

**TSRC CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2020 and 2019**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of TSRC Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of the TSRC Corporation (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2020 and 2019, as well as the changes in equity and cash flows for the six months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,101,975 thousand and \$3,185,518 thousand, both constituting 10% of the consolidated total assets; and the total liabilities amounting to \$762,019 thousand and \$533,427 thousand, constituting 5% and 4% of the consolidated total liabilities as of June 30, 2020 and 2019, respectively; as well as the total comprehensive income (loss) amounting to \$(10,123) thousand, \$(2,323) thousand, \$(27,366) thousand and \$84,117 thousand, constituting (25)%, (1)%, 22% and 7% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2020 and 2019, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of the Group in its investee companies of \$987,595 thousand and \$1,147,576 thousand as of June 30, 2020 and 2019, respectively, and its equity in net earnings (loss) on these investee companies of \$(48,057) thousand, \$84,816 thousand, \$(63,896) thousand and \$184,503 thousand for the three months and six months ended June 30, 2020 and 2019, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of TSRC Corporation and its subsidiaries as of June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months ended June 30, 2020 and 2019, as well as its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ming-Hung Huang and Lin Wu.

KPMG

Taipei, Taiwan (Republic of China)
August 6, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2020 and 2019

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2020, December 31, and June 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2020		December 31, 2019		June 30, 2019			
		Amount	%	Amount	%	Amount	%	Amount	%
Assets									
Current assets:									
1100	Cash and cash equivalents (note 6(a))	\$ 4,745,090	16	4,695,280	14	4,097,529	13	2100	Short-term borrowings (note 6(i))
1110	Current financial assets at fair value through profit or loss (note 6(b))	1,163	-	14	-	4	-	2120	Current portion of long-term borrowings (notes 6(i) and 8)
1150	Notes receivable, net (note 6(d))	566,705	2	866,347	3	699,323	2		Current financial liabilities at fair value through profit or loss (note 6(b))
1170	Accounts receivable, net (notes 6(d) and 7)	2,035,821	7	2,759,617	8	3,138,313	10	2170	Accounts payable
1200	Other receivables (notes 6(e) and 7)	131,514	-	136,351	-	224,232	1	2180	Accounts payable—related parties (note 7)
1220	Current income tax assets	20,474	-	80	-	13,566	-	2216	Dividend payable (note 6(q))
130x	Inventories (note 6(f))	5,076,817	17	6,414,679	20	5,732,550	17	2230	Current income tax liabilities
1479	Other current assets	410,405	1	493,550	2	654,921	2	2219	Other payables (notes 6(m), 6(s) and 7)
	Total current assets	12,987,989	43	15,365,918	47	14,560,438	45	2280	Current lease liabilities (note 6(n))
	Non-current assets:							2399	Other current liabilities
1518	Non-current financial assets at fair value through other comprehensive income (note 6(e))	1,277,516	5	1,137,888	4	1,653,529	5		Total current liabilities
1550	Investments accounted for under equity method (notes 6(g) and 7)	987,595	3	1,098,591	3	1,147,576	4	2541	Non-Current liabilities:
1600	Property, plant and equipment (notes 6(h), 8 and 9)	10,025,719	34	10,037,395	31	9,511,224	30	2542	Long-term bank borrowings (notes 6(i) and 8)
1755	Right-of-use assets (note 6(i))	1,182,546	4	1,331,571	4	1,587,893	5	2570	Other long-term borrowings (note 6(l))
1760	Investment property (note 6(j))	1,574,236	5	1,581,599	5	1,588,961	5	2580	Non-current provision liabilities (note 7)
1780	Intangible assets (note 6(k))	1,603,547	5	1,669,885	5	1,797,131	5	2600	Deferred income tax liabilities
1840	Deferred income tax assets	276,568	1	220,439	1	246,310	1		Non-current lease liabilities (note 6(n))
1900	Other non-current assets (note 8)	82,539	-	71,637	-	115,478	-		Other non-current liabilities
	Total non-current assets	17,010,266	57	17,149,005	53	17,648,102	55		Total non-current liabilities
	Equity attributable to shareholders of the Company (note 6(q)):								Total liabilities
	Common stock							3100	Common stock
	Capital surplus							3200	Capital surplus
	Retained earnings:							3310	Legal reserve
	Legal reserve							3350	Unappropriated earnings
	Unappropriated earnings							3410	Other equity:
	Other equity:							3410	Financial statement translation differences for foreign operations
	Financial statement translation differences for foreign operations							3420	Unrealized gain on financial assets measured at fair value through other comprehensive income
	Unrealized gain on financial assets measured at fair value through other comprehensive income							3450	Gains (losses) on hedging instrument
	Gains (losses) on hedging instrument								Total equity attributable to shareholders of the Company
	Total equity attributable to shareholders of the Company							36xx	Non-controlling interests
	Non-controlling interests								Total equity
	Total equity	\$ 29,998,255	100	32,514,923	100	32,208,540	100		Total liabilities and equity
	Total liabilities and equity	\$ 29,998,255	100	32,514,923	100	32,208,540	100		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	For the three months ended June 30				For the six months ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Revenue (notes 6(t) and 7)	\$ 5,535,339	100	7,587,970	100	12,029,185	100	15,148,965	100
5000 Operating costs (notes 6(f), 6(h), 6(i), 6(m), 6(n), 6(o), 6(s) and 7)	4,920,874	89	6,577,786	87	10,653,573	89	13,268,697	88
5910 Gross profit	614,465	11	1,010,184	13	1,375,612	11	1,880,268	12
6000 Operating expenses (notes 6(d), 6(h), 6(i), 6(n), 6(o), 6(s) and 7):								
6100 Selling expenses	207,210	4	262,126	3	446,058	4	508,160	3
6200 General and administrative expenses	260,742	5	278,212	4	528,691	4	547,198	4
6300 Research and development expenses	86,277	1	91,707	1	179,717	1	181,961	1
6450 Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	(4)	-	(22)	-	1,431	-	(993)	-
Total operating expenses	554,225	10	632,023	8	1,155,897	9	1,236,326	8
6500 Other income and expenses, net (notes 6(u) and 7)	40,211	1	38,499	1	82,449	1	90,065	1
6900 Operating profit	100,451	2	416,660	6	302,164	3	734,007	5
Non-operating income and expenses (notes 6(g), 6(n), 6(v) and 7):								
7100 Interest income	13,743	-	26,279	-	29,897	-	50,394	-
7010 Other income	28,285	-	22,628	-	28,285	-	22,628	-
7020 Other gains and losses	1,519	-	3,732	-	8,168	-	15,787	-
7050 Finance costs	(32,310)	-	(48,920)	-	(72,611)	(1)	(100,452)	-
7370 Share of gain (loss) of associates and joint ventures accounted for under equity method	(48,057)	(1)	84,816	1	(63,896)	-	184,503	1
Total non-operating income and expenses	(36,820)	(1)	88,535	1	(70,157)	(1)	172,860	1
7900 Net income before tax	63,631	1	505,195	7	232,007	2	906,867	6
7950 Less: tax expenses (note 6(p))	111,309	2	138,062	2	185,083	2	235,149	2
Net income (loss)	(47,678)	(1)	367,133	5	46,924	-	671,718	4
8300 Other comprehensive income:								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	361,763	7	206,496	3	254,802	2	353,075	2
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	361,763	7	206,496	3	254,802	2	353,075	2
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(280,730)	(5)	(59,655)	(1)	(379,981)	(3)	173,269	1
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	7,243	-	(20,076)	-	(46,559)	-	(22,066)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	(273,487)	(5)	(79,731)	(1)	(426,540)	(3)	151,203	1
8300 Other comprehensive income	88,276	2	126,765	2	(171,738)	(1)	504,278	3
Total comprehensive income	\$ 40,598	1	493,898	7	(124,814)	(1)	1,175,996	7
Net income (loss) attributable to:								
8610 Shareholders of parent	\$ (117,554)	(2)	333,148	4	(58,214)	(1)	617,143	4
8620 Non-controlling interests	69,876	1	33,985	1	105,138	1	54,575	-
	\$ (47,678)	(1)	367,133	5	46,924	-	671,718	4
Total comprehensive income attributable to:								
8710 Shareholders of parent	\$ (4,781)	-	480,682	7	(181,688)	(1)	1,104,691	7
8720 Non-controlling interests	45,379	1	13,216	-	56,874	-	71,305	-
	\$ 40,598	1	493,898	7	(124,814)	(1)	1,175,996	7
9710 Basic earnings (losses) per share (diluted earnings (losses) per share) (New Taiwan Dollars) (note 6(r))	\$ (0.14)		0.41		(0.07)		0.75	

See accompanying notes to consolidated financial statements.

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TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total other equity interest		
											Unrealized		
											gains (losses) on financial assets measured at fair value through other comprehensive income		
	Common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences for foreign operations	Total	Gains (losses) on hedging instruments	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity		
\$													
Balance at January 1, 2019	8,257,099	45,158	3,857,922	1,951,564	465,589	5,809,486	801,805	1,199,260	15,311,003	1,570,838	16,881,841		
Appropriation and distribution:													
Legal reserve	-	-	119,219	(119,219)	-	-	-	-	-	-	-		
Cash dividends	-	-	-	(809,195)	-	(809,195)	-	-	(809,195)	-	(809,195)		
Net income	-	-	-	617,143	-	617,143	-	-	617,143	54,575	671,718		
Other comprehensive income (loss)	-	-	-	-	167,626	167,626	353,075	(33,153)	487,548	16,730	504,278		
Total comprehensive income (loss)	-	-	-	-	167,626	167,626	353,075	(33,153)	487,548	71,305	1,175,996		
Balance at June 30, 2019	8,257,099	45,158	3,977,141	1,640,293	633,215	5,617,434	1,154,880	1,686,808	15,606,499	1,642,143	17,248,642		
Balance at January 1, 2020	8,257,099	47,140	3,977,141	1,940,361	23,383	5,917,502	711,094	653,951	14,875,692	1,577,031	16,452,723		
Appropriation and distribution:													
Legal reserve	-	-	91,721	(91,721)	-	-	-	-	-	-	-		
Cash dividends	-	-	-	(412,855)	-	(412,855)	-	-	(412,855)	-	(412,855)		
Net loss	-	-	-	(58,214)	-	(58,214)	-	-	(58,214)	105,138	46,924		
Other comprehensive income (loss)	-	-	-	-	(365,434)	(365,434)	254,802	(12,842)	(123,474)	(48,264)	(171,738)		
Total comprehensive income (loss)	-	-	-	(58,214)	(365,434)	(365,434)	254,802	(12,842)	(123,474)	56,874	(124,814)		
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-		
Balance at June 30, 2020	8,257,099	47,140	4,068,862	1,461,894	(342,051)	5,530,756	881,573	93,368	14,281,149	1,633,905	15,915,054		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TSRC CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2020	2019
Cash flows from operating activities:		
Consolidated net income before tax	\$ 232,007	906,867
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	506,032	512,851
Amortization	75,008	77,457
Expected credit losses (gain)	1,431	(993)
Interest expense	72,611	100,452
Interest income	(29,897)	(50,394)
Dividend income	(28,285)	(22,628)
Share of loss (profit) of associates and joint ventures accounted for under equity method	63,896	(184,503)
Loss on disposal of property, plant and equipment	15,566	12,398
Amortization to operating costs and inventories	40,963	43,486
Total adjustments to reconcile profit and loss	717,325	488,126
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through profit or loss	(1,149)	675
Notes receivable	299,642	(140,379)
Accounts receivable	722,365	(263,427)
Other receivables	(12,780)	(23,623)
Inventories	1,337,862	716,813
Other current assets	83,145	(328,880)
Total changes in operating assets, net	2,429,085	(38,821)
Net changes in operating liabilities:		
Financial liabilities at fair value through profit or loss	(5,635)	2,883
Accounts payable	(1,253,363)	(307,049)
Accounts payable—related parties	(34,447)	40,370
Other payables	(331,955)	(272,563)
Other current liabilities	(11,171)	(49,988)
Net defined benefit liability	(56,146)	(50,533)
Other non-current liabilities	6,855	(17,303)
Total changes in operating liabilities, net	(1,685,862)	(654,183)
Total changes in operating assets and liabilities, net	743,223	(693,004)
Total adjustments	1,460,548	(204,878)
Cash provided by operating activities	1,692,555	701,989
Interest income received	26,433	30,540
Interest paid	(70,907)	(97,476)
Income taxes paid	(160,253)	(129,028)
Net cash provided by operating activities	1,487,828	506,025
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	135,404	-
Acquisition of property, plant and equipment	(594,795)	(1,268,341)
Proceeds from disposal of property, plant and equipment	266	282
Acquisition of intangible assets	(25,449)	-
Decrease (increase) in other non-current assets	(6,839)	6,734
Dividends received	28,285	22,628
Net cash used in investing activities	(463,128)	(1,238,697)
Cash flows from financing activities:		
Increase in short-term borrowings	19,225,015	10,827,107
Decrease in short-term borrowings	(19,635,119)	(10,608,866)
Proceeds from long-term borrowings	220,651	820,546
Repayments of long-term borrowings	(500,855)	(508,429)
Decrease in other long-term borrowings	-	(149,839)
Repayments of lease liabilities	(88,163)	(111,587)
Cash dividends paid	(277)	(378)
Net cash provided by (used in) financing activities	(778,748)	268,554
Effect of exchange rate changes on cash and cash equivalents	(196,142)	33,895
Net decrease (increase) in cash and cash equivalents	49,810	(430,223)
Cash and cash equivalents at beginning of period	4,695,280	4,527,752
Cash and cash equivalents at end of period	\$ 4,745,090	4,097,529

See accompanying notes to consolidated financial statements.

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TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

TSRC Corporation (the original name was Taiwan Synthetic Rubber Corporation, hereinafter referred to as "the Company") was incorporated in the Republic of China (ROC) on November 22, 1973, as a corporation limited by shares in accordance with the ROC Company Act. In May 1999, Taiwan Synthetic Rubber Corporation was renamed TSRC Corporation as approved by the stockholders' meeting. In June 2016, the Company changed its registered address to be No.2, Singgong Rd., Dashe Dist., Kaohsiung City. The consolidated financial statements comprise the Company and its subsidiaries (the Group) and the interests of the Group in associate companies and in jointly controlled companies. The Group is mainly engaged in the manufacture, import and sale of various types of synthetic rubber, and the import, export, and sale of related raw materials.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors and issued on August 6, 2020.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

Except for the following, the significant accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 4 to the consolidated financial statements for the year ended December 31, 2019.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34 "Interim Financial Reporting", which was endorsed by the FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC) for the year-end consolidated financial statements.

- (b) Basis of consolidation

The basis for consolidation applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 4(c) to the consolidated financial statements for the year ended December 31, 2019.

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of investee	Scope of business	Percentage of ownership			Description
			June 30, 2020	December 31, 2019	June 30, 2019	
TSRC	Trimurti Holding Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC	Hardison International Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 3)
TSRC & Hardison International Corporation	Dymas Corporation	Investment	100.00 %	100.00 %	100.00 %	(notes 1, 3)
TSRC	TSRC (Vietnam) Co., Ltd.	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	100.00 %	100.00 %	100.00 %	(note 3)
Trimurti Holding Corporation	Polybus Corporation Pte Ltd.	International commerce and investment	100.00 %	100.00 %	100.00 %	
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	Investment	100.00 %	100.00 %	100.00 %	
TSRC (Hong Kong) Limited	TSRC (Shanghai) Industries Ltd.	Production and sale of reengineering plastic, plastic compound metal, and plastic elasticity engineering products	100.00 %	100.00 %	100.00 %	(note 3)
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.'a r.l.	International commerce and investment	100.00 %	100.00 %	100.00 %	
TSRC (Lux.) Corporation S.'a r.l.	TSRC (USA) Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
TSRC (USA) Investment Corporation	Dexco Polymers L.P.	Production and sale of synthetic rubber products	100.00 %	100.00 %	100.00 %	(note 2)
Polybus Corporation Pte Ltd.	Shen Hua Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	65.44 %	65.44 %	65.44 %	
Polybus Corporation Pte Ltd.	TSRC-UBE (Nantong) Chemical Industrial Co., Ltd.	Production and sale of synthetic rubber products	55.00 %	55.00 %	55.00 %	(note 3)
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	100.00 %	100.00 %	100.00 %	
Hardison International Corporation	Triton International Holdings Corporation	Investment	100.00 %	100.00 %	100.00 %	(note 3)

Note 1: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation.

Note 2: TSRC (USA) Investment Corporation is a limited liability shareholder of Dexco Polymers Operating LLC (Dexco LLC). TSRC (USA) directly owns 99% of Dexco Polymers L.P., and indirectly owns Dexco Polymers L.P. via Dexco LLC. Dexco LLC does not engage in operations, so there is no further disclosure of the consolidated information.

Note 3: It is an insignificant subsidiary, and its financial statement have not been reviewed.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other one-off events.

(d) Income tax

Income tax expense for the period are best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with IAS 34 "Interim Financial Reporting", which was endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In preparation of the consolidated financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 2019. For the related information, please refer to note 5 to the consolidated financial statements for the year ended December 31, 2019.

(6) Explanation of significant accounts

Except as explained below, there are no significant differences in the description of significant accounts from the consolidated financial statements for the year ended December 31, 2019, and the related information is provided in note 6 to the consolidated financial statements for the year ended December 31, 2019.

(a) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	\$ 424	415	451
Checking and savings deposits	1,413,784	973,695	1,084,654
Time deposits	3,330,882	3,571,170	3,012,424
Commerical paper with reverse repo	-	150,000	-
Cash and cash equivalents per statements of cash flow	<u><u>\$ 4,745,090</u></u>	<u><u>4,695,280</u></u>	<u><u>4,097,529</u></u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities at fair value through profit or loss

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	\$ <u>1,163</u>	<u>14</u>	<u>4</u>
	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	\$ <u>37</u>	<u>5,672</u>	<u>4,949</u>

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following derivatives financial instruments as financial assets and liabilities at fair value through profit or loss without the application of hedge accounting:

	<u>June 30, 2020</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	EUR 350 / TWD 11,644	EUR/TWD	2020.07.22
Forward contracts	EUR 200 / USD 225	EUR/USD	2020.07.22
Swap contracts	EUR 5,400 / USD 6,103	EUR/USD	2020.07.22 ~2020.08.07
	<u>December 31, 2019</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	EUR 230 / TWD 7,778	EUR/TWD	2020.01.20
Swap contracts	USD 6,700 / TWD 201,938	USD/TWD	2020.01.02
Swap contracts	EUR 13,600 / USD 15,070	EUR/USD	2020.01.08

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

June 30, 2019				
	Contract amount (thousand dollars)		Currency	Maturity dates
Forward contracts	EUR 600 /		EUR/USD	2019.07.11
	USD 682			~2019.07.16
Forward contracts	USD 465 /		USD/CNY	2019.07.24
	CNY 3,200			~2019.08.08
Swap contracts	EUR 14,520 /		EUR/USD	2019.07.09
	USD 16,392			~2019.07.15

(c) Non-current financial assets at fair value through other comprehensive income

	June 30, 2020	December 31, 2019	June 30, 2019
Equity investments at fair value through other comprehensive income:			
Listed stocks (domestic)	\$ -	115,200	457,046
Unlisted stocks (domestic and overseas)	<u>1,277,516</u>	<u>1,022,688</u>	<u>1,196,483</u>
Total	<u><u>\$ 1,277,516</u></u>	<u><u>1,137,888</u></u>	<u><u>1,653,529</u></u>

(i) Equity investments at fair value through other comprehensive income

The Group held equity instrument investment for long-term strategic purposes, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

Due to the financial asset activation, the Group sold the share of Taiwan High Speed Railway Co., Ltd. at the fair value for the six months ended June 30, 2020, the fair value at that time of disposal was \$114,323 thousand and accumulated gain on disposal was \$84,323 thousand, which has been transferred from other equity to retained earnings.

(ii) For market risk, please refer to note 6(w).

(iii) The aforementioned financial assets were not pledged as collateral.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The significant financial assets at fair value through other comprehensive income denominated in foreign currency were as follows:

	Foreign currency amount (thousand dollars)	Exchange rate	NTD
June 30, 2020			
THB	\$ 636,800	0.9645	614,193
December 31, 2019			
THB	349,209	1.0098	352,631
June 30, 2019			
THB	307,875	1.0165	312,955

- (d) Notes and accounts receivable

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 566,705	866,347	699,323
Accounts receivable (including related parties)	2,046,033	2,768,552	3,147,697
Less: allowance for impairment	10,212	8,935	9,384
	<u><u>\$ 2,602,526</u></u>	<u><u>3,625,964</u></u>	<u><u>3,837,636</u></u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information. The loss allowance provision was determined as follows:

	June 30, 2020		
	Gross carrying amount	Weighted- average expected credit loss rate	Loss allowance provision
Current	\$ 2,526,538	0.01%~0.65%	6,599
1 to 30 days past due	65,420	0.33%~6.16%	1,338
31 to 90 days past due	20,774	5.05%~18.34%	2,269
More than 90 days past due	6	100%	6
	<u><u>\$ 2,612,738</u></u>		<u><u>10,212</u></u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 3,560,459	0.13%~0.35%	5,078
1 to 30 days past due	56,937	1.03%~10.25%	1,778
31 to 90 days past due	17,503	10.98%~21.95%	2,079
	<u>\$ 3,634,899</u>		<u>8,935</u>
	June 30, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 3,789,498	0.13%~0.35%	4,761
1 to 30 days past due	47,977	1.03%~10.25%	2,154
31 to 90 days past due	7,944	8.25%~60.35%	868
More than 90 days past	1,601	100%	1,601
	<u>\$ 3,847,020</u>		<u>9,384</u>

The movement in the allowance for notes and accounts receivable was as follows:

	For the six months ended June 30	
	2020	2019
Balance at beginning of period	\$ 8,935	10,309
Impairment losses recognized (reversed)	1,431	(993)
Foreign exchange gain (loss)	(154)	68
Balance at end of period	<u>\$ 10,212</u>	<u>9,384</u>

The aforementioned financial assets were not pledged as collateral. For other credit risk information, please refers to note 6(w).

(e) Other receivables (including related parties)

	June 30, 2020	December 31, 2019	June 30, 2019
Other receivables — related parties	\$ 37,576	42,490	54,366
Other	93,938	93,861	169,866
	<u>\$ 131,514</u>	<u>136,351</u>	<u>224,232</u>

As of June 30, 2020, December 31 and June 30, 2019, the Group had no other receivables that were past due. Therefore, no provisions for doubtful debt were required after the management's assessment. For other credit risk information, please refers to note 6(w).

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Inventories

The components of the Group's inventories were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Raw materials	\$ 1,231,026	2,188,339	1,379,969
Supplies	101,235	108,038	108,329
Work in progress	258,700	315,411	298,989
Finished goods	2,941,514	3,199,202	3,351,847
Merchandise	544,342	603,689	593,416
Total	<u>\$ 5,076,817</u>	<u>6,414,679</u>	<u>5,732,550</u>

The inventories were not pledged as collateral.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Loss on (reversal of) decline in market value of inventory	\$ 6,825	3,733	55,289	(5,316)
Income from sale of scrap	(4,988)	(11,849)	(9,422)	(24,152)
Loss (gain) on physical count	(11)	-	3,288	-
Unallocated production overhead	79,816	7,337	192,146	21,392
Total	<u>\$ 81,642</u>	<u>(779)</u>	<u>241,301</u>	<u>(8,076)</u>

(g) Investments accounted for under equity method

The details of the investments accounted for under the equity method were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Associates	\$ 652,845	635,619	634,501
Joint ventures	334,750	462,972	513,075
	<u>\$ 987,595</u>	<u>1,098,591</u>	<u>1,147,576</u>

(i) Associates

For the three months ended June 30, 2020 and 2019 and the six months ended June 30, 2020 and 2019, the Group recognized its share of gain (loss) from the associates of \$47,901 thousand, \$39,241 thousand, \$36,801 thousand and \$72,597 thousand, respectively.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of the significant associates are as follows:

Name of associates	Existing relationship with the Group	The main operating place / register country	Proportion of equity and voting right		
			June 30, 2020	December 31, 2019	June 30, 2019
ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.	Strategic alliance of production and sales of NBR	China	50.00 %	50.00 %	50.00 %
Asia Pacific Energy Development Co., Ltd.	Strategic alliance of investment	China	37.78 %	37.78 %	37.78 %

A summary of the financial information of the significant associate were as follows:

- 1) Summary of financial information of ARLANXEO-TSRC (Nantong) Chemicals Industries Co., Ltd.

	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 429,711	474,992	457,591
Non-current assets	689,374	749,274	833,235
Current liabilities	(634,089)	(738,296)	(755,097)
Non-current liabilities	(30,464)	(31,907)	(35,465)
Equity	<u>\$ 454,532</u>	<u>454,063</u>	<u>500,264</u>
Equity attributable to the Group	<u>\$ 227,266</u>	<u>227,031</u>	<u>250,132</u>
	For the three months ended June 30		For the six months ended June 30
	2020	2019	2020 2019
Revenue	<u>\$ 385,845</u>	<u>471,443</u>	<u>677,642</u> <u>977,906</u>
Net income of continued operations	\$ 42,444	31,818	14,095 65,264
Other comprehensive income (loss)	-	-	- -
Total comprehensive income (loss)	<u>\$ 42,444</u>	<u>31,818</u>	<u>14,095</u> <u>65,264</u>
Total comprehensive income attributable to the Group	<u>\$ 21,221</u>	<u>15,909</u>	<u>7,047</u> <u>32,632</u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the six months ended June 30	
	2020	2019
Beginning balance of the equity of the associate attributable to the Group	\$ 231,111	219,835
Current total comprehensive income (loss) of the associate attributable to the Group	7,047	32,632
Other	(8,290)	(376)
Ending balance of the equity of the associate attributable to the Group	<u>\$ 229,868</u>	<u>252,091</u>

2) Summary of financial information of Asia Pacific Energy Development Co., Ltd.

	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	\$ 685,481	546,710	696,307
Non-current assets	1,018,114	1,070,964	1,184,386
Current liabilities	(559,491)	(521,129)	(840,956)
Non-current liabilities	(10,875)	(12,202)	(13,886)
Equity	<u>\$ 1,133,229</u>	<u>1,084,343</u>	<u>1,025,851</u>
Equity attributable to the Group	<u>\$ 428,134</u>	<u>409,665</u>	<u>387,567</u>

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Revenue	<u>\$ 363,720</u>	<u>406,825</u>	<u>448,270</u>	<u>597,448</u>
Net income of continued operations	\$ 70,618	61,759	78,755	105,784
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 70,618</u>	<u>61,759</u>	<u>78,755</u>	<u>105,784</u>
Total comprehensive income attributable to the Group	<u>\$ 26,680</u>	<u>23,332</u>	<u>29,754</u>	<u>39,965</u>

	For the six months ended June 30	
	2020	2019
Beginning balance of the equity of the associate attributable to the Group	\$ 404,508	408,632
Current total comprehensive income (loss) of the associate attributable to the Group	29,754	39,965
Other	(11,285)	(66,187)
Ending balance of the equity of the associate attributable to the Group	<u>\$ 422,977</u>	<u>382,410</u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Joint ventures

1) Summary of financial information of Indian Synthetic Rubber Private Limited

	December 31,		
	June 30, 2020	2019	June 30, 2019
Current assets	\$ 1,289,087	1,515,686	2,316,465
Non-current assets	2,955,984	3,445,188	3,797,430
Current liabilities	(2,265,829)	(1,986,515)	(2,521,080)
Non-current liabilities	(1,367,202)	(2,079,302)	(2,601,164)
Equity	<u>\$ 612,040</u>	<u>895,057</u>	<u>991,651</u>
Equity attributable to the Group	<u>\$ 306,020</u>	<u>447,528</u>	<u>495,825</u>

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Revenue	<u>\$ 255,839</u>	<u>1,246,065</u>	<u>1,381,506</u>	<u>2,467,649</u>
Net income (loss) of continued operations	\$ (186,254)	87,990	(189,798)	215,001
Other comprehensive income (loss)	13,620	-	(36,391)	-
Total comprehensive income (loss)	<u>\$ (172,634)</u>	<u>87,990</u>	<u>(226,189)</u>	<u>215,001</u>
Total comprehensive income attributable to the Group	<u>\$ (86,317)</u>	<u>43,995</u>	<u>(113,095)</u>	<u>107,501</u>

	For the six months ended June 30	
	2020	2019
Beginning balance of the equity of the joint venture attributable to the Group	\$ 396,539	363,141
Current total comprehensive income (loss) of the joint venture attributable to the Group	(113,095)	107,501
Other	(7,466)	(23,833)
Ending balance of the equity of the joint venture attributable to the Group	<u>\$ 275,978</u>	<u>446,809</u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Summary of respectively not significant joint ventures recognized under the equity method was as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Balance of not significant joint venture's equity	\$ <u>58,772</u>	<u>66,433</u>	<u>66,266</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u> <u>2019</u>
Attributable to the Group:			
Income (loss) from continued operations	\$ (2,831)	1,580	(5,798) 4,405
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u> <u>-</u>
Total comprehensive income (loss)	\$ <u>(2,831)</u>	<u>1,580</u>	<u>(5,798)</u> <u>4,405</u>

- 3) The unreviewed financial statements of investments accounted for using equity method

Aforementioned other equity accounted investments of the Group in its investee companies, and its equity in net earnings (loss) on these investee companies were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Furniture and fixtures and other equipment</u>	<u>Leased assets</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:								
Balance at January 1, 2020	\$ 614,101	143,699	4,051,022	20,332,811	244,989	-	2,844,971	28,231,593
Additions	140,061	-	-	708	-	-	453,483	594,252
Disposals	-	-	(107)	(163,518)	(2,245)	-	-	(165,870)
Reclassification	67,307	1,375	19,720	292,097	12,241	-	(337,871)	54,869
Effect on changes in exchange rates	-	(886)	(81,001)	(274,866)	(3,341)	-	(75,036)	(435,130)
Balance at June 30, 2020	\$ <u>821,469</u>	<u>144,188</u>	<u>3,989,634</u>	<u>20,187,232</u>	<u>251,644</u>	<u>-</u>	<u>2,885,547</u>	<u>28,279,714</u>
Balance at January 1, 2019	\$ 614,101	106,999	3,998,164	20,282,127	228,273	94,596	1,210,859	26,535,119
Additions	-	-	-	7,397	198	-	1,220,320	1,227,915
Disposals	-	-	-	(47,945)	(4,823)	-	-	(52,768)
Reclassification	-	1,275	4,042	169,693	8,155	(94,596)	(190,540)	(101,971)
Effect on changes in exchange rates	-	256	28,359	117,055	1,487	-	10,709	157,866
Balance at June 30, 2019	\$ <u>614,101</u>	<u>108,530</u>	<u>4,030,565</u>	<u>20,528,327</u>	<u>233,290</u>	<u>-</u>	<u>2,251,348</u>	<u>27,766,161</u>

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Land improvements	Buildings	Machinery	Furniture and fixtures and other equipment	Leased assets	Construction in progress	Total
Depreciation and impairment loss:								
Balance at January 1, 2020	\$ -	90,293	2,314,620	15,614,341	174,944	-	-	18,194,198
Depreciation	-	2,591	66,898	363,959	8,851	-	-	442,299
Disposal	-	-	(83)	(147,934)	(2,021)	-	-	(150,038)
Effect on changes in exchange rates	-	(351)	(41,696)	(188,052)	(2,365)	-	-	(232,464)
Balance at June 30, 2020	<u>\$ -</u>	<u>92,533</u>	<u>2,339,739</u>	<u>15,642,314</u>	<u>179,409</u>	<u>-</u>	<u>-</u>	<u>18,253,995</u>
Balance at January 1, 2019	\$ -	88,237	2,236,682	15,270,710	170,641	-	-	17,766,270
Depreciation	-	1,253	65,373	365,170	6,568	-	-	438,364
Disposal	-	-	-	(35,747)	(4,341)	-	-	(40,088)
Effect on changes in exchange rates	-	252	12,340	76,631	1,168	-	-	90,391
Balance at June 30, 2019	<u>\$ -</u>	<u>89,742</u>	<u>2,314,395</u>	<u>15,676,764</u>	<u>174,036</u>	<u>-</u>	<u>-</u>	<u>18,254,937</u>
Carrying value:								
January 1, 2020	\$ 614,101	53,406	1,736,402	4,718,470	70,045	-	2,844,971	10,037,395
June 30, 2020	<u>\$ 821,469</u>	<u>51,655</u>	<u>1,649,895</u>	<u>4,544,918</u>	<u>72,235</u>	<u>-</u>	<u>2,885,547</u>	<u>10,025,719</u>
January 1, 2019	\$ 614,101	18,762	1,761,482	5,011,417	57,632	94,596	1,210,859	8,768,849
June 30, 2019	<u>\$ 614,101</u>	<u>18,788</u>	<u>1,716,170</u>	<u>4,851,563</u>	<u>59,254</u>	<u>-</u>	<u>2,251,348</u>	<u>9,511,224</u>

Please refer to note 8 for the pledge and collateral information of the property, plant and equipment.

(i) Right-of-use assets

The Group leases its assets including land, buildings, machinery and transportation equipment. Information about leases, for which the Group is the lessee, is presented below:

	Land	Building	Machinery	Transportation equipment	Total
Cost:					
Balance at January 1, 2020	\$ 663,708	383,925	471,843	34,216	1,553,692
Additions	-	23,385	55,961	-	79,346
Write-off	-	(2,772)	-	-	(2,772)
Lease modification	-	(6,589)	-	(2,507)	(9,096)
Reclassify to construction in progress		(94,596)	-	-	(94,596)
Amortization to operating costs and inventories	-	(3,425)	(37,538)	-	(40,963)
Effect on changes in foreign exchange rates		(15,203)	(6,481)	(559)	(34,749)
Balance at June 30, 2020	<u>\$ 553,909</u>	<u>388,043</u>	<u>477,760</u>	<u>31,150</u>	<u>1,450,862</u>
Balance at January 1, 2019	\$ 681,888	508,012	565,489	29,829	1,785,218
Additions	187	8,373	-	10,975	19,535
Lease modification	-	(1,000)	(513)	(124)	(1,637)
Amortization to operating costs and inventories	-	(17,704)	(25,782)	-	(43,486)
Effect on changes in exchange rates	6,413	4,773	5,460	292	16,938
Balance at June 30, 2019	<u>\$ 688,488</u>	<u>502,454</u>	<u>544,654</u>	<u>40,972</u>	<u>1,776,568</u>
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	\$ 130,190	68,316	14,551	9,064	222,121
Depreciation	6,912	37,349	7,261	4,848	56,370
Write-off	-	(2,772)	-	-	(2,772)
Lease modification	-	(335)	-	(510)	(845)
Effect on changes in exchange rates	(3,871)	(2,192)	(309)	(186)	(6,558)
Balance at June 30, 2020	<u>\$ 133,231</u>	<u>100,366</u>	<u>21,503</u>	<u>13,216</u>	<u>268,316</u>
Balance at January 1, 2019	\$ 120,302	-	-	-	120,302
Depreciation	7,293	47,963	7,486	4,382	67,124
Effect on changes in exchange rates	1,282	(60)	23	4	1,249
Balance at June 30, 2019	<u>\$ 128,877</u>	<u>47,903</u>	<u>7,509</u>	<u>4,386</u>	<u>188,675</u>

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TSRC CORPORATION AND SUBSIDIARIES
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	Land	Building	Machinery	Transportation equipment	Total
Carrying value:					
January 1, 2020	\$ 533,518	315,609	457,292	25,152	1,331,571
June 30, 2020	\$ 420,678	287,677	456,257	17,934	1,182,546
January 1, 2019	\$ 561,586	508,012	565,489	29,829	1,664,916
June 30, 2019	\$ 559,611	454,551	537,145	36,586	1,587,893

(j) Investment property

Owned property
Buildings

Carrying value:	
January 1, 2020	\$ 1,581,599
June 30, 2020	\$ 1,574,236
January 1, 2019	\$ 1,596,324
June 30, 2019	\$ 1,588,961

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's investment properties for the six months ended June 30, 2020 and 2019. The related information is provided in note 6(j) to the consolidated financial statements for the year ended December 31, 2019.

The fair value of the Group's investment properties does not significantly differ from the information disclosed in note 6(j) to the consolidated financial statements for the year ended December 31, 2019.

(k) Intangible assets

	Industrial technology and know-how	Computer software	Goodwill	Patent and trademark	Customer relationship	Total
Carrying value:						
January 1, 2020	\$ 503,264	12,087	206,793	392,308	555,433	1,669,885
June 30, 2020	\$ 496,214	11,121	203,730	374,855	517,627	1,603,547
January 1, 2019	\$ 562,801	24,801	211,100	424,603	628,296	1,851,601
June 30, 2019	\$ 543,397	18,974	213,429	417,090	604,241	1,797,131

There were no significant additions to, disposals of, or provision (reversal) of impairment of, the Group's intangible assets for the six months ended June 30, 2020 and 2019. The amortization of intangible assets of the Group is provided in note 12(a), and the related information is provided in note 6(k) to the consolidated financial statements for the year ended December 31, 2019.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Short-term and long-term borrowings

The details of the Group's short-term and long-term borrowings were as follows:

(i) Short-term bank borrowings

June 30, 2020			
	Range of interest rates (%)	Year of maturity	The unused credit facilities
Unsecured loans	0.40~4.57	2020~2021	\$ <u>4,272,257</u>
			<u>17,948,324</u>
December 31, 2019			
	Range of interest rates (%)	Year of maturity	The unused credit facilities
Unsecured loans	0.40~5.22	2020	\$ <u>4,729,148</u>
			<u>16,600,631</u>
June 30, 2019			
	Range of interest rates (%)	Year of maturity	The unused credit facilities
Unsecured loans	0.32~5.22	2019~2020	\$ <u>4,356,888</u>
			<u>18,018,053</u>

(ii) Long-term borrowings

1) Long-term bank borrowings

June 30, 2020			
	Range of interest rates (%)	Year of maturity	Amount
Secured loans	1.92~4.38	2021~2023	\$ 647,354
Unsecured loans	0.45~5.08	2020~2025	<u>4,006,363</u>
Total			<u>\$ 4,653,717</u>
Current			\$ 848,878
Non-current			<u>3,804,839</u>
Total			<u>\$ 4,653,717</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
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December 31, 2019			
	Range of interest rates (%)	Year of maturity	Amount
Secured loans	3.26~4.38	2020~2023	\$ 991,113
Unsecured loans	1.12~5.08	2020~2023	<u>3,968,827</u>
Total			<u>\$ 4,959,940</u>
Current			\$ 287,235
Non-current			<u>4,672,705</u>
Total			<u>\$ 4,959,940</u>

June 30, 2019			
	Range of interest rates (%)	Year of maturity	Amount
Secured loans	3.82~4.38	2020~2023	\$ 671,012
Unsecured loans	1.12~5.08	2019~2023	<u>4,187,256</u>
Total			<u>\$ 4,858,268</u>
Current			\$ 535,907
Non-current			<u>4,322,361</u>
Total			<u>\$ 4,858,268</u>

For the six months ended June 30, 2020 and 2019, the Group repaid the amounts of \$500,855 thousand and \$508,429 thousand, respectively, for its long-term borrowings, wherein the proceeds amounting to \$220,651 thousand and \$820,546 thousand bore the interest rates of 0.45%~1.93% and 1.28%~5.08%, as well as maturities ranging from May 2022 to June 2025 and May 2020 to November 2022, respectively. Among the increase in long-term borrowings is the participation of Dexco Polymers L.P. in the federal government's Paycheck Protection Program, of which the amount is \$57,837 thousand (USD1,950 thousand) with 1% interest rate. According to the loan contract, if Dexco Polymers L.P. has maintained the number of employees and salary levels, and the relevant salary, rent, and utilities expenses have met the required ratios defined in the contract for eight weeks since the date of loan signature, then the full forgiveness of loan balance can be applied. As of the reporting date, the forgiveness has not been applied yet. For other information, please refer to note 6(m) of the consolidated financial report for the year ended December 31, 2019.

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2) Long-term commercial paper payable (recorded as other long-term borrowings)

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Long-term commercial paper payable	\$ 350,000	350,000	350,000
Less: discount on long-term commercial paper payable	<u>193</u>	<u>713</u>	<u>146</u>
Total	<u>\$ 349,807</u>	<u>349,287</u>	<u>349,854</u>
Interest rate	<u>1.1837%</u>	<u>1.3270%</u>	<u>1.2670%</u>

The Group entered into a loan agreement concerning the issuance of commercial paper with a financial institution in February 2018. Based on the contract, the Group is allowed to issue the commercial paper circularly, with a guarantee from the bank, for 30 days to one year within a period of five years. The credit facility amounted to \$500,000 thousand, with the renewal amount that should not be less than 70%.

(m) Current provisions (recorded as other payable)

	<u>Provision for defective products</u>
Balance at January 1, 2020	\$ 18,017
Increase in provisions	8,730
Reversal of unused provisions	(12,754)
Effect on changes in exchange rates	<u>(299)</u>
Balance at June 30, 2020	<u>\$ 13,694</u>
Balance at January 1, 2019	\$ 27,128
Increase in provisions	13,546
Provisions used	(33)
Reversal of unused provisions	(8,396)
Effect on changes in exchange rates	<u>252</u>
Balance at June 30, 2019	<u>\$ 32,497</u>

(n) Lease liabilities

The Group's lease liabilities were as follow:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Current	<u>\$ 165,255</u>	<u>175,942</u>	<u>223,105</u>
Non-current	<u>\$ 637,245</u>	<u>685,689</u>	<u>871,748</u>

For the maturity analysis, please refer to note 6(w).

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest on lease liabilities	\$ <u>2,099</u>	<u>2,808</u>	<u>4,256</u>	<u>5,603</u>
Expenses relating to short-term leases	\$ <u>583</u>	<u>764</u>	<u>1,165</u>	<u>1,537</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>7,388</u>	<u>4,163</u>	<u>11,684</u>	<u>8,398</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the six months ended June 30	
	2020	2019
Total cash outflow for leases	\$ <u>105,268</u>	<u>127,125</u>

(o) Employee benefits

(i) Defined benefit plans

The Group allocated the pension fund in accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", and contributed \$57,226 thousand and \$51,960 thousand to the Bank of Taiwan labor pension reserve account in March 2020 and March 2019, respectively. Since there were no significant market fluctuations, curtailments, settlements, or other one-off events after the prior financial year ended, the Group adopted the pension cost rate from the actuarial valuation as of December 31, 2019 and 2018.

The Group recognized pension costs of the defined benefit plans in profit or loss as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Operating costs	\$ 997	1,149	2,006	2,302
Operating expenses	<u>686</u>	<u>740</u>	<u>1,359</u>	<u>1,475</u>
	\$ <u>1,683</u>	<u>1,889</u>	<u>3,365</u>	<u>3,777</u>

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(ii) Defined contribution plans

According to the defined contribution plans, the Group made contributions to the Bureau of Labor Insurance and the local authorities of the consolidated overseas subsidiaries. The Group recognized pension costs of the defined contribution plans in profit or loss as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Operating costs	\$ 7,104	19,330	16,509	43,070
Operating expenses	5,915	9,721	13,295	21,740
	<u>\$ 13,019</u>	<u>29,051</u>	<u>29,804</u>	<u>64,810</u>

(p) Income tax

The components of income tax expense were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Current income tax expense				
Current period	\$ 127,951	90,813	206,624	146,176
Adjustment for prior periods	2,979	(21)	4,508	(21)
	<u>130,930</u>	<u>90,792</u>	<u>211,132</u>	<u>146,155</u>
Deferred tax expense				
Origination and reversal of temporary differences	(19,621)	47,270	(26,049)	88,994
Income tax expenses of continued operations	<u>\$ 111,309</u>	<u>138,062</u>	<u>185,083</u>	<u>235,149</u>

Except the income tax return for the year ended December 31, 2017, the Company's income tax returns for all years through 2018 have been assessed by the Tax Authority.

(q) Capital and other equity

Except as explained in the following paragraphs, there were no significant changes in the capital and other equity during the six months ended June 30, 2020 and 2019. Please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2019 for the related information.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Retained earnings — earnings distribution

In accordance with the Company's articles of incorporation amended on June 19, 2020, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, and paying taxes, and setting aside any statutory and appropriated retained earnings of 10% by ordinary resolution, may draw up the allocation of the balance remaining as bonuses, dividends, retained earnings or otherwise. The allocation shall be proposed by the Board of Directors and shall be resolved at the shareholders' general meeting. However, dividends issued in cash may be passed by the Board of Directors with more than two-thirds of the directors' attendance, and be resolved by more than half of the directors, then be reported to the shareholders' general meeting.

In accordance with the original Company's articles of incorporation, when allocating the earnings for each fiscal year, the Company may, after offsetting losses from previous years, after paying taxes as per the law, and after 10% of the statutory surplus reserve is raised before the special surplus reserve is set up or turned over under the Securities and Exchange Act, the balances, when added to the unallocated surplus in the preceding period, are thereafter available for distribution and a surplus allocation proposal is submitted.

For the distribution based on the above of paragraph, the cash dividend shall not be less than 20% of the total distribution.

The above-mentioned distribution of surplus shall be drawn up by the Board and shall be submitted to the shareholders' general meeting for resolution.

The appropriations of 2019 and 2018 earnings as dividends to stockholders that were approved by the Company's shareholders' general meetings on June 19, 2020, and June 6, 2019, respectively, were as follows:

	<u>2019</u>	<u>2018</u>
Dividends distributed to common shareholders:		
Cash	\$ <u>412,855</u>	<u>809,195</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance as of January 1, 2020	\$ 23,383	711,094	(80,526)	653,951
Foreign exchange differences arising from foreign operations	(331,717)	-	-	(331,717)
Exchange differences on translation financial statements from investments accounted for using equity method	(33,717)	-	-	(33,717)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	254,802	-	254,802
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(84,323)	-	(84,323)
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(12,842)	(12,842)
Balance as of June 30, 2020	<u>\$ (342,051)</u>	<u>881,573</u>	<u>(93,368)</u>	<u>446,154</u>
Balance as of January 1, 2019	\$ 465,589	801,805	(68,134)	1,199,260
Foreign exchange differences arising from foreign operations	156,539	-	-	156,539
Exchange differences on translation financial statements from investments accounted for using equity method	11,087	-	-	11,087
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	353,075	-	353,075
Share of cash flow hedges of associates and joint ventures accounted for under equity method	-	-	(33,153)	(33,153)
Balance as of June 30, 2019	<u>\$ 633,215</u>	<u>1,154,880</u>	<u>(101,287)</u>	<u>1,686,808</u>

(r) Earnings (losses) per share

The calculation of the Company's basic earnings (losses) per share and diluted earnings (losses) per share was as follows:

(i) Basic earnings (losses) per share

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Net income (loss) attributable to common shareholders of the Company	<u>\$ (117,554)</u>	<u>333,148</u>	<u>(58,214)</u>	<u>617,143</u>
Weighted-average number of common shares (in thousands)	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>	<u>825,710</u>
Basic earnings (losses) per share (NT Dollars)	<u>\$ (0.14)</u>	<u>0.41</u>	<u>(0.07)</u>	<u>0.75</u>

(Continued)

TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings (losses) per share

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Net income (loss) attributable to common shareholders of the Company (diluted)	\$ <u>(117,554)</u>	<u>333,148</u>	<u>(58,214)</u>	<u>617,143</u>
Weighted-average number of common shares (basic) (in thousands)	825,710	825,710	825,710	825,710
Impact on potential common shares				
Effect of employees' compensation (in thousands)	<u>-</u>	<u>801</u>	<u>-</u>	<u>1,730</u>
Weighted-average number of shares outstanding (diluted) (in thousands)	<u>825,710</u>	<u>826,511</u>	<u>825,710</u>	<u>827,440</u>
Diluted earnings (losses) per share (NT Dollars)	\$ <u>(0.14)</u>	<u>0.41</u>	<u>(0.07)</u>	<u>0.75</u>

(s) Employees' compensation and directors' remuneration

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company should contribute more than 1% of its profit as employees' compensation, and less than 1% as directors' remuneration. The related regulations on distribution of employees' compensation and directors' remuneration were approved by the Board of Directors.

For the three months and six months ended June 30, 2020 and 2019, the recognized (reversed) amounts of employees' bonuses were \$(9,000) thousand, \$11,100 thousand, \$0 thousand and \$22,200 thousand, respectively, and the recognized (reversed) amounts of directors' remuneration were \$(304) thousand, \$3,701 thousand, \$0 thousand and \$6,558 thousand, respectively. The estimated amounts mentioned above were according to the Company's articles of incorporation, and were recorded as operating cost or operating expenses in the respective periods. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

For the years ended December 31, 2019 and 2018, the Company recognized its employees' compensation of \$53,614 thousand and \$64,290 thousand, respectively, and its directors' remuneration of \$9,813 thousand and \$14,064 thousand, respectively. There are no differences between the amounts distributed to employees and directors and those recognized in the financial statements except that the Board of Directors resolved that the directors' remuneration of 2019 was \$4,907 thousand, and the difference was recognized in profit and loss of 2020, considering the Company's operating performance and regional market level. For relevant information, please refer to Market Observation Post System.

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Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

For the three months ended June 30, 2020			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 3,860,426	162,846	4,023,272
Americas	860,196	3,514	863,710
Europe	560,329	-	560,329
Others	88,028	-	88,028
	<u>\$ 5,368,979</u>	<u>166,360</u>	<u>5,535,339</u>
Major product lines:			
Synthetic rubber / elastomers	5,213,837	-	5,213,837
Applied materials	-	163,131	163,131
Others	155,142	3,229	158,371
	<u>\$ 5,368,979</u>	<u>166,360</u>	<u>5,535,339</u>
For the three months ended June 30, 2019			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 4,887,423	515,921	5,403,344
Americas	1,049,497	3,318	1,052,815
Europe	866,392	-	866,392
Others	265,419	-	265,419
	<u>\$ 7,068,731</u>	<u>519,239</u>	<u>7,587,970</u>
Major product lines:			
Synthetic rubber / elastomers	6,952,841	-	6,952,841
Applied materials	-	519,071	519,071
Others	115,890	168	116,058
	<u>\$ 7,068,731</u>	<u>519,239</u>	<u>7,587,970</u>

(Continued)

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For the six months ended June 30, 2020			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 8,190,751	373,836	8,564,587
Americas	1,867,249	5,294	1,872,543
Europe	1,305,314	-	1,305,314
Others	286,741	-	286,741
	\$ 11,650,055	379,130	12,029,185
Major product lines:			
Synthetic rubber / elastomers	11,322,031	-	11,322,031
Applied materials	-	370,877	370,877
Others	328,024	8,253	336,277
	\$ 11,650,055	379,130	12,029,185
For the six months ended June 30, 2019			
	Synthetic rubber	Non-synthetic rubber	Total
Primary geographical markets:			
Asia	\$ 9,552,421	1,045,736	10,598,157
Americas	2,287,104	7,790	2,294,894
Europe	1,735,146	-	1,735,146
Others	520,768	-	520,768
	\$ 14,095,439	1,053,526	15,148,965
Major product lines:			
Synthetic rubber / elastomers	13,923,845	-	13,923,845
Applied materials	-	1,053,260	1,053,260
Others	171,594	266	171,860
	\$ 14,095,439	1,053,526	15,148,965

(u) Other income and expenses

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Rental income	\$ 16,179	5,099	32,064	26,051
Royalty income	12,890	24,228	36,660	49,161
Net service income	4,530	1,378	6,672	4,522
Depreciation of investment properties	(3,681)	(3,681)	(7,363)	(7,363)
Net other income	10,293	11,475	14,416	17,694
Other income and expenses	\$ 40,211	38,499	82,449	90,065

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Notes to the Consolidated Financial Statements

(v) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest income from bank deposits	\$ <u>13,743</u>	<u>26,279</u>	<u>29,897</u>	<u>50,394</u>

(ii) Other gains

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Dividend income	\$ <u>28,285</u>	<u>22,628</u>	<u>28,285</u>	<u>22,628</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Loss on disposal of property, plant and equipment, net	\$ (7,152)	(12,148)	(15,566)	(12,398)
Foreign exchange gain (loss), net	6,227	15,783	13,084	13,197
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(2,073)	(2,791)	5,484	11,306
Other income	<u>4,517</u>	<u>2,888</u>	<u>5,166</u>	<u>3,682</u>
Other gains and losses, net	\$ <u>1,519</u>	<u>3,732</u>	<u>8,168</u>	<u>15,787</u>

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Interest expense	\$ <u>32,310</u>	<u>48,920</u>	<u>72,611</u>	<u>100,452</u>

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(w) Financial instruments

Except as noted below, there were no significant changes in the Group's exposure to credit risk, liquidity risk, and market risk due to financial instruments. Please refer to note 6(z) to the consolidated financial statements for the year ended December 31, 2019.

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2020						
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,283,863	4,113,987	169,876	-	-	-
Accounts payable (including related parties)	1,185,397	1,185,397	-	-	-	-
Dividend payable	422,222	422,222	-	-	-	-
Other payables	943,153	943,153	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,155,596	458,563	497,196	2,810,196	1,389,641	-
Lease liabilities	898,288	88,168	88,167	135,141	245,828	340,984
Deposits received	61,754	-	-	61,754	-	-
Derivative financial liabilities						
Other swap contracts/other forward contracts:						
Outflow	37	37	-	-	-	-
	<u>\$ 12,950,310</u>	<u>7,211,527</u>	<u>755,239</u>	<u>3,007,091</u>	<u>1,635,469</u>	<u>340,984</u>
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,745,864	4,468,550	277,314	-	-	-
Accounts payable (including related parties)	2,451,764	2,451,764	-	-	-	-
Dividend payable	9,644	9,644	-	-	-	-
Other payables	1,300,166	1,300,166	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,511,811	188,214	232,521	3,195,864	1,895,212	-
Lease liabilities	920,136	91,830	91,830	158,655	310,188	267,633
Deposits received	54,206	-	-	54,206	-	-
Derivative financial liabilities						
Other swap contracts:						
Outflow	5,672	5,672	-	-	-	-
	<u>\$ 14,999,263</u>	<u>8,515,840</u>	<u>601,665</u>	<u>3,408,725</u>	<u>2,205,400</u>	<u>267,633</u>
June 30, 2019						
Non-derivative financial liabilities						
Short-term borrowings	\$ 4,533,042	3,974,938	558,104	-	-	-
Accounts payable (including related parties)	1,247,843	1,247,843	-	-	-	-
Dividend payable	818,800	818,800	-	-	-	-
Other payables	1,005,073	1,005,073	-	-	-	-
Long-term borrowings (including other long-term borrowings and current portion)	5,384,522	320,120	712,535	1,105,698	3,246,169	-
Lease liabilities	1,135,564	116,503	116,503	189,211	497,545	215,802
Deposits received	31,737	-	-	31,737	-	-
Derivative financial liabilities						
Other swap contracts/other forward contracts:						
Outflow	4,949	4,949	-	-	-	-
	<u>\$ 14,161,530</u>	<u>7,488,226</u>	<u>1,387,142</u>	<u>1,326,646</u>	<u>3,743,714</u>	<u>215,802</u>

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TSRC CORPORATION AND SUBSIDIARIES
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The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Risk exposure

The Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

	Foreign currency (thousand dollars)	Exchange rate	NTD
June 30, 2020			
Financial assets:			
Monetary assets:			
USD	\$ 48,396	29.6600	1,435,425
EUR	\$ 12,792	33.2874	425,812
JPY	\$ 75,899	0.2753	20,895
CNY	\$ 9,341	4.1956	39,191
Financial liabilities:			
Monetary liabilities:			
USD	\$ 48,505	29.6600	1,438,658
EUR	\$ 10,902	33.2874	362,899
JPY	\$ 65,308	0.2753	17,979
December 31, 2019			
Financial assets:			
Monetary assets:			
USD	\$ 56,148	30.1060	1,690,392
EUR	\$ 13,368	33.7488	451,154
JPY	\$ 89,008	0.2771	24,664
CNY	\$ 19,094	4.3231	82,545
Financial liabilities:			
Monetary liabilities:			
USD	\$ 55,402	30.1060	1,667,933
EUR	\$ 10,712	33.7488	361,517
JPY	\$ 66,081	0.2771	18,311

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	Foreign currency (thousand dollars)	Exchange rate	NTD
June 30, 2019			
Financial assets:			
Monetary assets:			
USD	\$ 61,966	31.0720	1,925,408
EUR	\$ 15,381	35.3817	544,195
JPY	\$ 131,853	0.2886	38,053
CNY	\$ 15,367	4.5231	69,506
Financial liabilities:			
Monetary liabilities:			
USD	\$ 59,726	31.0720	1,855,806
EUR	\$ 14,046	35.3817	496,971
JPY	\$ 123,926	0.2886	35,765

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts and other receivables, borrowings, and accounts and other payables that were denominated in foreign currencies. If the NTD against the USD, EUR, CNY and JPY had depreciated / appreciated by 1%, the Group's net income before tax would have increased/decreased by \$1,018 thousand and \$1,886 thousand for the six months ended June 30, 2020 and 2019, respectively, with all other variable factors remaining constant. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by gross amount. For the six months ended June 30, 2020 and 2019, foreign exchange gain (including realized and unrealized) amounting to \$18,568 thousand and \$24,503 thousand, respectively.

2) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates of the non-derivative financial instruments at the reporting date. For floating-rate instruments, the sensitivity analysis assumes the floating-rate liabilities as of the reporting date are outstanding for the whole year.

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$46,379 thousand and \$47,825 thousand for the six months ended June 30, 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at floating rates.

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(iii) Fair value

1) Hierarchy and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value. No additional fair value disclosure is required in accordance to the regulations.

	June 30, 2020				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 1,163	-	1,163	-	1,163
Financial assets at fair value through other comprehensive income					
Unlisted stocks (domestic and overseas)	1,277,516	-	-	1,277,516	1,277,516
Total	<u>\$ 1,278,679</u>	<u>-</u>	<u>1,163</u>	<u>1,277,516</u>	<u>1,278,679</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 37	-	37	-	37
December 31, 2019					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 14	-	14	-	14
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	115,200	115,200	-	-	115,200
Unlisted stocks (domestic and overseas)	1,022,688	-	-	1,022,688	1,022,688
Subtotal	1,137,888	115,200	-	1,022,688	1,137,888
Total	<u>\$ 1,137,902</u>	<u>115,200</u>	<u>14</u>	<u>1,022,688</u>	<u>1,137,902</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 5,672	-	5,672	-	5,672

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		June 30, 2019			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 4	-	4	-	4
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	457,046	457,046	-	-	457,046
Unlisted stocks (domestic and overseas)	1,196,483	-	-	1,196,483	1,196,483
Subtotal	1,653,529	457,046	-	1,196,483	1,653,529
Total	\$ 1,653,533	457,046	4	1,196,483	1,653,533
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 4,949	-	4,949	-	4,949

2) Valuation techniques and assumptions used in fair value determination

If the financial instruments held by the Group have the quoted market price in active market, the fair value of the assets is based on the quoted market price. However, if the instruments have no quoted market price in active market, the Group uses market comparison approach to evaluate the fair value. The main assumption is based on the investee's earnings after tax and the listed (over the counter) company's earnings used in computing the market price. The estimated price has been discounted due to the price of the securities lacks the liquidity. The liquidity discount is a significant unobservable input in valuing equity investment. Forward exchange contracts are normally priced based on the exchange rates provided by the world agencies.

3) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at January 1, 2020	\$ 1,022,688
Total gains:	
Recognized in other comprehensive income	254,828
Balance at June 30, 2020	\$ <u>1,277,516</u>
Balance at January 1, 2019	\$ 994,175
Total gains:	
Recognized in other comprehensive income	202,308
Balance at June 30, 2019	\$ <u>1,196,483</u>

(Continued)

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- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> · Multipliers of price-to-earnings ratios as of June 30, 2020, December 31, 2019 and June 30, 2019 were 17.77~27.50, 15.79~17.41 and 10.92~24.47, respectively · Multipliers of equity ratios as of June 30, 2020 and December 31, 2019 were 1.08 and 1.17, respectively · Market illiquidity discount rate as of June 30, 2020, December 31, 2019 and June 30, 2019 was all 20% 	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> · the multiplier was higher (lower) · the market illiquidity discount was lower (higher)

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TSRC CORPORATION AND SUBSIDIARIES
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- 5) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Input</u>	<u>Move up or down</u>	<u>Other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2020				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 15,967	(15,967)
December 31, 2019				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 12,809	(12,809)
June 30, 2019				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	1%	\$ 14,953	(14,953)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (x) Financial risk management

The objectives and policies of the Group's financial risk management are the same as those in note 6(aa) to the consolidated financial statements for the year ended December 31, 2019.

- (y) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 2019. There were no significant changes in the Group's quantitative information from that disclosed in the consolidated financial statements for the year ended December 31, 2019. For further information, please refer to note 6(ab) to the consolidated financial statements for the year ended December 31, 2019.

- (z) Investing and financing activities not affecting current cash flow

The Group did not have non-cash flow transactions on investing and financing activities for the six months ended June 30, 2020 and 2019.

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TSRC CORPORATION AND SUBSIDIARIES
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(aa) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the six months ended June 30, 2020 and 2019 was as follows:

	January 1, 2020	Cash flows	Foreign exchange movement	Non-cash changes Amortization of commercial paper discount	Others	June 30, 2020
Long-term borrowings (including current portion)	\$ 4,959,940	(280,204)	(26,019)	-	-	4,653,717
Other long-term borrowings	349,287	-	-	520	-	349,807
Short-term borrowings	4,729,148	(410,104)	(46,787)	-	-	4,272,257
Lease liabilities	861,631	(88,163)	(17,125)	4,256	41,901	802,500
Total liabilities from financing activities	<u>\$ 10,900,006</u>	<u>(778,471)</u>	<u>(89,931)</u>	<u>4,776</u>	<u>41,901</u>	<u>10,078,281</u>

	January 1, 2019	Cash flows	Foreign exchange movement	Non-cash changes Amortization of commercial paper discount	Others	June 30, 2019
Long-term borrowings (including current portion)	\$ 4,568,325	312,117	(22,174)	-	-	4,858,268
Other long-term borrowings	499,693	(149,839)	-	-	-	349,854
Short-term borrowings	4,147,772	218,241	(9,125)	-	-	4,356,888
Lease liabilities	1,172,271	(111,587)	9,031	5,603	19,535	1,094,853
Total liabilities from financing activities	<u>\$ 10,388,061</u>	<u>268,932</u>	<u>(22,268)</u>	<u>5,603</u>	<u>19,535</u>	<u>10,659,863</u>

(7) Related-party transactions

(a) Names and relationship with related parties

In this consolidated financial report, the related parties having transactions with the Group are listed as below:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Indian Synthetic Rubber Private Limited	The Group recognized joint venture under equity method
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	The Group recognized associates under equity method
Asia Pacific Energy Development Co., Ltd.	//
Nantong Qix Storage Co., Ltd.	The Group recognized joint venture under equity method
Marubeni Corporation	Corporate director of one consolidated entity
UBE Industrial Ltd.	//
Metropolis Property Management Corporation	Other related parties of the Group
Continental Engineering Corporation	//
WFV Corporation	//
UBE (Shanghai) Ltd.	Subsidiary of corporate director of one consolidated entity

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Associates	\$ <u>10</u>	<u>(7)</u>	<u>5,779</u>	<u>16,980</u>

The sales price with related parties is not significantly different from normal transactions, and the payment terms were about one month.

(ii) Purchases

The amounts of purchase transactions with related parties were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Others	\$ <u>25,044</u>	<u>79,497</u>	<u>89,822</u>	<u>230,928</u>

There were no significant differences between the pricing of purchase transactions with related parties and that with other suppliers. The payment terms ranged from one to two months, which were similar to other suppliers.

(iii) Service income and expenses

The Group provided and received warehouse, management, technologies and IT services to associates, joint ventures, and other related parties. The amounts recognized as other income and expenses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Associates				
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 40,610	39,126	69,459	76,277
Joint ventures				
Indian Synthetic Rubber Private Limited	5,997	14,870	17,849	28,879
Others	702	752	1,402	1,868
Other related parties				
Others	<u>(3,953)</u>	<u>(3,316)</u>	<u>(7,788)</u>	<u>(6,567)</u>
	\$ <u>43,356</u>	<u>51,432</u>	<u>80,922</u>	<u>100,457</u>

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(iv) Lease—Rent income

	For the three months ended June 30		For the six months ended June 30	
	2020	2019	2020	2019
Others	\$ <u>1,121</u>	<u>1,109</u>	<u>2,242</u>	<u>2,219</u>

The amount of rent is based on neighboring rent, and the rental is collected monthly from other relative parties.

(v) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

Account	Type of related parties	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivables	Associates	\$ 56	-	-
Other receivables	Associates			
	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	17,627	24,403	18,461
Other receivables	Joint ventures			
	Indian Synthetic Rubber Private Limited	19,722	17,541	35,656
	Others	227	546	249
		<u>\$ 37,632</u>	<u>42,490</u>	<u>54,366</u>

(vi) Payables to related parties

The details of the Group's payables to related parties were as follows:

Account	Type of related parties	June 30, 2020	December 31, 2019	June 30, 2019
Accounts payable	Other related parties	\$ 24,971	59,418	40,370
Other payables	Other related parties	840	910	880
		<u>\$ 25,811</u>	<u>60,328</u>	<u>41,250</u>

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TSRC CORPORATION AND SUBSIDIARIES
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(vii) Guarantees

The credit limits of the guarantees the Group provided on the bank loans of related parties were as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 751,741	1,113,557	804,121
Joint ventures			
Indian Synthetic Rubber Private Limited	<u>2,398,011</u>	<u>1,431,541</u>	<u>1,477,473</u>
	<u><u>\$ 3,149,752</u></u>	<u><u>2,545,098</u></u>	<u><u>2,281,594</u></u>

Accordingly, the amounts of the Group recognized provision liabilities and investments accounted for under the equity method were as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Associates			
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	\$ 2,602	4,080	1,958
Joint ventures			
Indian Synthetic Rubber Private Limited	<u>34,897</u>	<u>15,147</u>	<u>19,299</u>
	<u><u>\$ 37,499</u></u>	<u><u>19,227</u></u>	<u><u>21,257</u></u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 29,136	22,406	58,531	50,199
Post-employment benefits	<u>261</u>	<u>406</u>	<u>569</u>	<u>768</u>
	<u><u>\$ 29,397</u></u>	<u><u>22,812</u></u>	<u><u>59,100</u></u>	<u><u>50,967</u></u>

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Notes to the Consolidated Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
Restricted savings deposits (recorded as other non-current assets)	Bank guarantee for electricity usage	\$ 1,214	1,233	-
Machinery etc. (recorded as property, plant and equipment)	Guarantee for long-term borrowings	288,503	317,610	354,850
		<u>\$ 289,717</u>	<u>318,843</u>	<u>354,850</u>

(9) Commitments and contingencies

(a) The unused letters of credit outstanding

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
The Group's unused letters of credit outstanding	\$ 866,678	1,898,743	848,796

(b) Total amounts and the cumulative payments of group's signed construction and design contracts with several vendors as follows:

	<u>June 30, 2020</u>	<u>December 31, 2019</u>	<u>June 30, 2019</u>
The total amounts of construction in progress contracts	\$ 2,204,617	2,222,624	2,224,225
Cumulative payments	\$ 1,778,031	1,665,915	1,393,112

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

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(12) Other

- (a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By nature	By function	Three months ended June 30, 2020			Three months ended June 30, 2019		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		251,910	172,768	424,678	259,898	172,819	432,717
Labor and health insurance		18,984	12,860	31,844	22,024	14,313	36,337
Pension		8,101	6,601	14,702	20,479	10,461	30,940
Others (note 1)		27,398	6,039	33,437	40,042	20,584	60,626
Depreciation (note 2)		202,426	45,552	247,978	210,574	45,228	255,802
Amortization		2,206	34,174	36,380	1,597	37,242	38,839

By nature	By function	Six months ended June 30, 2020			Six months ended June 30, 2019		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		523,666	342,993	866,659	511,947	340,428	852,375
Labor and health insurance		39,981	28,393	68,374	45,126	30,268	75,394
Pension		18,515	14,654	33,169	45,372	23,215	68,587
Others (note 1)		66,626	23,770	90,396	78,705	39,612	118,317
Depreciation (note 2)		404,889	93,780	498,669	419,683	85,805	505,488
Amortization		3,827	71,181	75,008	3,146	74,311	77,457

Note 1: Other personnel expenses included meals, employee welfare, training expenses and employees' bonus.

Note 2: Depreciation expenses for investment property recognized under other income and expenses amounting to \$3,681 thousand, \$3,681 thousand, \$7,363 thousand and \$7,363 thousand for the three months and six months ended June 30, 2020 and 2019 were excluded.

- (b) Seasonality or cyclicity of interim operations

The Group's operations were not affected by seasonality or cyclicity factors.

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TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

Unit: thousand NTD

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year	Ending balance	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	TSRC (Shanghai) Industries Ltd	TSRC (Nantong) Industries Ltd	Loan	Yes	186,349	180,411	180,411	3.915%	2	-	Operating capital	-		-	245,514 (Note 1)	491,027 (Note 2)

Note 1: The loan limit extended per party of TSRC (Shanghai) Industries Ltd. should not be over 10% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the loan limit extended per party should not be over 50% of the total equity of the most recent financial statements audited or reviewed by a CPA.

Note 2: The maximum loan extended to all parties of TSRC (Shanghai) Industries Ltd. should not be over 40% of total equity. However, if the counterparty is a subsidiary 100% owned, directly or indirectly by TSRC, the total loan limit should not be over 100% of total equity of the most recent financial statements audited or reviewed by a CPA.

Note 3: TSRC (Shanghai) Industries Ltd. and TSRC (Nantong) Industries Ltd. are 100% owned by TSRC.

Note 4: Credit period: The financing period should not be over one year.

Note 5: Loans to other parties numbering is as follows:

- (1) if it's ordinary business relationship, the number is "1".
- (2) if it needs short-term financial funds, the number is "2".

Note 6: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

Unit: thousand NTD

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the company										
0	TSRC	TSRC (USA) Investment Corporation	4	(Note 2)	907,620	444,900	-	-	3.12 %	(Note 3)	Y		
0	TSRC	ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd	6	(Note 2)	1,110,388	751,741	278,356	-	5.26 %	(Note 3)			Y
0	TSRC	Indian Synthetic Rubber Private Limited	6	(Note 2)	2,428,087	2,398,011	1,124,856	-	16.79 %	(Note 3)			
0	TSRC	TSRC (Vietnam) Co., Ltd	4	(Note 2)	531,566	524,982	433,036	-	3.68 %	(Note 3)	Y		
0	TSRC	Dexco Polymers L.P	4	(Note 2)	303,300	296,600	214,318	-	2.08 %	(Note 3)	Y		

Note 1: The guarantee's relationship with the guarantor is as follows:

- (1) A company with which it does business
- (2) A company in which the public company directly and indirectly holds more than 50 percent of the voting shares
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other

Note 2: The guaranteed amount is limited to 50% of total equity amounting to \$8,568,689 thousand.

Note 3: The aggregate amount of guarantee by the Company is limited to 1.5 times its stockholders' equity, amounting to \$21,421,724 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

(iii) Securities held as of June 30, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand NTD

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
TSRC	Evergreen Steel Corporation	-	Financial assets at fair value through other comprehensive income—non-current	12,148,000	333,463	3.00 %	333,463	
TSRC	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	599,999	256,349	5.42 %	256,349	

(Continued)

TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
TSRC	Hsin-Yung Enterprise Corporation	-	Financial assets at fair value through other comprehensive income – non-current	5,657,000	329,860	3.90 %	329,860	
Dymas Corporation	Thai Synthetic Rubbers Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	837,552	357,844	7.57 %	357,844	
					<u>1,277,516</u>		<u>1,277,516</u>	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand NTD

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Account / note receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
TSRC (Lux.) Corporation S.'a.r.l.	TSRC	Parent and subsidiary companies	Purchase	114,568	10.92 %	70 days	-		(24,624)	(7.53) %	
TSRC	TSRC (Lux.) Corporation S.'a.r.l.	Parent and subsidiary companies	Sale	(114,568)	(2.88) %	70 days	-		24,624	3.53 %	
Polybus Corporation Pte Ltd.	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	121,575	71.35 %	40 days	-		(11,135)	(81.27) %	
TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	Related parties	Sale	(121,575)	(6.94) %	40 days	-		11,135	2.54 %	
TSRC (Lux.) Corporation S.'a.r.l.	Dexco Polymers L.P.	Related parties	Purchase	349,640	33.34 %	90 days	-		(74,730)	(22.86) %	
Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	Sale	(349,640)	(18.60) %	90 days	-		74,730	21.26 %	
TSRC (Lux.) Corporation S.'a.r.l.	TSRC (Nantong) Industries Ltd.	Related parties	Purchase	580,322	55.34 %	70 days	-		(230,980)	(70.66) %	
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	Sale	(580,322)	(33.13) %	70 days	-		230,980	52.68 %	

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

Unit: thousand NTD

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a.r.l.	Related parties	230,980	4.99	-		106,460	-

Note 1: Transactions within the Group were eliminated in the consolidated financial statements.

Note 2: Until August 6, 2020.

- (ix) Trading in derivative instruments: Please refer to note 6(b).

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

Unit: thousand NTD

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Sales revenue	32,523	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.27 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	24,228	"	0.20 %
0	TSRC	TSRC (Lux.) Corporation S.'a r.l.	1	Sales revenue	114,568	"	0.95 %
0	TSRC	Polybus Corporation Pte Ltd	1	Sales revenue	28,339	"	0.24 %
0	TSRC	Dexco Polymers L.P.	1	Sales revenue	68,824	"	0.57 %
0	TSRC	TSRC (Nantong) Industries Ltd.	1	Other income and expenses	17,098	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.14 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Shanghai) Industries Ltd.	3	Sales revenue	18,931	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.16 %
1	TSRC (Nantong) Industries Ltd.	Polybus Corporation Pte Ltd.	3	Sales revenue	121,575	"	1.01 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	3	Sales revenue	580,322	"	4.82 %
1	TSRC (Nantong) Industries Ltd.	TSRC (Lux.) Corporation S.'a r.l.	3	Accounts receivable	230,980	"	0.77 %
1	TSRC (Nantong) Industries Ltd.	TSRC-UBE (Nantong) Industries Ltd.	3	Other income and expenses	105,069	"	0.87 %
1	TSRC (Nantong) Industries Ltd.	Dexco Polymers L.P.	3	Sales revenue	14,375	"	0.12 %
2	Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a r.l.	3	Sales revenue	349,640	The transaction is not significantly different from normal transactions, and the collection terms were about three months	2.91 %
2	Dexco Polymers L.P.	TSRC (Lux.) Corporation S.'a r.l.	3	Accounts receivable	74,730	"	0.25 %
3	TSRC (Lux.) Corporation S.'a r.l.	TSRC	2	Other income and expenses	18,445	The transaction is not significantly different from normal transactions, and the collection terms were about six months	0.15 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Sales revenue	25,948	The transaction is not significantly different from normal transactions, and the collection terms were about two months	0.22 %
4	TSRC (Shanghai) Industries Ltd.	TSRC (Nantong) Industries Ltd.	3	Entrusted loans	180,411	One year based on the contract of entrusted loans	0.60 %
0	TSRC	TSRC(USA) Investment Corporation	1	Note 4	444,900	-	-
0	TSRC	TSRC (Vietnam) Co., Ltd.	1	Note 4	524,982	-	-
0	TSRC	Dexco Polymers L.P.	1	Note 4	296,600	-	-

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TSRC CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 1: Company numbering is as follows:

- (1) Parent company - 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents midstream transactions.

Note 3: For balance sheet items, over 0.1% of total consolidated assets, and for profit or loss items, over 0.1% of total consolidated revenue were selected for disclosure.

Note 4: TSRC's guarantees for bank loans of investees.

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2020 (excluding information on investees in Mainland China):

Unit: thousand NTD/thousand USD/thousand EUR											
Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2020	December 31, 2019	Shares	Percentage of ownership	Book value			
TSRC	Trimurti Holding Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,005,495	1,005,495	86,920,000	100.00 %	13,269,545	244,763	244,763	Subsidiary
TSRC	Hardison International Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	109,442	109,442	3,896,305	100.00 %	696,409	19,395	19,395	Subsidiary
TSRC	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	38,376	38,376	1,161,004	19.48 %	148,491	31,483	6,133	Subsidiary (note 2)
TSRC	TSRC (Vietnam) Co., Ltd	8 VSIP II-A Street 31, Vietnam Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong Province, Vietnam	Production and processing of rubber color masterbatch, thermoplastic elastomer and plastic compound products	278,280	278,280	-	100.00 %	201,348	(39,899)	(39,899)	Subsidiary
Trimurti Holding Corporation	Polybus Corporation Pte Ltd	100 Peck Seah Street #09-16 Singapore 079333	International commerce and investment corporation	1,930,896 (USD65,101)	1,930,896 (USD65,101)	105,830,000	100.00 %	7,379,682	349,142	349,142	Indirectly owned subsidiary
Trimurti Holding Corporation	TSRC (Hong Kong) Limited	15/F Boc Group Life Assurance Tower 136 Des Voeux Road Central	Investment corporation	3,080,191 (USD103,850)	2,309,031 (USD77,850)	103,830,000	100.00 %	3,838,870	(9,294)	(9,294)	Indirectly owned subsidiary
Trimurti Holding Corporation	Indian Synthetic Rubber Private Limited	Room No 702, Indian Oil Bhawan, 1 Sri Aurobindo Marg, Yusuf Sarai, New Delhi 110016, India	Production and sale of synthetic rubber products	874,169 (USD29,473)	874,169 (USD29,473)	222,861,375	50.00 %	275,978	(189,798)	(94,899)	-
TSRC (Hong Kong) Limited	TSRC (Lux.) Corporation S.à r.l	39-43 avenue de la Liberté L-1931 Luxembourg	International commerce and investment corporation	2,492,228 (EUR74,870)	1,691,000 (EUR50,800)	74,869,617	100.00 %	3,241,543	(40,552)	(40,552)	Indirectly owned subsidiary
TSRC (Lux.) Corporation S.à r.l	TSRC (USA) Investment Corporation	2711 Centerville Road, Suite 400, County of New Castle, Wilmington, Delaware, USA	Investment corporation	2,848,843 (USD96,050)	2,077,683 (USD70,050)	130	100.00 %	3,206,076	(18,601)	(18,601)	Indirectly owned subsidiary
TSRC (USA) Investment Corporation	Devco Polymers L.P	12012 Wickchester Lane, Suite 280, Houston, TX, USA	Production and sale of TPE	6,484,180 (USD218,617)	5,713,020 (USD192,617)	-	100.00 %	2,321,363	52,582	52,582	Indirectly owned subsidiary
Hardison International Corporation	Trilon International Holdings Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	1,483 (USD50)	1,483 (USD50)	50,000	100.00 %	59,181	(5,896)	(5,896)	Indirectly owned subsidiary
Hardison International Corporation	Dymas Corporation	Palm Grove House, P.O. BOX 438, Road Town, Tortola, B.V.I.	Investment corporation	142,338 (USD4,799)	142,338 (USD4,799)	4,798,566	80.52 %	635,097	31,483	25,350	Indirectly owned subsidiary
Dymas Corporation	Asia Pacific Energy Development Co., Ltd	Cayman Islands	Consulting for electric power facilities management and electrical system design	334,713 (USD11,285)	334,713 (USD11,285)	7,522,337	37.78 %	422,977	78,755	29,754	-

Note 1: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.660, EUR1 to NTD33.2874)

Note 2: TSRC directly owns 19.48% of Dymas's equity and indirectly owns 80.52% via Hardison International Corporation

Note 3: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand NTD/thousand USD											
Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2020	Investment flow during current period	Remittance amount	Repatriation amount	Cumulative investment (amount) from Taiwan as of June 30, 2020	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)
Shen Hua Chemical Industries Co., Ltd.	Production and sale of synthetic rubber products	1,222,585 (USD41,220)	(2)a	-	-	-	-	-	263,686	65.44 %	172,556
Changshou Asia Pacific Co-generation Co., Ltd.	Power generation and sale of electricity and steam	685,146 (USD23,100)	(2)c	113,657 (USD3,832)	-	-	-	113,657 (USD3,832)	94,652	28.34 %	26,824
TSRC (Shanghai) Industries Ltd.	Production and sale of compounding materials	163,130 (USD5,500)	(2)b	116,267 (USD3,920)	-	-	-	116,267 (USD3,920)	33,295	100.00 %	33,295
Nantong Qix Storage Co., Ltd.	Storehouse for chemicals	88,980 (USD3,060)	(2)d	44,490 (USD1,500)	-	-	-	44,490 (USD1,500)	(11,596)	50.00 %	(5,798)
											Accumulated remittance of earnings in current period
											4,379,389
											358,308
											509,286
											74,060

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Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2020	Investment flow during current period		Cumulative investment (amount) from Taiwan as of June 30, 2020	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
TSRC-UBE (Nantong) Industries Ltd.	Production and sale of synthetic rubber products	1,186,400 (USD40,000)	(2)a	29,660 (USD1,000)	-	-	29,660 (USD1,000)	31,129	55.00 %	17,121	789,306	-
TSRC (Nantong) Industries Ltd.	Production and sale of TPE	3,118,008 (USD105,125)	(2)a	197,180 (USD6,648)	-	-	197,180 (USD6,648)	164,177	100.00 %	164,177	4,369,128	-
ARL ANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	Production and sale of NBR	1,328,768 (USD44,800)	(2)a	-	-	-	-	14,095	50.00 %	7,047	229,868	-

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
 - a. Through the establishment of Polybus Corporation Pte Ltd. then investing in Mainland China.
 - b. Through the establishment of TSRC (Hing Kong) Limited then investing in Mainland China.
 - c. Through the establishment of Asia Pacific Energy Development Co., Ltd. then investing in Mainland China.
 - d. Through the establishment of Triton International Holdings Corporation then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.660).

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Unit: thousand NTD/thousand USD

Company name	Accumulated investment amount in Mainland China as of June 30, 2020	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
TSRC	501,254 (USD16,900)	5,556,356 (USD187,335) (Note 2)	- (Note 1)

Note 1: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the "Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China" amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau, Ministry of Economic Affairs, on August 23, 2018. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from August 20, 2018 to August 19, 2021.

Note 2: This amount includes capital increase out of earnings, approved by the Investment Commission, MOEA.

Note 3: Amounts in foreign currencies were translated based on the exchange rate at the reporting date (USD1 to NTD29.660).

(iii) Significant transactions:

Related information is provided in note 13(a)x.

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TSRC CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Panama Banco industrial company		69,524,417	8.41 %
Han-De Construction Co.,Ltd.		63,093,108	7.64 %
Wei Dah Development Co., Ltd.		53,708,923	6.50 %

(14) Segment information

The Group's operating segment information and reconciliation were as follows:

	Synthetic rubber	Non-synthetic rubber	Others	Total
Three months ended June 30, 2020				
Revenue:				
Revenue from external customers	\$ <u>5,368,979</u>	<u>166,360</u>	<u>-</u>	<u>5,535,339</u>
Income from operations	\$ <u>47,806</u>	<u>(20,704)</u>	<u>36,529</u>	<u>63,631</u>
Three months ended June 30, 2019				
Revenue:				
Revenue from external customers	\$ <u>7,068,731</u>	<u>519,239</u>	<u>-</u>	<u>7,587,970</u>
Income from operations	\$ <u>374,203</u>	<u>105,709</u>	<u>36,447</u>	<u>516,359</u>
Six months ended June 30, 2020				
Revenue:				
Revenue from external customers	\$ <u>11,650,055</u>	<u>379,130</u>	<u>-</u>	<u>12,029,185</u>
Income from operations	\$ <u>235,791</u>	<u>(34,022)</u>	<u>30,238</u>	<u>232,007</u>
Six months ended June 30, 2019				
Revenue:				
Revenue from external customers	\$ <u>14,095,439</u>	<u>1,053,526</u>	<u>-</u>	<u>15,148,965</u>
Income from operations	\$ <u>619,405</u>	<u>233,719</u>	<u>33,547</u>	<u>886,671</u>

As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.