

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Balance Sheet
For the Year Ended December 31, 2015 and 2014

Unit : NT\$ Thousands

ASSETS	December 31, 2015		December 31, 2014		
	NT\$	%	NT\$	%	
Current Assets					
1100	Cash and Cash Equivalents	\$ 190,266	7	\$ 221,456	7
1150	Notes Receivable, net	1,054	-	1,445	-
1170	Accounts Receivable, net	226,071	8	101,438	3
1180	Accounts Receivable-Related Parties, net	2,327	-	12,395	-
1200	Other Receivables	13,604	-	15,105	1
130X	Inventories	430,647	15	438,321	14
1410	Prepayments	525	-	673	-
1460	Non-current Assets Held for Sale, net	-	-	446,162	14
11XX	Total Current Assets	<u>864,494</u>	<u>30</u>	<u>1,236,995</u>	<u>39</u>
Non-Current Assets					
1523	Non-current available-for-sale financial Assets	99,306	4	102,574	3
1543	Non-current Financial Assets at cost	33,115	1	24,838	1
1600	Property, Plant and Equipment	1,838,916	64	1,815,786	57
1760	Investment Property, net	10,700	-	10,700	-
1780	Intangible Assets	1,297	-	1,452	-
1840	Deferred Income Tax Assets	17,291	1	13,822	-
1900	Other Non-current Assets	5,514	-	1,296	-
15XX	Total Non-current Assets	<u>2,006,139</u>	<u>70</u>	<u>1,970,468</u>	<u>61</u>
1XXX	Total Assets	<u>\$ 2,870,633</u>	<u>100</u>	<u>\$ 3,207,463</u>	<u>100</u>

(Continue)

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Balance Sheet
For the Year Ended December 31, 2015 and 2014

Unit : NT\$ Thousands

Liabilities and Shareholders' Equity	December 31, 2015		December 31, 2014	
	NT\$	%	NT\$	%
Current Liabilities				
2100 Short-term Borrowings	\$ 190,000	7	\$ 220,000	7
2110 Short-term Notes and Bills Payable	189,866	6	189,795	6
2150 Notes Payable	360	-	893	-
2170 Accounts Payable	62,338	2	88,410	3
2200 Other Payables	114,679	4	86,784	3
2230 Current Income Tax Liabilities	24,113	1	17,194	-
2320 Long-term Liabilities – Current Portion	50,000	2	90,000	3
2399 Other Current Liabilities-Other	3,745	-	3,018	-
21XX Total Current Liabilities	<u>635,101</u>	<u>22</u>	<u>696,094</u>	<u>22</u>
Non-current Liabilities				
2540 Long-term Borrowings	130,000	5	650,000	20
2570 Deferred Income Tax Liabilities	241,472	8	242,229	8
2600 Other Non-current Liabilities	266	-	3,214	-
25XX Total Non-current Liabilities	<u>371,738</u>	<u>13</u>	<u>895,443</u>	<u>28</u>
2XXX Total Liabilities	<u>1,006,839</u>	<u>35</u>	<u>1,591,537</u>	<u>50</u>
Equity Attributable to Owners of Parent				
Share Capital				
3110 Ordinary Share	775,600	27	775,600	24
Capital Surplus				
3200 Capital Surplus	334,323	12	334,323	10
Retained Earnings				
3310 Legal Reserve	90,478	3	89,019	3
3320 Special Reserve	183,296	6	183,296	6
3350 Unappropriated Retained Earnings	455,031	16	189,322	6
Other Equity Interest				
3400 Others	(3,018)	-	(425)	-
31XX Total Equity Attributable to Owners of Parent	<u>1,835,710</u>	<u>64</u>	<u>1,571,135</u>	<u>49</u>
36XX Non-controlling Interests	<u>28,084</u>	<u>1</u>	<u>44,791</u>	<u>1</u>
3XXX Total Shareholders' Equity	<u>1,863,794</u>	<u>65</u>	<u>1,615,926</u>	<u>50</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments				
3X2X Total Liabilities and Shareholders' Equity	<u>\$ 2,870,633</u>	<u>100</u>	<u>\$ 3,207,463</u>	<u>100</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2015 and 2014

Unit : NT\$ Thousands
(EPS: NT Dollars)

Accounting Title	2015		2014	
	NT\$	%	NT\$	%
4000 Operating Revenue	\$ 1,162,211	100	\$ 946,704	100
5000 Operating Costs	(755,738)	(65)	(649,948)	(69)
5900 Gross Profit from Operations	<u>406,473</u>	<u>35</u>	<u>296,756</u>	<u>31</u>
Operating Expenses				
6100 Selling Expenses	(97,459)	(8)	(80,122)	(8)
6200 General and Administrative Expenses	(77,628)	(7)	(63,262)	(7)
6300 Research and Development Expenses	(131,871)	(11)	(130,022)	(14)
6000 Total Operating Expenses	<u>(306,958)</u>	<u>(26)</u>	<u>(273,406)</u>	<u>(29)</u>
6900 Net Operating Income (Loss)	<u>99,515</u>	<u>9</u>	<u>23,350</u>	<u>2</u>
Non-Operating Income and Expenses				
7010 Other Income	15,993	1	17,327	2
7020 Other Gains and Losses	228,971	20	11,252	1
7050 Finance Costs	(8,373)	(1)	(14,022)	(1)
7000 Total Non-Operating Income and Expenses	<u>236,591</u>	<u>20</u>	<u>14,557</u>	<u>2</u>
7900 Profit from Continuing Operations before Tax	<u>336,106</u>	<u>29</u>	<u>37,907</u>	<u>4</u>
7950 Tax Expenses (Income)	(27,795)	(3)	(22,996)	(2)
8200 Net Income	<u>\$ 308,311</u>	<u>26</u>	<u>\$ 14,911</u>	<u>2</u>
Other Comprehensive Income, Net				
Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(\$ 2,901)	-	(\$ 2,872)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>493</u>	<u>-</u>	<u>488</u>	<u>-</u>
8310 Components of other comprehensive income that will not be reclassified to profit or loss	<u>(2,408)</u>	<u>-</u>	<u>(2,384)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	689	-	718	-
8362 Unrealised gains (losses) on valuation of available-for-sale financial assets	(3,268)	-	(15,335)	(2)
8360 Components of other comprehensive income that will be reclassified to profit or loss	<u>(2,579)</u>	<u>-</u>	<u>(14,617)</u>	<u>(2)</u>
8300 Other Comprehensive gains (losses), Net	<u>(\$ 4,987)</u>	<u>-</u>	<u>(\$ 17,001)</u>	<u>(2)</u>
8500 Total Comprehensive Income	<u>\$ 303,324</u>	<u>26</u>	<u>(\$ 2,090)</u>	<u>-</u>
Profit (Loss), Attributable to:				
8610 Profit (Loss), Attributable to Owners of Parent	<u>\$ 308,356</u>	<u>26</u>	<u>\$ 14,592</u>	<u>2</u>
8620 Profit (Loss), Attributable to Non-controlling Interests	<u>(\$ 45)</u>	<u>-</u>	<u>\$ 319</u>	<u>-</u>
Comprehensive Income Attributable to:				
8710 Comprehensive Income, Attributable to Owners of Parent	<u>\$ 303,355</u>	<u>26</u>	<u>(\$ 2,424)</u>	<u>-</u>
8720 Comprehensive Income, Attributable to Non-controlling Interests	<u>(\$ 31)</u>	<u>-</u>	<u>\$ 334</u>	<u>-</u>
Basic Earnings Per Share				
9750 Basic Earnings (Loss) Per Share from Continuing Operations	<u>\$</u>	<u>3.98</u>	<u>\$</u>	<u>0.19</u>
9850 Diluted Earnings Per Share	<u>\$</u>	<u>3.96</u>	<u>\$</u>	<u>0.19</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Changes in Equity
January 1 to December 31, 2015 and 2014

Unit : NT\$ Thousands

T o t a l E q u i t y A t t r i b u t a b l e t o O w n e r s o f P a r e n t
Capital Surplus Retained Earnings Other Equity Interest

	Ordinary Share	Capital Surplus	Other	Legal Reserve	Special Reserve	Unappropriate d Retained Earnings	Exchange Differences on Translation	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total Other Equity Interest	Non-controlling Interests	Total Equity
<u>January 1st to December 31, 2014</u>											
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$79,337	\$ 183,296	\$ 264,356	(\$ 277)	\$ 14,484	\$ 1,651,119	\$ 59,899	\$ 1,711,018
Appropriation and distribution of retained earnings of 2013 :											
Legal reserve appropriated	-	-	-	9,682	-	(9,682)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(77,560)	-	-	(77,560)	-	(77,560)
Profit (loss)	-	-	-	-	-	14,592	-	-	14,592	319	14,911
Other comprehensive income	-	-	-	-	-	(2,384)	703	(15,335)	(17,016)	15	(17,001)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(15,442)	(15,442)
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$89,019</u>	<u>\$ 183,296</u>	<u>\$ 189,322</u>	<u>\$ 426</u>	<u>(\$ 851)</u>	<u>\$ 1,571,135</u>	<u>\$ 44,791</u>	<u>\$ 1,615,926</u>
<u>January 1st to June 30, 2015</u>											
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$89,019	\$ 183,296	\$ 189,322	\$ 426	(\$ 851)	\$ 1,571,135	\$ 44,791	\$ 1,615,926
Appropriation and distribution of retained earnings of 2014::											
Legal reserve appropriated	-	-	-	1,459	-	(1,459)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(38,780)	-	-	(38,780)	-	(38,780)
Profit (loss)	-	-	-	-	-	308,356	-	-	308,356	(45)	308,311
Other comprehensive income	-	-	-	-	-	(2,408)	675	(3,268)	(5,001)	14	(4,987)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(16,676)	(16,676)
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$90,478</u>	<u>\$ 183,296</u>	<u>\$ 455,031</u>	<u>\$ 1,101</u>	<u>(\$ 4,119)</u>	<u>\$ 1,835,710</u>	<u>\$ 28,084</u>	<u>\$ 1,863,794</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES

Consolidated Statement of Cash Flows
January 1 to December 31, 2015 and 2014

Unit : NT\$ Thousands

	2015		2014
<u>Cash flows from (used in) operating activities</u>			
Profit (loss) before tax	\$ 336,106	\$	37,907
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	101,115		95,484
Amortization expense	1,717		1,008
Interest expense	8,373		14,022
Interest income	(404 )	(	582)
Dividend income	(3,017 )	(	2,514)
Loss (Gain) on Disposal of Property, Plant and Equipment	-		480
Property, plant and equipment transferred to expenses	1,482		81
Loss (gain) on disposal of non-current assets classified as held for sale	(233,088)		-
Impairment loss on financial assets	7,317		-
Changes in operating assets and liabilities			
Changes in operating assets			
Decrease (increase) in notes receivable	391	(	71)
Decrease (increase) in accounts receivable	(124,633)		1,610
Decrease (increase) in accounts receivable due from related parties	10,068	(	10,338)
Decrease (increase) in other receivable	(613)		398
Decrease (increase) in inventories	7,674	(	98,078)
Decrease (increase) in prepayments	148		1,932
Total adjustments to reconcile profit (loss)	(3,514)		-
Changes in operating liabilities			
Increase (decrease) in notes payable	(533)		578
Increase (decrease) in accounts payable	(26,072)		29,626
Increase (decrease) in other payable	30,074	(	3,792)
Increase (decrease) in other current liabilities	727	(	7,842)
Increase (decrease) in benefits liabilities, net	(5,849 )	(	15,914)
Cash inflow (outflow) generated from operations	107,469		43,995
Interest received	404		582
Dividends received	3,017		2,514
Interest paid	(8,690 )	(	14,285)
Income taxes refund (paid)	(22,495 )	(	9,725)
Net cash inflow (outflow) generated from operations	79,705		23,081

(Continue)

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES

Consolidated Statement of Cash Flows
January 1 to December 31, 2015 and 2014

Unit : NT\$ Thousands

	2015	2014
<u>Cash flows from (used in) investing activities</u>		
Acquisition of financial assets at cost	(\$ 15,594)	(\$ 15,000)
Acquisition of property, plant and equipment	(127,716)	(144,128)
Proceeds from disposal of non-current assets classified as held for sale	679,250	-
Acquisition of intangible assets	(1,562)	(2,461)
Increase in refundable deposits	(704)	889
Net cash flows from (used in) investing activities	533,674	(160,700)
<u>Cash flows from (used in) financing activities</u>		
Increase in short-term loans	(30,000)	45,000
Increase in short-term notes and bills payable	71	119,879
Proceeds from long-term debt	660,000	1,300,000
Repayments of long-term debt	(1,220,000)	(1,225,000)
Cash dividends paid	(38,780)	(77,560)
Cash dividends paid - Non-controlling interests	(16,545)	(15,442)
Net cash flows from (used in) financing activities	(645,254)	146,877
Effect of exchange rate changes on cash and cash equivalents	685	713
Net increase (decrease) in cash and cash equivalents	(31,190)	9,971
Cash and cash equivalents at beginning of period	221,456	211,485
Cash and cash equivalents at end of period	\$ 190,266	\$ 221,456