

**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Balance Sheet (Reviewed, Not Audited)**

Unit : NT\$ Thousands

ASSETS		June 30, 2016		December31, 2015		June 30, 2015	
		NT\$	%	NT\$	%	NT\$	%
<b>Current Assets</b>							
1100	Cash and Cash Equivalents	\$ 117,434	4	\$ 190,266	7	\$ 171,450	6
1150	Notes Receivable, net	2,425	-	1,054	-	614	-
1170	Accounts Receivable, net	127,483	5	226,071	8	144,715	5
1180	Accounts Receivable-Related Parties, net	15,914	1	2,327	-	776	-
1200	Other Receivables	13,012	1	13,604	-	17,126	1
130X	Inventories	449,355	16	430,647	15	418,437	16
1410	Prepayments	3,023	-	525	-	5,587	-
11XX	<b>Total Current Assets</b>	<u>728,646</u>	<u>27</u>	<u>864,494</u>	<u>30</u>	<u>758,705</u>	<u>28</u>
<b>Non-Current Assets</b>							
1523	Non-current available-for-sale financial Assets	92,266	3	99,306	4	97,043	3
1543	Non-current Financial Assets at cost	33,115	1	33,115	1	18,476	1
1600	Property, Plant and Equipment	1,850,324	68	1,838,916	64	1,810,801	67
1760	Investment Property, net	10,700	-	10,700	-	10,700	-
1780	Intangible Assets	306	-	1,297	-	1,045	-
1840	Deferred Income Tax Assets	11,799	1	17,291	1	20,271	1
1900	Other Non-current Assets	7,898	-	5,514	-	2,294	-
15XX	<b>Total Non-current Assets</b>	<u>2,006,408</u>	<u>73</u>	<u>2,006,139</u>	<u>70</u>	<u>1,960,630</u>	<u>72</u>
1XXX	<b>Total Assets</b>	<u>\$ 2,735,054</u>	<u>100</u>	<u>\$ 2,870,633</u>	<u>100</u>	<u>\$ 2,719,335</u>	<u>100</u>

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**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Balance Sheet (Reviewed, Not Audited)**

Unit : NT\$ Thousands

Liabilities and Shareholders' Equity	June 30, 2016		December31, 2015		June 30, 2015	
	NT\$	%	NT\$	%	NT\$	%
<b>Current Liabilities</b>						
2100 Short-term Borrowings	\$ 90,000	4	\$ 190,000	7	\$ 205,000	7
2110 Short-term Notes and Bills Payable	219,891	8	189,866	6	189,810	7
2150 Notes Payable	-	-	360	-	1,710	-
2170 Accounts Payable	61,296	2	62,338	2	69,342	3
2200 Other Payables	221,882	8	114,679	4	125,366	5
2230 Current Income Tax Liabilities	21,841	1	24,113	1	3,551	-
2320 Long-term Liabilities – Current Portion	-	-	50,000	2	-	-
2399 Other Current Liabilities-Other	2,485	-	3,745	-	3,199	-
21XX <b>Total Current Liabilities</b>	<u>617,395</u>	<u>23</u>	<u>635,101</u>	<u>22</u>	<u>597,978</u>	<u>22</u>
<b>Non-current Liabilities</b>						
2540 Long-term Borrowings	130,000	4	130,000	5	110,000	4
2570 Deferred Income Tax Liabilities	240,042	9	241,472	8	240,952	9
2600 Other Non-current Liabilities	266	-	266	-	1,912	-
25XX <b>Total Non-current Liabilities</b>	<u>370,308</u>	<u>13</u>	<u>371,738</u>	<u>13</u>	<u>352,864</u>	<u>13</u>
2XXX <b>Total Liabilities</b>	<u>987,703</u>	<u>36</u>	<u>1,006,839</u>	<u>35</u>	<u>950,842</u>	<u>35</u>
<b>Equity Attributable to Owners of Parent</b>						
<b>Share Capital</b>						
3110 Ordinary Share	775,600	28	775,600	27	775,600	29
<b>Capital Surplus</b>						
3200 Capital Surplus	334,323	12	334,323	12	334,323	12
<b>Retained Earnings</b>						
3310 Legal Reserve	121,314	4	90,478	3	90,478	3
3320 Special Reserve	183,296	7	183,296	6	183,296	7
3350 Unappropriated Retained Earnings	325,488	12	455,031	16	362,927	13
<b>Other Equity Interest</b>						
3400 Others	( 10,266)	-	( 3,018)	-	( 6,291)	-
31XX <b>Total Equity Attributable to Owners of Parent</b>	<u>1,729,755</u>	<u>63</u>	<u>1,835,710</u>	<u>64</u>	<u>1,740,333</u>	<u>64</u>
36XX <b>Non-controlling Interests</b>	<u>17,596</u>	<u>1</u>	<u>28,084</u>	<u>1</u>	<u>28,160</u>	<u>1</u>
3XXX <b>Total Shareholders' Equity</b>	<u>1,747,351</u>	<u>64</u>	<u>1,863,794</u>	<u>65</u>	<u>1,768,493</u>	<u>65</u>
<b>Significant Contingent Liabilities and Unrecognized Contract Commitments</b>						
3X2X <b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 2,735,054</u>	<u>100</u>	<u>\$ 2,870,633</u>	<u>100</u>	<u>\$ 2,719,335</u>	<u>100</u>

**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Statement of Comprehensive Income (Reviewed, Not Audited)**  
**Six months Ended June 30, 2016 and 2015**

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

Accounting Title	2rd Quarter, 2016		2rd Quarter, 2015		1 <sup>st</sup> Half, 2016		1 <sup>st</sup> Half, 2015	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
4000 <b>Operating Revenue</b>	\$ 296,670	100	\$ 292,561	100	\$ 563,155	100	\$ 540,095	100
5000 <b>Operating Costs</b>	( 201,563)	( 68)	( 200,873)	( 69)	( 362,147)	( 65)	( 403,832)	( 75)
5900 <b>Gross Profit from Operations</b>	<u>95,107</u>	<u>32</u>	<u>91,688</u>	<u>31</u>	<u>201,008</u>	<u>35</u>	<u>136,263</u>	<u>25</u>
<b>Operating Expenses</b>								
6100 Selling Expenses	( 19,292)	( 6)	( 22,644)	( 8)	( 41,949)	( 8)	( 45,589)	( 9)
6200 General and Administrative Expenses	( 21,226)	( 7)	( 19,459)	( 6)	( 41,073)	( 7)	( 38,396)	( 7)
6300 Research and Development Expenses	( 35,402)	( 12)	( 32,349)	( 11)	( 74,868)	( 13)	( 64,249)	( 12)
6000 <b>Total Operating Expenses</b>	<u>( 75,920)</u>	<u>( 25)</u>	<u>( 74,452)</u>	<u>( 25)</u>	<u>( 157,890)</u>	<u>( 28)</u>	<u>( 148,234)</u>	<u>( 28)</u>
6900 <b>Net Operating Income (Loss)</b>	<u>19,187</u>	<u>7</u>	<u>17,236</u>	<u>6</u>	<u>43,118</u>	<u>7</u>	<u>( 11,971)</u>	<u>( 3)</u>
<b>Non-Operating Income and Expenses</b>								
7010 Other Income	603	-	3,606	1	5,611	1	7,166	1
7020 Other Gains and Losses	2,222	1	( 3,451)	( 1)	( 3,880)	( 1)	218,824	41
7050 Finance Costs	( 1,489)	( 1)	( 1,631)	-	( 3,177)	-	( 4,767)	( 1)
7000 <b>Total Non-Operating Income and Expenses</b>	<u>1,336</u>	<u>-</u>	<u>( 1,476)</u>	<u>-</u>	<u>( 1,446)</u>	<u>-</u>	<u>221,223</u>	<u>41</u>
7900 <b>Profit from Continuing Operations before Tax</b>	<u>20,523</u>	<u>7</u>	<u>15,760</u>	<u>6</u>	<u>41,672</u>	<u>7</u>	<u>209,252</u>	<u>38</u>
7950 Tax Expenses (Income)	( 20,398)	( 7)	( 2,556)	( 1)	( 24,045)	( 4)	4,513	1
8200 <b>Net Income</b>	<u>\$ 125</u>	<u>-</u>	<u>\$ 13,204</u>	<u>5</u>	<u>\$ 17,627</u>	<u>3</u>	<u>\$ 213,765</u>	<u>39</u>
<b>Other Comprehensive Income, Net</b>								
<b>Other Comprehensive Income that will be Reclassified to Profit or Loss</b>								
8361 Exchange Differences on Translation	\$ 12	-	( \$ 200)	-	( \$ 212)	-	( \$ 342)	-
8362 Unrealised Gains (Losses) on Valuation of Available-for-sale Financial Assets	( 5,028)	( 2)	( 5,531)	( 2)	( 7,040)	( 1)	( 5,531)	( 1)
8500 <b>Total Comprehensive Income</b>	<u>( \$ 4,891)</u>	<u>( 2)</u>	<u>\$ 7,473</u>	<u>3</u>	<u>\$ 10,375</u>	<u>2</u>	<u>\$ 207,892</u>	<u>38</u>
<b>Profit (Loss), Attributable to:</b>								
8610 Profit (Loss), Attributable to Owners of Parent	<u>\$ 118</u>	<u>-</u>	<u>\$ 13,179</u>	<u>5</u>	<u>\$ 17,633</u>	<u>3</u>	<u>\$ 213,844</u>	<u>39</u>
8620 Profit (Loss), Attributable to Non-controlling Interests	<u>\$ 7</u>	<u>-</u>	<u>\$ 25</u>	<u>-</u>	<u>( \$ 6)</u>	<u>-</u>	<u>( \$ 79)</u>	<u>-</u>
<b>Comprehensive Income</b>								
<b>Attributable to:</b>								
8710 Comprehensive Income, Attributable to Owners of Parent	<u>( \$ 4,899)</u>	<u>( 2)</u>	<u>\$ 7,453</u>	<u>3</u>	<u>\$ 10,385</u>	<u>2</u>	<u>\$ 207,978</u>	<u>38</u>
8720 Comprehensive Income, Attributable to Non-controlling Interests	<u>\$ 8</u>	<u>-</u>	<u>\$ 20</u>	<u>-</u>	<u>( \$ 10)</u>	<u>-</u>	<u>( \$ 86)</u>	<u>-</u>
<b>Basic Earnings Per Share</b>								
9750 <b>Basic Earnings (Loss) Per Share from Continuing Operations</b>	<u>\$ -</u>	<u>-</u>	<u>\$ 0.17</u>	<u>-</u>	<u>\$ 0.23</u>	<u>-</u>	<u>\$ 2.76</u>	<u>-</u>
9850 <b>Diluted Earnings Per Share</b>	<u>\$ -</u>	<u>-</u>	<u>\$ 0.17</u>	<u>-</u>	<u>\$ 0.23</u>	<u>-</u>	<u>\$ 2.75</u>	<u>-</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES  
Consolidated Statement of Changes in Equity (Reviewed, Not Audited)  
Six months Ended June 30, 2016 and 2015

Unit : NT\$ Thousands

	<u>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</u>										
	<u>Capital Surplus</u>		<u>Retained Earnings</u>			<u>Other Equity Interest</u>					
	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-contro lling Interests	Total Equity
<u>January 1<sup>st</sup> 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)	-	-	-	-	-	213,844	-	-	213,844	( 79 )	213,765
Other comprehensive income	-	-	-	-	-	-	( 335 )	( 5,531 )	( 5,866 )	( 7 )	( 5,873 )
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	( 16,545 )	( 16,545 )
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>\$ 362,927</u>	<u>\$ 91</u>	<u>(\$ 6,382 )</u>	<u>\$ 1,740,333</u>	<u>\$ 28,160</u>	<u>\$ 1,768,493</u>
<u>January 1st to June 30, 2016</u>											
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$ 90,478	\$ 183,296	\$ 455,031	\$ 1,101	(\$ 4,119 )	\$ 1,835,710	\$ 28,084	\$ 1,863,794
Appropriation and distribution of retained earnings of 2015:											
Legal reserve appropriated	-	-	-	30,836	-	( 30,836 )	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 116,340 )	-	-	( 116,340 )	-	( 116,340 )
Profit (loss)	-	-	-	-	-	17,633	-	-	17,633	( 6 )	17,627
Other comprehensive income	-	-	-	-	-	-	( 208 )	( 7,040 )	( 7,248 )	( 4 )	( 7,252 )
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	( 10,478 )	( 10,478 )
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$121,314</u>	<u>\$ 183,296</u>	<u>\$ 325,488</u>	<u>\$ 893</u>	<u>(\$ 11,159 )</u>	<u>\$ 1,729,755</u>	<u>\$ 17,596</u>	<u>\$ 1,747,351</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES  
Consolidated Statement of Cash Flows (Reviewed, Not Audited)  
Six months Ended June 30, 2016 and 2015

Unit : NT\$ Thousands

	1 <sup>st</sup> Half, 2016	1 <sup>st</sup> Half, 2015
<u>Cash flows from (used in) operating activities</u>		
Profit (loss) before tax	\$ 41,672	\$ 209,252
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	52,929	50,903
Amortization expense	899	757
Interest expense	3,177	4,767
Interest income	( 90 )	( 169 )
Loss (gain) on disposal of property, plant and equipment	360	-
Property, plant and equipment transferred to expenses	336	971
Loss (gain) on disposal of non-current assets classified as held for sale	-	( 233,088 )
Impairment loss on financial assets	-	6,362
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	( 1,371 )	831
Decrease (increase) in accounts receivable	98,588	( 43,277 )
Decrease (increase) in accounts receivable due from related parties	( 13,587 )	11,619
Decrease (increase) in other receivable	( 1,180 )	( 1,276 )
Decrease (increase) in inventories	( 18,708 )	19,884
Decrease (increase) in prepayments	( 2,498 )	( 4,914 )
Net defined benefit assets	( 2,386 )	-
Changes in operating liabilities		
Increase (decrease) in notes payable	( 360 )	817
Increase (decrease) in accounts payable	( 1,042 )	( 19,068 )
Increase (decrease) in other payable	( 7,134 )	973
Increase (decrease) in other current liabilities	( 1,260 )	181
Net defined benefit liabilities	-	( 1,302 )
Cash inflow (outflow) generated from		
operations	148,345	4,223
Interest received	90	169
Interest paid	( 3,303 )	( 4,981 )
Income taxes refund (paid)	( 20,483 )	( 17,601 )
Net cash flows from (used in) operating activities	124,649	( 18,190 )

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CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES  
Consolidated Statement of Cash Flows (Reviewed, Not Audited)  
Six months Ended June 30, 2016 and 2015

Unit : NT\$ Thousands

	1 <sup>st</sup> Half, 2016	1 <sup>st</sup> Half, 2015
<u>Cash flows from (used in) investing activities</u>		
Acquisition of property, plant and equipment	(\$ 67,115 )	(\$ 47,848 )
Disposal of property, plant and equipment	295	-
Proceeds from disposal of non-current assets classified as held for sale	-	679,250
Acquisition of intangible assets	-	( 350 )
Decrease (increase) in refundable deposits	-	( 998 )
Increase in other non-current assets	( 66,820 )	630,054
<u>Cash flows from (used in) financing activities</u>		
Increase in short-term loans	( 100,000 )	( 15,000 )
Increase in short-term notes and bills payable	30,025	15
Proceeds from long-term debt	-	110,000
Repayments of long-term debt	( 50,000 )	( 740,000 )
Cash dividends paid - non-controlling interests	( 10,478 )	( 16,545 )
Net cash flows from (used in) financing activities	( 130,453 )	( 661,530 )
Effect of exchange rate changes on cash and cash equivalents		
	( 208 )	( 340 )
Net increase (decrease) in cash and cash equivalents	( 72,832 )	( 50,006 )
Cash and cash equivalents at beginning of period	190,266	221,456
Cash and cash equivalents at end of period	\$ 117,434	\$ 171,450