

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

**Consolidated Balance Sheet (Unaudited)**

**Dated March 31, 2018, December 31 and March 31, 2017**

Unit : NT\$ Thousands

ASSETS	March 31, 2018		December 31, 2017		March 31, 2017		
	NT\$	%	NT\$	%	NT\$	%	
<b>Current assets</b>							
1100	Cash and cash equivalents	\$ 173,616	5	\$ 155,995	5	\$ 120,753	5
1110	Current financial assets at fair value through profit or loss	143	-	-	-	-	-
1150	Notes receivable, net	1,638	-	1,787	-	1,385	-
1170	Accounts receivable, net	106,874	3	220,956	6	102,088	4
1180	Accounts receivable due from related parties, net	23,145	1	16,531	-	14,486	1
1200	Other receivables	7,217	-	27,425	1	8,889	-
130X	Current inventories	322,721	10	335,604	10	396,036	15
1410	Prepayments	8,499	-	5,265	-	13,182	-
1460	Non-current assets classified as held for sale, net	263,553	8	263,553	8	-	-
11XX	<b>Total Current Assets</b>	<b>907,406</b>	<b>27</b>	<b>1,027,116</b>	<b>30</b>	<b>656,819</b>	<b>25</b>
<b>Non-current assets</b>							
1510	Non-current financial assets at fair value through profit or loss	30,601	1	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	98,300	3	-	-	-	-
1523	Non-current available-for-sale financial assets	-	-	93,775	3	95,534	4
1543	Non-current financial assets at cost	-	-	30,000	1	33,115	1
1600	Property, plant and equipment	2,222,226	67	2,242,930	65	1,836,954	69
1760	Investment property, net	10,700	-	10,700	-	10,700	-
1780	Intangible assets	2,914	-	3,185	-	1,586	-
1840	Deferred tax assets	18,546	1	14,787	-	15,381	1
1900	Other non-current assets	26,167	1	25,432	1	11,793	-
15XX	<b>Total non-current assets</b>	<b>2,409,454</b>	<b>73</b>	<b>2,420,809</b>	<b>70</b>	<b>2,005,063</b>	<b>75</b>
1XXX	<b>Total assets</b>	<b>\$ 3,316,860</b>	<b>100</b>	<b>\$ 3,447,925</b>	<b>100</b>	<b>\$ 2,661,882</b>	<b>100</b>

(Continue)

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

**Consolidated Balance Sheet (Unaudited)**

Dated March 31, 2018, December 31 and March 31, 2017

Unit : NT\$ Thousands

Liabilities and equity	March 31, 2018		December 31, 2017		March 31, 2017		
	NT\$	%	NT\$	%	NT\$	%	
<b>Current liabilities</b>							
2100	Current borrowings	\$ 328,957	10	\$ 242,376	7	\$ 110,000	4
2110	Short-term notes and bills payable	159,815	5	249,902	7	169,871	7
2150	Notes payable	-	-	345	-	-	-
2170	Accounts payable	87,834	3	55,201	2	58,727	2
2200	Other payables	82,953	2	111,527	3	115,573	4
2230	Current tax liabilities	3,531	-	12,816	-	16,847	1
2320	Long-term liabilities, current portion	-	-	130,000	4	80,000	3
2399	Other current liabilities, others	4,276	-	6,141	-	5,760	-
21XX	<b>Total current liabilities</b>	<u>667,366</u>	<u>20</u>	<u>808,308</u>	<u>23</u>	<u>556,778</u>	<u>21</u>
<b>Non-current liabilities</b>							
2540	Non-current portion of non-current borrowings	567,440	17	567,440	17	100,000	4
2570	Deferred tax liabilities	252,800	8	250,380	7	242,438	9
2600	Other non-current liabilities	576	-	576	-	266	-
25XX	<b>Total non-current liabilities</b>	<u>820,816</u>	<u>25</u>	<u>818,396</u>	<u>24</u>	<u>342,704</u>	<u>13</u>
2XXX	<b>Total liabilities</b>	<u>1,488,182</u>	<u>45</u>	<u>1,626,704</u>	<u>47</u>	<u>899,482</u>	<u>34</u>
<b>Equity attributable to owners of parent</b>							
<b>Share capital</b>							
3110	Ordinary share	775,600	23	775,600	22	775,600	29
<b>Capital surplus</b>							
3200	Capital surplus	334,323	10	334,323	10	334,323	12
<b>Retained earnings</b>							
3310	Legal reserve	127,342	4	127,342	4	121,314	5
3320	Special reserve	183,296	6	183,296	5	183,296	7
3350	Unappropriated retained earnings	413,661	12	410,290	12	355,470	13
<b>Other equity interest</b>							
3400	Other equity interes	( 5,919)	-	( 10,023)	-	( 7,904)	-
31XX	<b>Total equity attributable to owners of parent</b>	<u>1,828,303</u>	<u>55</u>	<u>1,820,828</u>	<u>53</u>	<u>1,762,099</u>	<u>66</u>
36XX	<b>Non-controlling interests</b>	<u>375</u>	<u>-</u>	<u>393</u>	<u>-</u>	<u>301</u>	<u>-</u>
3XXX	<b>Total equity</b>	<u>1,828,678</u>	<u>55</u>	<u>1,821,221</u>	<u>53</u>	<u>1,762,400</u>	<u>66</u>
<b>Significant contingent liabilities and unrecognized contractual commitments</b>							
<b>Major subsequent events</b>							
3X2X	<b>Total liabilities and equity</b>	<u>\$ 3,316,860</u>	<u>100</u>	<u>\$ 3,447,925</u>	<u>100</u>	<u>\$ 2,661,882</u>	<u>100</u>

**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**January 1 to March 31, 2018 and 2017**

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

Accounting Title	January 1 to March 31, 2018		January 1 to March 31, 2017	
	NT\$	%	NT\$	%
4000 <b>Operating revenue</b>	\$ 275,965	100	\$ 272,230	100
5000 <b>Operating costs</b>	( 188,801)	( 69)	( 189,500)	( 70)
5900 <b>Gross profit from operations</b>	<u>87,164</u>	<u>31</u>	<u>82,730</u>	<u>30</u>
<b>Operating expenses</b>				
6100 Selling expenses	( 22,566)	( 8)	( 25,586)	( 9)
6200 Administrative expenses	( 20,436)	( 7)	( 20,762)	( 8)
6300 Research and development expenses	( 37,846)	( 14)	( 35,629)	( 13)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	85	-	-	-
6000 <b>Total operating expenses</b>	<u>( 80,763)</u>	<u>( 29)</u>	<u>( 81,977)</u>	<u>( 30)</u>
6900 <b>Net operating income</b>	<u>6,401</u>	<u>2</u>	<u>753</u>	<u>-</u>
<b>Non-operating income and expenses</b>				
7010 Other income	1,359	-	1,467	1
7020 Other gains and losses	( 1,115)	-	( 13,843)	( 5)
7050 Finance costs	( 3,378)	( 1)	( 1,537)	( 1)
7000 <b>Total non-operating income and expenses</b>	<u>( 3,134)</u>	<u>( 1)</u>	<u>( 13,913)</u>	<u>( 5)</u>
7900 <b>Profit (loss) from continuing operations before tax</b>	<u>3,267</u>	<u>1</u>	<u>( 13,160)</u>	<u>( 5)</u>
7950 Tax income	402	-	1,276	1
8200 <b>Net Income (loss)</b>	<u>\$ 3,669</u>	<u>1</u>	<u>(\$ 11,884)</u>	<u>( 4)</u>
<b>Other comprehensive income</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ 4,525	2	\$ -	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	( 250)	-	-	-
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>4,275</u>	<u>2</u>	<u>-</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation	( 430)	-	( 905)	-
8362 Unrealised gains (losses) on valuation of available-for-sale financial assets	-	-	4,022	1
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>( 430)</u>	<u>-</u>	<u>3,117</u>	<u>1</u>
8300 <b>Total other comprehensive income</b>	<u>\$ 3,845</u>	<u>2</u>	<u>\$ 3,117</u>	<u>1</u>
8500 <b>Total comprehensive income</b>	<u>\$ 7,514</u>	<u>3</u>	<u>(\$ 8,767)</u>	<u>( 3)</u>
<b>Profit (loss), attributable to:</b>				
8610 Profit (Loss), attributable to owners of parent	<u>\$ 3,678</u>	<u>1</u>	<u>(\$ 11,909)</u>	<u>( 4)</u>
8620 Profit (loss), attributable to non-controlling interests	<u>(\$ 9)</u>	<u>-</u>	<u>\$ 25</u>	<u>-</u>
<b>Comprehensive income attributable to:</b>				
8710 Comprehensive income, attributable to owners of parent	<u>\$ 7,532</u>	<u>3</u>	<u>(\$ 8,774)</u>	<u>( 3)</u>
8720 Comprehensive income, attributable to non-controlling interests	<u>(\$ 18)</u>	<u>-</u>	<u>\$ 7</u>	<u>-</u>
<b>Basic earnings per share</b>				
9750 <b>Basic earnings(loss) per share</b>	<u>\$ 0.05</u>	<u>0.05</u>	<u>(\$ 0.15)</u>	<u>0.15</u>
9850 <b>Diluted earnings(loss) per share</b>	<u>\$ 0.05</u>	<u>0.05</u>	<u>(\$ 0.15)</u>	<u>0.15</u>

**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Statement of Changes in Equity (Unaudited)**  
**January 1 to March 31, 2018 and 2017**

Unit : NT\$ Thousands

	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	Additional paid-in capital	Other	Legal reserve	Special reserve	Unappropriate d retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensiv e income	Unrealized gains (losses) o n available-for-s ale financial assets	Total Equity Interest	Other Equity Interest	Non-contro lling Interests	Total Equity
<b>January 1 to March 31, 2017</b>													
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 profit and loss	-	-	-	-	-	-	( 887 )	-	4,022	3,135	( 18 )	3,117	
Total Other Comprehensive profit and loss	-	-	-	-	-	( 11,909 )	( 887 )	-	4,022	( 8,774 )	7	( 8,767 )	
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>\$ -</u>	<u>(\$ 7,891 )</u>	<u>\$ 1,762,099</u>	<u>\$ 301</u>	<u>\$ 1,762,400</u>	
<b>January 1 to March 31, 2018</b>													
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$ 127,342	\$ 183,296	\$ 410,290	(\$ 373 )	(\$ 9,650 )	\$ -	\$ 1,820,828	\$ 393	\$ 1,821,221	
Modified effects of retrospective application	-	-	-	-	-	( 57 )	-	-	-	( 57 )	-	( 57 )	
Equity at beginning of period after adjustments	775,600	333,746	577	127,342	183,296	410,233	( 373 )	( 9,650 )	-	1,820,771	393	1,821,164	
Profit (loss)	-	-	-	-	-	3,678	-	-	-	3,678	( 9 )	3,669	
Other Comprehensive profit and loss	-	-	-	-	-	( 250 )	( 421 )	4,525	-	3,854	( 9 )	3,845	
Total Other Comprehensive profit and loss	-	-	-	-	-	3,428	( 421 )	4,525	-	7,532	( 18 )	7,514	
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>\$ 413,661</u>	<u>(\$ 794 )</u>	<u>(\$ 5,125 )</u>	<u>\$ -</u>	<u>\$ 1,828,303</u>	<u>\$ 375</u>	<u>\$ 1,828,678</u>	

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES  
Consolidated Statement of Cash Flows (Unaudited)  
January 1 to March 31, 2018 and 2017

Unit : NT\$ Thousands

	<u>January 1 to March</u> <u>3 1 , 2 0 1 8</u>	<u>January 1 to March</u> <u>3 1 , 2 0 1 7</u>
<u>Cash flows from (used in) operating activities, indirect method</u>		
Profit (loss) before tax	\$ 3,267	(\$ 13,160)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	33,988	32,153
Amortization expense	461	195
Expected credit gain	( 85 )	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	( 405 )	-
Interest expense	3,378	1,537
Interest income	( 33 )	( 5 )
Loss (gain) on disposal of property, plan and equipment	-	146
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	142	( 764 )
Decrease (increase) in accounts receivable	113,825	58,496
Decrease (increase) in accounts receivable due from related parties	( 6,660 )	( 1,931 )
Decrease (increase) in other receivable	( 1,443 )	( 2,242 )
Decrease (increase) in inventories	12,883	5,718
Decrease (increase) in prepayments	( 3,234 )	( 9,650 )
Increase (decrease) in defined benefit assets, net	( 735 )	( 1,348 )
Changes in operating liabilities		
Increase (decrease) in notes payable	( 345 )	( 345 )
Increase (decrease) in accounts payable	32,633	( 11,949 )
Increase (decrease) in other payable	( 23,575 )	( 10,584 )
Increase (decrease) in other current liabilities	( 1,865 )	2,371
Cash inflow generated from operations	162,197	48,638
Interest paid	( 3,492 )	( 1,549 )
Income taxes paid	( 10,559 )	-
Net cash flows from (used in) operating activities	<u>148,146</u>	<u>47,089</u>

(continue)

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES  
Consolidated Statement of Cash Flows (Unaudited)  
January 1 to March 31, 2018 and 2017

Unit : NT\$ Thousands

	<u>January 1 to March</u> <u>3 1 , 2 0 1 8</u>	<u>January 1 to March</u> <u>3 1 , 2 0 1 7</u>
<u>Cash flows from (used in) investing activities</u>		
Proceeds from disposal of financial assets at cost	\$ 21,684	\$ -
Acquisition of property, plant and equipment	( 18,180 )	( 18,624 )
Proceeds from disposal of property, plant and equipment	-	1,095
Acquisition of intangible assets	( 190 )	( 982 )
Increase in refundable deposits	-	6
Net cash flows from (used in) investing activities	3,314	( 18,505 )
<u>Cash flows from (used in) financing activities</u>		
Increase(decrease) in short-term loans	86,581	( 100,000 )
Decrease in short-term notes and bills payable	( 90,087 )	( 27 )
Proceeds from long-term debt	-	50,000
Repayments of long-term debt	( 130,000 )	-
Net cash flows from (used in) financing activities	( 133,506 )	( 50,027 )
Effect of exchange rate changes on cash	( 333 )	( 884 )
Net increase (decrease) in cash and cash equivalents	17,621	( 22,327 )
Cash and cash equivalents at beginning of period	155,995	143,080
Cash and cash equivalents at end of period	\$ 173,616	\$ 120,753