

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

**Consolidated Balance Sheet (Unaudited)**

**Dated June 30, 2018, December 31 and June 30, 2017**

Unit : NT\$ Thousands

Assets	J u n e 3 0 , 2 0 1 8		D e c e m b e r 3 1 , 2 0 1 7		J u n e 3 0 , 2 0 1 7		
	NT\$	%	NT\$	%	NT\$	%	
<b>Current Assets</b>							
1100	Cash and cash equivalents	\$ 168,582	5	\$ 155,995	5	\$ 89,076	3
1150	Notes receivable, net	896	-	1,787	-	360	-
1170	Accounts receivable, net	170,276	5	220,956	6	108,620	4
1180	Accounts receivable due from related parties, net	25,059	1	16,531	-	15,629	1
1200	Other receivables	5,191	-	27,425	1	7,378	-
1220	Current tax assets	1,712	-	-	-	-	-
130X	Current inventories	295,916	9	335,604	10	439,528	17
1410	Prepayments	6,064	-	5,265	-	7,896	-
1460	Non-current assets or disposal groups classified as held for sale, net	263,553	8	263,553	8	263,553	10
11XX	<b>Total current assets</b>	<b>937,249</b>	<b>28</b>	<b>1,027,116</b>	<b>30</b>	<b>932,040</b>	<b>35</b>
<b>Non-current assets</b>							
1510	Non-current financial assets at fair value through profit or loss	29,072	1	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income	99,557	3	-	-	-	-
1523	Non-current available-for-sale financial assets	-	-	93,775	3	95,031	4
1543	Non-current financial assets at cost	-	-	30,000	1	33,115	1
1600	Property, plant and equipment	2,225,798	67	2,242,930	65	1,566,962	59
1760	Investment property, net	10,700	-	10,700	-	10,700	-
1780	Intangible assets	2,505	-	3,185	-	1,373	-
1840	Deferred tax assets	16,286	-	14,787	-	15,247	1
1900	Other non-current assets	25,241	1	25,432	1	12,961	-
15XX	<b>Total non-current assets</b>	<b>2,409,159</b>	<b>72</b>	<b>2,420,809</b>	<b>70</b>	<b>1,735,389</b>	<b>65</b>
1XXX	<b>Total assets</b>	<b>\$ 3,346,408</b>	<b>100</b>	<b>\$ 3,447,925</b>	<b>100</b>	<b>\$ 2,667,429</b>	<b>100</b>

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

**Consolidated Balance Sheet (Unaudited)**

**Dated June 30, 2018, December 31 and June 30, 2017**

Unit : NT\$ Thousands

Liabilities and equity	J u n e 3 0 , 2 0 1 8		D e c e m b e r 3 1 , 2 0 1 7		J u n e 3 0 , 2 0 1 7		
	NT\$	%	NT\$	%	NT\$	%	
<b>Current liabilities</b>							
2100	Current borrowings	\$ 350,000	11	\$ 242,376	7	\$ 160,000	6
2110	Short-term notes and bills payable	109,966	3	249,902	7	219,694	8
2130	Current contract liabilities	2,352	-	-	-	-	-
2150	Notes payable	596	-	345	-	380	-
2170	Accounts payable	97,988	3	55,201	2	60,580	3
2200	Other payables	149,497	5	111,527	3	136,124	5
2230	Current tax liabilities	6,852	-	12,816	-	1,997	-
2320	Long-term liabilities, current portion	-	-	130,000	4	60,000	2
2399	Other current liabilities, others	4,922	-	6,141	-	4,800	-
21XX	<b>Total current liabilities</b>	<u>722,173</u>	<u>22</u>	<u>808,308</u>	<u>23</u>	<u>643,575</u>	<u>24</u>
<b>Non-current liabilities</b>							
2540	Non-current portion of non-current borrowings	567,440	17	567,440	17	70,000	3
2570	Deferred tax liabilities	249,391	7	250,380	7	242,614	9
2600	Other non-current liabilities	576	-	576	-	266	-
25XX	<b>Total non-current liabilities</b>	<u>817,407</u>	<u>24</u>	<u>818,396</u>	<u>24</u>	<u>312,880</u>	<u>12</u>
2XXX	<b>Total liabilities</b>	<u>1,539,580</u>	<u>46</u>	<u>1,626,704</u>	<u>47</u>	<u>956,455</u>	<u>36</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	135,919	4	127,342	4	127,342	5
3320	Special reserve	183,296	6	183,296	5	183,296	7
3350	Unappropriated retained earnings	381,258	11	410,290	12	298,461	11
<b>Other equity interest</b>							
3400	Other equity interest	( 3,887)	-	( 10,023)	-	( 8,346)	-
31XX	<b>Total equity attributable to owners of parent</b>	<u>1,806,509</u>	<u>54</u>	<u>1,820,828</u>	<u>53</u>	<u>1,710,676</u>	<u>64</u>
36XX	<b>Non-controlling interests</b>	<u>319</u>	<u>-</u>	<u>393</u>	<u>-</u>	<u>298</u>	<u>-</u>
3XXX	<b>Total equity</b>	<u>1,806,828</u>	<u>54</u>	<u>1,821,221</u>	<u>53</u>	<u>1,710,974</u>	<u>64</u>
<b>Significant contingent liabilities and unrecognized contractual commitments</b>							
<b>Major subsequent events</b>							
3X2X	<b>Total liabilities and equity</b>	<u>\$ 3,346,408</u>	<u>100</u>	<u>\$ 3,447,925</u>	<u>100</u>	<u>\$ 2,667,429</u>	<u>100</u>

**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Statement of Comprehensive Income (Unaudited)**  
**Six months Ended June 30, 2018 and 2017**

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

Accounting Title	2rd Quarter, 2018		2rd Quarter, 2017		1 <sup>st</sup> Half, 2018		1 <sup>st</sup> Half, 2017	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
4000 <b>Operating revenue</b>	\$ 333,076	100	\$ 192,371	100	\$ 609,041	100	\$ 464,601	100
5000 <b>Operating costs</b>	( 228,046)	( 68)	( 129,033)	( 67)	( 416,847)	( 68)	( 318,533)	( 68)
5900 <b>Gross profit (loss) from operations</b>	<u>105,030</u>	<u>32</u>	<u>63,338</u>	<u>33</u>	<u>192,194</u>	<u>32</u>	<u>146,068</u>	<u>32</u>
<b>Operating expenses</b>								
6100 Selling expenses	( 25,387)	( 8)	( 15,422)	( 8)	( 47,953)	( 8)	( 41,008)	( 9)
6200 Administrative expenses	( 24,946)	( 8)	( 27,480)	( 14)	( 45,382)	( 8)	( 48,242)	( 10)
6300 Research and development expenses	( 36,983)	( 11)	( 33,529)	( 18)	( 74,829)	( 12)	( 69,158)	( 15)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	( 8)	-	-	-	77	-	-	-
6000 <b>Total operating expenses</b>	<u>( 87,324)</u>	<u>( 27)</u>	<u>( 76,431)</u>	<u>( 40)</u>	<u>( 168,087)</u>	<u>( 28)</u>	<u>( 158,408)</u>	<u>( 34)</u>
6900 <b>Net operating income (loss)</b>	<u>17,706</u>	<u>5</u>	<u>( 13,093)</u>	<u>( 7)</u>	<u>24,107</u>	<u>4</u>	<u>( 12,340)</u>	<u>( 2)</u>
<b>Non-operating income and expenses</b>								
7010 Other income	2,992	1	793	-	4,351	1	2,260	1
7020 Other gains and losses	937	-	1,774	1	( 178)	-	( 12,069)	( 3)
7050 Finance costs	( 3,151)	( 1)	( 1,480)	( 1)	( 6,529)	( 1)	( 3,017)	( 1)
7000 <b>Total non-operating income and expenses</b>	<u>778</u>	<u>-</u>	<u>1,087</u>	<u>-</u>	<u>( 2,356)</u>	<u>-</u>	<u>( 12,826)</u>	<u>( 3)</u>
7900 <b>Profit (loss) from continuing operations before tax</b>	<u>18,484</u>	<u>5</u>	<u>( 12,006)</u>	<u>( 7)</u>	<u>21,751</u>	<u>4</u>	<u>( 25,166)</u>	<u>( 5)</u>
7950 Tax (expense) income	( 3,471)	( 1)	( 199)	-	( 3,069)	( 1)	1,077	-
8200 <b>Profit (loss)</b>	<u>\$ 15,013</u>	<u>4</u>	<u>\$ ( 12,205)</u>	<u>( 7)</u>	<u>\$ 18,682</u>	<u>3</u>	<u>\$ ( 24,089)</u>	<u>( 5)</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	\$ 1,257	1	\$ -	-	\$ 5,782	1	\$ -	-
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>1,257</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>5,532</u>	<u>1</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	791	-	62	-	361	-	( 843)	-
8362 Unrealised gains (losses) on valuation of available-for-sale financial assets	-	-	( 503)	-	-	-	3,519	-
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>791</u>	<u>-</u>	<u>( 441)</u>	<u>-</u>	<u>361</u>	<u>-</u>	<u>2,676</u>	<u>-</u>
8300 <b>Total other comprehensive income</b>	<u>\$ 2,048</u>	<u>1</u>	<u>\$ ( 441)</u>	<u>-</u>	<u>\$ 5,893</u>	<u>1</u>	<u>\$ 2,676</u>	<u>-</u>
8500 <b>Total comprehensive income</b>	<u>\$ 17,061</u>	<u>5</u>	<u>\$ ( 12,646)</u>	<u>( 7)</u>	<u>\$ 24,575</u>	<u>4</u>	<u>\$ ( 21,413)</u>	<u>( 5)</u>
<b>Profit (loss), attributable to:</b>								
8610 Profit (loss), attributable to owners of parent	<u>\$ 14,954</u>	<u>4</u>	<u>\$ ( 12,201)</u>	<u>( 6)</u>	<u>\$ 18,632</u>	<u>3</u>	<u>\$ ( 24,110)</u>	<u>( 5)</u>
8620 Profit (loss), attributable to non-controlling interests	<u>\$ 59</u>	<u>-</u>	<u>\$ ( 4)</u>	<u>-</u>	<u>\$ 50</u>	<u>-</u>	<u>\$ 21</u>	<u>-</u>
<b>Comprehensive income attributable to:</b>								
8710 Comprehensive income, attributable to owners of parent	<u>\$ 16,986</u>	<u>5</u>	<u>\$ ( 12,643)</u>	<u>( 7)</u>	<u>\$ 24,518</u>	<u>4</u>	<u>\$ ( 21,417)</u>	<u>( 5)</u>
8720 Comprehensive income, attributable to non-controlling interests	<u>\$ 75</u>	<u>-</u>	<u>\$ ( 3)</u>	<u>-</u>	<u>\$ 57</u>	<u>-</u>	<u>\$ 4</u>	<u>-</u>
<b>Earnings(loss) per share</b>								
9750 <b>Basic earnings (loss) per share</b>	<u>\$ 0.19</u>		<u>\$ 0.16</u>		<u>\$ 0.24</u>		<u>\$ 0.31</u>	
9850 <b>Diluted earnings (loss) per share</b>	<u>\$ 0.19</u>		<u>\$ 0.16</u>		<u>\$ 0.24</u>		<u>\$ 0.31</u>	

**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Statement of Changes in Equity (Unaudited)**  
**January 1 to June 30, 2018 and 2017**

Unit : NTS 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					Total Equity
	Ordinary share	Additional paid-in capital	Other	Legal reserve	Special reserve	Unappropriate retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total Equity Interest	Non-controlling Interests	
<b>January 1 to June 30, 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)	-	-	-	-	-	( 24,110 )	-	-	-	( 24,110 )	21	( 24,089 )
Other Comprehensive profit and loss	-	-	-	-	-	-	( 826 )	-	3,519	2,693	( 17 )	2,676
Total Other Comprehensive profit and loss	-	-	-	-	-	( 24,110 )	( 826 )	-	3,519	( 21,417 )	4	( 21,413 )
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 )
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>\$ -</u>	<u>(\$ 8,394 )</u>	<u>\$ 1,710,676</u>	<u>\$ 298</u>	<u>\$ 1,710,974</u>
<b>January 1 to June 30, 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
Effects of retrospective application and retrospective restatement	-	-	-	-	-	( 57 )	-	-	-	( 57 )	-	( 57 )
Equity at beginning of period after adjustments	<u>775,600</u>	<u>333,746</u>	<u>577</u>	<u>127,342</u>	<u>183,296</u>	<u>410,233</u>	<u>( 373 )</u>	<u>( 9,650 )</u>	<u>-</u>	<u>1,820,771</u>	<u>393</u>	<u>1,821,164</u>
Profit (loss)	-	-	-	-	-	18,632	-	-	-	18,632	50	18,682
Other Comprehensive profit and loss	-	-	-	-	-	( 250 )	354	5,782	-	5,886	7	5,893
Total Other Comprehensive profit and loss	-	-	-	-	-	18,382	354	5,782	-	24,518	57	24,575
Appropriation and distribution of retained earnings of 2017:												
Legal reserve appropriated	-	-	-	8,577	-	( 8,577 )	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	( 38,780 )	-	-	-	( 38,780 )	-	( 38,780 )
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	( 131 )	( 131 )
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 135,919</u>	<u>\$ 183,296</u>	<u>\$ 381,258</u>	<u>(\$ 19 )</u>	<u>(\$ 3,868 )</u>	<u>\$ -</u>	<u>\$ 1,806,509</u>	<u>\$ 319</u>	<u>\$ 1,806,828</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES  
Consolidated Statement of Cash Flows(Unaudited)  
Six months Ended June 30, 2018 and 2017

Unit : NT\$ Thousands

	1st Half, 2018	1st Half, 2017
<b><u>Cash flows from (used in) operating activities</u></b>		
Profit (loss) before tax	\$ 21,751	(\$ 25,166)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	66,882	65,350
Amortization expense	871	503
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	( 77 )	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,056	-
Interest expense	6,529	3,017
Interest income	( 93 )	( 75 )
Loss (gain) on disposal of property, plan and equipment	-	146
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	211	-
Decrease (increase) in notes receivable	884	261
Decrease (increase) in accounts receivable	50,414	51,964
Decrease (increase) in accounts receivable due from related parties	( 8,574 )	( 3,074 )
Decrease (increase) in other receivable	550	( 736 )
Decrease (increase) in inventories	39,688	( 37,774 )
Decrease (increase) in prepayments	( 799 )	( 4,364 )
Decrease (increase) in other operating assets	( 1,007 )	( 2,715 )
Changes in operating liabilities		
Increase (decrease) in contract liabilities	786	-
Increase (decrease) in notes payable	251	35
Increase (decrease) in accounts payable	42,787	( 10,096 )
Increase (decrease) in other payable	( 8,595 )	( 16,572 )
Increase (decrease) in other current liabilities	347	1,411
Cash inflow (outflow) generated from operations	213,862	22,115
Interest received	93	75
Interest paid	( 6,637 )	( 3,023 )
Income taxes refund (paid)	( 13,654 )	( 14,739 )
Net cash flows from (used in) operating activities	193,664	4,428

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**CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES**  
**Consolidated Statement of Cash Flows(Unaudited)**  
**Six months Ended June 30, 2018 and 2017**

Unit : NT\$ Thousands

	1st Half, 2018	1st Half, 2017
<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	( 41,979 )	( 57,619 )
Proceeds from disposal of property, plant and equipment	-	1,095
Acquisition of intangible assets	( 191 )	( 1,077 )
Decrease in refundable deposits	1,200	205
Net cash flows from (used in) investing activities	( 19,286 )	( 57,396 )
<u>Cash flows from (used in) financing activities</u>		
Increase in short-term loans	107,624	( 50,000 )
Decrease in short-term notes and bills payable	( 139,936 )	49,796
Proceeds from long-term debt	-	50,000
Repayments of long-term debt	( 130,000 )	( 50,000 )
Net cash flows from (used in) financing activities	( 162,312 )	( 204 )
Effect of exchange rate changes on cash and cash equivalents	521	( 832 )
Net increase (decrease) in cash and cash equivalents	12,587	( 54,004 )
Cash and cash equivalents at beginning of period	155,995	143,080
Cash and cash equivalents at end of period	\$ 168,582	\$ 89,076