and trade receivable for the years ended December 31, 2017 and 2016 were as follows:

	Individually assessed impairment	Collectively-assessed impairment	Total
Balance as of January 1, 2017	$ 9,562	14,183	23,745
Impairment loss recognized	-	355	355
Impairment loss reversed	(5,929)	(3,052)	(8,981)
Amounts written off	-	(24)	(24)
Foreign exchange loss	-	(289)	(289)
Balance as of December 31, 2017	$ 3,633	11,173	14,806
Balance as of January 1, 2016	$ 11,489	4,108	15,597
Impairment loss recognized	2,509	10,823	13,332
Impairment loss reversed	(4,436)	(590)	(5,026)
Amounts written off	-	(1)	(1)
Foreign exchange loss	-	(157)	(157)
Balance as of December 31, 2016	$ 9,562	14,183	23,745

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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2.Finance lease assets are receivable as follows:

	Gross investment in the leases	Unearned finance income	Present value of minimum lease payments receivable
2017.12.31			
Less than one year	$ 10,478	(1,356)	9,122
Between one and five years	19,161	(1,855)	17,306
	$ 29,639	(3,211)	26,428
2016.12.31			
Less than one year	$ 6,668	(777)	5,891
Between one and five years	10,238	(692)	9,546
	$ 16,906	(1,469)	15,437

The Group entered into finance lease arrangements for certain storage equipment. All leases were denominated in New Taiwan dollors. The average term of finance leases entered into was 2-5 years.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The average interest rate inherent in the finance lease was approximately 6.00%~ 7.00% and 6.09% per annum as of December 31, 2017 and 2016, respectively.

The finance lease receivables as of December 31, 2017 and 2016 were neither past due nor impaired.

3.The details of accounts receivable sold were as follows:

2017.12.31

The Purchaser	Amount derecognized	Credit line	Advances received	Range of interest rates	Collateral
Hotai Finance Co., Ltd.	$ 10,375	10,385	10,375	4.02%~6.01%	None

2016.12.31

The Purchaser	Amount derecognized	Credit line	Advances received	Range of interest rates	Collateral
Hotai Finance Co., Ltd.	$ 1,250	30,000	1,250	6%~7.75%	None

Pursuant to the Group's factoring agreements, the losses from commercial disputes (such as sales returns and discounts) were incurred by the Group, while losses from credit risk were incurred by Hotai Finance Co., Ltd.. The above credit lines may be used on a revolving basis.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(d) Inventories

	2017.12.31	2016.12.31
Medical equipment for beauty treatment	$ 115,646	109,378
Medical materials and parts for beauty treatment	250,778	146,644
Other	19,285	11,307
Total	$ 385,709	267,329

For the years ended December 31, 2017 and 2016, the details of cost of goods sold were as follows :

	For the Years Ended December 31,	
	2017	2016
Cost of goods sold	$ 698,964	698,348
Repair and maintenance costs	36,480	42,400
Other operating costs	50,565	49,893
(Gains) losses on inventory valuation and obsolescence	(190)	18,331
Total	$ 785,819	808,972

For the year ended December 31, 2017, the factor, which no longer exist, resulted in the increase of net realizable value due to the write-down of inventories which was measured at the lower of cost.

(e) Investments accounted for using equity method

The Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	2017.12.31	2016.12.31
Associates	$ 114,388	135,971

Affiliates which are material to the Group consisted of the followings:

Name of Affiliates	Nature of relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights 2017.12.31	Proportion of shareholding and voting rights 2016.12.31
CYJ INTERNATIONAL COMPANY LIMITED	Sales of hair treatments, hair regrowth and haircare products	Hong Kong	50 %	50 %

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

CYJ INTERNATIONAL COMPANY LIMITED

	2017.12.31	2016.12.31
Current assets	$ 173,489	218,523
Non-current assets	47,951	55,611
Current liabilities	(898)	(27,681)
Non-current liabilities	-	-
Net assets	$ 220,542	246,453
Proportion of the Group's ownership	50 %	50 %
Equity attributable to the Group	$ 110,271	123,227
Unrealized gain or loss with associates	(783)	(1,425)
Carrying amount	$ 109,488	121,802

	For the Years Ended December 31, 2017	2016
Operating revenue	$ 4,956	39,848
Losses	$ (8,196)	(17,175)
Other comprehensive income	2,992	3,676
Total comprehensive income	$ (5,204)	(13,499)

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	2017.12.31	2016.12.31
Carrying amount of individually insignificant associates equity	$ 4,900	14,169

	For the Years Ended December 31, 2017	2016
Attributable to the Group:		
Losses	$ (23,173)	(6,912)
Other comprehensive income	-	-
Total comprehensive income	$ (23,173)	(6,912)

(f) Acquisitions of non-controlling interests

In July 2017, the Group acquired additional interests in Excelsior Beauty Co., Ltd. for $10,000, increasing its ownership from 51.66% to 53.89%.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The effects of the changes in shareholdings were as follows:

Carrying amount of non-controlling interest on acquisition	$	7,751
Consideration paid to non-controlling interests		(10,000)
Unappropriated retained earnings	$	(2,249)

(g) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operating location/ Registered Country of the Company	Percentage of non-controlling interests 2017.12.31	2016.12.31
Excelsior Beauty Co., Ltd.	Taiwan	46.11 %	48.34 %

The summarized financial information below represents amounts before intragroup eliminations were as follows:

Collective financial information of Excelsior Beauty Co., Ltd.

	2017.12.31	2016.12.31
Current assets	$ 356,239	279,692
Non-current assets	101,841	100,842
Current liabilities	(89,727)	(75,032)
Non-Current liabilities	(88)	(105)
Net assets	$ 368,265	305,397
Non-controlling interests	$ 169,429	146,940

	For the Years Ended December 31, 2017	2016
Operating revenue	$ 171,248	154,725
Net income	$ 62,868	63,417
Other comprehensive income	-	-
Total comprehensive income	$ 62,868	63,417
Profit, attributable to non-controlling interests	$ 30,240	30,110
Comprehensive income, attributable to non-controlling interests	$ 30,240	30,110

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

	For the Years Ended December 31, 2017	2016
Net cash flows from operating activities	$ 85,378	70,567
Net cash flows from investing activities	9,794	(46,209)
Net cash flows from financing activities	-	(9,867)
Net increase in cash and cash equivalents	$ 95,172	14,491

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2017 and 2016, were as follows:

	Medical equipment	Other equipment	Leasehold improvements	Exhibition equipment	Lease equipment	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:							
Balance as of January 1, 2017	$ 17,785	6,960	29,988	94,678	68,935	-	218,346
Additions	2,381	74	439	19,550	892	-	23,336
Disposal and obsolescence	-	(1,274)	(4,899)	(5,275)	(2,855)	-	(14,303)
Reclassification and others	78	-	-	13,697	(1,513)	-	12,262
Effect of movements in exchange rate	-	(234)	(658)	(1,315)	(234)	-	(2,441)
Balance as of December 31, 2017	$ 20,244	5,526	24,870	121,335	65,225	-	237,200
Balance as of January 1, 2016	$ 15,034	9,385	32,618	100,038	76,279	698	234,052
Additions	3,138	295	311	96	217	11,275	15,332
Disposal and obsolescence	(387)	(2,655)	(4,985)	(724)	(2,489)	-	(11,240)
Reclassification and others	-	165	2,360	(2,552)	(4,847)	(11,973)	(16,847)
Effect of movements in exchange rate	-	(230)	(316)	(2,180)	(225)	-	(2,951)
Balance as of December 31, 2016	$ 17,785	6,960	29,988	94,678	68,935	-	218,346
Depreciation and impairment losses:							
Balance as of January 1, 2017	$ 9,185	6,386	21,173	71,683	50,738	-	159,165
Depreciation	3,229	303	4,838	15,758	9,400	-	33,528
Impairment loss reversed	-	-	-	(173)	(947)	-	(1,120)
Disposal and obsolescence	-	(1,264)	(4,899)	(4,040)	(2,704)	-	(12,907)
Reclassification and others	72	-	-	(2,760)	(4,658)	-	(7,346)
Effect of movements in exchange rate	-	(211)	(584)	(1,181)	(218)	-	(2,194)
Balance as of December 31, 2017	$ 12,486	5,214	20,528	79,287	51,611	-	169,126
Balance as of January 1, 2016	$ 6,292	7,683	17,148	75,675	56,648	-	163,446
Depreciation	2,994	1,069	5,773	14,423	7,777	-	32,036
Disposal and obsolescence	(101)	(2,159)	(1,473)	(724)	(2,329)	-	(6,786)
Impairment loss reversed	-	-	-	-	(1,525)	-	(1,525)
Reclassification and others	-	-	-	(16,154)	(9,663)	-	(25,817)
Effect of movements in exchange rate	-	(207)	(275)	(1,537)	(170)	-	(2,189)
Balance as of December 31, 2016	$ 9,185	6,386	21,173	71,683	50,738	-	159,165

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

	Medical equipment	Other equipment	Leasehold improvements	Exhibition equipment	Lease equipment	Equipment to be inspected and construction in progress	Total
Book values:							
Balance as of December 31, 2017	$ 7,758	312	4,342	42,048	13,614	-	68,074
Balance as of December 31, 2016	$ 8,600	574	8,815	22,995	18,197	-	59,181
Balance as of January 1, 2016	$ 8,742	1,702	15,470	24,363	19,631	698	70,606

As of December 31, 2017 and 2016, the aforesaid property, plant and equipment were not pledged as collateral.

(i) Convertible bonds

The Group's convertible bonds were as follows:

	2017.12.31	2016.12.31
The second domestic secured convertible bonds, that issued at face value	$ 300,000	300,000
Less: Unamortized discount	(394)	(5,482)
Current portion	(299,606)	-
	$ -	294,518

1.On January 29, 2015, the Company issued the second domestic secured convertible bonds of $300,000 at face value, with a face interest rate of 0% and a maturity date of January 29, 2018. The bonds are guaranteed by Taiwan Cooperative Bank. The bonds may be converted into ordinary shares of the Company at any time during the period from the day one month after issuance to the day of maturity. The initial conversion price was NT$73.5 per share, which is subject to adjustment according to an agreed formula (the conversion price was adjusted to NT$61.97 per share from August 7, 2017). During the period from the day one month after issuance to the day forty days before maturity, the Company may redeem all of the bonds at face value, provided that the average closing price exceeds the then conversion price by 30% or more for 30 consecutive trade days or the total amount of the outstanding bonds is less than 10% of the total amount of the bonds initially issued. Other than in the cases of conversion or redemption mentioned above, the Company shall redeem the bonds by cash on their maturity. As of December 31, 2017, no bondholder had exercised the rights to convert the bonds.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The Company's second domestic secured convertible bonds contained both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.71% per annum on initial recognition.

Proceeds from issue (less transaction costs $4,300)	$	295,700
Equity component (less transaction costs allocated to the equity component of $166 and related tax effect of $28)		(11,472)
Deferred tax assets		731
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,134 and related tax effect of $703)		284,959
Interest charged at an effective interest rate of 1.71%		9,559
Liability component at December 31, 2016		294,518
Interest charged at an effective interest rate of 1.71%		5,088
Liability component at December 31, 2017	$	299,606

(j) Provisions

	2017.12.31	2016.12.31
Warranties	$ 14,167	14,071

	Warranties	Sales returns and discounts	Total
Balance as of January 1, 2017	$ 14,071	-	14,071
Additions	15,069	-	15,069
Provisions reversed or used	(14,859)	-	(14,859)
Effect of movements in exchange rate	(114)	-	(114)
Balance as of December 31, 2017	$ 14,167	-	14,167
Balance as of January 1, 2016	$ 17,622	2,968	20,590
Additions	14,821	-	14,821
Provisions reversed or used	(18,275)	(2,968)	(21,243)
Effect of movements in exchange rate	(97)	-	(97)
Balance as of December 31, 2016	$ 14,071	-	14,071

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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1.Warranties

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

2.Sales returns and discounts

The provision of sales returns and discounts was based on historical experience, management's judgments and other known reasons estimated product returns and discounts may occur in the year. The provision was recognized as a reduction of operating revenue in the periods of the related goods sold.

(k) Operating leases

1.Leases as lessee

Operating leases relate to leases and subleases of building with lease terms between 1 to 10 years.

Non-cancellable operating lease rentals payable were as follows:

	2017.12.31	2016.12.31
Less than one year	$ 17,216	27,819
Between one and five years	26,651	34,567
Over five years	21,247	27,268
	$ 65,114	89,654

The total of future minimum sublease payments expected to be received under non-cancellable subleases at December 31, 2017 and 2016 were $51,560 and $72,008, respectively.

2.Leases as lessor

Operating leases relate to leasing of medical equipment for beauty treatment and subleasing building with lease terms between 1 to 10 years.

The future minimum lease payments under non-cancellable leases are as follows:

	2017.12.31	2016.12.31
Less than one year	$ 18,737	13,402
Between one and five years	33,814	58,563
Over five years	1,111	12,348
	$ 53,662	84,313

In addition to the minimum lease payments receivable, the above building sublease contract also include contingent rental clauses that the lessee should pay contingent rentals based on a specific percentage of monthly operating revenue.

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(l) Employee benefits

1.Defined benefit plans

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

	2017.12.31	2016.12.31
Present value of benefit obligations	$ 2,609	2,507
Fair value of plan assets	(4,647)	(4,369)
Net defined benefit assets	$ (2,038)	(1,862)

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

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Burean of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be not less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $4,647 as of December 31, 2017. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	For the Years Ended December 31,	
	2017	2016
Defined benefit obligation at January 1	$ 2,507	2,556
Current service costs and interest	35	45
Remeasurement on the net defined benefit liabilities		
－Actuarial gains and losses arising from experience adjustments	12	(262)
－Actuarial gains and losses arising from changes in population assumption	9	28
－Actuarial gains and losses arising from changes in financial assumption	46	140
Defined benefit obligation at December 31	$ 2,609	2,507

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

3) Movements of defined benefit plan assets

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

	For the Years Ended December 31,	
	2017	2016
Fair value of plan assets at January 1	$ 4,369	4,082
Interest income	62	73
Remeasurement on the net defined benefit liabilities		
—Return on plan assets (excluding current interest)	(19)	(44)
Contribution made	235	258
Fair value of plan assets at December 31	$ 4,647	4,369

4) Expenses recognized in profit or loss

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

	For the Years Ended December 31,	
	2017	2016
Current service costs	$ 35	45
Net interest of net liabilities for defined benefit obligations	(62)	(73)
	$ (27)	(28)
Operating expenses	$ (27)	(28)

5) Actuarial assumptions

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

	For the Years Ended December 31,	
	2017	2016
Discount rate	1.250 %	1.375 %
Future salary increases rate	4.250 %	4.250 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $235.

The weighted average lifetime of the defined benefit plans is 16 years.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2017		
Discount rate	$ (93)	97
Future salary increasing rate	92	(89)
December 31, 2016		
Discount rate	$ (94)	98
Future salary increasing rate	94	(90)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2017 and 2016.

2.Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the to the Bureau of the Labor Insurance amounted to $3,411 and $3,223 for the years ended December 31, 2017 and 2016, respectively.

3.The pension costs of the Group's foreign subsidiaries under the local laws were $1,508 and $397 for the years ended December 31, 2017 and 2016, respectively.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(m) Income taxes

1.Income tax expense

The components of income tax in the years 2017 and 2016 were as follows:

	For the Years Ended December 31, 2017	2016
Current tax expense		
Current period	$ 37,445	38,742
Adjustment for prior period	613	1,654
Income tax on unappropiate earnings	12	9
	38,070	40,405
Deferred tax expense	(5,782)	(6,034)
Income tax expense from continuing operations	$ 32,288	34,371

The amount of income tax recognized in other comprehensive income for 2017 and 2016 were as follows:

	For the Years Ended December 31, 2017	2016
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ 14	(9)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ 3,593	1,669
Unrealized (losses) gains on available-for-sale financial assets	(1,128)	3,806
	$ 2,465	5,475

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

Reconciliations of income tax and profit before tax for 2017 and 2016 were as follows：

	For the Years Ended December 31, 2017	2016
Profit before tax	$ 175,606	182,935
Income tax using the Company's domestic tax rate	$ 29,042	31,722
Permanent differences	(737)	4,595
Tax-exempt income	-	(4,907)
Unrecognized loss carryforwards	(1,400)	259
Adjustments for prior periods-deferred tax expense	(1)	-
Change in unrecognized temporary differences	4,759	1,039
Change in provision in prior periods	613	1,654
Undistributed earnings additional tax at 10%	12	9
Income tax expense	$ 32,288	34,371

2.Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	2017.12.31	2016.12.31
Tax effect of deductible temporary differences	$ 576	252
The carryforward of unused tax losses	14,077	12,202
	$ 14,653	12,454

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2017 and 2016 were as follows:

	Payable for bonus	Unrealized losses on investment	Inventory write-downs	Others	Total
Deferred tax liabilities：					
Balance as of January 1, 2017	$ -	-	-	8,610	8,610
Recognized in profit or loss	-	-	-	(744)	(744)
Recognized in other comprehensive income	-	-	-	(2,479)	(2,479)
Balance as of December 31, 2017	$		-	5,387	5,387

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

	Payable for bonus	Unrealized losses on investment	Inventory write-downs	Others	Total
Balance as of January 1, 2016	$ -	-	-	13,167	13,167
Recognized in profit or loss	-	-	-	909	909
Recognized in other comprehensive income	-	-	-	(5,466)	(5,466)
Balance as of December 31, 2016	$ -	-	-	8,610	8,610
Deferred tax assets：					
Balance as of January 1, 2017	$ 14,658	10,493	9,979	12,581	47,711
Recognized in profit or loss	1,717	3,063	(370)	628	5,038
Recognized in other comprehensive income	-	-	(338)	(108)	(446)
Balance as of December 31, 2017	$ 16,375	13,556	9,271	13,101	52,303
Balance as of January 1, 2016	$ 11,474	6,657	9,443	13,194	40,768
Recognized in profit or loss	3,184	3,836	536	(613)	6,943
Balance as of December 31, 2016	$ 14,658	10,493	9,979	12,581	47,711

3.As of December 31, 2017, the information of the Group's unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss	Expiry date
2012	$ 6,662	2017
2013	2,082	2018
2014	5,121	2019
2015	8,905	2020
2016	3,001	2021
2017	11,274	2022
	23,399	No expiration date
	$ 60,444	

4.Examination and approval

The Company's tax returns for the years through 2015 were examined and approved by the Taipei National Tax Administration.

5.Information related to the ICA is summarized as follows:

	2017.12.31	2016.12.31
Unappropriated earnings of 1998 and after	Note	$ 166,795
Balance of imputation credit account	Note	$ 28,804
	2017(estimated)	**2016(actual)**
Creditable ratio for earnings distribution to R.O.C residents	Note	27.99 %

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the R.O.C. on October 17, 2013.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

(n) Capital and other equity

1.Share capital

As of December 31, 2017 and 2016, the Company's authorized capital consisted of $500,000 and issued shares amounted to 30,000 thousand shares, with par value of $10 (NT dollars) per share.

Reconciliations of shares outstanding for the years ended December 31, 2017 and 2016 were as follows:

	Common Stock	
	For the Years Ended December 31,	
	2017 (in thousands)	2016 (in thousands)
Balance as of December 31 (Balance as of January 1)	30,000	30,000

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

2.Capital surplus

The balances of capital surplus were as follows:

	2017.12.31	2016.12.31
Arising from issuance of ordinary share	$ 575,878	575,878
Arising from changes in percentage of ownership interest in subsidiaries	8,477	8,477
Arising from share warrants	11,472	11,472
Others	30,115	30,115
	$ 625,942	625,942

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

3.Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The Company's Articles of Incorporation also stipulate a dividend policy as follows: According to the development plan for the present and the future, the investment environment, the capital requirement, the domestic and overseas competition, and the benefit of shareholders, the Company should distribute dividends and bonus to shareholders not less than 20% of remaining profit (which is the current net profit less losses of previous years, less the adjustment to retained earnings, and less the appropriation of earnings to the legal reserve). Dividends could be distributed in cash or stock, where cash dividends should not be less than 20% of total dividends distributed; or dividends could be totally distributed in stock upon shareholders' resolution in their meeting to support future capital expenditure plan.

1) Legal reserve

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

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2) Special reserve

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

3) Earnings distribution

Earnings distribution for 2016 and 2015 was decided via the general meeting of shareholders held on June 15, 2017 and June 7, 2016, respectively. The relevant dividend distributions to shareholders were as follows:

	2016		2015	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 3.56	106,800	3.63	108,900

4.Other equity interest after tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance as of January 1, 2017	$ 16,299	50,071	66,370
Exchange differences on foreign operations	(17,544)	-	(17,544)
Unrealized gains (losses) on available-for-sale financial assets	-	(17,432)	(17,432)
Balance as of December 31, 2017	$ (1,245)	32,639	31,394
Balance as of January 1, 2016	$ 24,451	75,799	100,250
Exchange differences on foreign operations	(8,152)	-	(8,152)
Unrealized gains (losses) on available-for-sale financial assets	-	(25,728)	(25,728)
Balance as of December 31, 2016	$ 16,299	50,071	66,370

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

5.Non-controlling interests after tax

	For the Years Ended December 31, 2017	2016
Balance, beginning of year	$ 146,940	125,670
The share attributed to non-controlling interests		
Net income	30,240	30,110
Acquisition of non-controlling interests in subsidiaries	(10,000)	(6,300)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,249	2,230
Cash dividends of subsidiaries distributed to non-controlling interests	-	(4,770)
Balance, end of year	$ **169,429**	**146,940**

(o) Earnings per share

For the years ended December 31, 2017 and 2016, the basic and diluted earnings per share were calculated as follows:

1.Basic earnings per share

	For the Years Ended December 31, 2017	2016
Profit attributable to ordinary shareholders of the Company	$ **113,078**	**118,454**

(in Thousand shares)

	For the Years Ended December 31, 2017	2016
Weighted average number of ordinary shares (basic)	**30,000**	**30,000**

2.Diluted earnings per share

	For the Years Ended December 31, 2017	2016
Profit the Company for the year	$ 113,078	118,454
Effect of dilutive potential ordinary shares -convertible bonds	5,088	5,016
Profit attributable to ordinary shareholders of the Company	$ **118,166**	**123,470**

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(in Thousand shares)

	For the Years Ended December 31,	
	2017	2016
Weighted average number of ordinary shares (basic)	30,000	30,000
Effect of convertible bonds	5,917	4,538
Effect of employee stock compensation	140	142
Weighted average number of ordinary shares (diluted)	36,057	34,680

(p) Operating revenue

The details of operating revenue for the years ended December 31, 2017 and 2016 were as follows：

	For the Years Ended December 31,	
	2017	2016
Sales revenue	$ 966,354	1,000,898
Repair and maintenance revenue	62,616	68,361
Other operating revenue	127,652	145,555
Total	$ 1,156,622	1,214,814

(q) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 5% as directors' remuneration when there is profit (before income tax, employees' compensation, and directors' remuneration) for the year. However, if the Company has accumulated deficits (including adjustment for unappropriated retained earnings), the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The directors' remuneration are only paid in cash.

For the years ended December 31, 2017 and 2016, the Company estimated its employee remuneration amounting to $5,980 and $6,201, and directors' remuneration amounting to $4,986 and $5,170, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2017 and 2016. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2017 and 2016.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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(r) Non-operating income and expenses

1.Other income

The details of other income for the years ended December 31, 2017 and 2016 were as follows:

	For the Years Ended December 31, 2017	2016
Interest income		
Bank deposits	$ 4,035	4,142
Receivables	2,213	1,856
Dividend income	1,561	1,142
Others	372	372
	$ 8,181	7,512

2.Other gains and losses

The details of other gains and losses for the years ended December 31, 2017 and 2016 were as follows:

	For the Years Ended December 31, 2017	2016
(Losses) gains on disposal of property, plant, and equipment	$ (159)	4,184
Foreign exchange losses	(12,648)	(3,512)
Net gains (losses) on financial assets (liabilities) measured at fair value through profit or loss	45	(814)
Others	4,549	(2,748)
	$ (8,213)	(2,890)

3.Financial costs

The details of financial costs for the years ended December 31, 2017 and 2016 were as follows:

	For the Years Ended December 31, 2017	2016
Interest on convertible bonds	$ 5,088	5,016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

(s) Reclassification adjustments of components of other comprehensive income

The details of reclassification adjustments of components of other comprehensive income for the years ended December 31, 2017 and 2016 were as follows:

	For the Years Ended December 31, 2017	2016
Available-for-sale financial assets		
Net changes in fair value	$ (16,304)	(29,534)
Net change in fair value recognized in other comprehensive income	$ (16,304)	(29,534)

(t) Financial instruments

1. Credit risks

1) Credit risks exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. As of December 31, 2017 and 2016, the maximum exposure to credit risks amounted to $1,659,317 and $1,722,912, respectively.

2.Liquidity risks

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

	Carrying amount	Contractual cash flow	On demand or less than 1 month	1-3 months	3-6 months	6 months -1 years	1-2 years	Over 2 years
2017.12.31								
Non-derivative financial liabilities								
Payables	$ 104,579	104,579	6,601	63,930	33,871	-	177	-
Bonds payable	299,606	300,000	-	300,000	-	-	-	-
	$ 404,185	404,579	6,601	363,930	33,871	-	177	-
2016.12.31								
Non-derivative financial liabilities								
Payables	$ 45,124	45,124	37,626	5,672	1,659	-	-	167
Bonds payable	294,518	300,000	-	-	-	-	300,000	-
	$ 339,642	345,124	37,626	5,672	1,659	-	300,000	167

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

3.Currency risks

1) Exposure to foreign currency risks

The Group's significant exposure to foreign currency risks of financial assets and liabilities was as follows:

Functional currency	Exchange rate	Currency	2017.12.31 Foreign currency (in thousands)	2017.12.31 Carrying amount (TWD)
Financial assets				
Monetary items				
TWD	29.76	USD	$ 794	23,638
HKD	7.82	USD	6,333	188,467
CNY	6.51	USD	826	24,581
HKD	1.20	CNY	3,942	18,014
TWD	35.57	EUR	153	5,457
TWD	0.26	JPY	3,315	876
Non-monetary items				
TWD	0.028	KRW	2,956,650	83,141
Financial liabilities				
Monetary items				
TWD	29.76	USD	959	28,532
HKD	7.82	USD	200	5,954
CNY	6.51	USD	25	737
HKD	9.34	EUR	49	1,730

			2016.12.31	
Functional currency	**Exchange rate**	**Currency**	**Foreign currency (in thousands)**	**Carrying amount (TWD)**
Financial assets				
Monetary items				
TWD	32.25	USD	$ 3,683	118,761
HKD	7.76	USD	1,285	41,279
CNY	6.94	USD	946	30,182
HKD	1.11	CNY	3,983	18,516
TWD	33.90	EUR	1,084	36,754
TWD	0.28	JPY	50,000	13,780
Non-monetary items				
TWD	0.027	KRW	2,832,450	76,504
Financial liabilities				
Monetary items				
TWD	32.25	USD	628	20,264
HKD	7.76	USD	609	19,640
CNY	6.94	USD	30	953
TWD	33.90	EUR	61	2,061

2) Sensitivity analysis

The Group' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, Investments in debt instrument without active market, account receivables, other receivables, accounts payables and other payables that are denominated in foreign currency. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the years ended December 31, 2017 and 2016 would have increased or decreased the net profit after tax by $1,827 and $1,494, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2017 and 2016, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(12,648) and $(3,512), respectively.

4.Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 0.25%, the Group' s net income would have decreased or increased by $9 for the years ended December 31, 2017 and 2016, respectively, due to the floating rate borrowings of the Group. This analysis assumes that all other factors remain constant.

5.Fair value information

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

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

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

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

1) The categories and fair values of financial instruments

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

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

	2017.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 700	-	-	700	700
Available-for-sale financial assets					
Domestic listed shares	40,728	40,728	-	-	40,728
Foreign listed shares	83,141	83,141	-	-	83,141
Sub-total	123,869	123,869	-	-	123,869
Financial assets carried at cost	1,682	-	-	-	-
Loans and receivables					
Cash and cash equivalents	925,464	-	-	-	-
Investment in debt instrument without active market	329,900	-	-	-	-
Notes receivable, accounts receivable and other receivables	205,115	-	-	-	-
Guarantee deposits paid	56,587	-	-	-	-
Other financial assets	16,000	-	-	-	-
Sub-total	1,533,066	-	-	-	-
Total	$ 1,659,317	123,869	-	700	124,569
Financial liabilities at amortized cost					
Bonds payable	$ 299,606	-	299,880	-	299,880
Accounts payable and other payables	287,680	-	-	-	-
Total	$ 587,286	-	299,880	-	299,880

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

	2016.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 716	-	-	716	716
Available-for-sale financial assets					
Domestic listed shares	63,669	63,669	-	-	63,669
Foreign listed shares	76,504	76,504	-	-	76,504
Sub-total	140,173	140,173	-	-	140,173
Financial assets carried at cost	1,682	-	-	-	-
Loans and receivables					
Cash and cash equivalents	918,807	-	-	-	-
Investment in debt instrument without active market	340,900	-	-	-	-
Notes receivable, accounts receivable and other receivables	243,484	-	-	-	-
Guarantee deposits paid	61,150	-	-	-	-
Other financial assets	16,000	-	-	-	-
Sub-total	1,580,341	-	-	-	-
Total	$ **1,722,912**	**140,173**	-	**716**	**140,889**
Financial liabilities at amortized cost					
Bonds payable	$ 294,518	-	297,660	-	297,660
Accounts payable and other payables	204,034	-	-	-	-
Total	$ **498,552**	-	**297,660**	-	**297,660**

2) Valuation techniques for financial instruments not measured at fair value

The book values of the Group's loans and receivables, financial assets carried at cost, and financial liabilities measured at amortized cost are similar to their fair values.

3) Valuation techniques for financial instruments measured at fair value

The Group considers the financial status, operating analysis, most recent transaction price, non-active market quoted price of related equity instrument, and active-market quoted price of similar instrument, and other information, in determining the input value of its investee companies. Periodically updates of information and input value for the valuation model and any necessary adjustments of fair value are required to ensure that the results of estimation are reasonable.

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

A.Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock and beneficiary certificates-open-end mutual fund.

For the Company's financial instruments that have no active markets, the measurement of fair values is listed as follows:

Beneficiary certificate that has no quoted prices: The discounted cash flow model is used to estimate the fair values. The main assumption for the model is to discount the expected future cash flows by using a discount rate that reflects the time value of money and risks.

Equity instrument that has no quoted prices: The net asset value method is used to estimate the fair values. The main assumption for the model is to use the net asset value per share as the measuring basis.

B.Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models.

4) For the years ended December 31, 2017 and 2016, there were no transferring from each level in the fair value hierarchy.

5) Changes in level 3 of the fair value

	Financial assets at fair value through profit or loss
	Derivative financial assets
Balance as of January 1, 2017	$ 716
Total gains and losses recognized	
In profit or loss	45
Reclassify and exchange rate	(61)
Balance as of December 31, 2017	$ 700
Balance as of January 1, 2016	$ -
Total gains and losses recognized	
In profit or loss	(814)
Acquisition	1,530
Balance as of December 31, 2016	$ 716

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS OTHERWISE SPECIFIED)

The aforementioned total gains and losses were recognized in "other gains and losses". The details of the assets which the Group still held as of December 31, 2017 and 2016 were as follows:

	For the Years Ended December 31,	
	2017	2016
Total gains and losses recognized		
In profit or loss (accounted as "other gains and losses")	45	(814)

6) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Company's financial instruments that use level 3 inputs to measure the fair values include financial assets measured at fair value through profit or loss-derivative financial instruments.

Quantified information of significant unobservable inputs is as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and value measurement
Financial assets at fair value through profit or loss－Derivatives, Stock warrants	Option pricing models	· Historical volatility (29.30% and 23.69% on December 31, 2017 and 2016, respectively)	· The higher the historical volatility, the higher the fair value.

(u) Financial risk management

1.Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

2.Structure of risk management

The Group's Finance division provides services to the business, monitors and manages the financial risks relating to the operations of the Group through the analysis of exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

3.Credit risk

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

1) Accounts receivable and other receivables

The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. The Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors its exposure to credit risk and its customers' credit rating. It also established sales credit limits, which are annually approved by the management, based on each customer's credit rating.

The Group did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

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

3) Guarantees

The Group provides financial guarantees to subsidiaries. As of December 31, 2017, the information of guarantees and endorsements for subsidiaries, please refer to Note 13(a).

4.Liquidity risk

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

5.Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, HKD, and CNY. The currencies used in these transactions are the NTD, USD, and EUR.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily the NTD and USD. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest rate risk

The Group maintains an appropriate proportion of the fixed and variable interest rate instruments and using interest rate swap contracts to mitigate the floating interest rate risk. The Group will assess the hedging activities for consistent interest rates within its risk preferences and use the most cost-effective hedging strategy on a regular basis.

3) Please refer to Note (6)(b) for the risk of price changing in equity instrument.

(v) Capital Management

The key management personnel of the Group regularly review the capital structure. As part of this review, the key management personnel consider the cost of capital and the risks associated with each category of capital. In order to balance the overall capital structure and ensure that financial resources are available for working capital and capital expenditures, the Group may adjust the amount of dividends paid to shareholders, the amount of new shares issued, and the amount of new debt issued or existing debt redeemed.

(7) Related-party transactions

(a) Parent company and ultimate controlling company

Excelsior Medical Co., Ltd. is both the parent company and the ultimate controlling party of the Group. It owns 38.50% of all shares outstanding of the Company, and has issued the Consolidated Financial Statements Available for Public Use.

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(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Excelsior Medical Co., Ltd.	The parent company
CYJ INTERNATIONAL COMPANY LIMITED	Associate
Medytox Taiwan Inc.	〃
CYJ International Taiwan Inc. (CYJ Taiwan)	〃
Bestchain Healthtaiwan Co., Ltd.	Other related parties
Shinkong Excelsior Medical Asset Management Co., Ltd.	〃
Arcos Bio-Tech Corporation	〃
Best Smile Corp.	〃
Shanghai Wanli Medical Cosmetology Clinic Co., Ltd.	〃
Arich Enterprise Co., Ltd.	〃
SciVision Biotech Inc.	〃

(c) Significant transactions with related parties

1.Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	For the Years Ended December 31,	
	2017	2016
Parent company	$ 576	-
Associates	9,652	3,744
Other related parties	987	5,291
	$ 11,215	9,035

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties.

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2.Purchases

The amounts of significant purchase by the Group from related parties were as follows:

	For the Years Ended December 31, 2017	2016
Parent company	$ 402	17
Associates	1,521	5,624
Other related parties	40,120	153
	$ 42,043	5,794

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3.Receivables from related parties

The receivables from related parties were as follows：

Account	Relationship	2017.12.31	2016.12.31
Accounts receivable	Parent company	$ 298	-
Accounts receivable	Associates	617	1,723
Accounts receivable	Other related parties	428	948
Other receivables	Associates	385	7,463
		$ 1,728	10,134

4.Payables to related parties

The payables to related parties were as follows:

Accounted for as	Relationship	2017.12.31	2016.12.31
Accounts payable	Parent company	$ -	5
Accounts payable	Associates	209	27
Accounts payable	Other related parties	10,416	60
Other payables	Parent company	165	137
Other payables	Associates	9,544	10,681
Other payables	Other related parties	8	5
		$ 20,342	10,915

5.Prepayments

The prepaid payments to related parties were as follows：

	2017.12.31	2016.12.31
Parent company	$ 12	60

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
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6.Disposals of property, plant and equipment

	For the Years Ended December 31,	
	2016	
Relationship	Disposal price	Gain (loss) from disposal
Associates	$ 6,096	1,896

7.Others

	For the Years Ended December 31,	
	2017	2016
Parent company		
Rental expense	$ (1,228)	(1,275)
Other expenses	(3,324)	(2,393)
	$ (4,552)	(3,668)
Associates		
Rental revenue	$ 372	372
Other income	1	3,924
Other expenses	-	(12)
	$ 373	4,284
Other related parties		
Other expenses	$ (2,720)	(2,759)

The aforementioned transactions were conducted on normal commercial terms.

The aforementioned rentals collected or paid quarterly or monthly were based on prevailing market rates.

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2017 and 2016, no impairment loss was recognized for receivables from related parties.

The outstanding payables to related parties are unsecured.

(d) Key management personnel compensation

	For the Years Ended December 31,	
	2017	2016
Short-term employee benefits	$ 16,831	24,195
Post-employment benefits	192	263
	$ 17,023	24,458

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(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2017.12.31	2016.12.31
Pledged time deposits (included in other financial assets-non-current)	Bank guarantee and credit card document receiving service guarantee	$ 16,000	16,000

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

1.As of December 31, 2017 and 2016, the unused letters of credit were $11,212 and $16,800, respectively.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Group's current tax charge accordingly in the future. On the other hand, if the new tax rate is applied in calculating the taxable temporary differences and tax losses recognized on December 31, 2017, the deferred tax assets and deferred tax liabilities would increase by $8,346 and $951, respectively.

(12) Other

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function	For the Years Ended December 31, 2017			For the Years Ended December 31, 2016		
By item	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	28,902	88,624	117,526	36,208	101,956	138,164
Labor and health insurance	2,152	5,117	7,269	1,778	4,646	6,424
Pension	1,090	3,802	4,892	934	2,658	3,592
Others	1,325	2,816	4,141	1,080	3,798	4,878
Depreciation	17,919	15,609	33,528	17,112	14,924	32,036
Amortization	1,102	2,134	3,236	458	1,044	1,502

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(13) Segment information

(a) General information:

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on results by company. The reportable segments were as follows:

1.Dynamic segment—The Company.

2.Hong Kong Dynamic segment— Dynamic Medical Technologies (Hong Kong) Limited Guangzhou Dynamic Inc., Excelsior Beauty Limited and Beijing Excelsior Beauty Ltd..

3.Excelsior Beauty segment—Excelsior Beauty Co., Ltd.

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

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in Note (4) "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

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

For the Year Ended December 31, 2017		Dynamic segment	Excelsior Beauty segment	Hong Kong Dynamic segment	Reconciliation and elimination	Total
Revenue:						
Revenue from external customers	$	775,712	171,248	209,662	-	1,156,622
Inter-segment revenue		167,193	-	35,942	(203,135)	-
Total	$	942,905	171,248	245,604	(203,135)	1,156,622
Interest income	$	3,944	1,995	309	-	6,248
Interest expense		5,088	-	-	-	5,088
Depreciation and amortization		19,241	9,381	9,212	(1,070)	36,764
Reportable segment profit (loss)	$	133,136	75,345	(31,806)	(1,069)	175,606

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For the Year Ended December 31, 2017		Dynamic segment	Excelsior Beauty segment	Hong Kong Dynamic segment	Adjustment and elimination	Total
Revenue:						
Revenue from external customers	$	773,675	154,725	286,414	-	1,214,814
Inter-segment revenue		182,389	-	2,102	(184,491)	-
Total	$	956,064	154,725	288,516	(184,491)	1,214,814
Interest income	$	3,164	2,572	262	-	5,998
Interest expense		5,016	-	-	-	5,016
Depreciation and amortization		14,856	11,183	8,730	(1,231)	33,538
Reportable segment profit (loss)	$	138,054	77,474	(21,852)	(10,741)	182,935

(c) Product and service information

The Group mainly sells and leases laser medical equipment for beauty treatment and renders related workshop services, and has no other industrial segment.

(d) Geographical information

Geographical information		For the Years Ended December 31, 2017	2016
Revenue from external customers：			
Taiwan	$	946,960	928,400
Hong Kong		172,191	226,142
China		37,471	60,272
Total	$	1,156,622	1,214,814

Geographical information		2017.12.31	2016.12.31
Non-current assets：			
Taiwan	$	49,767	51,589
Hong Kong		5,341	1,493
China		14,896	7,422
Total	$	70,004	60,504

Non-current assets include property, plant and equipment, investment properties, intangible assets, and other assets, but do not include financial instruments, deferred tax assets, pension assets, and rights from insurance contracts.

(e) Revenue from main customers：

No individual customer contributed more than 10% of the Group's total revenue for the years ended December 31, 2017 and 2016.