Stock Code:1310

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report for the Nine Months Ended September 30, 2019 and 2018

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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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8～11
(4) Summary of significant accounting policies	11～17
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	17
(6) Explanation of significant accounts	18～47
(7) Related-party transactions	47～50
(8) Pledged assets	50
(9) Commitments and contingencies	50
(10) Losses due to major disasters	51
(11) Subsequent events	51
(12) Others	51
(13) Other disclosures items	
(a) Information on significant transactions	52～54
(b) Information on investees	55
(c) Information on investment in mainland China	55
(14) Segment information	56～57

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Independent Auditors' Review Report

To the Board of Directors of
Taiwan Styrene Monomer Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheet of Taiwan Styrene Monomer Corporation and its subsidiaries as of September 30, 2019, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2019, as well as the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 review.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our review 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 total assets amounting to $360,567 thousand, constituting 3.81% of consolidated total assets as of September 30, 2019, total liabilities amounting to $10,464 thousand, constituting 0.50% of consolidated total liabilities as of September 30, 2019, and total comprehensive income (loss) amounting to $1,100 thousand and $(4,735) thousand, constituting 0.58% and (0.57)% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019.

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Furthermore, as stated in note 6(i), the equity accounted investments of Taiwan Styrene Monomer Corporation and its subsidiaries in its investee companies of $1,502,290 thousand as of September 30, 2019, and its equity in net earnings on these investee companies of $10,785 thousand and $(12,705) thousand for the three months and nine months ended September 30, 2019, 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 review, 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 Taiwan Styrene Monomer Corporation and its subsidiaries as of September 30, 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2019, as well as its consolidated cash flows for the nine months ended September 30, 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.

Other Matter

The financial statements of Taiwan Styrene Monomer Corporation and its subsidiaries for the nine months ended September 30, 2018, were reviewed by another auditor, who expressed a qualified conclusion on those statements on November 13, 2018, due to the financial statements of certain non-significant subsidiaries and the equity accounted investments of Taiwan Styrene Monomer Corporation and its subsidiaries were not reviewed by independent auditors.

The engagement partners on the reviews resulting in this independent auditors' review report are Lin Wu and Yuan-Sheng Yin.

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Taipei, Taiwan (Republic of China)
October 31, 2019

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 September 30, 2019 and 2018

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2019, December 31 and September 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	September 30, 2019 Amount	%	December 31, 2018 Amount	%	September 30, 2018 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 1,360,267	14	2,122,960	20	1,898,008	17
1110	Current financial assets at fair value through profit or loss (notes 6(b) and 8)	187,584	2	141,830	1	159,662	2
1150	Notes receivable, net (notes 6(c) and 7)	952	-	21	-	4,918	-
1170	Accounts receivable, net (notes 6(c) and 7)	1,043,132	11	947,584	9	1,478,870	13
1200	Other receivables (note 7)	1,695	-	35,647	-	11,279	-
1220	Current tax assets	94	-	181	-	156	-
130X	Inventories (note 6(d))	363,621	4	709,853	7	845,403	8
1410	Prepayments (note 6(f))	165,110	2	154,522	2	158,717	1
1460	Non-current assets (or disposal groups) held for sale, net (note 6(e))	101,762	1	-	-	-	-
1470	Other current assets	477	-	308	-	760	-
1476	Other current financial assets (notes 6(g) and 8)	12,174	-	16,937	-	13,553	-
	Total current assets	3,236,868	34	4,129,843	39	4,571,326	41
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 8)	15,150	-	17,144	-	20,283	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(h))	280,588	4	304,917	3	279,648	3
1550	Investments accounted for using equity method, net (notes 6(i) and 6(j))	1,502,290	17	1,587,855	15	1,741,620	17
1600	Property, plant and equipment (notes 6(k) and 8)	4,058,536	43	4,133,895	40	4,123,671	37
1755	Right-of-use assets, net (note 6(l))	34,840	-	-	-	-	-
1760	Investment property, net (notes 6(m) and 8)	140,799	1	144,361	2	144,925	1
1780	Intangible assets (note 6(n))	14,622	-	16,099	-	16,632	-
1840	Deferred tax assets	33,376	-	33,172	-	37,856	-
1915	Prepayments for equipment	-	-	20,439	-	36,769	-
1970	Other long-term investments, net (note 6(o))	35,417	-	38,436	-	38,110	-
1920	Refundable deposits	5,673	-	7,670	-	9,508	-
1990	Other non-current assets (note 6(p))	98,234	1	76,215	1	80,239	1
	Total non-current assets	6,219,525	66	6,380,203	61	6,529,261	59
	Total assets	$ 9,456,393	100	10,510,046	100	11,100,587	100

	Liabilities and Equity	September 30, 2019 Amount	%	December 31, 2018 Amount	%	September 30, 2018 Amount	%
	Current liabilities:						
2100	Short-term borrowings (notes 6(q) and 8)	$ 342,500	4	312,885	3	342,380	3
2130	Current contract liabilities (note 6(y))	32,600	-	128,851	1	28,549	-
2150	Notes payable	9,996	-	9,678	-	6,090	-
2170	Accounts payable (note 7)	1,086,871	11	1,229,326	12	1,601,509	15
2200	Other payables (note 6(r))	197,646	2	344,116	4	300,099	3
2230	Current tax liabilities	66,509	1	243,073	2	222,905	2
2280	Current lease liabilities (note 6(t))	11,302	-	-	-	-	-
2260	Liabilities related to non-current assets (or disposal groups) held for sale (note 6(e))	7,052	-	-	-	-	-
2320	Long-term liabilities, current portion (notes 6(s) and 8)	26,284	-	115,164	1	208,859	2
2399	Other current liabilities	9,020	-	10,270	-	13,014	-
	Total current liabilities	1,789,780	18	2,393,363	23	2,723,405	25
	Non-Current liabilities:						
2540	Long-term borrowings (notes 6(s) and 8)	10,090	-	140,902	1	306,614	3
2570	Deferred tax liabilities	173,509	2	173,509	2	173,509	2
2581	Non-current lease liabilities (note 6(t))	20,158	-	-	-	-	-
2640	Net defined benefit liability, non-current	75,240	1	74,126	1	94,520	-
2600	Other non-current liabilities	11,490	-	10,732	-	10,686	-
	Total non-current liabilities	290,487	3	399,269	4	585,329	5
	Total liabilities	2,080,267	21	2,792,632	27	3,308,734	30
	Equity attributable to owners of parent: (note 6(w))						
3100	Capital stock	5,278,698	56	5,278,698	50	5,278,698	48
3200	Capital surplus	32,637	-	60,415	1	67,069	-
	Retained earnings:						
3310	Legal reserve	531,249	6	409,609	4	409,609	4
3320	Special reserve	430,668	5	8,811	-	8,811	-
3350	Unappropriated retained earnings	1,344,602	14	2,127,643	20	2,102,268	19
		2,306,519	25	2,546,063	24	2,520,688	23
3400	Other equity	(480,985)	(5)	(421,857)	(4)	(332,652)	(3)
	Total equity attributable to owners of parent	7,136,869	76	7,463,319	71	7,533,803	68
36XX	**Non-controlling interests**	239,257	3	254,095	2	258,050	2
	Total equity	7,376,126	79	7,717,414	73	7,791,853	70
	Total liabilities and equity	$ 9,456,393	100	10,510,046	100	11,100,587	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2019 and 2018

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

		For the three months ended September 30				For the nine months ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (notes 6(l), (y) and 7)**	$ 3,204,611	100	3,905,690	100	9,460,217	100	11,981,852	100
5000	**Operating costs (notes 6(d), (k), (l), (m), (n), (t), (u), (aa), 7 and 12)**	2,783,202	87	3,234,693	83	8,113,275	86	10,142,676	85
	Gross profit from operations	421,409	13	670,997	17	1,346,942	14	1,839,176	15
	Operating expenses (notes 6(c), (k), (l), (m), (n), (t), (u), (aa), 7, and 12):								
6100	Selling expenses	21,749	1	9,814	-	62,585	1	36,582	-
6200	Administrative expenses	48,710	2	103,341	3	200,785	2	299,077	3
6300	Research and development expenses	4,161	-	9,008	-	13,688	-	34,850	-
6450	Expected credit impairment loss	(656)	-	105	-	(21)	-	269	-
		73,964	3	122,268	3	277,037	3	370,778	3
	Other income and expenses:								
6510	Other income	1	-	-	-	61	-	-	-
	Operating income	347,446	10	548,729	14	1,069,966	11	1,468,398	12
	Non-operating income and expenses:								
7010	Other income (note 6(z))	15,602	-	8,893	-	33,103	-	38,005	-
7020	Other gains and losses (notes 6(i) and (z))	(98,414)	(2)	(10,545)	-	(96,330)	(1)	(45,578)	-
7050	Finance costs (notes 6(t) and (z))	(1,956)	-	(3,543)	-	(6,575)	-	(15,640)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (note 6(i))	14,762	-	(9,473)	-	(3,877)	-	28,918	-
		(70,006)	(2)	(14,668)	-	(73,679)	(1)	5,705	-
9900	**Profit before tax**	277,440	8	534,061	14	996,287	10	1,474,103	12
7950	Less: Income tax expenses (note 6(v))	69,546	2	113,898	3	153,752	2	339,652	3
	Net income	207,894	6	420,163	11	842,535	8	1,134,451	9
8300	**Other comprehensive income (loss) :**								
8310	**Components of other comprehensive income (loss) 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	7,053	-	(20,663)	(1)	(19,281)	-	(1,532)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (note 6(w))	(19,880)	-	20,602	1	9,641	-	(57,787)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	(937)	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	(12,827)	-	(61)	-	(9,640)	-	(58,382)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**								
8361	Exchange differences on translation	(6,582)	-	(7,745)	-	(1,577)	-	(2,183)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	418	-	(12)	-	497	-	208	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	(6,164)	-	(7,757)	-	(1,080)	-	(1,975)	-
8300	**Other comprehensive income**	(18,991)	-	(7,818)	-	(10,720)	-	(60,357)	-
8500	**Comprehensive income**	$ 188,903	6	412,345	11	831,815	8	1,074,094	9
	Profit attributable to:								
8610	Owners of parent	$ 206,519	6	421,577	11	848,061	8	1,159,228	9
8620	Non-controlling interests	1,375	-	(1,414)	-	(5,526)	-	(24,777)	-
		$ 207,894	6	420,163	11	842,535	8	1,134,451	9
	Comprehensive income attributable to:								
8710	Owners of parent	$ 189,937	6	416,799	11	837,476	8	1,100,398	9
8720	Non-controlling interests	(1,034)	-	(4,454)	-	(5,661)	-	(26,304)	-
		$ 188,903	6	412,345	11	831,815	8	1,074,094	9
	Earnings per share (note 6(x))								
	Basic earnings per share	$	0.39		0.80		1.61		2.20
	Diluted earnings per share	$	0.39		0.80		1.60		2.19

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 5,278,698	68,142	307,466	157,923	1,378,191	1,843,580	(3,754)	-	101,265	97,511	7,287,931	284,331	7,572,262
Effects of retrospective application	-	-	-	-	281,392	281,392	-	(190,286)	(101,265)	(291,551)	(10,159)	23	(10,136)
Equity at beginning of period after adjustments	5,278,698	68,142	307,466	157,923	1,659,583	2,124,972	(3,754)	(190,286)	-	(194,040)	7,277,772	284,354	7,562,126
Net income	-	-	-	-	1,159,228	1,159,228	-	-	-	-	1,159,228	(24,777)	1,134,451
Other comprehensive income	-	-	-	-	937	937	(428)	(59,339)	-	(59,767)	(58,830)	(1,527)	(60,357)
Total comprehensive income	-	-	-	-	1,160,165	1,160,165	(428)	(59,339)	-	(59,767)	1,100,398	(26,304)	1,074,094
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	102,143	-	(102,143)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(844,592)	(844,592)	-	-	-	-	(844,592)	-	(844,592)
Reversal of special reserve	-	-	-	(149,112)	149,112	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(1,073)	-	-	80,116	80,116	-	(78,845)	-	(78,845)	198	-	198
Other	-	-	-	-	27	27	-	-	-	-	27	-	27
Balance at September 30, 2018	$ 5,278,698	67,069	409,609	8,811	2,102,268	2,520,688	(4,182)	(328,470)	-	(332,652)	7,533,803	258,050	7,791,853
Balance at January 1, 2019	$ 5,278,698	60,415	409,609	8,811	2,127,643	2,546,063	(2,298)	(419,559)	-	(421,857)	7,463,319	254,095	7,717,414
Net income	-	-	-	-	848,061	848,061	-	-	-	-	848,061	(5,526)	842,535
Other comprehensive income	-	-	-	-	-	-	(955)	(9,630)	-	(10,585)	(10,585)	(135)	(10,720)
Total comprehensive income	-	-	-	-	848,061	848,061	(955)	(9,630)	-	(10,585)	837,476	(5,661)	831,815
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	121,640	-	(121,640)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	421,857	(421,857)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,055,740)	(1,055,740)	-	-	-	-	(1,055,740)	-	(1,055,740)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(1,564)	(1,564)	-	-	-	-	(1,564)	-	(1,564)
Disposal of investment accounted for using equity method	-	-	-	-	(27,278)	(27,278)	-	27,278	-	27,278	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	90,828	90,828	-	(90,828)	-	(90,828)	-	-	-
Changes in ownership interests in subsidiaries	-	(23,561)	-	-	-	-	(819)	-	-	(819)	(24,380)	40,442	16,062
Changes in ownership interests in investments accounted for using equity method	-	(4,217)	-	-	(93,851)	(93,851)	-	15,826	-	15,826	(82,242)	-	(82,242)
Other-effect of consolidation changes	-	-	-	-	-	-	-	-	-	-	-	(49,619)	(49,619)
Balance at September 30, 2019	$ 5,278,698	32,637	531,249	430,668	1,344,602	2,306,519	(4,072)	(476,913)	-	(480,985)	7,136,869	239,257	7,376,126

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2019	2018
Cash flows from operating activities:		
Profit before tax	$ 996,287	1,474,103
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	210,594	198,848
Amortization expense	1,464	58,343
Expected credit loss (gain)	(21)	269
Interest expense	6,575	15,640
Interest income	(6,950)	(4,532)
Dividend income	(3,085)	(9,620)
Share of loss (profit) of associates accounted for using equity method	12,705	(18,473)
Loss (gain) on disposal of property, plant and equipment	15,927	(2,067)
Loss (gain) on disposal of investment properties	-	(7,440)
Gain on disposal of investments accounted for using equity method	(3,501)	-
Impairment loss on non-financial assets	79,696	169
Others	(61)	(625)
Total adjustments to reconcile profit (loss)	313,343	230,512
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets mandatorily measured at fair value through profit or loss	(43,760)	132,358
Notes receivable	(931)	(2,610)
Accounts receivable	(123,629)	(149,438)
Other receivables	34,131	9,659
Inventories	322,254	(193,419)
Prepayments	(53,855)	602,263
Other current assets	(169)	580
Other financial assets	4,763	25,177
Total changes in operating assets	138,804	424,570
Changes in operating liabilities:		
Current contract liabilities	(96,251)	(10,063)
Notes payable	318	(16,088)
Accounts payable	(139,181)	452,305
Other payables	(138,837)	13,260
Advance receipts	-	(7,197)
Other current liabilities	(111)	(643)
Net defined benefit liability	1,114	1,599
Total changes in operating liabilities	(372,948)	433,173
Total changes in operating assets and liabilities	(234,144)	857,743
Cash inflow generated from operations	1,075,486	2,562,358
Interest received	6,771	5,175
Dividends received	3,085	1,470
Interest paid	(6,435)	(16,567)
Dividends paid	(111)	(94)
Income taxes paid	(330,474)	(308,772)
Net cash flows from operating activities	748,322	2,243,570

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the nine months ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	$ -	(215)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,493	16,262
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,475	4,147
Proceeds from disposal of investments accounted for using equity method	41,568	-
Loss control of subsidiaries	(23,280)	-
Acquisition of property, plant and equipment	(227,666)	(127,615)
Proceeds from disposal of property, plant and equipment	10,637	2,184
Decrease (increase) in refundable deposits	(391)	38,293
Increase in other receivables from related parties	-	(6,563)
Acquisition of intangible assets	-	(1,905)
Proceeds from disposal of investment properties	-	89,321
Decrease (increase) in prepayments for equipment	20,439	(27,994)
Increase in other prepayments	-	(4,576)
Dividends received	-	295
Other investing activities	-	(1,534)
Net cash flows used in investing activities	(172,725)	(19,900)
Cash flows from financing activities:		
Increase in short-term borrowings	732,500	-
Decrease in short-term borrowings	(702,885)	(15,120)
Repayments of long-term borrowings	(219,692)	(494,891)
Decrease in guarantee deposits received	-	(114)
Payment of lease liabilities	(12,098)	-
Increase in other non-current liabilities	758	190
Cash dividends paid	(1,055,740)	(844,592)
Change in non-controlling interests	16,881	-
Other financing activities	-	27
Net cash flows used in financing activities	(1,240,276)	(1,354,500)
Effect of exchange rate changes on cash and cash equivalents	1,892	(1,506)
Net (decrease) increase in cash and cash equivalents	(662,787)	867,664
Cash and cash equivalents at beginning of period	2,122,960	1,030,344
Cash and cash equivalents at end of period	$ 1,460,173	1,898,008
Components of cash and cash equivalents		
Cash and cash equivalents reported in the statement of financial position	$ 1,360,267	1,898,008
Reclassification to non-current assets (or disposal groups) held for sale	99,906	-
Cash and cash equivalents at end of period	$ 1,460,173	1,898,008

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2019 and 2018

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

(1) Company history

Taiwan Styrene Monomer Corp. (the "Company") was incorporated on November 16, 1979, under the approval of Ministry of Economic Affairs, Republic of China (ROC). Registered address is 8F.-1, No.6, Sec.1, Roosevelt Rd., Taipei City. Please refer to note 4(b) for the major business activities of the Company and its subsidiaries (together referred to as the "Group").

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

The consolidated financial statements were authorized for issuance by the Board of Directors on October 31, 2019.

(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, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of transportation and office equipment as well as leases for which the underlying asset is of low value. At transition of the leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $70,045 thousands of right-of-use assets and $66,475 thousands of lease liabilities, the difference amounted to $3,570 thousands was a decrease in rental prepayments. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.76%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 51,725
Immaterial lease payment not disclosed in financial statements	25,865
Recognition exemption for:	
short-term leases	(7,229)
lease of low-value assets	(2,456)
	$ 67,905
Discounted using the incremental borrowing rate at January 1, 2019 (lease liabilities recognized at January 1, 2019)	$ 66,475

(Continued)

(b) The impact of IFRS endorsed by FSC but not yet effective

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 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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

(c) 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, 2021
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020

The above IFRSs are not relevant to the Group.

(4) Summary of significant accounting policies

(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 (the "Regulations") and IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except for the following accounting policies, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of consolidation

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding (%) September 30, 2019	Shareholding (%) December 31, 2018	Shareholding (%) September 30, 2018	Note
The Company	Zung-Fu Co., Ltd.	Building cleaning and maintenance, sewage treatment, air conditioning equipment maintenance	89.16	89.16	89.16	Note 1
The Company	Lei-Ting Construction Corporation	Civil and construction engineering	91.40	75.27	75.27	Notes 2 and 3
The Company	YSIC Ltd.	Residential building and industrial plant development rental business	99.99	99.99	99.99	-
The Company	Yuan-Shin Materials Technology Co., Ltd.	Basic chemical materials and plastic raw material manufacturing	100.00	100.00	100.00	Note 4
The Company	Yangmingshan Tien Lai Resort & SPA	Hotel	65.07	65.07	65.07	Note 5
The Company	Gvision-USA, Inc.	Sales and distribution of LCD monitor	44.44	66.67	66.67	Notes 4 and 6
The Company	Taiwan United Medical Inc.	Wholesale and retail of precision instruments and information software	64.79	64.79	64.79	-
The Company	Jing-Shou Engineering Co., Ltd.	Bridge and building engineering	-	100.00	100.00	Notes 3 and 4
The Company	Asia Carbons & Technology Inc.	Electronic component manufacturing	98.58	34.76	34.76	Note 7
YSIC Ltd.	Grand Capital Co., Ltd.	Investment	97.22	97.22	97.22	Notes 4 and 8
YSIC Ltd.	Tien Lai Co., Ltd.	Piping engineering	50.00	50.00	50.00	Notes 4 and 9
YSIC Ltd.	Kun Shan International Ltd.	Investment	62.03	62.03	62.03	Note 4
Kun Shan International Ltd.	Kun Shan Yu-Fu Technology Education Consulting Co., Ltd.	Educational consulting, information consulting, software and data storage consultation	100.00	100.00	100.00	Note 4
Kun Shan International Ltd.	Kun Shan Jia-an Technology Education Consulting Co., Ltd.	Educational consulting, information consulting, software and data storage consultation	100.00	100.00	100.00	Note 4

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding (%) September 30, 2019	December 31, 2018	September 30, 2018	Note
Asia Carbons & Technology Inc.	Asia Graphene Co., Ltd.	Sales of electronic components	100.00	100.00	100.00	Notes 4 and 10
Yangmingshan Tien Lai Resort & SPA	Yangmingshan Tien Lai Art Village Development Co., Ltd.	Arts and leisure	-	100.00	100.00	Notes 4 and 11

Note 1: The Company and Lei-Ting Construction Corporation (holding 9.84% of common shares) totally hold 99.00% of common shares of Zung-Fu Co., Ltd.

Note 2: The Company and YSIC Ltd. (holding 8.60% of common shares on September 30, 2019, and holding 24.73% of common shares on December 31 and September 30, 2018) totally hold 100.00% of common shares of Lei-Ting Construction Corporation.

Note 3: On June 30, 2019, Lei-Ting Construction Corporation issued new shares to merge with Jing-Shou Engineering Co., Ltd. and Lei-Ting Construction Corporation is the surviving company.

Note 4: Non-significant subsidiary for which the financial statements have not been reviewed by independent auditors.

Note 5: The Company and YSIC Ltd. (holding 12.10% of common shares) totally hold 77.17% of common shares of Yangmingshan Tien Lai Resort & SPA.

Note 6: Gvision-USA, Inc. conducted a capital increase by cash in May, 2019. The Company did not participate in the capital increase proportionally, and its shares of the company dropped to 44.44%. After the re-election of the directors and supervisors, the Company did not obtain more than half of the vote in the Board of Directors, so the Company lost control of Gvision-USA, Inc. and it became an associate.

Note 7: Originally, the Company, Zung-Fu Co., Ltd, YSIC Ltd, and Jing-Shou Engineering Co., Ltd. hold 64.59% of common shares of Asia Carbons & Technology Inc. On April 23, 2019, Asia Carbons & Technology Inc. conducted a capital reduction of $450,000 thousand to make up for the deficit, and the company conducted a capital increase by cash of $100,087 thousand on May 28, 2019. After the capital increase, the Company's shareholding ratio increased to 98.58%. On August 28, 2019, Asia Carbons & Technology Inc. obtained an approval of the special shareholders' meeting for dissolution and liquidation.

Note 8: YSIC Ltd. and Zung-Fu Co., Ltd. (holding 2.78% of common shares) totally hold 100.00% of common shares of Grand Capital Co., Ltd.

Note 9: The Group does not directly or indirectly hold more than half of the total shares of Tien Lai Co., Ltd., but because the chairman of the company is designated by the Group and the Group has control over the company, it is incorporated into consolidation.

(Continued)

Note 10: On May 31, 2019, the Board of Directors determined to dissolve Asia Graphene Co., Ltd. on behalf of the shareholders.

Note 11: On March 29, 2019, the Board of Directors determined to dissolve Yangmingshan Tien Lai Art Village Development Co., Ltd. on behalf of the shareholders. On August 14, 2019, Yangmingshan Tien Lai Art Village Development Co., Ltd. declared the completion of liquidation to the court.

(c) Leases (applicable from January 1, 2019)

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

- the Group has the right to operate the asset; or

- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise a purchase option; or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of transportation and office equipment that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(e) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and 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 of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(f) Non-current assets (or disposal groups) held for sale

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use, are reclassified as held for sale or held for distribution to owners. To meet the criteria to be classified as held for sale, the non-current assets or disposal groups must be available for immediate sale in its present condition and its sale must be highly probable. Immediately before classification as held for sale or held for distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

(Continued)

Any impairment loss on a disposal group will first be allocated to goodwill, and then to remaining assets and liabilities will be apportioned on a *pro rata* basis, except that no loss is allocated to assets not within the scope of IAS 36 – *Impairment of Assets*. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale or held for distribution to owners and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

When the assets classified as held for sale or held for distribution to owners are intangible assets or property, plant and equipment, they are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

An operation will be classified as a discontinued operation upon disposal or when the operation meets the criteria to be classified as held for sale or held for distribution to owners, whichever comes first.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and 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.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which is in conformity with the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2018.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to notes 6 to 35 of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	$ 1,043	1,441	530
Petty cash	1,155	1,233	1,277
Deposits in bank	713,354	944,399	1,125,418
Cash equivalents			
Bonds under resell agreements	500,000	850,000	500,000
Time deposits due within one year	144,715	325,887	270,783
	$ 1,360,267	2,122,960	1,898,008

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

	September 30, 2019	December 31, 2018	September 30, 2018
Mandatorily measured at fair value through profit or loss:			
Current:			
Listed stocks	$ 187,584	141,830	159,122
Beneficiary certificates	-	-	540
Non-current:			
Listed stocks	15,150	17,144	20,283
Total	$ 202,734	158,974	179,945

The above financial assets had been pledged as collateral for bank loans; please refer to note 8.

(c) Accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Accounts receivable	$ 1,045,173	949,671	1,480,997
Less: Loss allowance	(2,041)	(2,087)	(2,127)
	$ 1,043,132	947,584	1,478,870

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected 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:

	September 30, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,042,434	0.005%	52
1 to 90 days past due	484	1%	2
91 to 180 days past due	628	2%	9
181 to 365 days past due	320	2%	3
More than 1 year past due	2,259	50%~100%	1,975
	$ 1,046,125		2,041

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 938,601	0.005%	47
1 to 90 days past due	8,500	1%	41
91 to 180 days past due	251	2%	3
181 to 365 days past due	227	2%	2
More than 1 year past due	2,113	50%~100%	1,994
	$ 949,692		2,087

	September 30, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,473,719	0.005%	74
1 to 90 days past due	9,623	1%	70
91 to 180 days past due	308	2%	4
181 to 365 days past due	211	2%	4
More than 1 year past due	2,054	50%~100%	1,975
	$ 1,485,915		2,127

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the nine months ended September 30	
	2019	2018
Beginning balance	$ 2,087	1,858
Impairment losses (gains) recognized	(21)	269
Effect of consolidation changes	(26)	-
Effect of exchange rate changes	1	-
Ending balance	$ 2,041	2,127

(d) Inventories

	September 30, 2019	December 31, 2018	September 30, 2018
Merchandise inventory	$ -	22,752	17,525
Finished goods	120,408	174,811	138,914
By-product	1,864	6,320	5,422
Semi-finished products	69,608	227,927	241,352
Work in progress	57,279	51,916	91,688
Raw materials	78,293	184,074	302,822
Supplies	36,169	42,053	47,680
	$ 363,621	709,853	845,403

None of the inventories of the Group was pledged as collateral on September 30, 2019, December 31 and September 30, 2018.

Except for the transfer of inventory to operating costs from sales, other losses (gains) directly included in operating costs are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Gain from recovery in value of inventories	$ (26,328)	(584)	(9,827)	(56,383)
Loss on inventory scrapping	-	-	-	70,616
Unallocated fixed manufacturing overhead expenses	-	11,380	24,740	33,921
	$ (26,328)	10,796	14,913	48,154

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Non-current assets (or disposal groups) held for sale, net

As of August 8, 2019, the Group obtained an approval of the Board of Directors to sell all the shares of Taiwan United Medical Inc. The efforts of sale have commenced, and a sale is expected to be completed by December 31, 2019. Therefore, the Group reclassified all the company's assets and liabilities as non-current assets (or disposal groups) held for sale.

As of September 30, 2019, the non-current assets (or disposal groups) comprised the following assets and liabilities, which amounting to $101,762 thousand and $7,052 thousand, respectively:

	September 30, 2019
Cash and cash equivalents	$ 99,906
Current tax assets	41
Prepayments	2
Intangible assets	13
Refundable deposits	1,800
Assets of a disposal group	$ 101,762
Other payables	$ 7,042
Other current liabilities	10
Liabilities of a disposal group	$ 7,052

The expected sale price is equivalent to the Group's share of the company's net assets; therefore, no impairment loss has been recognized.

(f) Prepayments

	September 30, 2019	December 31, 2018	September 30, 2018
Prepayment for purchases	$ 129	23,360	7,674
Office supplies	94,730	93,992	92,500
Overpaid sales tax	19,835	19,173	18,753
Others	50,416	17,997	39,790
	$ 165,110	154,522	158,717

(g) Other current financial assets

	September 30, 2019	December 31, 2018	September 30, 2018
Restricted deposits in bank	$ 8,762	13,525	10,141
Refundable deposits	3,412	3,412	3,412
	$ 12,174	16,937	13,553

The above assets of the Group had been pledged as collateral for long-term and short-term bank loans; please refer to note 8.

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

		September 30, 2019	December 31, 2018	September 30, 2018
Equity investments:				
Domestic non-listed stocks	$	160,606	174,915	174,497
Foreign non-listed equity investments		119,982	130,002	105,151
	$	280,588	304,917	279,648

(i) The Group designated the investments shown above at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes not for trading purposes.

(ii) In April 2019, the Group sold its shares of Taiwan Insulation Material Industrial Co., Ltd., which were measured at fair value through other comprehensive income. The shares sold had a fair value of $2,493 thousand and the Group realized a loss of $90 thousand, which was already included in other comprehensive income. The aforementioned loss has been transferred to retained earnings.

(iii) For market risk; please refer to note 6(ab).

(iv) None of the above-mentioned financial assets had been pledged as collateral as of September 30, 2019, December 31 and September 30, 2018.

(i) Investments accounted for using equity method

(i) Associates

Associates of the Group consisted of the following:

	September 30, 2019		December 31, 2018		September 30, 2018	
	Amount	Share-holding (%)	Amount	Share-holding (%)	Amount	Share-holding (%)
Grand Cathay Venture Capital Co., Ltd.	$ 322,577	25.00	318,400	25.00	312,554	25.00
Wonderland Enterprise Co., Ltd.	558,063	37.04	626,867	49.38	688,103	49.38
Yuan-Jie Investment Co., Ltd.	241,715	32.46	225,127	32.46	241,637	42.20
Yu-Jie Investment Co., Ltd.	273,708	32.96	301,166	32.96	382,308	41.60
Yuan-Yao Development Co., Ltd.	-	-	36,336	33.22	41,571	33.22
Globaltop Technology Inc.	68,557	37.92	79,959	37.92	75,447	37.92
Gvision-USA, Inc.	37,670	44.44	-	-	-	-
	$ 1,502,290		1,587,855		1,741,620	

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 8, 2019, the Group sold all of its shares of Yuan-Yao Development Co. Ltd., at the price of $41,568 thousand, and the gain on disposal of investments amounted to $2,682 thousand, which was accounted for under the other gains and losses of the consolidated comprehensive income statements; meanwhile, the unrealized losses of $27,278 thousand from investments measured at fair value through other comprehensive income which shall not be reclassified to profit and loss, had been reclassified to retained earnings at the time of disposal.

Wonderland Enterprise Co., Ltd. conducted a capital increase by cash of $200,000 thousand on January 15, 2019. The Group did not participate in the capital increase proportionally, and its shares of the Company dropped to 37.04%. The Group reduced the capital surplus of $4,217 thousand and retained earnings of $78,025 thousand, respectively, due to the decrease of its ownership. Meanwhile, the unrealized losses of $15,826 thousand from investments measured at fair value through other comprehensive income which shall not be reclassified to profit and loss, had been reclassified to retain earnings proportionally.

The Group's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Attributable to the Group:				
Net income	$ 10,785	(1,029)	(12,705)	28,918
Other comprehensive income	(19,462)	20,590	10,138	(57,579)
Total comprehensive income	$ (8,677)	19,561	(2,567)	(28,661)

(ii) Pledge to secure

None of the investments using equity method of the Group was pledged as collateral.

(iii) The unreviewed financial statements of investments accounted for using the equity method

The investments accounted for using equity method and the share of the profit or loss and other comprehensive income were calculated based on the financial statements that had not been reviewed.

(j) Loss control of subsidiaries

Gvision-USA, Inc. conducted a capital injection in the form of cash worth 50,000 shares on May 6, 2019. The Group did not participate in the capital increase proportionally, and its shares of the company dropped to 44.44%. After the re-election of the directors and supervisors on May 21, 2019, the Group did not obtain more than half of the vote in the Board of Directors, so it lost control of the company. The Group reduced capital surplus by $8,499 thousand for the decrease of its ownership interest in Gvision-USA, Inc. The exchange differences recognized under other comprehensive income were reclassified proportionally to profit and loss by $819 thousand.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The carrying amounts of assets and liabilities of Gvision-USA, Inc. on May 21, 2019 were as follows:

Cash and cash equivalents	$ 23,280
Inventories	23,978
Accounts receivable, net	28,102
Prepayments	17,675
Property, plant and equipment	214
Right-of-use assets	6,559
Refundable deposits	588
Accounts payable and other payables	(3,274)
Lease liabilities	(6,679)
Guarantee deposits received	(1,129)
Carrying amount of net assets	$ 89,314

(k) Property, plant and equipment

The movements of the property, plant and equipment of the Group were as follows:

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Other equipment	Construction in progress	Total
Cost:									
Balance as of January 1, 2019	$ 1,612,235	8,462	707,736	7,755,943	21,823	121,150	905,004	74,648	11,207,001
Additions	-	-	-	40,893	1,133	440	3,679	181,521	227,666
Disposals	-	-	-	(42,425)	(4,207)	(24,440)	(10,894)	-	(81,966)
Reclassification	-	-	8,650	2,235	-	-	6,624	(17,509)	-
Effect of consolidation changes	-	-	-	(1,596)	-	(530)	(3,622)	-	(5,748)
Effect of exchange rate changes	-	-	(1,040)	33	(23)	13	(85)	(1)	(1,103)
Balance as of September 30, 2019	$ 1,612,235	8,462	715,346	7,755,083	18,726	96,633	900,706	238,659	11,345,850
Balance as of January 1, 2018	$ 1,612,235	8,462	780,112	7,835,691	21,071	96,523	882,076	9,408	11,245,578
Additions	-	-	-	8,814	895	171	3,675	114,230	127,785
Disposals	-	-	(81,895)	(169,526)	(123)	-	(4,112)	-	(255,656)
Effect of exchange rate changes and others	-	-	(845)	26,569	(30)	13,797	9,937	(45,084)	4,344
Balance as of September 30, 2018	$ 1,612,235	8,462	697,372	7,701,548	21,813	110,491	891,576	78,554	11,122,051
Accumulated depreciation and impairment losses:									
Balance as of January 1, 2019	$ -	8,341	232,845	6,113,795	17,805	80,068	620,252	-	7,073,106
Depreciation	-	16	13,334	137,172	882	5,028	39,556	-	195,988
Impairment losses	-	-	-	57,374	-	16,546	5,775	-	79,695
Disposals	-	-	-	(38,922)	(3,373)	(4,696)	(8,411)	-	(55,402)
Effect of consolidation changes	-	-	-	(1,591)	-	(321)	(3,622)	-	(5,534)
Effect of exchange rate changes	-	-	(488)	34	(20)	8	(73)	-	(539)
Balance as of September 30, 2019	$ -	8,357	245,691	6,267,862	15,294	96,633	653,477	-	7,287,314

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Other equipment	Construction in progress	Total
Balance as of January 1, 2018	$ -	8,318	285,098	6,098,890	16,522	73,739	577,160	-	7,059,727
Depreciation	-	17	15,711	134,216	1,062	4,501	39,422	-	194,929
Disposals	-	-	(81,895)	(169,526)	(123)	-	(3,995)	-	(255,539)
Effect of exchange rate changes and others	-	-	(577)	1,443	(27)	8	(1,584)	-	(737)
Balance as of September 30, 2018	$ -	8,335	218,337	6,065,023	17,434	78,248	611,003	-	6,998,380
Carrying value:									
Balance as of January 1, 2019	$ 1,612,235	121	474,891	1,642,148	4,018	41,082	284,752	74,648	4,133,895
Balance as of September 30, 2019	$ 1,612,235	105	469,655	1,487,221	3,432	-	247,229	238,659	4,058,536
Balance as of January 1, 2018	$ 1,612,235	144	495,014	1,736,801	4,549	22,784	304,916	9,408	4,185,851
Balance as of September 30, 2018	$ 1,612,235	127	479,035	1,636,525	4,379	32,243	280,573	78,554	4,123,671

As of September 30, 2019, resulting from overestimate of the business development in high temperature graphitization, the Group recognized an impairment loss of $79,695 thousand with respect to the plant and equipment.

As of September 30, 2019, December 31 and September 30, 2018, the accumulated impairment losses of property, plant and equipment were amounted to $411,818 thousand, $332,973 thousand, and $329,636 thousand respectively.

As of September 30, 2019, December 31 and September 30, 2018, the property, plant and equipment of the Group had been pledged as collateral for loans; please refer to note 8.

(l) Right-of-use assets

The cost and accumulated depreciation of leased land, buildings and structures, and transportation equipment of the Group were as follows:

	Land	Buildings and structures	Transportation equipment	Total
Cost:				
Balance as of January 1, 2019	$ -	-	-	-
Effects of retrospective application (IFRS 16)	4,194	58,956	6,895	70,045
Balance as of January 1, 2019 after adjustments	4,194	58,956	6,895	70,045
Additions	-	94	5,540	5,634
Lease modification	-	(22,364)	(142)	(22,506)
Effect of consolidation changes	-	(7,397)	-	(7,397)
Effect of exchange rate changes	(138)	158	-	20
Balance as of September 30, 2019	$ 4,056	29,447	12,293	45,796
Accumulated depreciation:				
Balance as of January 1, 2019	$ -	-	-	-
Depreciation	250	8,633	2,898	11,781
Effect of consolidation changes	-	(838)	-	(838)
Effect of exchange rate changes	-	13	-	13
Balance as of September 30, 2019	$ 250	7,808	2,898	10,956
Carrying amount:				
Balance as of September 30, 2019	$ 3,806	21,639	9,395	34,840

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Some of the above-mentioned property, plant and equipment had been pledged as collateral for loans; please refer to note 8.

(m) Investment property

		Land	Buildings and structures	Total
Cost:				
Balance as of January 1, 2019	$	90,030	92,634	182,664
Effect of exchange rate changes		-	(1,452)	(1,452)
Balance as of September 30, 2019	$	90,030	91,182	181,212
Balance as of January 1, 2018	$	140,780	161,867	302,647
Disposals		(50,750)	(67,904)	(118,654)
Effect of exchange rate changes		-	(1,965)	(1,965)
Balance as of September 30, 2018	$	90,030	91,998	182,028
Accumulated depreciation and impairment losses:				
Balance as of January 1, 2019	$	-	38,303	38,303
Depreciation		-	2,825	2,825
Effect of exchange rate changes		-	(715)	(715)
Balance as of September 30, 2019	$	-	40,413	40,413
Balance as of January 1, 2018	$	4,467	66,341	70,808
Depreciation		-	3,919	3,919
Disposals		-	(36,773)	(36,773)
Effect of exchange rate changes		-	(851)	(851)
Balance as of September 30, 2018	$	4,467	32,636	37,103
Carrying value:				
Balance as of January 1, 2019	$	90,030	54,331	144,361
Balance as of September 30, 2019	$	90,030	50,769	140,799
Balance as of January 1, 2018	$	136,313	95,526	231,839
Balance as of September 30, 2018	$	85,563	59,362	144,925

The fair value of the investment property was not significantly different from those disclosed in note 18 of the annual consolidated financial statements for the year ended December 31, 2018. For other relevant information, please refer to note 18 of the consolidated financial statements of 2018.

The above-mentioned investment property had been pledged as collateral for loans; please refer to note 8.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Intangible assets

The movements of intangible assets of the Group were as follows:

		Technical royalty	Computer software	Total
Cost:				
Balance as of January 1, 2019	$	22,242	1,243	23,485
Reclassification		-	(114)	(114)
Balance as of September 30, 2019	$	22,242	1,129	23,371
Balance as of January 1, 2018	$	20,338	4,478	24,816
Acquisition		1,905	-	1,905
Balance as of September 30, 2018	$	22,243	4,478	26,721
Accumulated amortization:				
Balance as of January 1, 2019	$	6,408	978	7,386
Amortization		1,215	249	1,464
Reclassification		-	(101)	(101)
Balance as of September 30, 2019	$	7,623	1,126	8,749
Balance as of January 1, 2018	$	4,787	3,511	8,298
Amortization		1,215	576	1,791
Balance as of September 30, 2018	$	6,002	4,087	10,089
Carrying value:				
Balance as of January 1, 2019	$	15,834	265	16,099
Balance as of September 30, 2019	$	14,619	3	14,622
Balance as of January 1, 2018	$	15,551	967	16,518
Balance as of September 30, 2018	$	16,241	391	16,632

(o) Other long-term investment, net

		September 30, 2019	December 31, 2018	September 30, 2018
Construction and operation of student dormitory	$	35,417	38,436	38,110

The period of rights of investment in construction and operation of student dormitory is 30 years. The subsidy and management income will be recovered annually according to the agreement to July 31, 2035.

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Other non-current assets

	September 30, 2019	December 31, 2018	September 30, 2018
Long-term prepaid rents	$ -	3,570	3,565
Long-term prepaid expenses	96,578	70,988	74,981
Others	1,656	1,657	1,693
	$ 98,234	76,215	80,239

Long-term prepaid rents is paid for acquisition of the right of land use in China.

(q) Short-term borrowings

Short-term borrowings of the Group were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Bank overdraft	$ -	5,505	-
Secured bank loans	217,500	172,380	162,380
Unsecured bank loans	125,000	135,000	180,000
Total	$ 342,500	312,885	342,380
Range of interest rate	1.01%~2.22%	1.45%~3.73%	1.45%~3.00%
Unused short-term credit lines	$ 1,196,000	1,731,539	1,428,617

For the collateral for short-term borrowings, please refer to note 8.

(r) Other payables

Other current liabilities of the Group were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Accrued payroll	$ 61,818	135,831	85,137
Employee bonus payable	26,018	33,351	31,534
Compensation payable to directors and supervisor	25,854	41,073	39,290
Compensated absences	4,173	20,065	20,251
Other accrued expenses payable	51,110	47,531	44,222
Payables on equipment	1,365	14,863	1,334
Dividends payable	9,931	10,042	10,109
Other payables—other	17,377	41,360	68,222
Total	$ 197,646	344,116	300,099

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Long-term borrowings

Long-term borrowings of the Group were as follows:

	September 30, 2019			
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.72%	2023	$ 36,374
Less: current portion				26,284
Total				$ 10,090
Unused long-term credit lines				$ -

	December 31, 2018			
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.30~1.87%	2021~2023	$ 256,066
Less: current portion				115,164
Total				$ 140,902
Unused long-term credit lines				$ 250,000

	September 30, 2018			
	Currency	Range of interest rate	Due year	Amount
Secured bank loans	NTD	1.30~1.87%	2021~2023	$ 515,473
Less: current portion				208,859
Total				$ 306,614
Unused long-term credit lines				$ 250,000

For the collateral for long-term borrowings, please refer to note 8.

(t) Lease liabilities

Lease liabilities of the Group were as follows

	September 30, 2019
Current	$ 11,302
Non-current	$ 20,158

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

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30, 2019	For the nine months ended September 30, 2019
Interest on lease liabilities	$ 125	620
Expenses relating to short-term leases	$ 789	2,383
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 106	478

The amounts recognized in the statement of cash flows was as follows:

	For the nine months ended September 30, 2019
Total cash outflow for leases	$ 15,579

(u) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2018 and 2017.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating cost	$ 386	1,222	1,157	2,257
Operating expenses	158	192	475	574
	$ 544	1,414	1,632	2,831

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to Bureau of Labor Insurance for the three months and nine months ended September 30, 2019 and 2018 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Operating cost	$ 2,793	3,685	8,647	10,907
Operating expenses	883	1,187	3,801	3,690
Total	$ 3,676	4,872	12,448	14,597

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(v) Income tax

The components of income tax for the three months and nine months ended September 30, 2019 and 2018 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Current income tax expense				
Current period	$ 69,706	114,042	153,464	343,418
Adjustment for prior periods	-	1	492	254
Current income tax expense	$ 69,706	114,043	153,956	343,672
Deferred income tax benefit				
Origination and reversal of temporary difference	(160)	(145)	(204)	(4,020)
Income tax expense	$ 69,546	113,898	153,752	339,652

The Company's income tax return for the year 2017 had been examined by the tax authorities.

(w) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 2019 and 2018. Please refer to note 27 of the consolidated financial statements for the year ended December 31, 2018.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Capital surplus

The balances of capital surplus of the Company were as follows:

		September 30, 2019	December 31, 2018	September 30, 2018
Difference arising from subsidiary's share price and its carrying value	$	24,015	24,015	30,669
Changes in ownership interests in subsidiaries		8,622	32,183	32,183
Changes in equity of investments in associates using equity method		-	4,217	4,217
Total	$	32,637	60,415	67,069

(ii) Retained earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In general, cash dividends shall not be less than 30% of total dividends. However, based on the need to respond to changes in the industry, major investment plans and improve the financial structure, or in the case of sudden major capital needs, the cash dividend payout rate could be adjusted to 10% to 30%. If the cash dividend is less than $0.1 per share, it will not be issued, and the stock dividend will be paid instead.

1) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Earnings distribution

On June 28, 2019 and June 26, 2018, the shareholders' meetings resolved to distribute the 2018 and 2017 earnings. These earnings were appropriated as follows and the related information is available on the Market Observation Post System website of the Taiwan Stock Exchange:

	2018		2017	
	Ratio of allotment of shares (NTD)	Amount	Ratio of allotment of shares (NTD)	Amount
Dividends distributed to ordinary shareholders:				
Cash	$ 2.00	$ 1,055,740	1.60	844,592

(iii) Other equity

Changes of other equity of the Group were as follows:

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2019	$ (2,298)	(419,559)	(421,857)
Exchange differences on foreign operations	(1,015)	-	(1,015)
Exchange differences on associates accounted for using equity method	60	-	60
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(19,271)	(19,271)
Unrealized gains from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	9,641	9,641
Disposal of investments accounted for using equity method	-	27,278	27,278
Changes in ownership interests in subsidiaries	(819)	-	(819)
Changes in ownership interests in associates	-	15,826	15,826
Cumulative gains reclassified to retained earnings on disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(90,828)	(90,828)
Balance as of September 30, 2019	$ (4,072)	(476,913)	(480,985)

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale investments	Total
Balance as of January 1, 2018	$ (3,754)	-	101,265	97,511
Effects of retrospective application	-	(190,286)	(101,265)	(291,551)
Balance as of January 1, 2018 after adjustments	(3,754)	(190,286)	-	(194,040)
Exchange differences on foreign operations	(636)	-	-	(636)
Exchange differences on associates accounted for using equity method	208	-	-	208
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(1,552)	-	(1,552)
Unrealized losses from financial assets measured at fair value through other comprehensive income, associates accounted for using equity method	-	(136,632)	-	(136,632)
Balance as of September 30, 2018	$ (4,182)	(328,470)	-	(332,652)

(x) Earning per share

The Group's basic earnings per share and diluted earnings per share were calculated as follows:

(i) Basic earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Profit attributable to the Company	$ 206,519	421,577	848,061	1,159,228
Weighted-average number of ordinary shares outstanding	527,870	527,870	527,870	527,870
Earnings per share (NTD)	$ 0.39	0.80	1.61	2.20

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Profit attributable to the Company(diluted)	$ 206,519	421,577	848,061	1,159,228
Weighted-average number of ordinary shares outstanding	527,870	527,870	527,870	527,870
Effect of dilutive potential ordinary shares				
-Employee remuneration in stock	1,189	1,723	2,072	1,723
Weighted-average number of ordinary shares outstanding (diluted)	529,059	529,593	529,942	529,593
Diluted earnings per share (NTD)	$ 0.39	0.80	1.60	2.19

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Primary geographical markets:				
Asia	$ 3,184,520	3,621,365	9,346,111	11,623,953
America	15,350	269,908	91,615	336,319
Others	4,741	14,417	22,491	21,580
	$ 3,204,611	3,905,690	9,460,217	11,981,852
Major products/services lines:				
Commodity sales revenue	$ 3,079,473	3,781,292	9,134,088	11,641,746
Travel service revenue	42,368	45,129	136,467	139,509
Construction project revenue	-	79	379	17,722
Service revenue	69,915	70,928	154,060	165,528
Other operating revenue	12,855	8,262	35,223	17,347
	$ 3,204,611	3,905,690	9,460,217	11,981,852

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	September 30, 2019	December 31, 2018	September 30, 2018
Contract liabilities-travel service contract	$ 24,733	30,969	19,957
Contract liabilities-unearned sales revenue	7,867	97,882	8,592
Total	$ 32,600	128,851	28,549

For details on accounts receivable and allowance for impairment, please refer to note 6(c).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(z) Non-operating income and expenses

(i) Other income

Details of other income of the Group were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Interest income	$ 2,981	1,619	6,950	4,532
Rent income	636	717	1,757	2,580
Dividend income	940	3,600	3,085	8,150
Write-off of overdue payables	-	-	-	625
Others	11,045	2,957	21,311	22,118
Total	$ 15,602	8,893	33,103	38,005

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Foreign exchange gains (losses)	$ 1,094	(2,385)	(2,597)	(15,736)
Gains on disposals of investment property	-	7,440	-	7,440
Gains on disposals of investments	-	-	3,501	-
Gains (losses) on financial assets at fair value through profit or loss	(285)	(17,672)	3,663	(39,147)
Gains (losses) on disposals of property, plant and equipment	(16,151)	2,089	(15,927)	2,067
Impairment loss	(79,695)	-	(79,696)	(169)
Miscellaneous disbursements	(3,377)	(17)	(5,274)	(33)
Other gains and losses (net)	$ (98,414)	(10,545)	(96,330)	(45,578)

(iii) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Interest expense	$ 1,956	3,543	6,575	15,640

(aa) Employee compensation and directors and supervisors' remuneration

According to the Article of Incorporation, once the Company has annual profit, it should appropriate 1%~5% of the profit to its employees and 2.5% or less to its directors and supervisors as remuneration (since January 31, 2019, the Audit Committee has been set up to replace the supervisors' authority). However, if the Company still has accumulated deficit, the profit should be reserved to offset the deficit.

The amounts of the remunerations to employees, directors and supervisors for the nine-month period ended September 30, 2019 and 2018 were calculated using the Company's net income before tax without the remunerations to employees, directors and supervisors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period.

If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employees' remuneration are calculated based on the closing price of the Company's shares one day before the approval by the Board of Directors.

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Details of accrued remunerations to employees, directors and supervisors were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Employees compensation	$ 5,364	11,191	25,854	31,432
Directors' and supervisors' remuneration	5,364	13,989	25,854	39,290
	$ 10,728	25,180	51,708	70,722

For the years ended December 31, 2018 and 2017, the renumerations to employees amounted to $33,086 thousand and $27,440 thousand, respectively, and the remuneration to directors and supervisors amounted to $41,073 thousand and $34,300 thousand, respectively. The amounts as stated in the consolidated financial statements are identical to those of the actual distributions. Related information would be available at the Market Observation Post System website.

(ab) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 44 of the consolidated financial statements for the year ended December 31, 2018.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of September 30, 2019, December 31 and September 30, 2018, the Group reviewed the concentrations of credit risk arising from the major top ten customers, and it was 85%, 78% and 90%, respectively, of the total accounts receivable. The concentrations of credit risk of the remaining accounts receivable is relatively small.

3) Credit risk of receivables

For credit risk exposure of note and trade receivables, please refer to note 6(c). Other financial assets at amortized cost include time deposits, other receivables, etc. The allowance for the receivables in the financial assets is measured by the amount of lifetime expected credit losses. The remaining financial assets are measured by the amount of 12-month expected credit losses.

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
September 30, 2019							
Non-derivative financial liabilities							
Short-term borrowings	$	342,500	344,853	344,853	-	-	-
Accounts payable		1,180,140	1,180,140	1,169,799	-	10,341	-
Long-term borrowings		36,374	38,653	26,896	10,703	1,054	-
Deposit received		7,064	7,064	5,915	-	1,149	-
Lease liabilities		31,460	32,160	11,675	9,495	10,990	-
	$	1,597,538	1,602,870	1,559,138	20,198	23,534	-
December 31, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$	312,885	317,678	317,678	-	-	-
Accounts payable		1,350,797	1,350,797	1,340,743	-	10,054	-
Long-term borrowings		256,066	265,075	118,451	-	146,624	-
Deposit received		7,497	7,497	6,819	-	678	-
	$	1,927,245	1,941,047	1,783,691	-	157,356	-
September 30, 2018							
Non-derivative financial liabilities							
Short-term borrowings	$	342,380	344,812	344,812	-	-	-
Accounts payable		1,695,601	1,695,601	1,685,548	-	10,053	-
Long-term borrowings		515,473	534,321	215,920	33,345	285,056	-
Deposit received		9,443	9,443	8,811	-	632	-
	$	2,562,897	2,584,177	2,255,091	33,345	295,741	-

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

		September 30, 2019			December 31, 2018			September 30, 2018		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets										
Monetary items										
USD	$	8,131	31.040	252,396	4,671	30.715	143,483	1,106	30.525	33,751
CNY		26,297	4.389	115,407	541	4.475	2,422	1,410	4.437	6,254
Financial liabilities										
Monetary items										
USD		12,382	31.040	384,328	20,127	30.715	618,203	24,521	30.525	748,492
CNY		1,467	4.389	6,439	-	-	-	59	4.437	266

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD and CNY as at September 30, 2019 and 2018, for the nine months ended September 30, 2019 and 2018, respectively, would have increased (decreased) net profit after tax by $230 thousand and $7,087 thousand. The analysis is performed on the same basis.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the nine months ended September 30, 2019 and 2018, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(2,597) thousand and $15,736 thousand, respectively.

2) Interest rate risk

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding through the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1% , the Group's net income would have decreased by $2,842 thousand and increased by $2,621 thousand for the nine months ended September 30, 2019 and 2018, respectively, with all other variable factors remaining constant. This is mainly due to the Group's loan at variable rates.

3) Other market price risk

If the securities price at the reporting date changes (the analysis is performed on the same basis and all other variable factors remaining constant), the effect for the profit and loss is illustrated below:

	For the nine months ended September 30			
	2019		2018	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increasing 1%	$ 2,806	2,027	2,797	1,799
Decreasing 1%	$ (2,806)	(2,027)	(2,797)	(1,799)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value information

1) Types and fair value of financial instruments

Financial assets measured at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on the basis of repeatability. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	September 30, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss	$ 202,734	187,584	15,150	-	202,734
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	280,588	-	-	280,588	280,588
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,360,267	-	-	-	-
Notes and accounts receivable	1,044,084	-	-	-	-
Other receivables	1,695	-	-	-	-
Other financial assets-current	12,174	-	-	-	-
Refundable deposits	5,673	-	-	-	-
Subtotal	2,423,893	-	-	-	-
Total	$ 2,907,215	187,584	15,150	280,588	483,322
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 342,500	-	-	-	-
Notes and accounts payable	1,096,867	-	-	-	-
Other payables	72,932	-	-	-	-
Other current liabilities	5,915	-	-	-	-
Long-term borrowings	36,374	-	-	-	-
Other non-current liabilities	11,490	-	-	-	-
Lease liabilities	31,460	-	-	-	-
Total	$ 1,597,538	-	-	-	-

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss	$ 158,974	141,830	17,144	-	158,974
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	304,917	-	-	304,917	304,917
Financial assets measured at amortized cost:					
Cash and cash equivalents	2,122,960	-	-	-	-
Notes and accounts receivable	947,605	-	-	-	-
Other receivables	35,647	-	-	-	-
Other financial assets-current	16,937	-	-	-	-
Refundable deposits	7,670	-	-	-	-
Subtotal	3,130,819	-	-	-	-
Total	$ 3,594,710	141,830	17,144	304,917	463,891
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 312,885	-	-	-	-
Notes and accounts payable	1,239,004	-	-	-	-
Other payables	101,739	-	-	-	-
Other current liabilities	6,819	-	-	-	-
Long-term borrowings	256,066	-	-	-	-
Other non-current liabilities	10,732	-	-	-	-
Total	$ 1,927,245	-	-	-	-

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2018				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Financial assets mandatorily at fair value through profit or loss	$ 179,945	159,662	20,283	-	179,945
Financial assets at fair value through other comprehensive income:					
Domestic and foreign non-listed stocks	279,648	-	-	279,648	279,648
Financial assets measured at amortized cost:					
Cash and cash equivalents	1,898,008	-	-	-	-
Notes and accounts receivable	1,483,788	-	-	-	-
Other receivables	11,279	-	-	-	-
Other financial assets-current	13,553	-	-	-	-
Refundable deposits	9,508	-	-	-	-
Subtotal	3,416,136	-	-	-	-
Total	$ 3,875,729	159,662	20,283	279,648	459,593
Financial liabilities measured at amortized cost:					
Short-term borrowings	$ 342,380	-	-	-	-
Notes and accounts payable	1,607,599	-	-	-	-
Other payables	77,948	-	-	-	-
Other current liabilities	8,811	-	-	-	-
Long-term borrowings	515,473	-	-	-	-
Other non-current liabilities	10,686	-	-	-	-
Total	$ 2,562,897	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date. For example, yield curve of Taipei Exchange and average interest rate of commercial paper quoted by Reuters.

3) Transfers between Level 1 and Level 2

There is no transfer for the nine months ended September 30, 2019 and 2018.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income: Unquoted equity instruments
Opening balance, January 1, 2019	$ 304,917
Total gains and losses recognized	
Other comprehensive income	(19,281)
Capital reduction by cash	(3,475)
Disposal/ Redemption	(2,493)
Effect of exchange rate changes	920
Ending Balance, September 30, 2019	$ 280,588
Opening balance, January 1, 2018	$ 304,956
Total gains and losses recognized	
Other comprehensive income	(1,181)
Disposal	(16,262)
Purchase	215
Adjustments due to IFRS9	(5,553)
Capital reduction by cash	(4,147)
Effect of exchange rate changes	1,620
Ending Balance, September 30, 2018	$ 279,648

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Above-mentioned total gains and losses were included in unrealized gains and losses from financial assets at fair value through other comprehensive income. Among those related to the assets still held on September 30, 2019 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Total gains and losses recognized:				
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	$ 7,053	(20,663)	(19,281)	(1,532)

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

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss-equity investments.

The Group's equity investments without an active market which are classified as Level 3 have numerous unobservable inputs. The significant unobservable inputs of equity instrument investments are not correlated to each other.

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	Market method (Comparable listed company method)	· Price to book ratio (0.88~1.2 as of September 30, 2019, 0.72~1.35 as of December 31, 2018, and 0.72~1.42 as of September 30, 2018) · Lack of market liquidity discount (10%~30% as of September 30, 2019, 0%~30% as of December 31, 2018, and 10%~30% as of September 30, 2018)	· The fair value would increase if price to book ratio increase · The fair value would decrease if lack of market liquidity discount increase

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the consolidated company is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For financial instruments classified as Level 3, if the price to book ratio or liquidity discount changes by 10%, the other comprehensive gains and losses for the period will decrease or increase by $28,064 thousand and $33,154 thousand respectively.

The favorable and unfavorable changes of the Group refer to the fluctuation of fair value, and the fair value is calculated by valuation techniques based on the unobservable input parameters of different degrees.

(ac) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 44(3) of the consolidated financial statements for the year ended December 31, 2018.

(ad) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2018. Please refer to note 43 of the consolidated financial statements for the year ended December 31, 2018 for further details.

(ae) Investing and financing activities not affecting current cash flows

There is no non-cash investing activities in the nine months ended September 30, 2019 and 2018.

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2019	Cash flows	Lease modification	Effect of consolidation changes	Exchange rate changes and others	September 30, 2019
Long-term borrowings	$ 256,066	(219,692)	-	-	-	36,374
Short-term borrowings	312,885	29,615	-	-	-	342,500
Lease liabilities	66,475	(12,098)	(22,567)	(6,679)	6,329	31,460
Total liabilities from financial activities	$ 635,426	(202,175)	(22,567)	(6,679)	6,329	410,334

			Non-cash changes	
	January 1, 2018	Cash flows	Exchange rate changes	September 30, 2018
Long-term borrowings	$ 1,010,364	(494,891)	-	515,473
Short-term borrowings	357,500	(15,120)	-	342,380
Total liabilities from financial activities	$ 1,367,864	(510,011)	-	857,853

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(af) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

	December 31, 2018	September 30, 2018
Less than one year	$ 12,000	12,000
Between one and five years	39,275	42,725
	$ 51,275	54,725

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Wonderland Enterprise Co., Ltd.	An associate
Globaltop Technology Inc.	An associate
Kunshan Globaltop Trading Co., Ltd.	Subsidiary of an associate
Thrutek Applied Materials Co., Ltd.	Subsidiary of an associate
Sun Trend Co., Ltd	Subsidiary of an associate
Yuan-Yao Development Co., Ltd	Subsidiary of an associate

(b) Significant transactions with related parties

(i) Sales

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

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Other related parties	$ -	8,063	(3,156)	19,377

There were no comparable transactions with non-related parties.

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchase

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	**2018**	**2019**	**2018**
Other related parties	$ -	3,677	-	8,209

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors.

(iii) Receivables from related parties

Receivables from the related parties were as follows:

Accounts	Types of related parties	September 30, 2019	December 31, 2018	September 30, 2018
Accounts receivable	Other related parties	$ 49	3,351	8,223
Notes receivable	Thrutek Applied Materials Co., Ltd.	945	-	4,491
Other receivables	Other related parties	-	5,370	6,656
		$ 994	8,721	19,370

The credit terms of sales ranged from 30 to 90 days which were not significantly different from those of non-related parties.

(iv) Payables to related parties

Accounts	Types of related parties	September 30, 2019	December 31, 2018	September 30, 2018
Accounts payable	Other related parties	$ -	2,789	3,544

The purchase credit terms is 60 days, which is the same as non-related parties transactions.

(v) Property transactions

1) Disposals of securities

The Group sold all its shares of Yuan-Yao Development Co., Ltd. to Wonderland Enterprise Co., Ltd. on March 8, 2019, with a selling price of $41,568 thousand and a disposal gain of $2,682 thousand. On April 30, 2019, the Group sold its shares of Taiwan Insulation Material Industrial Co., Ltd. which were measured at fair value through other comprehensive income to Yuan-Yao Development Co., Ltd. with a selling price of $2,493 thousand.

2) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Sun Trned Co., Ltd	$ -	445	-	1,251
Other related parties	-	77	-	910
	$ -	522	-	2,161

3) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	For the three months ended September 30			
	2019		2018	
Related parties	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Thrutek Applied Materials Co., Ltd.	$ -	-	-	-
Globaltop Technology Inc.	4,478	887	-	-
	$ 4,478	887	-	-

	For the nine months ended September 30			
	2019		2018	
Related parties	Disposal price	Gain (loss) from disposal	Disposal price	Gain (loss) from disposal
Thrutek Applied Materials Co., Ltd.	$ 3,000	104	-	-
Globaltop Technology Inc.	4,478	887	-	-
	$ 7,478	991	-	-

(vi) Prepayments

The prepayments to related parties were as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Other related parties	$ -	-	1,016

(c) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	$ 10,567	16,938	37,722	49,027
Post-employment benefits	1,159	157	1,759	655
Other long-term benefits	3	-	188	-
	$ 11,729	17,095	39,669	49,682

Short-term employee benefits include the estimated employee compensation. Please refer to note 6(w) for the estimated method.

(8) Pledged assets

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	September 30, 2019	December 31, 2018	September 30, 2018
Cash in banks (other financial assets)	Performance guarantee	$ 8,762	13,525	10,141
Property, plant and equipment	Borrowings	669,537	2,471,173	2,897,653
Financial assets measured at fair value through profit or loss	Borrowings	-	27,005	21,910
		$ 678,299	2,511,703	2,929,704

(9) Commitments and contingencies:

(a) Letter of credit issued but not expired

	September 30, 2019	December 31, 2018	September 30, 2018
Letter of credit outstanding for the import of raw materials	$ 576,049	1,067,148	519
	(including USD807 thousand)	(including USD117 thousand and EUR1,550 thousand)	(including USD17 thousand)

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None.

(11) Subsequent events:

On October 9, 2019, due to business strategic changes, the Group entered into an agreement with Chao Yang Biomedical Co., Ltd. to sell all the Group's shares of Taiwan United Medical Inc. , and consequently lost control over the company.

(12) Others:

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

	For the three months ended September 30					
	2019			2018		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	$ 69,561	14,543	84,104	89,453	64,951	154,404
Labor and health insurance	6,044	1,998	8,042	6,301	2,629	8,930
Pension	3,179	1,041	4,220	4,907	1,379	6,286
Remuneration of directors	-	5,567	5,567	-	6,131	6,131
Others	2,356	4,009	6,365	2,675	5,054	7,729
Depreciation	57,157	6,853	64,010	61,629	3,652	65,281
Amortization	136	262	398	17,870	236	18,106

By Function / By item	For the nine months ended September 30					
	2019			2018		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	$ 227,616	103,295	330,911	268,190	196,702	464,892
Labor and health insurance	19,055	6,327	25,382	20,580	8,084	28,664
Pension	9,804	4,276	14,080	13,164	4,264	17,428
Remuneration of directors	-	27,302	27,302	-	31,432	31,432
Others	7,095	11,840	18,935	7,979	15,095	23,074
Depreciation	184,747	25,847	210,594	185,956	12,892	198,848
Amortization	731	733	1,464	57,440	903	58,343

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures items:

(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 for the nine months September 30, 2019:

(i) Lending to other parties:

(In Thousands of New Taiwan Dollars)

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of financing (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
													Item	Value		
0	The Company	Asia Carbons & Technology Inc.	Other receivables	Yes	24,140	-	-	3%	2	-	Working capital	-	-	-	713,687	1,427,374
0	The Company	Asia Carbons & Technology Inc.	Other receivables	Yes	35,000	-	-	2%	2	-	Working capital	-	-	-	713,687	1,427,374
1	Kun Shan Yu-Fu Technology Education Consulting Co., Ltd.	Kun Shan Globaltop Trading Co., Ltd.	Other receivables	Yes	13,731	-	-	3.3%	2	-	Working capital	-	-	-	43,272	86,544
2	YSIC Ltd.	Asia Carbons & Technology Inc.	Other receivables	Yes	30,000	-	-	3%	2	-	Working capital	-	-	-	165,927	331,853

Note 1: The description of the number column is as follows:
(1) Issuer fills in 0.
(2) The investees are numbered sequentially by the Arabic number 1.

Note 2: Nature of lending: 1. Business relationships; 2. Short-term financing purpose.

Note 3: The aggregate lending amount specified in the "Management of Loans to Others" set by the Company shall not exceed 20% of the Company's most recent net worth of the financial statements audited or reviewed by independent auditors. In the case of lending to others with business relationship, in addition to the aggregate lending amount limits, the individual amount shall not exceed the amount of the business dealings in the current year. Due to the needs of short-term financing, the individual amount shall not exceed 10% of the aforementioned net worth.
The individual lending amount shall not exceed 20% of the audited or reviewed net worth of Kun Shan Yu-Fu Technology Education Consulting Co. Ltd. and the aggregate lending amount shall not exceed 40% of the aforementioned net worth.
The individual lending amount shall not exceed 20% of the audited or reviewed net worth of YSIC Ltd., and the aggregate lending amount shall not exceed 40% of the aforementioned net worth.

(ii) Guarantees and endorsements for other parties: None.

(iii) Information regarding securities held at the reporting day (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the security issuer	Account	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	E Ink Holdings Inc.	-	Current financial assets at fair value through profit or loss	400,000	11,260	0.04 %	11,260	
The Company	Test Research, Inc.	-	Current financial assets at fair value through profit or loss	500,000	24,700	0.21 %	24,700	
The Company	Career Technology (Mfg.) Co., Ltd.	-	Current financial assets at fair value through profit or loss	103,000	3,765	0.02 %	3,765	
The Company	Universal Venture Capital Investment Corporation	-	Non-current financial assets at FVOCI	8,400,000	50,589	6.98 %	50,589	
The Company	Euroc Venture Capital Corp.	-	Non-current financial assets at FVOCI	290,928	4,365	2.38 %	4,365	
The Company	Euroc III Venture Capical Corp.	-	Non-current financial assets at FVOCI	259,875	4,177	5.00 %	4,177	
The Company	Global Investment Holding Co., Ltd	-	Non-current financial assets at FVOCI	10,901,520	79,865	5.75 %	79,865	
The Company	Faith Alliance Corporation	-	Non-current financial assets at FVOCI	25,720	117	0.06 %	117	
The Company	Multilayer P. C. B. & Assembly Manufacturer	-	Non-current financial assets at FVOCI	912	19	0.01 %	19	
The Company	Leadwell Cnc Machines Mfg.,Corp.	-	Non-current financial assets at FVOCI	37,352	863	0.06 %	863	
The Company	Crownpo Technology Inc.	-	Non-current financial assets at FVOCI	709	18	0.01 %	18	
The Company	Infomedia Inc.	-	Non-current financial assets at FVOCI	200,000	196	0.11 %	196	

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with the security issuer	Account	Ending balance				Note
				Shares	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Vxis Technology Corp.	-	Non-current financial assets at FVOCI	72,480	663	0.61 %	663	
The Company	Asia Global Venture Capital II CO., Ltd	-	Non-current financial assets at FVOCI	1,000,000	22,626	10.00 %	22,626	
The Company	Shieh-Tai Biochemical Technology Co., Ltd	-	Non-current financial assets at FVOCI	120,339	-	0.32 %	-	
The Company	Lof Solar Corp.	-	Non-current financial assets at FVOCI	2,000,000	-	4.48 %	-	
Zung-Fu Co., Ltd.	Lidien Inc.	-	Non-current financial assets at FVOCI	760,000	10,861	19.00 %	10,861	
Zung-Fu Co., Ltd.	Deng Yun Co., Ltd	-	Non-current financial assets at FVOCI	591,945	15,684	3.09 %	15,684	
Zung-Fu Co., Ltd.	YuChie Inc.	-	Non-current financial assets at FVOCI	589,000	7,163	19.00 %	7,163	
YSIC Ltd.	Wholetech System Hitech Limited	-	Current financial assets at fair value through profit or loss	100,000	2,710	0.14 %	2,710	
YSIC Ltd.	Ardentec Corporation	-	Current financial assets at fair value through profit or loss	600,000	16,740	0.12 %	16,740	
YSIC Ltd.	Leo Systems, Inc.	-	Current financial assets at fair value through profit or loss	100,000	1,885	0.12 %	1,885	
YSIC Ltd.	Co-Tech Development Corp.	-	Current financial assets at fair value through profit or loss	600,000	24,360	0.24 %	24,360	
YSIC Ltd.	Phison Electronics Corp.	-	Current financial assets at fair value through profit or loss	5,000	1,382	- %	1,382	
YSIC Ltd.	Topco Scientific Co., Ltd.	-	Current financial assets at fair value through profit or loss	50,000	4,775	0.03 %	4,775	
YSIC Ltd.	Farglory FTZ Investment Holding Co., Ltd.	-	Current financial assets at fair value through profit or loss	10,000	211	0.01 %	211	
YSIC Ltd.	Apex International Co., Ltd.	-	Current financial assets at fair value through profit or loss	30,000	1,262	0.02 %	1,262	
YSIC Ltd.	Elitegroup Computer System Co., Ltd.	-	Current financial assets at fair value through profit or loss	305,000	3,843	0.05 %	3,843	
YSIC Ltd.	Unicon Optical Co., Ltd.	-	Current financial assets at fair value through profit or loss	1,350,000	23,895	0.80 %	23,895	
YSIC Ltd.	Avalue Technology Inc.	-	Current financial assets at fair value through profit or loss	20,000	1,580	0.03 %	1,580	
YSIC Ltd.	GSD Technologies Co., Ltd.	-	Current financial assets at fair value through profit or loss	5,000	357	0.01 %	357	
YSIC Ltd.	Chlitina Holding Ltd.	-	Current financial assets at fair value through profit or loss	20,000	4,240	0.03 %	4,240	
YSIC Ltd.	Shin Kong Chi-Shin Money-Market Fund	-	Current financial assets at fair value through profit or loss	3,523,200	54,691	- %	54,691	
YSIC Ltd.	Fuh Hwa 5-10Y Investment grade Bond Index Fund	-	Current financial assets at fair value through profit or loss	600,000	5,928	- %	5,928	
YSIC Ltd.	Cjw International Co., Ltd.	-	Non-current financial assets at FVTPL	1,000,000	15,150	0.72 %	15,150	
YSIC Ltd.	Mcm Stamping Co., Ltd.	-	Non-current financial assets at FVOCI	200,000	413	0.63 %	413	
YSIC Ltd.	Vxis Technology Corp.	-	Non-current financial assets at FVOCI	72,480	667	0.61 %	667	
YSIC Ltd.	Infomedia Inc.	-	Non-current financial assets at FVOCI	650,000	630	0.35 %	630	
Grand Capital Co., Ltd	Deng Yun Co., Ltd	-	Non-current financial assets at FVOCI	3,082,453	81,672	16.10 %	81,672	

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Information regarding purchase or sale of securities for the period exceeding NTD300 million or 20% of the Company's paid-in capital: None

(v) Information on acquisition of real estate with purchase amount exceeding NTD300 million or 20% of the Company's paid-in capital: None

(vi) Information regarding receivables from disposal of real estate exceeding NTD300 million or 20% of the Company's paid-in capital: None

(vii) Information regarding related-parties purchases and/or sales exceeding NTD100 million or 20% of the Company's paid-in capital: None

(viii) Information regarding receivables from related-parties exceeding NTD100 million or 20% of the Company's paid-in capital: None

(ix) Information regarding trading in derivative financial instruments: None

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2019: None

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 2019 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of ownership	Carrying value			
The Company	Grand Cathay Venture Capital Co., Ltd.	Taiwan	Investment business	400,000	400,000	40,000,000	25.00 %	322,577	(16,053)	(4,013)	
The Company	Wonderland Enterprise Co., Ltd.	Taiwan	General investment business	325,230	325,230	29,629,597	37.04 %	558,063	25,513	9,049	
The Company	Yuan-Jie Investment Co., Ltd.	Taiwan	General investment business	209,896	209,896	21,000,000	32.31 %	240,569	(57,187)	(18,476)	
The Company	Yu-Jie Investment Co., Ltd.	Taiwan	General investment business	223,539	223,539	21,320,000	32.80 %	272,392	41,656	13,663	
The Company	Yuan-Yao Development Co., Ltd.	Taiwan	General investment business	-	55,305	-	- %	-	(1,653)	(549)	
The Company	Taiwan United Medical Inc.	Taiwan	Wholesale and Retail of Precision Instruments and Information Software	229,364	229,364	14,409,651	64.79 %	65,493	73	47	Subsidiary
The Company	Zung-Fu Co., Ltd.	Taiwan	Building cleaning and maintenance, Sewage treatment, Air conditioning equipment maintenance	522,032	522,032	22,289,256	89.16 %	95,964	(23,140)	(20,549)	Subsidiary
The Company	YSIC Ltd.	Taiwan	Residential building and industrial plant development rental business	1,638,164	1,638,164	103,975,894	99.99 %	824,340	(103,999)	(103,735)	Subsidiary
The Company	Yuan-Shio Materials Technology Corp. Ltd	Taiwan	Basic precision chemical materials and plastic raw material manufacturing	145,900	145,900	5,000,000	100.00 %	41,299	(1,353)	(1,353)	Subsidiary
The Company	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	630,555	630,555	25,865,618	65.07 %	687,766	12,324	6,284	Subsidiary
The Company	Gvision-USA, Inc.	USA	Sale and distribution of liquid crystal displays	56,266	56,266	666,667	44.44 %	37,670	1,852	(2,462)	
The Company	Jing-Shou Engineering Co., Ltd.	Taiwan	Bridge and building engineering	-	187,000	-	- %	-	(1,301)	(1,296)	Subsidiary
The Company	Lei-Ting Construction Corporation	Taiwan	Operating civil and construction engineering business	71,383	41,060	6,306,400	91.40 %	41,664	(2,597)	(1,341)	Subsidiary
The Company	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	291,064	192,400	9,866,389	98.58 %	8,083	(81,083)	(59,773)	Subsidiary
Zung-Fu Co., Ltd.	Grand Captial Co., Ltd.	Seychelles	General investment business	2,500	2,500	75,098	2.78 %	2,335	(71)	(2)	Subsidiary
Zung-Fu Co., Ltd.	Globaltop Technology Inc.	Taiwan	GPS Module, GPS Handheld System and GPS Antenna.	20,000	20,000	876,554	4.17 %	7,547	(26,096)	(1,089)	
Zung-Fu Co., Ltd.	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	115,850	115,850	-	- %	-	(81,083)	-	Subsidiary
YSIC Ltd.	Kun Shan Internationl Ltd.	Seychelles	General investment business	122,572	122,572	3,702,718	62.03 %	135,418	3,724	2,310	Subsidiary
YSIC Ltd.	Grand Captial Co., Ltd.	Seychelles	General investment business	88,090	88,090	2,622,904	97.22 %	81,558	(71)	(69)	Subsidiary
YSIC Ltd.	Yangmingshan Tien Lai Resort & SPA	Taiwan	General hotel industry	110,836	110,836	4,807,774	12.10 %	117,346	12,324	1,221	Subsidiary
YSIC Ltd.	Globaltop Technology Inc.	Taiwan	GPS Module, GPS Handheld System and GPS Antenna.	155,449	155,449	7,086,249	33.74 %	61,010	(26,096)	(8,806)	
YSIC Ltd.	Lei-Ting Construction Corporation	Taiwan	Operating civil and construction engineering business	99,380	99,380	593,600	8.60 %	3,946	(2,597)	(1,245)	Subsidiary
YSIC Ltd.	Tien Lai Co., Ltd.	Taiwan	Piping engineering	5,000	5,000	500,000	50.00 %	1,942	(1,193)	(597)	Subsidiary
YSIC Ltd.	Yuan-Jie Investment Co., Ltd.	Taiwan	General investment business	1,000	1,000	100,000	0.15 %	1,146	(57,187)	(88)	
YSIC Ltd.	Yu-Jie Investment Co., Ltd.	Taiwan	General investment business	1,000	1,000	103,000	0.16 %	1,316	41,656	66	

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of ownership	Carrying value			
YSIC Ltd.	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	77,917	77,917	-	- %	-	(81,083)	(3,227)	Subsidiary
Lei-Ting Construction Corporation	Zung-Fu Co., Ltd.	Taiwan	Building cleaning and maintenance, Sewage treatment, Air conditioning equipment maintenance	59,670	59,670	2,461,351	9.85 %	10,746	(23,140)	(2,278)	Subsidiary
Jing-Shuo Engineering Co., Ltd.	Asia Carbon & Technology Inc.	Taiwan	Electronic component manufacturing	13,855	13,855	-	- %	-	(81,083)	(940)	Subsidiary
Asia Carbon & Technology Inc.	Asia Graphene Co., Ltd.	Taiwan	Electronic component manufacturing	1,000	1,000	100,000	100.00 %	255	(38)	(38)	Subsidiary
Yangmingshan Tien Lai Resort & SPA	Yangmingshan Tien Lai Art Village Development Co., Ltd.	Taiwan	Arts and cultural services and other leisure services	-	1,680	-	- %	-	(55)	(55)	Subsidiary

(c) Information on investment in mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2019	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kun Shan Yu-Fu Technology Education Consuting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	107,660 (USD 3,468)	(2)	113,296 (USD 3,650)	-	-	113,296 (USD 3,650)	5,410 (USD 174)	62.03%	3,356	91,854	-
Kun Shan Jia-An Technology Education Consuting Co., Ltd.	Educational consulting, information operation consulting, software and data storage consultation	75,476 (USD 2,432)	(2)	(Note 4)	-	-	-	(1,587) (USD -51)	62.03%	(985)	42,055	-

Note1: The investment methods are divided into the following three types: (1) Direct investment in Mainland China. (2) Indirect investment in Mainland China through a holding company established in other countries. (3) Others.

Note2: The investment income (losses) recognized in the current period were calculated based on the financial statements that have not been reviewed.

Note3: The foreign currency transactions have been translated into New Taiwan Dollar at the exchange rate at the end of the financial reporting date and the average exchange rate (USD1= NTD31.04, USD1=NTD31.0253).

Note4: Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. had been spinned-off as Kun Shan Yu-Fu Technology Education Consulting Co., Ltd. and Kun Shan Jia-An Technology Education Consulting Co., Ltd.

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note)
113,296 (USD 3,650)	113,296 (USD 3,650)	497,780

Note: The investment limit was calculated based on the official document 09704604680 announced by the MOEAIC on August 29, 2008.

(iii) Significant inter-company transactions with the subsidiary in Mainland China: None.

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

(a) Plasticization segment: manufacturing and domestic/international sales of styrene monomer, manufacturing and sales of chemical materials and plastic materials.

(b) Investment segment: investment business.

(c) Other segment: the revenues of the segments that have not reached the quantitative threshold are hotel, general service business, medical equipment wholesale and electronic sales.

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

	For the three months ended September 30, 2019				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	$ 3,082,265	7,309	115,037	-	3,204,611
Intersegments revenues	-	3,987	679	(4,666)	-
Total revenue	$ 3,082,265	11,296	115,716	(4,666)	3,204,611
Reportable segment profit or loss	$ 275,083	(82,256)	(106,588)	191,201	277,440

	For the three months ended September 30, 2018				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	$ 3,742,278	6,250	157,162	-	3,905,690
Intersegments revenues	-	9,366	3,697	(13,063)	-
Total revenue	$ 3,742,278	15,616	160,859	(13,063)	3,905,690
Reportable segment profit or loss	$ 530,662	(12,797)	16,715	(519)	534,061

	For the nine months ended September 30, 2019				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	$ 9,090,478	12,894	356,845	-	9,460,217
Intersegments revenues	-	10,091	2,356	(12,447)	-
Total revenue	$ 9,090,478	22,985	359,201	(12,447)	9,460,217
Reportable segment profit or loss	$ 996,752	(101,348)	(91,921)	192,804	996,287

(Continued)

TAIWAN STYRENE MONOMER CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the nine months ended September 30, 2018				
	Plasticization segment	Investment segment	Other segments	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	$ 11,527,106	13,234	441,512	-	11,981,852
Intersegments revenues	-	13,144	16,949	(30,093)	-
Total revenue	$ 11,527,106	26,378	458,461	(30,093)	11,981,852
Reportable segment profit or loss	$ 1,488,324	(39,485)	(72,515)	97,779	1,474,103