

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

Consolidated Balance Sheet (Unaudited)

Dated June 30, 2019, December 31 and June 30, 2018

Unit : NT\$ Thousands

Assets	June 30, 2019		December 31, 2018		June 30, 2018		
	NT\$	%	NT\$	%	NT\$	%	
Current Assets							
1100	Cash and cash equivalents	\$ 154,382	5	\$ 106,367	4	\$ 168,582	5
1140	Current contract assets	5,588	-	-	-	-	-
1150	Notes receivable, net	774	-	666	-	896	-
1170	Accounts receivable, net	140,155	4	105,404	3	170,276	5
1180	Accounts receivable due from related parties, net	24,989	1	26,449	1	25,059	1
1200	Other receivables	23,533	1	5,447	-	5,191	-
1220	Current tax assets	2,158	-	2,076	-	1,712	-
130X	Current inventories	275,956	8	362,398	11	295,916	9
1410	Prepayments	5,670	-	4,987	-	6,064	-
1460	Non-current assets or disposal groups classified as held for sale, net	-	-	-	-	263,553	8
11XX	Total current assets	<u>633,205</u>	<u>19</u>	<u>613,794</u>	<u>19</u>	<u>937,249</u>	<u>28</u>
Non-current assets							
1510	Non-current financial assets at fair value through profit or loss	31,032	1	29,978	1	29,072	1
1517	Non-current financial assets at fair value through other comprehensive income	-	-	-	-	99,557	3
1550	Investments accounted for using equity method	433,937	13	325,381	10	-	-
1600	Property, plant and equipment	2,191,803	65	2,195,594	68	2,225,798	67
1755	Right-of-use assets	6,449	-	-	-	-	-
1760	Investment property, net	10,700	-	10,700	-	10,700	-
1780	Intangible assets	1,756	-	2,193	-	2,505	-
1840	Deferred tax assets	21,510	1	20,511	1	16,286	-
1900	Other non-current assets	24,292	1	23,267	1	25,241	1
15XX	Total non-current assets	<u>2,721,479</u>	<u>81</u>	<u>2,607,624</u>	<u>81</u>	<u>2,409,159</u>	<u>72</u>
1XXX	Total assets	<u>\$ 3,354,684</u>	<u>100</u>	<u>\$ 3,221,418</u>	<u>100</u>	<u>\$ 3,346,408</u>	<u>100</u>

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

Consolidated Balance Sheet (Unaudited)

Dated June 30, 2019, December 31 and June 30, 2018

Unit : NT\$ Thousands

Liabilities and equity	J u n e 3 0 , 2 0 1 9		D e c e m b e r 3 1 , 2 0 1 8		J u n e 3 0 , 2 0 1 8	
	NT\$	%	NT\$	%	NT\$	%
Current liabilities						
2100 Current borrowings	\$ 290,000	9	\$ 150,000	5	\$ 350,000	11
2110 Short-term notes and bills payable	69,897	2	79,956	2	109,966	3
2130 Current contract liabilities	4,878	-	1,579	-	2,352	-
2150 Notes payable	603	-	1,192	-	596	-
2170 Accounts payable	60,566	2	60,595	2	97,988	3
2200 Other payables	207,639	6	118,636	4	149,497	5
2220 Other payables to related parties	1,419	-	-	-	-	-
2230 Current tax liabilities	16,464	1	12,878	-	6,852	-
2280 Current lease liabilities	2,593	-	-	-	-	-
2399 Other current liabilities, others	4,278	-	854	-	4,922	-
21XX Total current liabilities	<u>658,337</u>	<u>20</u>	<u>425,690</u>	<u>13</u>	<u>722,173</u>	<u>22</u>
Non-current liabilities						
2540 Non-current portion of non-current borrowings	496,512	15	567,440	18	567,440	17
2570 Deferred tax liabilities	244,650	7	243,863	7	249,391	7
2580 Non-current lease liabilities	3,775	-	-	-	-	-
2645 Guarantee deposits received	-	-	522	-	576	-
25XX Total non-current liabilities	<u>744,937</u>	<u>22</u>	<u>811,825</u>	<u>25</u>	<u>817,407</u>	<u>24</u>
2XXX Total liabilities	<u>1,403,274</u>	<u>42</u>	<u>1,237,515</u>	<u>38</u>	<u>1,539,580</u>	<u>46</u>
Equity attributable to owners of parent						
Share capital						
3110 Ordinary share	775,600	23	775,600	24	775,600	23
Capital surplus						
3200 Capital surplus	334,323	10	334,323	11	334,323	10
Retained earnings						
3310 Legal reserve	159,344	5	135,919	4	135,919	4
3320 Special reserve	183,296	5	183,296	6	183,296	6
3350 Unappropriated retained earnings	492,001	15	553,954	17	381,258	11
Other equity interest						
3400 Other equity interest	6,497	-	565	-	(3,887)	-
31XX Total equity attributable to owners of parent	<u>1,951,061</u>	<u>58</u>	<u>1,983,657</u>	<u>62</u>	<u>1,806,509</u>	<u>54</u>
36XX Non-controlling interests	<u>349</u>	<u>-</u>	<u>246</u>	<u>-</u>	<u>319</u>	<u>-</u>
3XXX Total equity	<u>1,951,410</u>	<u>58</u>	<u>1,983,903</u>	<u>62</u>	<u>1,806,828</u>	<u>54</u>
Significant contingent liabilities and unrecognized contractual commitments						
3X2X Total liabilities and equity	<u>\$ 3,354,684</u>	<u>100</u>	<u>\$ 3,221,418</u>	<u>100</u>	<u>\$ 3,346,408</u>	<u>100</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Comprehensive Income (Unaudited)
Six months Ended June 30, 2019 and 2018

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

Accounting Title	2rd Quarter, 2019		2rd Quarter, 2018		1st Half, 2019		1st Half, 2018	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
4000 Operating revenue	\$ 319,842	100	\$ 333,076	100	\$ 663,491	100	\$ 609,041	100
5000 Operating costs	(218,794)	(69)	(228,046)	(69)	(432,605)	(65)	(416,847)	(68)
5900 Gross profit(loss) from operations	<u>101,048</u>	<u>31</u>	<u>105,030</u>	<u>31</u>	<u>230,886</u>	<u>35</u>	<u>192,194</u>	<u>32</u>
Operating expenses								
6100 Selling expenses	(20,173)	(6)	(25,387)	(8)	(41,843)	(6)	(47,953)	(8)
6200 Administrative expenses	(20,909)	(7)	(24,946)	(7)	(40,925)	(6)	(45,382)	(8)
6300 Research and development expenses	(48,462)	(15)	(36,983)	(11)	(95,142)	(15)	(74,829)	(12)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>	<u>-</u>
6000 Total operating expenses	<u>(89,544)</u>	<u>(28)</u>	<u>(87,324)</u>	<u>(26)</u>	<u>(177,910)</u>	<u>(27)</u>	<u>(168,087)</u>	<u>(28)</u>
6900 Net operating income (loss)	<u>11,504</u>	<u>3</u>	<u>17,706</u>	<u>5</u>	<u>52,976</u>	<u>8</u>	<u>24,107</u>	<u>4</u>
Non-operating income and expenses								
7010 Other income	1,634	1	2,992	1	3,697	1	4,351	1
7020 Other gains and losses	285	-	937	-	4,852	1	(178)	-
7050 Finance costs	(2,569)	(1)	(3,151)	(1)	(5,065)	(1)	(6,529)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>9,268</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>14,382</u>	<u>2</u>	<u>-</u>	<u>-</u>
7000 Total non-operating income and expenses	<u>8,618</u>	<u>3</u>	<u>778</u>	<u>-</u>	<u>17,866</u>	<u>3</u>	<u>(2,356)</u>	<u>-</u>
7900 Profit (loss) from continuing operations before tax	20,122	6	18,484	5	70,842	11	21,751	4
7950 Tax expense (income)	(6,598)	(2)	(3,471)	(1)	(16,198)	(3)	(3,069)	(1)
8200 Profit (loss)	<u>\$ 13,524</u>	<u>4</u>	<u>\$ 15,013</u>	<u>4</u>	<u>\$ 54,644</u>	<u>8</u>	<u>\$ 18,682</u>	<u>3</u>

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CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Comprehensive Income (Unaudited)
Six months Ended June 30, 2019 and 2018

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

Accounting Title	2rd Quarter, 2019		2rd Quarter, 2018		1st Half, 2019		1st Half, 2018	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
Other comprehensive income								
Components of other comprehensive income that will not be reclassified to profit or loss								
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ -	-	\$ 1,257	1	\$ -	-	\$ 5,782	1
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	626	-	-	-	5,099	1	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	(250)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss	<u>626</u>	<u>-</u>	<u>1,257</u>	<u>1</u>	<u>5,099</u>	<u>1</u>	<u>5,532</u>	<u>1</u>
Components of other comprehensive income that will be reclassified to profit or loss								
8361 Exchange differences on translation	(614)	-	791	-	836	-	361	-
8360 Components of other comprehensive income that will be reclassified to profit or loss	<u>(614)</u>	<u>-</u>	<u>791</u>	<u>-</u>	<u>836</u>	<u>-</u>	<u>361</u>	<u>-</u>
8300 Other comprehensive income, net	<u>\$ 12</u>	<u>-</u>	<u>\$ 2,048</u>	<u>1</u>	<u>\$ 5,935</u>	<u>1</u>	<u>\$ 5,893</u>	<u>1</u>
8500 Total comprehensive income	<u>\$ 13,536</u>	<u>4</u>	<u>\$ 17,061</u>	<u>5</u>	<u>\$ 60,579</u>	<u>9</u>	<u>\$ 24,575</u>	<u>4</u>
Profit (loss), attributable to:								
8610 Profit (loss), attributable to owners of parent	<u>\$ 13,466</u>	<u>4</u>	<u>\$ 14,954</u>	<u>4</u>	<u>\$ 54,544</u>	<u>8</u>	<u>\$ 18,632</u>	<u>3</u>
8620 Profit (loss), attributable to non-controlling interests	<u>\$ 58</u>	<u>-</u>	<u>\$ 59</u>	<u>-</u>	<u>\$ 100</u>	<u>-</u>	<u>\$ 50</u>	<u>-</u>
Comprehensive income attributable to:								
8710 Comprehensive income, attributable to owners of parent	<u>\$ 13,476</u>	<u>4</u>	<u>\$ 16,986</u>	<u>5</u>	<u>\$ 60,476</u>	<u>9</u>	<u>\$ 24,518</u>	<u>4</u>
8720 Comprehensive income, attributable to non-controlling interests	<u>\$ 60</u>	<u>-</u>	<u>\$ 75</u>	<u>-</u>	<u>\$ 103</u>	<u>-</u>	<u>\$ 57</u>	<u>-</u>
Earnings(loss) per share								
9750 Basic earnings per share	<u>\$ 0.17</u>		<u>\$ 0.19</u>		<u>\$ 0.70</u>		<u>\$ 0.24</u>	
9850 Diluted earnings per share	<u>\$ 0.17</u>		<u>\$ 0.19</u>		<u>\$ 0.70</u>		<u>\$ 0.24</u>	

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Changes in Equity (Unaudited)
January 1 to June 30, 2019 and 2018

Unit : NTS Thousands

	<u>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>Other equity inte</u>	<u>Unrealised gains</u>	<u>Total equity</u>	<u>Non-contro</u>	<u>Total Equity</u>
	<u>Capital surplus</u>	<u>Retained earnings</u>		<u>Exchange</u>	<u>(losses) on financial</u>	<u>attributable to</u>					
	<u>Ordinary</u>	<u>Additional</u>	<u>Other</u>	<u>Legal</u>	<u>Special</u>	<u>Unappropriated</u>	<u>differences on</u>	<u>assets measured at fair</u>	<u>owners of parent</u>	<u>Interests</u>	
	<u>share</u>	<u>paid-in capital</u>		<u>reserve</u>	<u>reserve</u>	<u>retained earnings</u>	<u>translation of</u>	<u>value through other</u>			
							<u>foreign</u>	<u>comprehensive</u>			
							<u>financial</u>	<u>income</u>			
							<u>statements</u>				
January 1 to June 30, 2018											
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>1,820,771</u>	<u>393</u>	<u>1,821,164</u>
Profit (loss)	-	-	-	-	-	18,632	-	-	18,632	50	18,682
Other comprehensive income	-	-	-	-	-	(250)	354	5,782	5,886	7	5,893
Total comprehensive income	-	-	-	-	-	<u>18,382</u>	<u>354</u>	<u>5,782</u>	<u>24,518</u>	<u>57</u>	<u>24,575</u>
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>\$ 1,806,509</u>	<u>\$ 319</u>	<u>\$ 1,806,828</u>
January 1 to June 30, 2019											
Equity at beginning of period	\$ 775,600	\$ 333,746	\$ 577	\$ 135,919	\$ 183,296	\$ 553,954	\$ 224	\$ 341	\$ 1,983,657	\$ 246	\$ 1,983,903
Profit (loss)	-	-	-	-	-	54,544	-	-	54,544	100	54,644
Other comprehensive income	-	-	-	-	-	-	833	5,099	5,932	3	5,935
Total comprehensive income	-	-	-	-	-	<u>54,544</u>	<u>833</u>	<u>5,099</u>	<u>60,476</u>	<u>103</u>	<u>60,579</u>
Appropriation and distribution of retained earnings of 2018:											
Legal reserve appropriated	-	-	-	23,425	-	(23,425)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(93,072)	-	-	(93,072)	-	(93,072)
Equity at end of period	<u>\$ 775,600</u>	<u>\$ 333,746</u>	<u>\$ 577</u>	<u>\$ 159,344</u>	<u>\$ 183,296</u>	<u>\$ 492,001</u>	<u>\$ 1,057</u>	<u>\$ 5,440</u>	<u>\$ 1,951,061</u>	<u>\$ 349</u>	<u>\$ 1,951,410</u>

CHUNGHWA CHEMICAL SYNTHESIS & BIOTECH CO., LTD. AND SUSIDIARIES
Consolidated Statement of Cash Flows(Unaudited)
Six months Ended June 30, 2019 and 2018

Unit : NT\$ Thousands

	1st Half, 2019	1st Half, 2018
<u>Cash flows from (used in) operating activities</u>		
Profit (loss) before tax	\$ 70,842	\$ 21,751
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	64,355	66,882
Amortization expense	983	871
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	(1,054)	1,056
Interest expense	5,065	6,529
Interest income	(347)	(93)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(14,382)	-
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 contract assets	(5,588)	-
Decrease (increase) in notes receivable	(108)	884
Decrease (increase) in accounts receivable	(34,751)	50,414
Decrease (increase) in accounts receivable due from related parties	1,460 (8,574)
Decrease (increase) in other receivable	622	550
Decrease (increase) in other receivable due from related parties	186	-
Decrease (increase) in inventories	86,442	39,688
Decrease (increase) in prepayments	(683)	(799)
Decrease (increase) in other operating assets	(537)	(1,007)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	3,299	786
Increase (decrease) in notes payable	(589)	251
Increase (decrease) in accounts payable	(29)	42,787
Increase (decrease) in other payable	(3,985)	(8,595)
Increase (decrease) in other payable to related parties	1,419	-
Increase (decrease) in other current liabilities	2,902	347
Cash inflow (outflow) generated from operations	175,522	213,862
Interest received	336	93
Interest paid	(5,120)	(6,637)
Income taxes refund (paid)	(12,903)	(13,654)
Net cash flows from (used in) operating activities	157,835	193,664

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

Consolidated Statement of Cash Flows(Unaudited)

Six months Ended June 30, 2019 and 2018

Unit : NT\$ Thousands

	<u>1st Half, 2019</u>	<u>1st Half, 2018</u>
<u>Cash flows from (used in) investing activities</u>		
Proceeds from disposal of financial assets at amortised cost	\$ -	\$ 21,684
Acquisition of property, plant and equipment	(59,426)	(41,979)
Acquisition of intangible assets	(546)	(191)
Acquisition of investments accounted for using equity method	(107,285)	-
(Increase)Decrease in refundable deposits	(488)	1,200
Net cash flows from (used in) investing activities	<u>(167,745)</u>	<u>(19,286)</u>
<u>Cash flows from (used in) financing activities</u>		
Increase in short-term loans	140,000	107,624
Decrease in short-term notes and bills payable	(10,059)	(139,936)
Repayments of long-term debt	(70,928)	(130,000)
Payments of lease liabilities	(1,144)	-
Net cash flows from (used in) financing activities	<u>57,869</u>	<u>(162,312)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>56</u>	<u>521</u>
Net increase (decrease) in cash and cash equivalents	48,015	12,587
Cash and cash equivalents at beginning of period	<u>106,367</u>	<u>155,995</u>
Cash and cash equivalents at end of period	<u>\$ 154,382</u>	<u>\$ 168,582</u>