

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

Unit : NT\$ Thousands

ASSETS		June 30, 2017		December31, 2016		June 30, 2016	
		NT\$	%	NT\$	%	NT\$	%
Current Assets							
1100	Cash and Cash Equivalents	\$ 89,076	3	\$ 143,080	5	\$ 117,434	4
1150	Notes Receivable, net	360	-	621	-	2,425	-
1170	Accounts Receivable, net	108,620	4	160,584	6	127,483	5
1180	Accounts Receivable-Related						
	Parties, net	15,629	1	12,555	1	15,914	1
1200	Other Receivables	7,378	-	6,642	-	13,012	1
130X	Inventories	439,528	17	401,754	15	449,355	16
1410	Prepayments	7,896	-	3,532	-	3,023	-
1460	Non-current Assets Held for Sale,						
	net	263,553	10	-	-	-	-
11XX	Total Current Assets	<u>932,040</u>	<u>35</u>	<u>728,768</u>	<u>27</u>	<u>728,646</u>	<u>27</u>
Non-Current Assets							
1523	Non-current available-for-sale						
	financial Assets	95,031	4	91,512	3	92,266	3
1543	Non-current Financial Assets at						
	cost	33,115	1	33,115	1	33,115	1
1600	Property, Plant and Equipment	1,566,962	59	1,837,806	68	1,850,324	68
1760	Investment Property, net	10,700	-	10,700	-	10,700	-
1780	Intangible Assets	1,373	-	214	-	306	-
1840	Deferred Income Tax Assets	15,247	1	13,076	1	11,799	1
1900	Other Non-current Assets	12,961	-	10,451	-	7,898	-
15XX	Total Non-current Assets	<u>1,735,389</u>	<u>65</u>	<u>1,996,874</u>	<u>73</u>	<u>2,006,408</u>	<u>73</u>
1XXX	Total Assets	<u>\$ 2,667,429</u>	<u>100</u>	<u>\$ 2,725,642</u>	<u>100</u>	<u>\$ 2,735,054</u>	<u>100</u>

(Continue)

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

Unit : NT\$ Thousands

Liabilities and Shareholders' Equity	June 30, 2017		December 31, 2016		June 30, 2016	
	NT\$	%	NT\$	%	NT\$	%
Current Liabilities						
2100	Short-term Borrowings	\$ 160,000	6	\$ 210,000	8	\$ 90,000 4
2110	Short-term Notes and Bills Payable	219,694	8	169,898	6	219,891 8
2150	Notes Payable	380	-	345	-	- -
2170	Accounts Payable	60,580	3	70,676	3	61,296 2
2200	Other Payables	136,124	5	111,645	4	221,882 8
2230	Current Income Tax Liabilities	1,997	-	15,605	-	21,841 1
2320	Long-term Liabilities – Current Portion	60,000	2	30,000	1	- -
2399	Other Current Liabilities-Other	4,800	-	3,389	-	2,485 -
21XX	Total Current Liabilities	643,575	24	611,558	22	617,395 23
Non-current Liabilities						
2540	Long-term Borrowings	70,000	3	100,000	4	130,000 4
2570	Deferred Income Tax Liabilities	242,614	9	242,651	9	240,042 9
2600	Other Non-current Liabilities	266	-	266	-	266 -
25XX	Total Non-current Liabilities	312,880	12	342,917	13	370,308 13
2XXX	Total Liabilities	956,455	36	954,475	35	987,703 36
Equity Attributable to Owners of Parent						
Share Capital						
3110	Ordinary Share	775,600	29	775,600	28	775,600 28
Capital Surplus						
3200	Capital Surplus	334,323	12	334,323	12	334,323 12
Retained Earnings						
3310	Legal Reserve	127,342	5	121,314	4	121,314 4
3320	Special Reserve	183,296	7	183,296	7	183,296 7
3350	Unappropriated Retained Earnings	298,461	11	367,379	14	325,488 12
Other Equity Interest						
3400	Others	(8,346)	-	(11,039)	-	(10,266) -
31XX	Total Equity Attributable to Owners of Parent	1,710,676	64	1,770,873	65	1,729,755 63
36XX	Non-controlling Interests	298	-	294	-	17,596 1
3XXX	Total Shareholders' Equity	1,710,974	64	1,771,167	65	1,747,351 64
Significant Contingent Liabilities and Unrecognized Contract						
Commitments						
3X2X	Total Liabilities and Shareholders' Equity	\$ 2,667,429	100	\$ 2,725,642	100	\$ 2,735,054 100

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Comprehensive Income (Reviewed, Not Audited)
Six months Ended June 30, 2017 and 2016

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

Accounting Title	2rd Quarter, 2017		2rd Quarter, 2016		1 st Half, 2017		1 st Half, 2016	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
4000 Operating Revenue	\$ 192,371	100	\$ 296,670	100	\$ 464,601	100	\$ 563,155	100
5000 Operating Costs	(129,033)	(67)	(201,563)	(68)	(318,533)	(68)	(362,147)	(65)
5900 Gross Profit from Operations	<u>63,338</u>	<u>33</u>	<u>95,107</u>	<u>32</u>	<u>146,068</u>	<u>32</u>	<u>201,008</u>	<u>35</u>
Operating Expenses								
6100 Selling Expenses	(15,422)	(8)	(19,292)	(6)	(41,008)	(9)	(41,949)	(8)
6200 General and Administrative Expenses	(27,480)	(14)	(21,226)	(7)	(48,242)	(10)	(41,073)	(7)
6300 Research and Development Expenses	(33,529)	(18)	(35,402)	(12)	(69,158)	(15)	(74,868)	(13)
6000 Total Operating Expenses	<u>(76,431)</u>	<u>(40)</u>	<u>(75,920)</u>	<u>(25)</u>	<u>(158,408)</u>	<u>(34)</u>	<u>(157,890)</u>	<u>(28)</u>
6900 Net Operating Income (Loss)	<u>(13,093)</u>	<u>(7)</u>	<u>19,187</u>	<u>7</u>	<u>(12,340)</u>	<u>(2)</u>	<u>43,118</u>	<u>7</u>
Non-Operating Income and Expenses								
7010 Other Income	793	-	603	-	2,260	1	5,611	1
7020 Other Gains and Losses	1,774	1	2,222	1	(12,069)	(3)	(3,880)	(1)
7050 Finance Costs	(1,480)	(1)	(1,489)	(1)	(3,017)	(1)	(3,177)	-
7000 Total Non-Operating Income and Expenses	<u>1,087</u>	<u>-</u>	<u>1,336</u>	<u>-</u>	<u>(12,826)</u>	<u>(3)</u>	<u>(1,446)</u>	<u>-</u>
7900 Profit from Continuing Operations before Tax	<u>(12,006)</u>	<u>(7)</u>	<u>20,523</u>	<u>7</u>	<u>(25,166)</u>	<u>(5)</u>	<u>41,672</u>	<u>7</u>
7950 Tax Expenses (Income)	<u>(199)</u>	<u>-</u>	<u>(20,398)</u>	<u>(7)</u>	<u>1,077</u>	<u>-</u>	<u>(24,045)</u>	<u>(4)</u>
8200 Net Income (Loss)	<u>(\$ 12,205)</u>	<u>(7)</u>	<u>\$ 125</u>	<u>-</u>	<u>(\$ 24,089)</u>	<u>(5)</u>	<u>\$ 17,627</u>	<u>3</u>
Other Comprehensive Income, Net								
Other Comprehensive Income that will be Reclassified to Profit or Loss								
8361 Exchange Differences on Translation	\$ 62	-	\$ 12	-	(\$ 843)	-	(\$ 212)	-
8362 Unrealised Gains (Losses) on Valuation of Available-for-sale Financial Assets	<u>(503)</u>	<u>-</u>	<u>(5,028)</u>	<u>(2)</u>	<u>3,519</u>	<u>-</u>	<u>(7,040)</u>	<u>(1)</u>
8300 Other Comprehensive profit and loss	<u>(\$ 441)</u>	<u>-</u>	<u>(\$ 5,016)</u>	<u>(2)</u>	<u>\$ 2,676</u>	<u>-</u>	<u>(\$ 7,252)</u>	<u>(1)</u>
8500 Total Comprehensive Income	<u>(\$ 12,646)</u>	<u>(7)</u>	<u>(\$ 4,891)</u>	<u>(2)</u>	<u>(\$ 21,413)</u>	<u>(5)</u>	<u>\$ 10,375</u>	<u>2</u>
Profit (Loss), Attributable to:								
8610 Profit (Loss), Attributable to Owners of Parent	<u>(\$ 12,201)</u>	<u>(6)</u>	<u>\$ 118</u>	<u>-</u>	<u>(\$ 24,110)</u>	<u>(5)</u>	<u>\$ 17,633</u>	<u>3</u>
8620 Profit (Loss), Attributable to Non-controlling Interests	<u>(\$ 4)</u>	<u>-</u>	<u>\$ 7</u>	<u>-</u>	<u>\$ 21</u>	<u>-</u>	<u>(\$ 6)</u>	<u>-</u>
Comprehensive Income Attributable to:								
8710 Comprehensive Income, Attributable to Owners of Parent	<u>(\$ 12,643)</u>	<u>(7)</u>	<u>(\$ 4,899)</u>	<u>(2)</u>	<u>(\$ 21,417)</u>	<u>(5)</u>	<u>\$ 10,385</u>	<u>2</u>
8720 Comprehensive Income, Attributable to Non-controlling Interests	<u>(\$ 3)</u>	<u>-</u>	<u>\$ 8</u>	<u>-</u>	<u>\$ 4</u>	<u>-</u>	<u>(\$ 10)</u>	<u>-</u>
Basic Earnings Per Share								
9750 Basic Earnings (Loss) Per Share from Continuing Operations	<u>(\$ 0.16)</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>(\$ 0.31)</u>	<u>\$ 0.23</u>	<u>\$ 0.23</u>	<u>0.23</u>
9850 Diluted Earnings Per Share	<u>(\$ 0.16)</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>(\$ 0.31)</u>	<u>\$ 0.23</u>	<u>\$ 0.23</u>	<u>0.23</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Changes in Equity (Reviewed, Not Audited)
Six months Ended June 30, 2017 and 2016

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>	<u>Unrealized Gains (Losses) on Available-for-sale Financial Assets</u>	<u>Exchange Differences on Translation</u>	<u>Unappropriated Retained Earnings</u>	<u>Special Reserve</u>	<u>Legal Reserve</u>	<u>Other</u>	<u>Capital Surplus</u>	<u>Ordinary Share</u>	<u>Total Equity</u>
January 1st to June 30, 2016												
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>	
January 1st to June 30, 2017												
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	
Appropriation and distribution of retained earnings of 2016:												
Legal reserve appropriated	-	-	-	6,028	-	(6,028)	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	-	(38,780)	-	-	(38,780)	-	(38,780)	
Profit (loss)	-	-	-	-	-	(24,110)	-	-	(24,110)	21	(24,089)	
Other comprehensive income	-	-	-	-	-	-	(826)	3,519	2,693	(17)	2,676	
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$127,342</u>	<u>\$ 183,296</u>	<u>\$ 298,461</u>	<u>\$ 48</u>	<u>(\$ 8,394)</u>	<u>\$ 1,710,676</u>	<u>\$ 298</u>	<u>\$ 1,710,974</u>	

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Cash Flows (Reviewed, Not Audited)
Six months Ended June 30, 2017 and 2016

Unit : NT\$ Thousands

	1st Half, 2017	1st Half, 2016
<u>Cash flows from (used in) operating activities</u>		
Profit (loss) before tax	(\$ 25,166)	\$ 41,672
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	65,350	52,929
Amortization expense	503	899
Interest expense	3,017	3,177
Interest income	(75)	(90)
Loss (gain) on disposal of property, plant and equipment	146	360
Property, plant and equipment transferred to expenses	-	336
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	261	(1,371)
Decrease (increase) in accounts receivable	51,964	98,588
Decrease (increase) in accounts receivable due from related parties	(3,074)	(13,587)
Decrease (increase) in other receivable	(736)	(1,180)
Decrease (increase) in inventories	(37,774)	(18,708)
Decrease (increase) in prepayments	(4,364)	(2,498)
Net defined benefit assets	(2,715)	(2,386)
Changes in operating liabilities		
Increase (decrease) in notes payable	35	(360)
Increase (decrease) in accounts payable	(10,096)	(1,042)
Increase (decrease) in other payable	(16,572)	(7,134)
Increase (decrease) in other current liabilities	1,411	(1,260)
Cash inflow (outflow) generated from operations	22,115	148,345
Interest received	75	90
Interest paid	(3,023)	(3,303)
Income taxes refund (paid)	(14,739)	(20,483)
Net cash flows from (used in) operating activities	4,428	124,649

(Continue)

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Cash Flows (Reviewed, Not Audited)
Six months Ended June 30, 2017 and 2016

Unit : NT\$ Thousands

	1st Half, 2017	1st Half, 2016
<u>Cash flows from (used in) investing activities</u>		
Acquisition of property, plant and equipment	(\$ 57,619)	(\$ 67,115)
Disposal of property, plant and equipment	1,095	295
Acquisition of intangible assets	(1,077)	-
Decrease (increase) in refundable deposits	205	-
Increase in other non-current assets	(57,396)	(66,820)
<u>Cash flows from (used in) financing activities</u>		
Decrease in short-term loans	(50,000)	(100,000)
Increase in short-term notes and bills payable	49,796	30,025
Proceeds from long-term debt	50,000	-
Repayments of long-term debt	(50,000)	(50,000)
Cash dividends paid - non-controlling interests	-	(10,478)
Net cash flows from (used in) financing activities	(204)	(130,453)
Effect of exchange rate changes on cash and cash equivalents	(832)	(208)
Net increase (decrease) in cash and cash equivalents	(54,004)	(72,832)
Cash and cash equivalents at beginning of period	143,080	190,266
Cash and cash equivalents at end of period	\$ 89,076	\$ 117,434