

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Balance Sheet (Unaudited)
Dated March 31, 2017, December 31 and March 31, 2016

Unit : NT\$ Thousands

ASSETS		March 31, 2017		December 31, 2016		March 31, 2016	
		NT\$	%	NT\$	%	NT\$	%
Current Assets							
1100	Cash and Cash Equivalents	\$ 120,753	5	\$ 143,080	5	\$ 208,655	7
1150	Notes Receivable, net	1,385	-	621	-	1,073	-
1170	Accounts Receivable, net	102,088	4	160,584	6	145,697	5
1180	Accounts Receivable-Related Parties, net	14,486	1	12,555	1	15,153	1
1200	Other Receivables	8,889	-	6,642	-	14,877	1
130X	Inventories	396,036	15	401,754	15	462,430	16
1410	Prepayments	13,182	-	3,532	-	3,240	-
11XX	Total Current Assets	<u>656,819</u>	<u>25</u>	<u>728,768</u>	<u>27</u>	<u>851,125</u>	<u>30</u>
Non-Current Assets							
1523	Non-current available-for-sale financial Assets	95,534	4	91,512	3	97,294	3
1543	Non-current Financial Assets at cost	33,115	1	33,115	1	33,115	1
1600	Property, Plant and Equipment	1,836,954	69	1,837,806	68	1,847,692	65
1760	Investment Property, net	10,700	-	10,700	-	10,700	-
1780	Intangible Assets	1,586	-	214	-	590	-
1840	Deferred Income Tax Assets	15,381	1	13,076	1	18,197	1
1900	Other Non-current Assets	11,793	-	10,451	-	6,676	-
15XX	Total Non-current Assets	<u>2,005,063</u>	<u>75</u>	<u>1,996,874</u>	<u>73</u>	<u>2,014,264</u>	<u>70</u>
1XXX	Total Assets	<u>\$ 2,661,882</u>	<u>100</u>	<u>\$ 2,725,642</u>	<u>100</u>	<u>\$ 2,865,389</u>	<u>100</u>

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Dated March 31, 2017, December 31 and March 31, 2016

Unit : NT\$ Thousands

Liabilities and Shareholders' Equity		March 31, 2017		December 31, 2016		March 31, 2016	
		NT\$	%	NT\$	%	NT\$	%
Current Liabilities							
2100	Short-term Borrowings	\$ 110,000	4	\$ 210,000	8	\$ 230,000	8
2110	Short-term Notes and Bills Payable	169,871	7	169,898	6	169,732	6
2150	Notes Payable	-	-	345	-	-	-
2170	Accounts Payable	58,727	2	70,676	3	81,508	3
2200	Other Payables	115,573	4	111,645	4	103,458	3
2230	Current Income Tax Liabilities	16,847	1	15,605	-	24,514	1
2320	Long-term Liabilities – Current Portion	80,000	3	30,000	1	-	-
2399	Other Current Liabilities-Other	5,760	-	3,389	-	5,892	-
21XX	Total Current Liabilities	<u>556,778</u>	<u>21</u>	<u>611,558</u>	<u>22</u>	<u>615,104</u>	<u>21</u>
Non-current Liabilities							
2540	Long-term Borrowings	100,000	4	100,000	4	130,000	5
2570	Deferred Income Tax Liabilities	242,438	9	242,651	9	240,959	8
2600	Other Non-current Liabilities	266	-	266	-	266	-
25XX	Total Non-current Liabilities	<u>342,704</u>	<u>13</u>	<u>342,917</u>	<u>13</u>	<u>371,225</u>	<u>13</u>
2XXX	Total Liabilities	<u>899,482</u>	<u>34</u>	<u>954,475</u>	<u>35</u>	<u>986,329</u>	<u>34</u>
Equity Attributable to Owners of Parent							
Share Capital							
3110	Ordinary Share	775,600	29	775,600	28	775,600	27
Capital Surplus							
3200	Capital Surplus	334,323	12	334,323	12	334,323	12
Retained Earnings							
3310	Legal Reserve	121,314	5	121,314	4	90,478	3
3320	Special Reserve	183,296	7	183,296	7	183,296	6
3350	Unappropriated Retained Earnings	355,470	13	367,379	14	472,546	17
Other Equity Interest							
3400	Others	(7,904)	-	(11,039)	-	(5,249)	-
31XX	Total Equity Attributable to Owners of Parent	<u>1,762,099</u>	<u>66</u>	<u>1,770,873</u>	<u>65</u>	<u>1,850,994</u>	<u>65</u>
36XX	Non-controlling Interests	<u>301</u>	<u>-</u>	<u>294</u>	<u>-</u>	<u>28,066</u>	<u>1</u>
3XXX	Total Shareholders' Equity	<u>1,762,400</u>	<u>66</u>	<u>1,771,167</u>	<u>65</u>	<u>1,879,060</u>	<u>66</u>
Significant Contingent Liabilities and Unrecognized Contract Commitments							
Total Liabilities and Equity							
3X2X	Significant Contingent Liabilities and Unrecognized Contract Commitments	<u>\$ 2,661,882</u>	<u>100</u>	<u>\$ 2,725,642</u>	<u>100</u>	<u>\$ 2,865,389</u>	<u>100</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Comprehensive Income (Unaudited)
January 1 to March 31, 2017 and 2016

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

Accounting Title	January 1 to March 31, 2017		January 1 to March 31, 2016	
	NT\$	%	NT\$	%
4000 Operating Revenue	\$ 272,230	100	\$ 266,485	100
5000 Operating Costs	(189,500)	(70)	(160,584)	(60)
5900 Gross Profit from Operations	<u>82,730</u>	<u>30</u>	<u>105,901</u>	<u>40</u>
Operating Expenses				
6100 Selling Expenses	(25,586)	(9)	(22,657)	(9)
6200 General and Administrative Expenses	(20,762)	(8)	(19,847)	(7)
6300 Research and Development Expenses	(35,629)	(13)	(39,466)	(15)
6000 Total Operating Expenses	<u>(81,977)</u>	<u>(30)</u>	<u>(81,970)</u>	<u>(31)</u>
6900 Net Operating Income (Loss)	<u>753</u>	<u>-</u>	<u>23,931</u>	<u>9</u>
Non-Operating Income and Expenses				
7010 Other Income	1,467	1	5,008	2
7020 Other Gains and Losses	(13,843)	(5)	(6,102)	(2)
7050 Finance Costs	(1,537)	(1)	(1,688)	(1)
7000 Total Non-Operating Income and Expenses	<u>(13,913)</u>	<u>(5)</u>	<u>(2,782)</u>	<u>(1)</u>
7900 Profit from Continuing Operations before Tax	<u>(13,160)</u>	<u>(5)</u>	<u>21,149</u>	<u>8</u>
7950 Tax Expenses (Income)	1,276	1	(3,647)	(1)
8200 Net Income	<u>(\$ 11,884)</u>	<u>(4)</u>	<u>\$ 17,502</u>	<u>7</u>
Other Comprehensive Income, Net				
Other Comprehensive Income, Net				
8361 Other Comprehensive Income that will be Reclassified to Profit or Loss				
	(\$ 905)	-	(\$ 224)	-
8362 Exchange Differences on Translation	<u>4,022</u>	<u>1</u>	<u>(2,012)</u>	<u>(1)</u>
8300 Other Comprehensive profit and loss	<u>\$ 3,117</u>	<u>1</u>	<u>(\$ 2,236)</u>	<u>(1)</u>
8500 Total Comprehensive Income	<u>(\$ 8,767)</u>	<u>(3)</u>	<u>\$ 15,266</u>	<u>6</u>
Profit (Loss), Attributable to:				
8610 Profit (Loss), Attributable to Owners of Parent	<u>(\$ 11,909)</u>	<u>(4)</u>	<u>\$ 17,515</u>	<u>7</u>
8620 Profit (Loss), Attributable to Non-controlling Interests	<u>\$ 25</u>	<u>-</u>	<u>(\$ 13)</u>	<u>-</u>
Total Comprehensive Income				
8710 Comprehensive Income, Attributable to Owners of Parent	<u>(\$ 8,774)</u>	<u>(3)</u>	<u>\$ 15,284</u>	<u>6</u>
8720 Comprehensive Income, Attributable to Non-controlling Interests	<u>\$ 7</u>	<u>-</u>	<u>(\$ 18)</u>	<u>-</u>
Basic Earnings Per Share				
9750 Basic Earnings (Loss) Per Share from Continuing Operations	<u>(\$ 0.15)</u>		<u>\$ 0.23</u>	
9850 Diluted Earnings Per Share	<u>(\$ 0.15)</u>		<u>\$ 0.22</u>	

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Changes in Equity (Unaudited)
January 1 to March 31, 2017 and 2016

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
C a p i t a l S u r p l u R e t a i n e d E a r n i n g s O t h e r E q u i t y I n t e r e s t

	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 to March 31, 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
Profit (loss)	-	-	-	-	-	17,515	-	-	17,515	(13)	17,502
Other Comprehensive profit and loss	-	-	-	-	-	-	(219)	(2,012)	(2,231)	(5)	(2,236)
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>\$ 472,546</u>	<u>\$ 882</u>	<u>(\$ 6,131)</u>	<u>\$ 1,850,994</u>	<u>\$ 28,066</u>	<u>\$ 1,879,060</u>
<u>January 1 to March 31, 2017</u>											
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$121,314	\$ 183,296	\$ 367,379	\$ 874	(\$ 11,913)	\$ 1,770,873	\$ 294	\$ 1,771,167
Profit (loss)	-	-	-	-	-	(11,909)	-	-	(11,909)	25	(11,884)
Other comprehensive income	-	-	-	-	-	-	(887)	4,022	3,135	(18)	3,117
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>\$ 355,470</u>	<u>(\$ 13)</u>	<u>(\$ 7,891)</u>	<u>\$ 1,762,099</u>	<u>\$ 301</u>	<u>\$ 1,762,400</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Cash Flows (Unaudited)
January 1 to March 31, 2017 and 2016

Unit : NT\$ Thousands

	January 1 to March 31, 2017	January 1 to March 31, 2016
<u>Cash flows from (used in) operating activities</u>		
Profit (loss) before tax	(\$ 13,160)	\$ 21,149
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	32,153	25,667
Amortization expense	195	615
Interest expense	1,537	1,688
Interest income	(5)	(32)
Loss (gain) on disposal of property, plant and equipment	146	360
Property, plant and equipment transferred to expenses	-	35
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(764)	(19)
Decrease (increase) in accounts receivable	58,496	80,374
Decrease (increase) in accounts receivable due from related parties	(1,931)	(12,826)
Decrease (increase) in other receivable	(2,242)	(3,045)
Decrease (increase) in inventories	5,718	(31,783)
Decrease (increase) in prepayments	(9,650)	(2,715)
Increase (decrease) in other non-current liabilities	-	2
Increase (decrease) in defined benefit liability, net	(1,348)	(1,164)
Changes in operating liabilities		
Increase (decrease) in notes payable	(345)	(360)
Increase (decrease) in accounts payable	(11,949)	19,170
Increase (decrease) in other payable	(10,584)	(10,171)
Increase (decrease) in other current liabilities	2,371	2,147
Cash inflow (outflow) generated from operations	48,638	89,092
Interest received	-	32
Interest paid	(1,549)	(1,766)
Income taxes refund (paid)	-	(2,893)
Cash inflow (outflow) generated from operations	47,089	84,465

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January 1 to March 31, 2017 and 2016

Unit : NT\$ Thousands

	<u>January 1 to March 31, 2017</u>	<u>January 1 to March 31, 2016</u>
<u>Cash flows from (used in) investing activities</u>		
Acquisition of property, plant and equipment	(\$ 18,624)	(\$ 36,016)
Proceeds from disposal of non-current assets		
classified as held for sale	1,095	295
Acquisition of intangible assets	(982)	-
Decrease (increase) in refundable deposits	6	-
investing activities	(18,505)	(35,721)
<u>Cash flows from (used in) financing activities</u>		
Increase in short-term loans	(100,000)	40,000
Increase in short-term notes and bills payable	(27)	(20,134)
Proceeds from long-term debt	50,000	-
Repayment of long-term borrowings	-	(50,000)
Net cash flows from (used in)		
financing activities	(50,027)	(30,134)
Effect of exchange rate changes on cash and		
cash equivalents	(884)	(221)
Net increase (decrease) in cash and cash		
equivalents	(22,327)	18,389
Cash and cash equivalents at beginning of period	143,080	190,266
Cash and cash equivalents at end of period	<u>\$ 120,753</u>	<u>\$ 208,655</u>