APPLIED BIOCODE CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Applied BioCode Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Applied BioCode Corporation and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Existence and occurrence of cash and cash equivalents

Description

Please refer to Note 4(6) for accounting policies applied to cash and cash equivalents, and Note 6(1) for details of account items. As of December 31, 2020, cash and cash equivalents amounted to NT$847,910 thousand, constituting 69% of the total consolidated assets. As cash and cash equivalents constitute a significant portion of total consolidated assets and inherent risk exists, we consider the existence and occurance of cash and cash equivalents a key audit matter.

How our audit addressed the matter

The procedures performed in respect of this key audit matter include:

1. Confirmed bank accounts and special arrangements with financial institutions to verify the existence and rights and obligations of the bank deposits;
2. Verified the authenticity of the necessary information for the bank confirmations;
3. Reviewed and tested the mathematical accuracy of bank reconciliation statements, agreed the balances with the balances per cash book and per bank balance, identified any unusual or significant items and ensured that these were properly disposed of.
4. Selected samples of significant cash receipt and payment transactions to check whether the transactions were incurred for operational needs.

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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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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 the generally accepted auditing standards 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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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.

Andy Chang

Wendy Liang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

APPLIED BIOCODE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 847,910	69	$ 302,676	42
1136	Financial assets at amortised cost - current	6(4) and 8	-	-	121,326	17
1170	Accounts receivable, net	6(2)	49,472	4	24,102	3
130X	Inventories, net	6(3)	106,432	9	82,570	12
1479	Other current assets, others	8	17,263	1	9,365	1
11XX	**Total current assets**		1,021,077	83	540,039	75
	Non-current assets					
1600	Property, plant and equipment, net	6(5)	116,210	10	51,438	7
1755	Right-of-use assets	6(7)	55,309	5	69,512	10
1780	Intangible assets, net	6(6)	17,196	1	21,974	3
1840	Deferred income tax assets	6(24)	4,600	-	5,979	1
1900	Other non-current assets	9	12,829	1	30,065	4
15XX	**Total non-current assets**		206,144	17	178,968	25
1XXX	**Total assets**		$ 1,227,221	100	$ 719,007	100

(Continued)

APPLIED BIOCODE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Liabilities					
	Current liabilities					
2100	Short-term borrowings	6(9)(27)	$ -	-	$ 60,212	8
2130	Current contract liabilities	6(18)	1,959	-	1,324	-
2170	Accounts payable		27,602	2	9,582	1
2200	Other payables	6(10)	35,506	3	29,585	4
2280	Current lease liabilities	6(7)(27)	12,696	1	11,442	2
2399	Other current liabilities, others		39	-	15	-
21XX	**Total current liabilities**		77,802	6	112,160	15
	Non-current liabilities					
2527	Non-current contract liabilities	6(18)	9,092	1	7,175	1
2570	Deferred tax liabilities	6(24)	4,600	-	5,979	1
2580	Non-current lease liabilities	6(7)(27)	48,732	4	63,043	9
25XX	**Total non-current liabilities**		62,424	5	76,197	11
2XXX	**Total Liabilities**		140,226	11	188,357	26
	Equity					
	Share capital	6(14)				
3110	Common share		816,390	67	722,854	101
	Capital surplus	6(12)(15)				
3200	Capital surplus		1,394,683	114	770,920	107
	Retained earnings	6(16)				
3350	Accumulated deficit		(1,052,108)	(86)	(948,612)	(132)
	Other equity interest	6(12)(17)				
3400	Other equity interest		(71,970)	(6)	(14,512)	(2)
3XXX	**Total equity**		1,086,995	89	530,650	74
3X2X	**Total liabilities and equity**		$ 1,227,221	100	$ 719,007	100

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

APPLIED BIOCODE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for loss per share)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(8)(18)	$ 299,015	100	$ 104,694	100
5000	Operating costs	6(3)(22)(23)	(105,491)	(35)	(51,725)	(49)
5900	Gross profit from operation		193,524	65	52,969	51
	Operating expenses	6(22)(23)				
6100	Selling expenses		(44,241)	(15)	(37,653)	(36)
6200	Administrative expenses		(85,792)	(29)	(73,416)	(70)
6300	Research and development expenses		(197,005)	(66)	(216,973)	(207)
6000	Total operating expenses		(327,038)	(110)	(328,042)	(313)
6900	Net operating loss		(133,514)	(45)	(275,073)	(262)
	Non-operating income and expenses					
7100	Interest income	6(19)	3,732	1	1,769	1
7020	Other gains and losses	6(20)	30,623	10	(156)	-
7050	Finance costs	6(21)	(4,313)	(1)	(6,589)	(6)
7000	Total non-operating income and expenses		30,042	10	(4,976)	(5)
7900	**Loss before income tax**		(103,472)	(35)	(280,049)	(267)
7950	Income tax expense	6(24)	(24)	-	(24)	-
8200	**Loss for the year**		($ 103,496)	(35)	($ 280,073)	(267)
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	($ 58,289)	(19)	($ 19,616)	(19)
8500	**Total comprehensive loss for the year**		($ 161,785)	(54)	($ 299,689)	(286)
	Loss attributable to					
8610	Owners of the parent		($ 103,496)	(35)	($ 280,073)	(267)
	Comprehensive loss attributable to					
8710	Owners of the parent		($ 161,785)	(54)	($ 299,689)	(286)
	Basic loss per share	6(25)				
9750	Basic loss per share (In dollars)		($ 1.33)		($ 4.36)	
9850	Diluted loss per share (In dollars)		($ 1.33)		($ 4.36)	

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

APPLIED BIOCODE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent					
					Other equity interest		
	Notes	Share capital - common share	Capital surplus	Accumulated deficit	Financial statements translation differences of foreign operations	Other	Total equity
2019							
Balance at January 1, 2019		$ 620,058	$ 479,833	($ 668,539)	$ 6,167	($ 4,793)	$ 432,726
Loss for the year	6(16)(25)	-	-	(280,073)	-	-	(280,073)
Other comprehensive loss for the year	6(17)	-	-	-	(19,616)	-	(19,616)
Total comprehensive loss		-	-	(280,073)	(19,616)	-	(299,689)
Compensation cost of employee stock options	6(15)	-	3,469	-	-	-	3,469
Compensation cost of employee restricted stocks	6(17)	-	-	-	-	3,414	3,414
Issuance of common shares	6(14)(15)	102,800	287,840	-	-	-	390,640
Exercise of employee stock options	6(12)(14)(15)	71	19	-	-	-	90
Redemption of employee restricted stocks	6(14)(15)(17)	(75)	(241)	-	-	316	-
Balance at December 31, 2019		$ 722,854	$ 770,920	($ 948,612)	($ 13,449)	($ 1,063)	$ 530,650
2020							
Balance at January 1, 2020		$ 722,854	$ 770,920	($ 948,612)	($ 13,449)	($ 1,063)	$ 530,650
Loss for the year	6(16)(25)	-	-	(103,496)	-	-	(103,496)
Other comprehensive loss for the year	6(17)	-	-	-	(58,289)	-	(58,289)
Total comprehensive loss		-	-	(103,496)	(58,289)	-	(161,785)
Compensation cost of employee stock options	6(15)	-	12,702	-	-	-	12,702
Compensation cost of employee restricted stocks	6(17)	-	-	-	-	831	831
Issuance of common shares	6(14)(15)	90,500	610,981	-	-	-	701,481
Exercise of employee stock options	6(12)(14)(15)	3,036	80	-	-	-	3,116
Balance at December 31, 2020		$ 816,390	$ 1,394,683	($ 1,052,108)	($ 71,738)	($ 232)	$ 1,086,995

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

APPLIED BIOCODE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		($ 103,472)	($ 280,049)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(22)	39,456	28,457
Amortisation expense	6(22)	4,139	4,351
Interest income	6(19)	(3,732)	(1,769)
Interest expense	6(21)	4,313	6,589
Compensation cost of share-based payment	6(12)	13,533	6,883
PPP loan forgiveness revenue	6(20)	(28,062)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable, net		(25,370)	(18,426)
Inventories, net		(65,560)	(39,691)
Other current assets, others		(7,898)	(1,110)
Changes in operating liabilities			
Contract liabilities		2,552	(922)
Accounts payable		18,020	(2,331)
Other payables		5,921	(4,446)
Other current liabilities, others		24	15
Other non-current liabilities, others		-	(6,545)
Cash outflow generated from operations		(146,136)	(308,994)
Interest received		3,732	1,769
Interest paid		(4,313)	(6,589)
Income tax paid		(24)	(24)
Net cash flows used in operating activities		(146,741)	(313,838)
CASH FLOWS FROM INVESTING ACTIVITIES			
Incerese in current financial assets at amortised cost		(262,281)	(121,326)
Decrease in current financial assets at amortised cost		383,607	-
Acquisition of property, plant and equipment	6(26)	(27,580)	(24,249)
Acquisition of intangible assets	6(6)	(374)	(94)
Increase in refundable deposits		(12,829)	-
Decrease in refundable deposits		6,021	-
Increase in other non-current assets		-	(605)
Net cash flows from (used in) investing activities		86,564	(146,274)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(27)	-	120,424
Repayments of short-term borrowings	6(27)	(60,212)	(60,212)
Proceeds from long-term borrowings	6(27)	28,062	60,212
Repayments of long-term borrowings		-	(60,212)
Repayment of principal portion of lease liabilities	6(7)	(15,685)	(11,701)
Proceeds from issuance of shares	6(14)	701,481	390,640
Exercise of employee stock options		3,116	90
Net cash flows from financing activities		656,762	439,241
Effect of exchange rate changes		(51,351)	(25,479)
Net increase (decrease) in cash and cash equivalents		545,234	(46,350)
Cash and cash equivalents at beginning of year		302,676	349,026
Cash and cash equivalents at end of year		$ 847,910	$ 302,676

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

APPLIED BIOCODECORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. History and Organization

Applied BioCode Corporation (the "Company") was incorporated as a company in British Cayman Islands on April 15, 2016, as a holding company for the purpose of reorganization. On June 30, 2016, as part of a reorganization, Applied BioCode Inc. converted all of its outstanding shares to the Company's newly issued shares. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in Barcoded Magnetic Beads of multiplex in-vitro diagnostics, platform technology of assays and instruments and research and development, production, sales, leasing and authorisation of products. The Company's shares have been listed on the Taiwan Stock Exchange since June 9, 2020.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2021.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative - definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier adoption from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The Consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) The Group's financial statements are initially presented in USD. When converting the consolidated financial statements into New Taiwan Dollars, all assets and liabilities are translated into New Taiwan Dollars at the exchange rate of the balance sheet; except for the balance accrued at the end of the period, the balance of the equity in the equity account is carried forward, and the rest is based on historical exchange rates. Profit and loss accounts are translated at the weighted average exchange rate, and the difference arising from the conversion is included in the "cumulative translation adjustment" as an adjustment item for equity.

(b) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

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

(d) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(e) Changes in the Company's shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(f) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investor	Name of the subsidiary	Main business activities	December 31, 2020	December 31, 2019
Applied BioCode Corporation	Applied BioCode, Inc.	Barcoded Magnetic Beads of multiplex in-vitro diagnostics, platform technology of assays and instruments and research and development, production, sales and leasing.	100%	100%
Applied BioCode, Inc.	Applied BioCode Taiwan Ltd.	Barcoded Magnetic Beads of multiplex in-vitro diagnostics, platform technology of assays and instruments and research and development, production and sales of products.	100%	100%

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in USD, which is the Company's functional and the Group's presentation currency. However, the consolidated financial statements are presented in NTD under the future financing plan and the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

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

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

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

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

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

i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

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

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income (loss) are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date; and

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

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, lease receivables, loan commitments and financial guarantee contracts, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

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

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Test equipment	5 years
Machinery and equipment	5 years
Rental assets	5 years
Office equipment	5 years
Leasehold improvements	1~6 year(s)

(13) Leasing arrangements (lessee)－right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Amounts expected to be payable by the lessee under residual value guarantees.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any initial direct costs incurred by the lessee; and

(c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

B. Patents and patented technologies

Patents acquired by issuing new shares to exchange is recognised based on the fair value at the acquisition date. The fair value is stated based on the appraisal report and is amortized on a straight-line basis over patent's estimated useful of 15 to 17 years.

Other patents are stated at cost and amortised on a straight-line basis over its duration of 6 to 9 years.

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use.

B. The recoverable amounts of intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Borrowings

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

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

(17) Accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and accounts payable are those resulting from operating and non-operating activities.

B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

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

(19) Offsetting financial instruments

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Employee share-based payment

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

B. Restricted stocks

(a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period.

(b) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognises the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognises the payments from the employees who are expected to be eventually vested with the stocks in ‘capital surplus – others’. For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(22) Income taxes

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(23) Share capital

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

B. Where the Company repurchases the Company's shares that have been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Revenue recognition

A. Sales revenue

(a) The Group manufactures and sells test reagents and medical instrument. Revenue is measured at the fair value of the received or receivable from the sale of goods to external customers in the ordinary course of the Group's operating activities after netting the business tax, returns, rebates and discounts. Sales are recognised when control of the products has transferred, being when the products are delivered to the buyer, the buyer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the buyer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) If the payment (or payable) exceeds the services or goods delivered, a contract liability is recognised.

B. Revenue from licencing intellectual property

The Group entered into contracts with customers to grant licences of patents to the customers. Given the licences are distinct from other promised goods or services in the contract, the Group recognises the revenue from licencing based on the nature of the licences granted. The nature of the Group's promise in granting licences is a promise to provide a right to access the Group's intellectual property if the Group undertakes activities that significantly affect the patents to which the customer has rights, the customer is affected by the Group's activities and those activities do not result in the transfer of a good or a service to the customer as they occur. The royalties are recognised as revenue on a straight-line basis throughout the licencing period. In case the abovementioned conditions are not met, the nature of the Group's promise in granting a licence is a promise to provide a right to use the Group's intellectual property and therefore, the revenue is recognised when transferring the licence to a customer at a point in time.

C. Rental revenue

The Group entered into the reagent purchase agreements with clients and provides the medical devices for the customers to use through operating leases. Lease income from operating leases (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.
Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of intangible assets

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future. For the years ended December 31, 2020 and 2019, no impairment loss was recognised.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Checking accounts and demand deposits	$ 661,164	$ 302,676
Time deposits	186,746	-
Total	$ 847,910	$ 302,676

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2020, the interest rate of time deposits was 0.498%.

C. Details of other time deposits are provided in Note 6(4).

(2) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	$ 49,559	$ 24,102
Less: Allowance for uncollectible accounts	(87)	-
	$ 49,472	$ 24,102

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2020	December 31, 2019
Not past due	$ 42,514	$ 22,514
Up to 90 days	6,938	1,571
91 to 180 days	107	11
181 to 360 days	-	6
	$ 49,559	$ 24,102

The above ageing analysis was based on past due date.

B. As of December 31, 2020, December 31, 2019 and January 1, 2019, the balances of receivables from contracts with customers amounted to $49,559, $24,102, and $5,676, respectively.

C. The Group's accounts receivable that are neither past due nor impaired meet the credit policy according to the industrial characteristics, operating scale and profitability of the counterparty.

	December 31, 2020	December 31, 2019
Group 1	$ 20,521	$ -
Group 2	12,696	5,618
Group 3	9,297	16,896
	$ 42,514	$ 22,514

Group 1: New customers (less than 6 months from the initial transaction).

Group 2: Existing customers (more than 6 months from the initial transaction).

Group 3: Existing customers (more than 6 months from the initial transaction) with a US public company.

D. The Group's financial assets that were past due date but not impaired are as follows:

	December 31, 2020	December 31, 2019
Group 1	$ 6,157	$ 93
Group 2	888	125
Group 3	-	1,370
	$ 7,045	$ 1,588

Group 1: New customers (less than 6 months from the initial transaction).

Group 2: Existing customers (more than 6 months from the initial transaction).

Group 3: Existing customers (more than 6 months from the initial transaction) with a US public company.

(3) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 81,318	($ 5,727)	$ 75,591
Work in process	15,405	-	15,405
Finished goods	15,558	(122)	15,436
	$ 112,281	($ 5,849)	$ 106,432

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 46,765	$ (3,773)	$ 42,992
Work in process	17,139	-	17,139
Finished goods	23,330	(891)	22,439
	$ 87,234	$ (4,664)	$ 82,570

The cost of inventories recognised as expense for the year:

	Year ended December 31, 2020	Year ended December 31, 2019
Cost of goods sold	$ 103,851	$ 49,736
Loss on scrap	156	1,296
Valuation loss	1,484	693
	$ 105,491	$ 51,725

(4) Financial assets at amortised cost- current

Items	December 31, 2020	December 31, 2019
Pledged time deposits	$ -	$ 121,326

As of December 31, 2019, the interest rate of time deposit was 1.45%.

(5) Property, plant and equipment

	Test equipment	Leasehold improvements	Machinery and equipment	Office equipment	Rental assets	Total
At January 1, 2020						
Cost	$ 3,879	$ 8,420	$ 68,722	$ 4,557	$ 14,211	$ 99,789
Accumulated depreciation and impairment	(1,634)	(7,098)	(34,258)	(2,449)	(2,912)	(48,351)
	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438
2020						
At January 1	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438
Additions	-	42,023	10,249	1,390	-	53,662
Transfer (Note)	866	-	(3,745)	-	44,577	41,698
Depreciation charge	(743)	(6,432)	(9,723)	(841)	(7,791)	(25,530)
Net exchange differences	(121)	(1,337)	(1,609)	(129)	(1,862)	(5,058)
At December 31	$ 2,247	$ 35,576	$ 29,636	$ 2,528	$ 46,223	$ 116,210
At December 31, 2020						
Cost	$ 4,530	$ 44,365	$ 71,512	$ 5,667	$ 56,528	$ 182,602
Accumulated depreciation and impairment	(2,283)	(8,789)	(41,876)	(3,139)	(10,305)	(66,392)
	$ 2,247	$ 35,576	$ 29,636	$ 2,528	$ 46,223	$ 116,210

	Test equipment	Leasehold improvements	Machinery and equipment	Office equipment	Rental assets	Total
At January 1, 2019						
Cost	$ 3,930	$ 9,538	$ 56,858	$ 3,302	$ 7,521	$ 81,149
Accumulated depreciation and impairment	(885)	(6,428)	(25,481)	(2,185)	(209)	(35,188)
	$ 3,045	$ 3,110	$ 31,377	$ 1,117	$ 7,312	$ 45,961
2019						
At January 1	$ 3,045	$ 3,110	$ 31,377	$ 1,117	$ 7,312	$ 45,961
Additions	-	940	4,599	1,493	-	7,032
Disposals	-	(217)	(145)	-	-	(362)
Transfer (Note)	-	-	10,575	-	6,997	17,572
Depreciation charge	(768)	(2,493)	(11,217)	(454)	(2,747)	(17,679)
Net exchange differences	(32)	(18)	(725)	(48)	(263)	(1,086)
At December 31	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438
At December 31, 2019						
Cost	$ 3,879	$ 8,420	$ 68,722	$ 4,557	$ 14,211	$ 99,789
Accumulated depreciation and impairment	(1,634)	(7,098)	(34,258)	(2,449)	(2,912)	(48,351)
	$ 2,245	$ 1,322	$ 34,464	$ 2,108	$ 11,299	$ 51,438

Note: It included the inventory which was transferred to rental assets and machinery and equipment, and rental machinery transferred from machinery and equipment to right-of-use assets as a result of the adoption of IFRS 16 in 2019.

(6) Intangible assets

	Patents and patented technologies	Computer software	Total
At January 1, 2020			
Cost	$ 57,037	$ 2,764	$ 59,801
Accumulated amortisation and impairment	(35,673)	(2,154)	(37,827)
	$ 21,364	$ 610	$ 21,974
2020			
At January 1	$ 21,364	$ 610	$ 21,974
Additions	-	374	374
Amortisation charge	(3,933)	(206)	(4,139)
Net exchange differences	(993)	(20)	(1,013)
At December 31	$ 16,438	$ 758	$ 17,196
At December 31, 2020			
Cost	$ 54,010	$ 3,002	$ 57,012
Accumulated amortisation and impairment	(37,572)	(2,244)	(39,816)
	$ 16,438	$ 758	$ 17,196

	Patents and patented technologies	Computer software	Total
January 1, 2019			
Cost	$ 58,261	$ 2,807	$ 61,068
Accumulated amortisation and impairment	(32,347)	(2,044)	(34,391)
	$ 25,914	$ 763	$ 26,677
2019			
At January 1	$ 25,914	$ 763	$ 26,677
Additions	-	94	94
Amortisation charge	(4,114)	(237)	(4,351)
Net exchange differences	(436)	(10)	(446)
At December 31	$ 21,364	$ 610	$ 21,974
At December 31, 2019			
Cost	$ 57,037	$ 2,764	$ 59,801
Accumulated amortisation and impairment	(35,673)	(2,154)	(37,827)
	$ 21,364	$ 610	$ 21,974

Patents and patented technologies refer to the patents and technologies acquired by the Group for manufacturing and testing of Barcoded Magnetic Beads.

(7) Lease arrangements - lessee

A. The Group leases various assets, including buildings, machinery and equipment. Rental contracts are typically made for periods of 2 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants other than the restriction to be used as guarantee for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings	$ 51,011	$ 63,088
Machinery and equipment	4,298	6,424
	$ 55,309	$ 69,512

	Year ended December 31, 2020	Year ended December 31, 2019
	Depreciation expense	Depreciation expense
Buildings	$ 12,075	$ 8,899
Machinery and equipment	1,851	1,879
	$ 13,926	$ 10,778

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $2,953 and $80,565, respectively.

D. The carrying amount of lease liabilities are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Current	$ 12,696	$ 11,442
Non-current	48,732	63,043
	$ 61,428	$ 74,485

E. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,532	$ 2,773
Expense on short-term lease contracts	191	4,158
Expense on leases of low-value assets	17	14

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $15,893 and $11,701, respectively.

G. Extension options

(a) Extension options are included in the Group's lease contracts pertaining to offices and plants. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.

(b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements - lessor

A. The Group leases various assets including machinery and equipment. Rental contracts are typically made for a period of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Gain arising from operating lease agreements for the years ended December 31, 2020 and 2019 are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Rental revenue	$ 11,677	$ 2,002
Rental income arising from variable lease payments	3,384	115
	$ 15,061	$ 2,117

C. The Group's rental income from operating leases were based on the sales amount of reagent during the contract period, which is a variable lease payment.

(9) Short-term borrowings

Type of Borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Secured borrowings - CTBC Bank Corp. (USA)	$ 60,212	4.25%	Time deposits (shown as Current financial assets at amortised cost)

A. As of December 31, 2019, there were no short-term borrowings.

B. Interest expense recognised in profit or loss amounted to $781 and $2,056 for the years ended December 31, 2020 and 2019, respectively.

C. According to the terms and conditions of the loan agreement signed between the Company and CTBC BANK CORP. (USA) on May 20, 2019, the Group must achieve the Group's consolidated operating income of US$4,000 thousand in fiscal year 2019 and make a capital injection to the US subsidiary in the amount of US$8,000 thousand before September 30, 2019. The Company completed the capital injection to the US subsidiary on November 12, 2019. In addition, on December 16, 2019, the Company obtained an agreement to modify the bank loan restriction clauses, agreeing that the Company only needs to achieve the Group's consolidated operating income target of US$3,000 thousand in 2019. The Company had reached the target of the Group's consolidated operating income of US$3,000 thousand in 2019, and the above-mentioned borrowings have been repaid on April 30, 2020.

(10) Other payables

	December 31, 2020	December 31, 2019
Accrued salaries and bonus	$ 20,388	$ 12,817
Accrued research and development expenses	5,524	3,117
Accrued professional service fee	4,386	4,696
Payables for equipment	2,038	6,826
Others	3,170	2,129
	$ 35,506	$ 29,585

(11) Long-term borrowings

A. As of December 31, 2020 and 2019, there were no long-term borrowings.

B. For the years ended December 31, 2020 and 2019, the Group recognised interest expense arising from long-term borrowings amounting to $0 and $1,760, respectively.

C. On February 19, 2019, the Company entered into a contract with Chailease International Financial Service Co., Ltd. (CIFSC) for a secured borrowing with a line of credit of US$2 million, and the contract will be terminated on February 19, 2021. In addition, the Company shall deposit 13% of drawn amount as guarantee deposits paid before actually drawing the borrowing based on the contract terms. The borrowing has been early repaid on December 31, 2019, and the guarantee deposit has been returned.

D. Paycheck Protection Program (PPP)

(a) The US subsidiary, Applied BioCode, Inc., obtained a loan from CTBC BANK CORP. (USA) in accordance with Paycheck Protection Program (PPP) amounting to US$949,077 with a contract period from April 21, 2020 to April 21, 2022. Interest will continue to accrue during the deferment period calculated on the unpaid principal balance using a taxed rate of 1.00% based on a simple interest method.

(b) In accordance with the loan contract, the loan will be repaid in 18 installments starting from 6 months after first disbursement of the loan. If the loan proceeds is used for operations, such as salary, rental and other expenses, which meets the regulations specified in PPP, it can be forgiven through submitting an application to the Small Business Administration (SBA). In accordance with the P.L. 116-142 of supplementary provisions of the Paycheck Protection

Flexibility Act of 2020, the start date and repayment date of the principal and interest will be postponed to the date that the loan forgiveness is approved by the SBA. The Group obtained the approval of forgiveness from the SBA and settled the PPP loan and related interests and has recognized the PPP loan forgiveness revenue in the amount of $28,062 in November 2020.

(12) Share-based payment

A. As of December 31, 2020, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2014/1/14	80,000	10 years	4 years' service; Description (b)
	2014/6/16	100,000	10 years	4 years' service; Description (g)
	2014/9/26	70,000	10 years	0 to 4 years' service; Description (a)(b)
	2015/3/20	26,500	10 years	0 to 4 years' service; Description (a)(b)(e)
	2015/6/26	60,000	10 years	0 to 4 years' service; Description (a)(b)(e)
	2015/10/16	47,400	10 years	0 to 4 years' service; Description (a)(b)(c)(d)
	2016/2/29	211,700	10 years	1 to 4 years' service; Description (b)(e)
	2016/6/8	112,800	10 years	0 to 4 years' service; Description (a)(b)
	2016/9/18	13,100	10 years	0 to 4 years' service; Description (a)(b)
	2016/9/29	20,000	10 years	0 to 4 years' service; Description (a)(b)
	2016/11/2	7,000	10 years	0 to 4 years' service; Description (a)(b)
	2018/7/2	215,000	10 years	2 to 4 years' service; Description (j)
	2018/9/28	172,000	10 years	2 to 4 years' service; Description (j)
	2018/12/11	51,000	10 years	2 to 4 years' service; Description (j)
	2019/4/11	26,500	10 years	2 to 4 years' service; Description (j)
	2020/7/21	347,360	10 years	2 to 4 years' service; Description (j)
	2020/8/11	72,000	10 years	2 to 4 years' service; Description (j)

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Restricted stocks to employees (Note)	2010/12/5	247,500	10 years	0 to 4 years' service; Description (a)(b)(c)(d)
	2011/3/27	30,000	10 years	Description (a)
	2011/8/7	7,500	10 years	4 years' service; Description (b)
	2012/1/21	224,500	10 years	0 to 4 years' service; Description (a)(b)(c)(e)
	2013/6/21	804,000	10 years	4 years' service; Description (b)(g)
	2013/11/3	12,000	10 years	4 years' service; Description (b)
	2014/1/14	116,000	10 years	4 years' service; Description (b)
	2014/6/16	33,500	10 years	0 to 4 years' service; Description (a)(b)(g)
	2014/9/26	33,000	10 years	0 to 4 years' service; Description (a)(b)(e)(f)
	2018/6/1	167,000	2 years	1 to 2 years' service; Description (i)
	2018/6/15	161,000	1 year	Description (h)
	2018/12/20	20,000	2 years	1 to 2 years' service; Description (i)

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2020/5/11	399,857	Not applicable	Vested immediately

The fair value of the abovementioned restricted stocks to employees were measured basing on the 30 business days average transaction price of the Group's stocks.

Description:

(a) Vested immediately.

(b) 25% of options were vested after the employee renders one-year service, then the option was vested one of forty-eighth options every month.

(c) Vested one of twenty-fourth options every month based on straight-line method.

(d) Vested one-sixth options every month based on straight-line method.

(e) Vested one-twelfth options every month based on straight-line method.

(f) Vested one-third options every month based on straight-line method.

(g) Vested one of forty-eighth options every month based on straight-line method.

(h) 100% of options vested immediately whilst the Group's multiplex diagnostic testing products, 17-Plex Gastrointestinal Pathogen Panel 1, and instruments successfully obtained FDA510K approval.

(i) 50% of options vested whilst the condition of one-year service is fulfilled, and subsequently vested 50% of options whilst the condition of two-year service is fulfilled.

(j) 50% of options vested at the date that the option holder had two-year service, and the option holder is subsequently granted one of forty-eighth options every month.

(Note) The restricted stocks issued by the Group cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period. On November 15, 2016, the Group issued new shares through the transfer of capital surplus, and each share of common stock as well as the unvested restricted stocks to employees had been distributed an additional 0.4 share of common stock.

The share-based payment arrangements above are settled by equity.

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

	2020	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	972,027	$ 22.18
Options granted	419,360	89.93
Options forfeited	(95,366)	58.88
Options exercised	(303,548)	10.32
Options outstanding at December 31	992,473	43.25
Options exercisable at December 31	418,563	13.68

	2019	
	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,092,508	$ 9.83
Options granted	26,500	43.70
Options forfeited	(139,783)	10.60
Options exercised	(7,198)	11.25
Options outstanding at December 31	972,027	22.18
Options exercisable at December 31	515,869	7.09

(Note) The employee stock options issued by the Group cannot be transferred during the vesting period. On November 15, 2016, the Group issued new shares through the transfer of capital surplus and each share of common stock had been distributed an additional 0.4 share of common stock, and the exercise price of the outstanding employee stock options which were not exercised before November 15, 2016 had been adjusted accordingly.

C. As of December 31, 2020 and 2019, the ranges of exercise prices of stock options outstanding were \$3.17～\$101 (in dollars) and \$1.12～\$43.7 (in dollars), respectively; the weighted-average remaining contractual periods were 6.59 years and 6.85 years, respectively.

D. Aside from restricted stocks to employees, the fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee share options	2019/4/11	$44.98	$43.70	41.73%	6.37 years	0%	2.37%	$20.51
Cash capital increase reserved for employee preemption	2020/5/11	$65.73	$48.00	-	0.00 year	0%	0.56%	$17.73
Employee share options	2020/7/21	$98.30	$98.30	57.87%	6.37 years	0%	0.39%	$53.14
Employee share options	2020/8/11	$101	$101	57.87%	6.37 years	0%	0.39%	$55.38

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2020	Year ended December 31, 2019
Equity-settled	$ 13,533	$ 6,883

(13) Pensions

Defined contribution plan

A. The Company's subsidiary, Applied BioCode, Inc., provides a 401(K) retirement plan, which is a defined contribution plan. Under the plan, the employees contribute an amount based on a certain percentage of the employees' salaries and wages to the employees' individual pension accounts, and Applied BioCode, Inc. also contributes an amount as pension expense to the employees' individual pension accounts accordingly. For the years ended December 31, 2020 and 2019, the pension contributed to the employees' individual pension accounts by Applied BioCode, Inc. accordingly amounted to $4,712 and $4,147, respectively.

B. The Company's subsidiary, Applied BioCode Taiwan Ltd., has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the subsidiary contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. For the years ended December 31, 2020 and 2019, the Group recognised pension cost of $808 and $697, respectively.

(14) Share capital

As of December 31, 2020, the Company's authorised capital was $900,000, consisting of 90,000 thousand shares, and the paid-in capital was $816,390 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's common shares outstanding are as follows:

	2020	2019
	No. of shares (in thousands)	No. of shares (in thousands)
At January 1	72,285	62,006
Cash capital increase	9,050	10,280
Employee stock options exercised	304	7
Redemption of employee restricted stock	-	(8)
At December 31	81,639	72,285

A. To increase the Company's working capital, the Board of Directors approved the capital increase on April 11, 2019 to issue common shares of 9,000 thousand shares with a par value of NT$10 (in dollars) per share at a subscription price of $45 (in dollars) per share, and the total issuance amounted to $405,000. The capital increase was approved by the FSC, and the Company had submitted an application to the FSC for changing subscription price to $38 (in dollars) per share on July 26, 2019. All proceeds from this capital infusion amounting to $342,000 have been collected, and the effective date for the capital infusion was set on September 27, 2019.

B. On August 30, 2019, the Company redeemed 8,000 shares of the employee restricted stocks and completed the cancellation of registration on August 26, 2019.

C. To increase the Company's working capital, the Board of Directors approved the capital increase on October 17, 2019 to issue common shares of 1,280 thousand shares with a par value of $10 (in dollars) per share at a subscription price of $38 (in dollars) per share and the total issuance amounted to $48,460. All proceeds from the capital infusion amounted to $48,640 have been collected and the effective date was set on December 18, 2019.

D. The Board of Directors approved the proposal of IPO application through TWSE and the capital infusion on December 17, 2019. The Company planned to issue 9,050 thousand new shares with a par value of $10 (in dollars) per share before IPO application. The tentative subscription price per share was $38 and the total issuance amount was $343,900. The Company then submitted the IPO application through TWSE on December 24, 2019 and obtained the approval by the authorities on March 12, 2020.

E. In June 2020, the Company issued 9,050 thousand shares of new common shares and received total proceeds of $709,409 which included the shares sold through auction at an average price of $90.21 (in dollars) per share and the shares sold at the underwriting public price of $48 (in dollars) per share.

(15) Capital surplus

Pursuant to the Company's Articles of Incorporation, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership.

	2020				
	Share premium	Employee restricted shares	Employee stock options	Donated assets	Total
At January 1	$ 747,463	$ 14,419	$ 7,941	$ 1,097	$ 770,920
Compensation cost of employee stock options	-	-	12,702	-	12,702
Employee stock options exercised	10,658	-	(10,578)	-	80
Options forfeited or expired	15	-	(15)	-	-
Cash capital increase	610,981	-	-	-	610,981
At December 31	$ 1,369,117	$ 14,419	$ 10,050	$ 1,097	$1,394,683

	2019				
	Share premium	Employee restricted shares	Employee stock options	Donated assets	Total
At January 1	$ 459,463	$ 14,660	$ 4,613	$ 1,097	$ 479,833
Cash capital increase	287,840	-	-	-	287,840
Compensation cost of employee stock options	-	-	3,469	-	3,469
Redemption of employee restricted shares	-	(241)	-	-	(241)
Employee stock options exercised	160	-	(141)	-	19
At December 31	$ 747,463	$ 14,419	$ 7,941	$ 1,097	$ 770,920

(16) Retained earnings/Accumulated deficit

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside special reserve in accordance with related laws or a resolution made by the Board of Directors. The remainder, if any, shall set aside no more than 12% as compensation to employee, and no more than 3% as remuneration for the directors. The remainder, if any, to be retained or to be appropriated shall be resolved by the shareholders. The dividend distribution amount shall not be less than 10 percent of the remaining distributable amount. The Company's dividends may be paid in cash or shares.

B. In determining the Company's dividend policy, the Board recognizes that the Company is in the growth stage. In determining the amount, if any, of the dividend or other distribution it recommends to Board members for approval in any financial year, the Board may take into consideration the earnings of the Company, overall development, financial planning, capital needs, industry outlook and future prospects of the Company in the relevant financial year.

C. Legal reserve shall be used to cover the Company's accumulated deficit or issue new shares or cash to shareholders in proportion to their share ownership.

(17) Other equity items

	2020	
	Foreign currency translation	Unearned employees' compensation
At January 1	($ 13,449)	($ 1,063)
Compensation costs of employee restricted stocks	-	831
Group foreign currency translation	(58,289)	-
At December 31	($ 71,738)	($ 232)

	2019	
	Foreign currency translation	Unearned employees' compensation
At January 1	$ 6,167	($ 4,793)
Compensation costs of employee restricted stocks	-	3,414
Group foreign currency translation	(19,616)	-
Redemption of employee restricted stocks	-	316
At December 31	($ 13,449)	($ 1,063)

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

	2020	2019
Sales revenue	$ 266,089	$ 96,786
Rental revenue	15,061	2,117
Royalty revenue	1,676	1,359
Other operating revenue	16,189	4,432
	$ 299,015	$ 104,694

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Current contract liabilities			
Contract liabilities - product selling	$ 344	$ -	$ 868
Contract liabilities - technology royalties	1,615	1,323	1,352
	$ 1,959	$ 1,323	$ 2,220
Non-current contract liabilities			
Contract liabilities - product selling	$ -	$ -	$ 60
Contract liabilities - technology royalties	9,092	7,175	7,142
	$ 9,092	$ 7,175	$ 7,202

(b) Revenue recognised that was included in the contract liability balance at the beginning of the periods is as follows:

	2020	2019
Revenue from contracts with customers		
Sales revenue	$ 1,122	$ 928
Revenue from technology royalties	1,676	1,359
	$ 2,798	$ 2,287

(19) Interest income

	2020	2019
Interest income from bank deposits	$ 3,732	$ 1,769

(20) Other gains and losses

	2020	2019
Losses on disposals of property, plant and equipment	$ -	($ 62)
Foreign exchange gains (losses)	3,805	(94)
PPP loan forgiveness revenue	28,062	-
Other losses	(1,244)	-
	$ 30,623	($ 156)

(21) Finance costs

	2020	2019
Interest expense	$ 4,313	$ 6,589

(22) Expenses by nature

	2020		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 28,066	$ 202,746	$ 230,812
Depreciation charges on property, plant and equipment	$ 9,247	$ 30,209	$ 39,456
Amortisation charge on intangible assets	$ -	$ 4,139	$ 4,139

	2019		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 22,553	$ 165,447	$ 188,000
Depreciation charges on property, plant and equipment	$ 6,204	$ 22,253	$ 28,457
Amortisation charge on intangible assets	$ -	$ 4,351	$ 4,351

(23) Employee benefit expense

	2020		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 24,668	$ 167,673	$ 192,341
Labour and health insurance fees	995	10,622	11,617
Pension costs	555	4,965	5,520
Other personnel expenses	1,848	19,486	21,334
	$ 28,066	$ 202,746	$ 230,812

	2019		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 18,414	$ 134,425	$ 152,839
Labour and health insurance fees	928	9,226	10,154
Pension costs	360	4,484	4,844
Other personnel expenses	2,851	17,312	20,163
	$ 22,553	$ 165,447	$ 188,000

(24) Income taxes

A. Components of income tax expense:

	2020	2019
Current tax:		
Current tax on profits for the year	$ 24	$ 24
Income tax expense	$ 24	$ 24

B. Reconciliation between income tax expense and accounting profit (loss)

	Year ended December 31	
	2020	2019
Tax calculated based on loss before tax and statutory tax rate	($ 29,133)	($ 80,392)
Expenses disallowed by tax regulation	57	169
Origination and reversal of temporary differences	7,459	(2,027)
Taxable loss not recognised as deferred tax assets	20,413	81,328
Effect from Alternative Minimum Tax	24	24
Permanent differences	11	10
Effect of different tax rates in countries in which the Group operates	1,193	912
Income tax expense	$ 24	$ 24

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2020			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
-Temporary differences:				
Loss carryfoward	$ 5,979	($ 1,101)	($ 278)	$ 4,600
	$ 5,979	($ 1,101)	($ 278)	$ 4,600
Deferred tax liabilities:				
Book-tax difference on intangible assets	($ 5,979)	$ 1,101	$ 278	($ 4,600)
Book-tax difference on fixed assets	-	-	-	-
	($ 5,979)	$ 1,101	$ 278	($ 4,600)
	$ -	$ -	$ -	$ -

	2019			
	January 1	Recognised in profit or loss	Translation difference	December 31
Deferred tax assets:				
-Temporary differences:				
Loss carryfoward	$ 12,610	($ 6,539)	($ 92)	$ 5,979
	$ 12,610	($ 6,539)	($ 92)	$ 5,979
Deferred tax liabilities:				
Book-tax difference on intangible assets	($ 7,252)	$ 1,151	$ 122	($ 5,979)
Book-tax difference on fixed assets	(5,358)	5,388	(30)	-
	($ 12,610)	$ 6,539	$ 92	($ 5,979)
	$ -	$ -	$ -	$ -

D. Details of the amount the Group is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

2020			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
General Business Credits－Federal tax	$36,178	$36,178	2029~2040

2019			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
General Business Credits－Federal tax	$34,303	$34,303	2028~2039

E. Expiration years of unused loss carryforward and amounts of unrecognised deferred tax assets are as follows:

U.S. Federal tax

December 31, 2020				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 74,445	$ 74,445	$ 74,445	No deduction limitation
2019	275,036	275,036	275,036	"
2018	273,342	273,342	273,342	"
2017	225,115	225,115	225,115	2037
2016	189,773	189,773	189,773	2036
2015	204,407	204,407	204,407	2035
2014	152,372	152,372	152,372	2034
2013	81,167	81,167	81,167	2033
2012	27,362	27,362	27,362	2032
2011	17,113	17,113	17,113	2031
2010	23,156	23,156	23,156	2030
2009	22,115	22,115	22,115	2029
2008	6,141	6,141	1,283	2028

California State tax

December 31, 2020				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2020	$ 84,629	$ 84,629	$ 84,629	No deduction limitation
2019	253,666	253,666	253,666	"
2018	269,274	269,274	269,274	"
2017	225,855	225,855	225,855	2037
2016	200,990	200,990	200,990	2036
2015	205,995	205,995	205,995	2035
2014	152,058	152,058	152,058	2034
2013	20,775	20,775	20,775	2033
2012	56,861	56,861	56,861	2032
2011	27,262	27,262	27,262	2031
2010	16,079	16,079	16,079	2030
2009	23,257	23,257	23,257	2029
2008	21,660	21,660	16,802	2028

U.S. Federal tax

December 31, 2019				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 275,036	$ 275,036	$ 275,036	No deduction limitation
2018	273,342	273,342	273,342	"
2017	225,115	225,115	225,115	2037
2016	189,773	189,773	189,773	2036
2015	204,407	204,407	204,407	2035
2014	152,372	152,372	152,372	2034
2013	81,167	81,167	81,167	2033
2012	27,362	27,362	27,362	2032
2011	17,113	17,113	17,113	2031
2010	23,156	23,156	23,156	2030
2009	22,115	22,115	22,115	2029
2008	6,141	6,141	6,141	2028

California State tax

December 31, 2019				
Year incurred	Amount filed / assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2019	$ 253,666	$ 253,666	$ 253,666	No deduction limitation
2018	269,274	269,274	269,274	"
2017	225,855	225,855	225,855	2037
2016	200,990	200,990	200,990	2036
2015	205,995	205,995	205,995	2035
2014	152,058	152,058	152,058	2034
2013	20,775	20,775	20,775	2033
2012	56,861	56,861	56,861	2032
2011	27,262	27,262	27,262	2031
2010	16,079	16,079	16,079	2030
2009	23,257	23,257	23,257	2029
2008	21,660	21,660	6,141	2028

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 108,002	$ 56,244

(25) Loss per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic (diluted) loss per share			
Loss attributable to ordinary shareholders of the Company	($ 103,496)	$ 77,570	(1.33)

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Loss per share (in dollars)
Basic (diluted) loss per share			
Loss attributable to ordinary shareholders of the Company	($ 280,073)	$ 64,274	(4.36)

Note: Outstanding options and warrants as of December 31, 2020 and 2019 will reverse diluted loss per share if full conversion is assumed; therefore, options and warrants were excluded from diluted loss per share calculation.

(26) Supplemental cash flow information

Investing activities with partial cash payments：

	2020	2019
Purchase of property, plant and equipment	$ 53,662	$ 7,031
Add: Ending balance of prepayment for equipment	-	24,044
Less: Opening balance of prepayment for equipment	(24,044)	-
Less: Ending balance of payable for equipment	(2,038)	(6,826)
Cash paid during the year	$ 27,580	$ 24,249

(27) Changes in liabilities from financing activities

	2020			
	Short-term borrowings	Lease liabilities	Long-term borrowings	Liabilities from financing activities - gross
At January 1	$ 60,212	$ 74,485	$ -	$ 134,697
Changes in cash flow from financing activities	(60,212)	(15,685)	28,062	(47,835)
PPP loan forgiveness revenue	-	-	(28,062)	(28,062)
Interest expense	-	3,532	-	3,532
Increase in lease principal	-	2,953	-	2,953
Net foreign exchange differences	-	(3,858)	-	(3,858)
At December 31	$ -	$ 61,427	$ -	$ 61,427

	2019		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities - gross
At January 1	$ -	$ -	$ -
Changes in cash flow from financing activities	60,212	74,485	134,697
At December 31	$ 60,212	$ 74,485	$ 134,697

7. RELATED PARTY TRANSACTIONS

(1) Key management compensation

	2020	2019
Salaries and short-term employee benefits	$ 64,145	$ 56,905
Share-based payment	4,370	3,545
	$ 68,515	$ 60,450

8. Pledged Assets

A. The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose
Restricted asset (shown as "Other current assets, other")	$ 7,202	$ -	Guarantee for issuance of letter of credit
Pledged time deposits (shown as "Current financial assets at amortised cost")	-	121,326	Guarantee for short-term bank line of credit
	$ 7,202	$ 121,326	

B. On April 30, 2020, the Company repaid the borrowings obtained from CTBC Bank Corp. (USA) amounting to US$2,500 thousand on June 22, 2018 and cancelled the guarantee for credit line of all assets (including tangible and intangible assets) based on the loan agreement.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

The Company's US subsidiary, Applied BioCode Inc., entered into a lease agreement for the new plant and office on March 21, 2019. In accordance with the lease agreement, CTBC Bank Corp. (USA) issued a standby letter of credit to the lessor as a performance guarantee. As of December 31, 2020 and 2019, the balance of standby letter of credit both amounted to US$200 thousand.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Board of Directors of the Company resolved on March 17, 2021 to write off the accumulated deficit through the use of additional paid-in capital amounting to $1,052,108. This resolution has not yet been resolved at the shareholders' meeting.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 847,910	$ 302,676
Financial assets at amortised cost	-	121,326
Accounts receivable	49,472	24,102
Other receivables	5,388	-
Other current assets, others	7,202	-
Guarantee deposits paid	12,829	6,021
	$ 922,801	$ 454,125
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ -	$ 60,212
Accounts payable	27,602	9,582
Other accounts payables	35,506	29,585
	$ 63,108	$ 99,379
Lease liability	$ 61,428	$ 74,485

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Group's overall risk management policies focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by management. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various function currency, primarily with respect to the USD and NTD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations.

ii. Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from time deposits and long-term borrowings with variable interest rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable interest rate were mainly denominated in US Dollars.

(i) Deposits issued at variable interest rates expose the Group to cash flow interest rate risk, part of which is offset by cash and cash equivalents held at variable interest rates. Time deposits issued at fixed interest rates expose the Group to the risk of changes in fair value.

(ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customers' accounts receivable in accordance with credit rating of customer and historical default. The Group applies the modified approach based on the loss rate methodology to estimate expect credit loss.

vi. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2020 and 2019, the loss rate methodology is as follows:

	Not past due	Up to 90 days past due	91 to 180 days past due	181 to 360 days past due	Over 360 days past due
December 31, 2020					
Expected loss rate	0.03%	0.03%	100%	100%	100%
Total book value	$ 42,514	$ 6,938	$ 107	$ -	$ -
Loss allowance	$ -	$ -	$ 87	$ -	$ -
December 31, 2019					
Expected loss rate	2.67%	2.67%	100%	100%	100%
Total book value	$ 22,514	$ 1,571	$ 11	$ 6	$ -
Loss allowance	$ -	$ -	$ -	$ -	$ -

vii. There is no change to the Group applying the modified approach to provide loss allowance for accounts receivable.

(c) Liquidity risk

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

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

Non-derivative financial liabilities

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Accounts payable	$ 27,602	$ -	$ -	$ -	$ -
Other payables	35,506	-	-	-	-
Lease liability	3,834	11,622	13,622	41,976	-
Total	$ 66,942	$ 11,622	$ 13,622	$ 41,976	$ -

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ -	$ 60,212	$ -	$ -	$ -
Accounts payable	9,582	-	-	-	-
Other payables	29,585	-	-	-	-
Lease liability	3,106	8,336	11,439	38,886	13,248
Total	$ 42,273	$ 68,548	$ 11,439	$ 38,886	$ 13,248

(3) Others

The SARS-Cov-2 Direct Test reagent developed by the Group was approved for listing by the U.S. FDA on June 16, 2020, and has been shipped starting July 2020. This reagent combined with the

Group’s 20-Plex Respiratory Infection Panel reagent have contributed to the Group’s revenue in the second half of 2020 and reduced the overall operational risks caused by the Covid-19 pendemic.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

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

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

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: None.

(2) Inform action on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Inform action on investments in Mainland China

None.

(4) Major shareholders information

Please refer to table 3.

14. Segment Information

(1) General information

The core business of the Group is the research and development of multiplexing testing platform technologies, as well as the development, production, sales and authorization of Barcoded Magnetic Beads, optical scanner and reagents, etc. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the Group’s operating segment are the same as the summary description of the significant accounting policies described in the notes to the consolidated financial statements. The profit and loss of the operating segment is measured by the after-tax profit and loss and used as the basis for evaluating the performance of the operating segment.

(3) Information about segment profit or loss

The Group is a single reportable segment, and therefore, the reportable information is the same as the financial statements.

(4) Reconciliation for segment income (loss)

The segment's net operating loss reported by the Group to the chief operating decision-maker is measured in a manner consistent with the revenue and expense that in the consolidated income statement. Therefore, the reconciliation for the net operating loss are the same as the consolidated statement of comprehensive income.

(5) Information on products and services

	Years ended December 31	
	2020	2019
Sales of goods	$ 266,089	$ 96,786
Rental revenue	15,061	2,117
Royalty revenue	1,676	1,359
Other operating revenue	16,189	4,432
	$ 299,015	$ 104,694

(6) Geographical information

The Group's geographical revenue is classified based on the geographic location of customers, while geographical non-current assets are classified based on the geographic location of assets. The geographical information for 2020 and 2019 are as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
USA	$ 276,057	$ 195,902	$ 78,528	$ 169,615
China	22,645	-	22,433	-
Taiwan	156	5,642	3,544	3,374
Others	157	-	189	-
Total	$ 299,015	$ 201,544	$ 104,694	$ 172,989

(7) Major customer information

	2020	2019
	Revenue	Revenue
P Company	$ 89,442	$ 16,011
B Company	76,043	18,787
I Company	49,719	43,735
Z Company	20,361	16,637

Applied BioCode Corporation and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Applied Biocode Corporation	Applied BioCode, Inc.	2	$ 326,556	$75,825 (US$2,500 thousand)	$ -	$ -	$ -	0.00%	$ 489,834	Y	N	N	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed subsidiary.

(3)The Endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Limit on the Company endorsements/guarantees to others is 50% of the Company's paid-in capital; and limits on the Company endorsements/guarantees to a single party, except for the foreign companies which the Company holds 100% of the voting rights directly or indirectly is 40% of the Company's paid-in capital, is 0% of the Company's net assets. Limits on the Company's and its subsidiaries' total endorsements/guarantees to others is 60% of the Company's paid-in capital, and limit on the Company's and its subsidiaries' total endorsements/guarantees to a single party, except for the foreign companies which the Company holds 100% of the voting rights directly or indirectly is 50% of the Company's paid-in capital, is 0% of the Company's net assets.

Applied BioCode Corporation and Subsidiaries

Information on investees

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net loss of the investee for the year ended December 31, 2020	Investment loss recognized by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Applied BioCode, Corporation	Applied BioCode, Inc.	USA	Research and development of multiplex platform technology and development, prodcution and sales of test equipment, magnetic beads and assays	$ 1,598,105	$ 1,303,105	43,140	100%	$ 622,111	($ 75,742)	($ 75,742)	Subsidiary
Applied BioCode, Inc.	Applied BioCode Taiwan Ltd.	Taiwan	Research and development and sales of Barcode Magnetic Beads and its related assays and test equipment	$ 75,350	$ 45,850	7,535	100%	$ 25,263	($ 15,800)	($ 15,800)	Second-tier subsidiary

Applied BioCode Corporation and Subsidiaries

Information of major stockholders

Year ended December 31, 2020

Table 3

Name of major stockholders	Number of stock held	Ownership (%)
Maxwell Sensors Incorporation	8,307,042	10.18%
Fu Long-Xu	6,821,723	8.36%
Custody account of GRC SinoGreen Fund entrusted under Bank SinoPac.	4,169,131	5.11%

Note : If company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(a) The major shareholders' information was derived from the data using the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may differ from the actual number of shares in dematerialised form due to the difference of calculation basis.

(b) If the aforementioned data contains shares which were kept in the trust by the shareholders, the data was disclosed as a separate account of the client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio was greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio included the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information on reported share equity of insiders, please refer to the Market Observation Post System.