NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of NANTEX INDUSTRY CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of NANTEX INDUSTRY CO., LTD. and subsidiaries (the "Group") as at June 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the related consolidated statements of changes in equity and of cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these 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" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of 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 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 explained in Note 4(3), the financial statements and related information disclosed in Note 13 of an insignificant consolidated subsidiary, Nanmat Technology Co., Ltd., were not reviewed by independent auditors. Those statements reflect total assets of NT$1,059,568 thousand and NT$907,272 thousand, constituting 9.22% and 8.34% of the consolidated total assets, and total liabilities of NT$362,405 thousand and NT$275,798 thousand, constituting 11.67% and 10.69% of the consolidated total liabilities as at June 30, 2020 and 2019, respectively, and total comprehensive income of NT$30,810 thousand, NT$24,445 thousand, NT$57,293 thousand and NT$53,455 thousand, constituting 9.26%, 6.52%, 8.21% and 5.84% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of an insignificant consolidated subsidiary and the information disclosed in Note 13 been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2020 and 2019, and of its consolidated financial performance for the three months and six months then ended and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan
Republic of China
August 10, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

			June 30, 2020		December 31, 2019		June 30, 2019	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 4,024,236	35	$ 3,109,762	29	$ 3,968,489	37
1110	Current financial assets at fair value through profit or loss	6(2)	-	-	-	-	10,141	-
1136	Current financial assets at amortised cost	6(1)(3) and 8	1,757,982	15	1,404,920	13	812,107	7
1150	Notes receivable, net	6(4)	173,783	2	169,508	2	198,650	2
1170	Accounts receivable, net	6(4) and 12	918,170	8	1,305,801	12	1,204,951	11
1200	Other receivables		38,356	-	89,794	1	37,145	-
130X	Inventories	5 and 6(5)	846,197	7	883,560	8	1,152,661	11
1410	Prepayments		273,296	3	357,656	4	334,927	3
11XX	**Total current assets**		8,032,020	70	7,321,001	69	7,719,071	71
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	391,416	3	326,268	3	303,813	3
1535	Non-current financial assets at amortised cost	6(1)(3)	209,336	2	214,657	2	-	-
1600	Property, plant and equipment	6(7) and 8	2,321,124	20	2,313,901	22	2,391,352	22
1755	Right-of-use assets	6(8) and 7	109,115	1	121,852	1	135,099	1
1780	Intangible assets	6(9)	11,708	-	11,499	-	12,861	-
1840	Deferred income tax assets	6(23)	68,658	1	66,415	1	62,063	1
1915	Prepayments for equipment		72,627	1	17,838	-	23,938	-
1920	Guarantee deposits paid	8	850	-	547	-	556	-
1990	Other non-current assets		276,005	2	277,152	2	233,307	2
15XX	**Total non-current assets**		3,460,839	30	3,350,129	31	3,162,989	29
1XXX	**Total assets**		$ 11,492,859	100	$ 10,671,130	100	$ 10,882,060	100

(Continued)

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2020, DECEMBER 31, 2019 AND JUNE 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

			June 30, 2020		December 31, 2019		June 30, 2019	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(10)	$ 409,858	4	$ 190,000	2	$ 90,000	1
2110	Short-term notes and bills payable	6(11)	9,997	-	9,997	-	9,984	-
2130	Current contract liabilities	6(16)	59,438	-	81,019	1	31,225	-
2150	Notes payable		-	-	-	-	9	-
2170	Accounts payable		340,084	3	340,321	3	293,638	3
2200	Other payables	6(14)	1,620,872	14	632,585	6	1,463,962	13
2230	Current income tax liabilities	6(23)	212,403	2	199,423	2	187,030	2
2280	Current lease liabilities	6(8) and 7	9,024	-	21,422	-	15,696	-
21XX	**Total current liabilities**		2,661,676	23	1,474,767	14	2,091,544	19
	Non-current liabilities							
2570	Deferred income tax liabilities	6(23)	312,009	3	309,384	3	310,510	3
2580	Non-current lease liabilities	6(8) and 7	66,528	1	64,948	-	80,857	1
2640	Net defined benefit liabilities	6(12)	63,906	-	76,372	1	97,809	1
25XX	**Total non-current liabilities**		442,443	4	450,704	4	489,176	5
2XXX	**Total liabilities**		3,104,119	27	1,925,471	18	2,580,720	24
	Equity							
	Equity attributable to owners of parent							
	Share capital							
3110	Common stock	6(13)	4,924,167	43	4,924,167	46	4,924,167	45
	Retained earnings	6(14)						
3310	Legal reserve		1,328,744	12	1,185,566	11	1,185,566	11
3320	Special reserve		433,442	4	433,442	4	433,442	4
3350	Unappropriated retained earnings		1,751,204	15	2,146,359	20	1,564,629	14
	Other equity interest							
3400	Other equity interest	6(6)(15)	(428,876)	(4)	(312,231)	(2)	(149,868)	(1)
31XX	**Total equity attributable to owners of the parent**		8,008,681	70	8,377,303	79	7,957,936	73
36XX	Non-controlling interest		380,059	3	368,356	3	343,404	3
3XXX	**Total equity**		8,388,740	73	8,745,659	82	8,301,340	76
	Significant Contingent Liabilities and Unrecognised Contract Commitments	7 and 9						
3X2X	**Total liabilities and equity**		$ 11,492,859	100	$ 10,671,130	100	$ 10,882,060	100

The accompanying notes are an integral part of these consolidated financial statements.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

	Items	Notes	Three months ended June 30 2020 AMOUNT	%	Three months ended June 30 2019 AMOUNT	%	Six months ended June 30 2020 AMOUNT	%	Six months ended June 30 2019 AMOUNT	%
4000	Operating revenue	6(16)	$ 2,710,036	100	$ 3,033,885	100	$ 5,358,020	100	$ 6,206,658	100
5000	Operating costs	6(5)(9)(12)(21)(22)	(1,766,573)	(65)	(2,218,292)	(73)	(3,673,968)	(69)	(4,486,115)	(72)
5900	Net operating margin		943,463	35	815,593	27	1,684,052	31	1,720,543	28
	Operating expenses	6(9)(12)(21)(22) and 12								
6100	Selling expenses		(125,938)	(5)	(119,194)	(4)	(249,292)	(4)	(243,705)	(4)
6200	General and administrative expenses		(185,934)	(7)	(195,962)	(6)	(365,438)	(7)	(364,324)	(6)
6300	Research and development expenses		(24,265)	(1)	(22,428)	(1)	(46,031)	(1)	(46,180)	(1)
6450	Expected credit impairment (loss) gain		(2,317)	-	(217)	-	(1,730)	-	1,024	-
6000	Total operating expenses		(338,454)	(13)	(337,801)	(11)	(662,491)	(12)	(653,185)	(11)
6900	Operating profit		605,009	22	477,792	16	1,021,561	19	1,067,358	17
	Non-operating income and expenses									
7100	Interest income	6(3)(17)	22,774	1	21,868	1	46,801	1	42,518	1
7010	Other income	6(18)	6,101	-	7,335	-	8,451	-	9,289	-
7020	Other gains and losses	6(2)(19) and 12	(52,309)	(2)	25,163	1	(22,168)	-	27,889	-
7050	Finance costs	6(7)(8)(20) and 7	(580)	-	(670)	-	(1,269)	-	(1,158)	-
7000	Total non-operating income and expenses		(24,014)	(1)	53,696	2	31,815	1	78,538	1
7900	**Profit before income tax**		580,995	21	531,488	18	1,053,376	20	1,145,896	18
7950	Income tax expense	6(23)	(142,815)	(5)	(115,211)	(4)	(239,308)	(5)	(266,013)	(4)
8200	**Profit for the period**		$ 438,180	16	$ 416,277	14	$ 814,068	15	$ 879,883	14

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NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)
(Reviewed, not audited)

	Items	Notes	Three months ended June 30 2020 AMOUNT	%	Three months ended June 30 2019 AMOUNT	%	Six months ended June 30 2020 AMOUNT	%	Six months ended June 30 2019 AMOUNT	%
	Other comprehensive income (loss)									
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss									
8316	Unrealised gains on financial assets measured at fair value through other comprehensive income	6(6)(15)	($ 22,338)	(1)	$ -	-	($ 22,338)	-	($ 2,376)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(15)	(83,021)	(3)	(41,088)	(2)	(94,307)	(2)	37,471	1
8300	**Other comprehensive (loss) income for the period**		($ 105,359)	(4)	($ 41,088)	(2)	($ 116,645)	(2)	$ 35,095	1
8500	**Total comprehensive income for the period**		$ 332,821	12	$ 375,189	12	$ 697,423	13	$ 914,978	15
	Profit attributable to:									
8610	Owners of the parent		$ 420,987	15	$ 402,637	14	$ 782,098	14	$ 850,055	14
8620	Non-controlling interest		17,193	1	13,640	-	31,970	1	29,828	-
	Profit for the period		$ 438,180	16	$ 416,277	14	$ 814,068	15	$ 879,883	14
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 315,628	11	$ 361,549	12	$ 665,453	12	$ 885,150	15
8720	Non-controlling interest		17,193	1	13,640	-	31,970	1	29,828	-
	Total comprehensive income for the period		$ 332,821	12	$ 375,189	12	$ 697,423	13	$ 914,978	15
	Earnings per share (in dollars)	6(24)								
9750	Basic		$ 0.85		$ 0.82		$ 1.59		$ 1.73	
9850	Diluted		$ 0.85		$ 0.82		$ 1.58		$ 1.72	

The accompanying notes are an integral part of these consolidated financial statements.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		Equity attributable to owners of the parent								
			Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Six months ended June 30, 2019										
Balance at January 1, 2019		$4,924,167	$1,032,070	$ 433,442	$1,754,420	($ 195,670)	$ 10,707	$7,959,136	$ 333,843	$8,292,979
Profit for the period		-	-	-	850,055	-	-	850,055	29,828	879,883
Other comprehensive income (loss) for the period	6(6)(15)	-	-	-	-	37,471	(2,376)	35,095	-	35,095
Total comprehensive income (loss)		-	-	-	850,055	37,471	(2,376)	885,150	29,828	914,978
Distribution of 2018 net income:										
Legal reserve		-	153,496	-	(153,496)	-	-	-	-	-
Cash dividends	6(14)	-	-	-	(886,350)	-	-	(886,350)	-	(886,350)
Changes in non-controlling interests		-	-	-	-	-	-	-	(20,267)	(20,267)
Balance at June 30, 2019		$4,924,167	$1,185,566	$ 433,442	$1,564,629	($ 158,199)	$ 8,331	$7,957,936	$ 343,404	$8,301,340
Six months ended June 30, 2020										
Balance at January 1, 2020		$4,924,167	$1,185,566	$ 433,442	$2,146,359	($ 346,729)	$ 34,498	$8,377,303	$ 368,356	$8,745,659
Profit for the period		-	-	-	782,098	-	-	782,098	31,970	814,068
Other comprehensive income (loss) for the period	6(6)(15)	-	-	-	-	(94,307)	(22,338)	(116,645)	-	(116,645)
Total comprehensive income (loss)		-	-	-	782,098	(94,307)	(22,338)	665,453	31,970	697,423
Distribution of 2019 net income:										
Legal reserve		-	143,178	-	(143,178)	-	-	-	-	-
Cash dividends	6(14)	-	-	-	(1,034,075)	-	-	(1,034,075)	-	(1,034,075)
Changes in non-controlling interests		-	-	-	-	-	-	-	(20,267)	(20,267)
Balance at June 30, 2020		$4,924,167	$1,328,744	$ 433,442	$1,751,204	($ 441,036)	$ 12,160	$8,008,681	$ 380,059	$8,388,740

The accompanying notes are an integral part of these consolidated financial statements.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Six months ended June 30 2020	Six months ended June 30 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,053,376	$ 1,145,896
Adjustments			
Adjustments to reconcile profit (loss)			
Gains on valuation of financial assets at fair value through profit and loss		-	(578)
Expected credit impairment loss (gain)	12	1,730	(1,024)
Reversal of inventory market price decline	6(5)	(3,161)	(1,158)
Depreciation	6(7)(8)(21)	154,494	156,404
Losses on disposals of property, plant and equipment	6(19)	1,610	165
Property, plant and equipment transferred to expenses	6(7)	220	1,522
Amortisation	6(9)(21)	1,450	1,500
Interest income	6(17)	(46,801)	(42,518)
Dividend income	6(18)	(1,926)	(3,226)
Interest expense	6(20)	1,269	1,158
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(4,275)	(13,490)
Accounts receivable		385,927	283,193
Other receivables		54,721	45,840
Inventories		40,524	(134,822)
Prepayments		84,360	16,135
Other non-current assets		1,147	49,057
Changes in operating liabilities			
Current contract liabilities		(21,581)	(15,819)
Notes payable		-	(178)
Accounts payable		(237)	(60,076)
Other payables		(74,205)	(149,144)
Net defined benefit liability		(12,466)	(11,733)
Cash inflow generated from operations		1,616,176	1,267,104
Interest received		43,518	41,300
Dividends received		1,926	3,226
Interest paid		(1,253)	(1,146)
Income tax paid		(225,946)	(315,743)
Net cash flows from operating activities		1,434,421	994,741

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NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Six months ended June 30 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for acquisition of current financial assets at amortised cost		($ 2,321,634)	($ 2,073,246)
Proceeds from disposals of current financial assets at amortised cost		1,953,512	2,080,833
Acquisition of financial assets at fair value through other comprehensive income		(88,689)	(26,650)
Cash paid for acquisition of property, plant and equipment	6(25)	(144,931)	(48,694)
Interest paid for acquisition of property, plant and equipment	6(7)(20)(25)	(93)	(18)
Proceeds from disposal of property, plant and equipment		756	381
Increase in intangible assets	6(9)	(1,861)	(1,440)
Increase in prepayments for equipment		(54,789)	(13,489)
(Increase) decrease in guarantee deposits paid		(303)	72
Net cash flows used in investing activities		(658,032)	(82,251)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(26)	219,858	20,000
Payment of lease liabilities	6(26)	(10,926)	(10,857)
Decrease in non-controlling interest		(20,267)	(20,267)
Net cash flows from (used in) financing activities		188,665	(11,124)
Effect of foreign exchange rate changes		(50,580)	24,408
Net increase in cash and cash equivalents		914,474	925,774
Cash and cash equivalents at beginning of period	6(1)	3,109,762	3,042,715
Cash and cash equivalents at end of period	6(1)	$ 4,024,236	$ 3,968,489

The accompanying notes are an integral part of these consolidated financial statements.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

(1) NANTEX INDUSTRY CO., LTD. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on January 10, 1979. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture, processing and sales of various types of latex, rubber and related products.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since October 27, 1992.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on August 10, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not included in the IFRSs as endorsed by FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018—2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%) June 30, 2020	Ownership (%) December 31, 2019	Note
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	General investments	100.00%	100.00%	—
	Nanmat Technology Co., Ltd.	CVD materials and metal surface treatment chemicals	44.20%	44.20%	(Note)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	100.00%	100.00%	—

Name of investor	Name of subsidiary	Business activities	June 30, 2019	Note
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	General investments	100.00%	—
	Nanmat Technology Co., Ltd.	CVD materials and metal surface treatment chemicals	44.20%	(Note)
INTERMEDIUM INTERNATIONAL LIMITED	Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	100.00%	—

(Note) The Group has control over Nanmat Technology Co., Ltd. as the Group holds more than half of the voting rights of the Board of Directors.

The financial statements and related information disclosed in Note 13 of an insignificant consolidated subsidiary, Nanmat Technology Co., Ltd., were not reviewed by independent auditors. Those statements reflect total assets of $1,059,568 and $907,272, constituting 9.22% and 8.34% of the consolidated total assets, and total liabilities of $362,405 and $275,798, constituting 11.67% and 10.69% of the consolidated total liabilities as at June 30, 2020 and 2019, respectively, and total comprehensive income of $30,810, $24,445, $57,293 and $53,455, constituting 9.26%, 6.52%, 8.21% and 5.84% of the consolidated total comprehensive income for the three months and six months then ended, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: The Group's non-controlling interests was immaterial, therefore, it is not applicable.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally for more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meet short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividends income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Notes and accounts receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventory is higher than net realisable value, a write-down is provided and recognised in operating costs. If the circumstances that caused the write-down cease to exist, such that all or part of the write-down is no longer needed, it should be reversed to that extent and recognised as deduction of operating costs.

(11) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value: the changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(12) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses ("ECLs") if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(13) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(14) Property, plant and equipment

A. Aside from those assets which had been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Land improvements	20 ～ 40 years
Buildings and structures	3 ～ 65 years
Machinery and equipment	3 ～ 33 years
Leasehold improvements	5 ～ 10 years
Other equipment	3 ～ 20 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

Trademarks, patent, computer software and royalty are stated initially at cost and amortised on a straight-line basis over its estimated economic life and terms of operating agreements of 5 to 20 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidate financial statement. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

G. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods:

(a) Sales are recognised when control of the products has transferred, being when the products are delivered to the external customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue is recognised based on the price specified in the contract, net of the estimated sales return and volume discounts. Accumulated experience is used to estimate and provide for the sales discounts and volume discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The terms of receipt of sales transactions are consistent with market practice, and the Group does not adjust the transition price to reflect the time value of money.

(c) A receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As the inventories are mostly chemicals, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of June 30, 2020, the carrying amount of inventories was $846,197.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Cash:			
Cash on hand	$ 351	$ 372	$ 373
Checking accounts and demand deposits	1,442,783	1,343,852	1,203,854
	1,443,134	1,344,224	1,204,227
Cash equivalents:			
Time deposits	2,581,102	1,765,538	2,764,262
	$ 4,024,236	$ 3,109,762	$ 3,968,489

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's time deposits maturing in excess of three months and within one year were classified as current financial assets at amortised cost in the amount of $1,127,974, $887,744 and $ —, respectively. Additionally, the time deposits maturing in excess of one year were classified as non-current financial assets at amortised cost in the amount of $209,336, $214,657 and $ —, respectively.

C. Details of the Group's cash and cash equivalents pledged to others are provided in Note 8.

(2) Current financial assets at fair value through profit or loss

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	$ -	$ -	$ 22,632
Valuation adjustments	-	-	(12,491)
	$ -	$ -	$ 10,141

A. The Group recognised net gain in the amount of $13, $549, $54 and $578 (listed as 'Other gains and losses') for the three months and six months ended June 30, 2020 and 2019, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others as of June 30, 2020, December 31, 2019 and June 30, 2019.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Financial assets at amortised cost

	June 30, 2020	December 31, 2019	June 30, 2019
Current items:			
Time deposits maturing over three months	$ 1,127,974	$ 887,744	$ -
Financial instruments	628,008	515,176	810,107
Time deposits pledged	2,000	2,000	2,000
	$ 1,757,982	$ 1,404,920	$ 812,107
Non-current items:			
Time deposits maturing in excess of one year	$ 209,336	$ 214,657	$ -

A. The Group recognised interest income in profit or loss in relation to financial assets at amortised cost in the amount of $8,810, $5,983, $16,359 and $12,244 for the three months and six months ended June 30, 2020 and 2019, respectively.

B. As at June 30, 2020, December 31, 2019 and June 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount.

C. As of June 30, 2020, December 31, 2019 and June 30, 2019, details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8, 'Pledged assets'.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'.

(4) Notes and accounts receivable, net

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	$ 173,783	$ 169,508	$ 198,650
Accounts receivable	$ 919,107	$ 1,307,077	$ 1,206,086
Less: Loss allowance	(937)	(1,276)	(1,135)
	$ 918,170	$ 1,305,801	$ 1,204,951

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	June 30, 2020		December 31, 2019		June 30, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 784,596	$ 173,783	$ 1,014,976	$ 169,508	$ 1,016,282	$ 198,650
Up to 90 days	134,491	-	276,728	-	187,352	-
Over 90 days	20	-	15,373	-	2,452	-
	$ 919,107	$ 173,783	$ 1,307,077	$ 169,508	$ 1,206,086	$ 198,650

The above ageing analysis was based on past due date.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, the balance of notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2020 and 2019, the balance of receivables from contracts with customers amounted to $1,476,585 and $1,674,439, respectively.

C. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group does not hold any collateral as security for notes and accounts receivable.

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was its carrying amount.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	June 30, 2020		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 1,427	($ 633)	$ 794
Raw materials	419,918	(17,579)	402,339
Materials	48,289	(71)	48,218
Work in progress	96,570	(10,990)	85,580
Finished goods	336,014	(26,748)	309,266
	$ 902,218	($ 56,021)	$ 846,197

	December 31, 2019		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 1,122	($ 633)	$ 489
Raw materials	393,296	(21,958)	371,338
Materials	38,277	(71)	38,206
Work in progress	144,842	(10,990)	133,852
Finished goods	365,205	(25,530)	339,675
	$ 942,742	($ 59,182)	$ 883,560

	June 30, 2019		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 1,298	($ 633)	$ 665
Raw materials	548,021	(21,165)	526,856
Materials	43,579	(71)	43,508
Work in progress	125,995	(14,638)	111,357
Finished goods	492,666	(22,391)	470,275
	$ 1,211,559	($ 58,898)	$ 1,152,661

The cost of inventories recognised as expense for the period:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Cost of goods sold	$ 1,629,319	$ 2,139,403
Loss on physical inventory	116	445
Revenue from sale of scraps	(2,605)	(5,235)
Provision for (reversal of) inventory market price decline (Note)	1,249	(1,574)
Total cost of goods sold	$ 1,628,079	$ 2,133,039

	Six months ended June 30, 2020	Six months ended June 30, 2019
Cost of goods sold	$ 3,525,637	$ 4,410,851
Loss on physical inventory	341	930
Revenue from sale of scraps	(5,548)	(9,935)
Reversal of inventory market price decline (Note)	(3,161)	(1,158)
Total cost of goods sold	$ 3,517,269	$ 4,400,688

(Note) The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the write-down inventories were used during the six months ended June 30, 2020 and the worldwide raw materials price rose during the three months and six months ended June 30, 2019.

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

	June 30, 2020	December 31, 2019	June 30, 2019
Equity instruments			
Listed stock	$ 88,689	$ -	$ -
Unlisted stock	264,563	265,766	269,478
	353,252	265,766	269,478
Valuation adjustments	38,164	60,502	34,335
	$ 391,416	$ 326,268	$ 303,813

A. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $391,416, $326,268 and $319,874 as at June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

B. The Group recognised ($22,338), $—, ($22,338) and ($2,376) in other comprehensive income in relation to the financial assets at fair value through other comprehensive income for the three months and six months ended June 30, 2020 and 2019, respectively.

C. As at June 30, 2020, December 31, 2019 and June 30, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was its carrying amount.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(7) Property, plant and equipment

At January 1, 2020	Land	Land improvements	Buildings and structures	Machinery and equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
Cost	$ 461,888	$ 14,580	$ 1,649,124	$ 5,125,236	$ 7,960	$ 637,032	$ 110,921	$ 8,006,741
Accumulated depreciation	-	(13,530)	(1,038,113)	(4,171,863)	(2,964)	(466,370)	-	(5,692,840)
	$ 461,888	$ 1,050	$ 611,011	$ 953,373	$ 4,996	$ 170,662	$ 110,921	$ 2,313,901
Six months ended June 30, 2020								
At January 1	$ 461,888	$ 1,050	$ 611,011	$ 953,373	$ 4,996	$ 170,662	$ 110,921	$ 2,313,901
Additions - cost	-	-	935	3,626	-	37,006	131,858	173,425
Transferred after acceptance inspection	-	-	-	15,310	-	-	(15,310)	-
Disposal - cost	-	-	-	(2,408)	-	(10,227)	-	(12,635)
- accumulated depreciation	-	-	-	2,186	-	8,083	-	10,269
Depreciation	-	(126)	(28,644)	(96,673)	(366)	(16,734)	-	(142,543)
Reclassifications (Note)	-	-	(231)	1,311	-	(1,300)	-	(220)
Net exchange differences	-	-	(6,968)	(12,000)	-	(905)	(1,200)	(21,073)
At June 30	$ 461,888	$ 924	$ 576,103	$ 864,725	$ 4,630	$ 186,585	$ 226,269	$ 2,321,124
At June 30, 2020								
Cost	$ 461,888	$ 14,580	$ 1,636,266	$ 5,084,540	$ 7,960	$ 658,565	$ 226,269	$ 8,090,068
Accumulated depreciation	-	(13,656)	(1,060,163)	(4,219,815)	(3,330)	(471,980)	-	(5,768,944)
	$ 461,888	$ 924	$ 576,103	$ 864,725	$ 4,630	$ 186,585	$ 226,269	$ 2,321,124

(Note) Reclassified as expenses by $220 as well as buildings and structures and other equipment reclassified as machinery and equipment by $231 and $1,080, respectively.

At January 1, 2019	Land	Land improvements	Buildings and structures	Machinery and equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
Cost	$ 461,888	$ 14,580	$ 1,668,600	$ 5,160,621	$ 7,960	$ 616,402	$ 76,889	$ 8,006,940
Accumulated depreciation	-	(13,277)	(991,803)	(4,061,207)	(2,232)	(455,254)	-	(5,523,773)
	$ 461,888	$ 1,303	$ 676,797	$ 1,099,414	$ 5,728	$ 161,148	$ 76,889	$ 2,483,167
Six months ended June 30, 2019								
At January 1	$ 461,888	$ 1,303	$ 676,797	$ 1,099,414	$ 5,728	$ 161,148	$ 76,889	$ 2,483,167
Additions - cost	-	-	235	9,806	-	26,044	11,917	48,002
Transferred after acceptance inspection	-	-	1,849	6,871	-	396	(9,116)	-
Disposal - cost	-	-	-	(4,182)	-	(8,359)	-	(12,541)
- accumulated depreciation	-	-	-	3,786	-	8,209	-	11,995
Depreciation	-	(126)	(29,227)	(100,793)	(366)	(13,928)	-	(144,440)
Reclassifications (Note)	-	-	-	426	-	(1,908)	(40)	(1,522)
Net exchange differences	-	-	2,252	4,237	-	218	(16)	6,691
At June 30	$ 461,888	$ 1,177	$ 651,906	$ 1,019,565	$ 5,362	$ 171,820	$ 79,634	$ 2,391,352
At June 30, 2019								
Cost	$ 461,888	$ 14,580	$ 1,674,235	$ 5,189,114	$ 7,960	$ 633,531	$ 79,634	$ 8,060,942
Accumulated depreciation	-	(13,403)	(1,022,329)	(4,169,549)	(2,598)	(461,711)	-	(5,669,590)
	$ 461,888	$ 1,177	$ 651,906	$ 1,019,565	$ 5,362	$ 171,820	$ 79,634	$ 2,391,352

(Note) Reclassified as expenses by $1,522 and other equipment reclassified as machinery and equipment by $426.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Interest capitalisation	$ 74	$ 7
Interest rates for capitalisation	1.08%	0.96%～1.08%

	Six months ended June 30, 2020	Six months ended June 30, 2019
Interest capitalisation	$ 93	$ 18
Interest rates for capitalisation	1.08%	0.96%～1.08%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8, 'Pledged assets'.

(8) Lease transactions－lessee

A. The Group leases various assets including land, buildings, machinery and business vehicles. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
	Carrying amount	Carrying amount	Carrying amount
Land	$ 48,872	$ 53,223	$ 58,334
Buildings	52,941	54,904	56,868
Machinery and equipment	6,361	12,024	16,992
Transportation equipment (Business vehicles)	941	1,701	2,905
	$ 109,115	$ 121,852	$ 135,099

	Three months ended June 30, 2020	Three months ended June 30, 2019
	Depreciation charge	Depreciation charge
Land	$ 1,550	$ 1,619
Buildings	981	981
Machinery and equipment	2,733	2,832
Transportation equipment (Business vehicles)	683	537
	$ 5,947	$ 5,969

	Six months ended June 30,			
	2020		2019	
	Depreciation charge		Depreciation charge	
Land	$	3,116	$	3,235
Buildings		1,963		1,991
Machinery and equipment		5,663		5,664
Transportation equipment (Business vehicles)		1,209		1,074
	$	11,951	$	11,964

C. For the three months and six months ended June 30, 2020 and 2019, the additions to right-of-use assets were $－, $－, $449 and $－, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended June 30,			
Items affecting profit or loss	2020		2019	
Interest expense on lease liabilities	$	219	$	470
Expense on short-term leases or leases of low-value assets		123		158

	Six months ended June 30,			
Items affecting profit or loss	2020		2019	
Interest expense on lease liabilities	$	631	$	758
Expense on short-term leases or leases of low-value assets		190		238

E. For the six months ended June 30, 2020 and 2019, the Group's total cash outflow for leases were $11,747 and $11,853, respectively.

(9) Intangible assets

	Six months ended June 30, 2020				
	Trademarks	Patents	Computer Software	Royalty Income	Total
At January 1, 2020					
Cost	$ 1,956	$ 1,268	$ 23,441	$ 1,217	$ 27,882
Accumulated amortisation	(990)	(548)	(13,203)	(1,128)	(15,869)
Net exchange differences	-	-	(514)	-	(514)
Net value	$ 966	$ 720	$ 9,724	$ 89	$ 11,499
2020					
At January 1	$ 966	$ 720	$ 9,724	$ 89	$ 11,499
Additions - acquired separately	114	-	1,747	-	1,861
Amortisation	(170)	(75)	(1,157)	(48)	(1,450)
Net exchange differences	-	-	(202)	-	(202)
At June 30	$ 910	$ 645	$ 10,112	$ 41	$ 11,708
At June 30, 2020					
Cost	$ 2,070	$ 1,268	$ 25,188	$ 1,217	$ 29,743
Accumulated amortisation	(1,160)	(623)	(14,360)	(1,176)	(17,319)
Net exchange sdifferences	-	-	(716)	-	(716)
Net value	$ 910	$ 645	$ 10,112	$ 41	$ 11,708

	Six months ended June 30, 2019				
	Trademarks	Patents	Computer Software	Royalty Income	Total
At January 1, 2019					
Cost	$ 1,908	$ 1,268	$ 21,996	$ 1,217	$ 26,389
Accumulated amortisation	(849)	(473)	(11,025)	(982)	(13,329)
Net exchange differences	-	-	(184)	-	(184)
Net value	$ 1,059	$ 795	$ 10,787	$ 235	$ 12,876
2019					
At January 1	$ 1,059	$ 795	$ 10,787	$ 235	$ 12,876
Additions - acquired separately	66	-	1,374	-	1,440
Amortisation	(173)	(75)	(1,178)	(74)	(1,500)
Net exchange differences	-	-	45	-	45
At June 30	$ 952	$ 720	$ 11,028	$ 161	$ 12,861
At June 30, 2019					
Cost	$ 1,974	$ 1,268	$ 23,370	$ 1,217	$ 27,829
Accumulated amortisation	(1,022)	(548)	(12,203)	(1,056)	(14,829)
Net exchange sdifferences	-	-	(139)	-	(139)
Net value	$ 952	$ 720	$ 11,028	$ 161	$ 12,861

Details of amortisation on intangible assets are as follows:

	Three months ended June 30,	
	2020	2019
Operating costs	$ 79	$ 45
Selling expenses	471	7
General and administrative expenses	62	571
Research and development expenses	10	38
	$ 622	$ 661

	Six months ended June 30,	
	2020	2019
Operating costs	$ 180	$ 89
Selling expenses	585	128
General and administrative expenses	604	1,129
Research and development expenses	81	154
	$ 1,450	$ 1,500

(10) Short-term borrowings

Type of borrowings	June 30, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 409,858	0.90%～1.95%	None

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 190,000	0.99%～1.20%	None

Type of borrowings	June 30, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 90,000	1.14%～1.20%	None

For the three months and six months ended June 30, 2020 and 2019, the Group recognised interest expenses in profit or loss. Please refer to Note 6(20) for details.

(11) Short-term notes and bills payable

Type of borrowings	June 30, 2020	Interest rate	Collateral
Commercial papers payable	$ 10,000	1.15%	None
Less: Unamortised discount	(3)		
	$ 9,997		

Type of borrowings	December 31, 2019	Interest rate	Collateral
Commercial papers payable	$ 10,000	1.15%	None
Less: Unamortised discount	(3)		
	$ 9,997		

Type of borrowings	June 30, 2019	Interest rate	Collateral
Commercial papers payable	$ 10,000	1.15%	None
Less: Unamortised discount	(16)		
	$ 9,984		

A. The above commercial papers were issued and secured by Ta Ching Bills Finance Corp. for short-term financing.

B. For the three months and six months ended June 30, 2020 and 2019, the Group recognised interest expenses in profit or loss. Please refer to Note 6(20) for details.

(12) Pensions

A. The Company and its domestic subsidiary have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. However, those who were mandatorily retired because injury at work will receive 20% in addition. The Company and its domestic subsidiary contribute monthly an amount equal to 2% ~ 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiary would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiary will make contributions for the deficit by next March. The relevant information is as follows:

(a) For the aforementioned pension plan, the Group recognised pension costs of $1,925, $2,244, $3,850 and $4,487 for the three months and six months ended June 30, 2020 and 2019, respectively.

(b) Expected contributions to the defined benefit pension plans of the Group for the next year amount to $35,838.

B. Effective July 1, 2005, the Company and its domestic subsidiary have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiary contribute monthly an amount of no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor

Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the three months and six months ended June 30, 2020 and 2019 were \$3,247, \$3,190, \$6,510 and \$6,371, respectively.

C. The Company's mainland China subsidiary, Zhenjiang Nantex Chemical Industry., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (P.R.C.) are based on 20% of employees' monthly salaries and wages. Other than the monthly contributions, this subsidiary has no further obligations. The pension costs under the defined contribution pension plan of this subsidiary for the three months and six months ended June 30, 2020 and 2019 were (\$137), \$3,986, \$1,318 and \$8,398, respectively.

(13) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	Six months ended June 30,	
	2020	2019
At beginning and end of period	492,417	492,417

B. As of June 30, 2020, the Company's authorized and paid-in capital was \$4,924,167, consisting of 492,417 thousand shares with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(14) Retained earnings

A. Pursuant to the amended R.O.C. Company Act, the current year's after-tax earnings should be used initially to cover any accumulated deficit; thereafter 10% of the remaining earnings should be set aside as legal reserve until the balance of legal reserve is equal to that of paid-in capital. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks, or to distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Since the Company is in a changeable industry environment tied with international macroeconomics and the Company is in the mature stage, the appropriation of earnings should consider fund requirements and capital budget to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise

50% to 100% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. On June 16, 2020, the stockholders at their meeting approved to amend the original Articles of Incorporation of the Company as: 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise at lease 20% of the unappropriated retained earnings, and the percentage of cash dividends shall not be less than 30% of dividends distributed. Based on the regulation, the Board of Directors of the Company shall adopt a special resolution to distribute whole or a part of the dividends in the form of cash and report to the stockholders, which is not applicable to the aforementioned provisions that are subject to stockholders' resolutions.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012 was $430,099. Such special reserve shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends distributed to owners amounting to $886,350 ($1.8 (in dollars) per share) for the year ended December 31, 2019. On June 16, 2020, the stockholders adopted a resolution to distribute cash dividends for 2019 of $1,034,075 ($2.1 (in dollars) per share). The dividends are yet to be distributed (listed as 'Other payables').

(15) Other equity interest

Six months ended June 30, 2020	Foreign currency translation	Investment through other comprehensive income	Total
At January 1	($ 346,729)	$ 34,498	($ 312,231)
Currency translation differences－Group	(94,307)	-	(94,307)
Unrealised losses from financial assets measured at fair value through other comprehensive income	-	(22,338)	(22,338)
At June 30	($ 441,036)	$ 12,160	($ 428,876)

Six months ended June 30, 2019	Foreign currency translation	Investment through other comprehensive income	Total
At January 1	($ 195,670)	$ 10,707	($ 184,963)
Currency translation differences－Group	37,471	-	37,471
Unrealised losses from financial assets measured at fair value through other comprehensive income	-	(2,376)	(2,376)
At June 30	($ 158,199)	$ 8,331	($ 149,868)

(16) Operating revenue

A. Disaggregation of revenue from contracts with customers

Details of the Group's revenue from the transfer of goods at a point in time are as follows:

	Three months ended June 30, 2020			
	NANTEX	INTERMEDIUM	Nanmat	Total
Revenue from latex products	$ 1,161,660	$ 360,258	$ -	$ 1,521,918
Revenue from rubber products	171,766	775,643	-	947,409
Revenue from chemical vapor deposition	-	-	214,430	214,430
Others	-	-	26,279	26,279
	$ 1,333,426	$ 1,135,901	$ 240,709	$ 2,710,036

	Three months ended June 30, 2019			
	NANTEX	INTERMEDIUM	Nanmat	Total
Revenue from latex products	$ 1,291,983	$ 343,732	$ -	$ 1,635,715
Revenue from rubber products	277,305	936,328	-	1,213,633
Revenue from chemical vapor deposition	-	-	141,067	141,067
Others	2,684	-	40,786	43,470
	$ 1,571,972	$ 1,280,060	$ 181,853	$ 3,033,885

	Six months ended June 30, 2020			
	NANTEX	INTERMEDIUM	Nanmat	Total
Revenue from latex products	$ 2,596,801	$ 631,968	$ -	$ 3,228,769
Revenue from rubber products	387,465	1,280,483	-	1,667,948
Revenue from chemical vapor deposition	-	-	401,724	401,724
Others	2,248	-	57,331	59,579
	$ 2,986,514	$ 1,912,451	$ 459,055	$ 5,358,020

	Six months ended June 30, 2019			
	NANTEX	INTERMEDIUM	Nanmat	Total
Revenue from latex products	$ 2,757,546	$ 690,736	$ -	$ 3,448,282
Revenue from rubber products	550,790	1,827,538	-	2,378,328
Revenue from chemical vapor deposition	-	-	299,916	299,916
Others	5,120	-	75,012	80,132
	$ 3,313,456	$ 2,518,274	$ 374,928	$ 6,206,658

B. Contract liabilities

(a) On June 30, 2020, December 31, 2019 and June 30, 2019, the Group has recognised the revenue-related contract liabilities amounting to $59,438, $81,019 and $31,225, respectively.

(b) On January 1, 2020 and 2019, the contract liabilities were $81,019 and $47,044, respectively, and the contract liabilities at the beginning of 2020 and 2019 of ($329), $2,249, $74,263 and $42,774 were recognised as revenue for the three months and six months ended June 30, 2020 and 2019, respectively.

(17) Interest income

	Three months ended June 30,	
	2020	2019
Interest income from bank deposits	$ 13,964	$ 15,885
Interest income from financial assets at amortised cost	8,810	5,983
	$ 22,774	$ 21,868

	Six months ended June 30,	
	2020	2019
Interest income from bank deposits	$ 30,442	$ 30,274
Interest income from financial assets at amortised cost	16,359	12,244
	$ 46,801	$ 42,518

(18) Other income

	Three months ended June 30,	
	2020	2019
Dividend income	$ 1,926	$ 3,226
Other income	4,175	4,109
	$ 6,101	$ 7,335

	Six months ended June 30,	
	2020	2019
Dividend income	$ 1,926	$ 3,226
Other income	6,525	6,063
	$ 8,451	$ 9,289

(19) Other gains and losses

	Three months ended June 30,	
	2020	2019
Net foreign exchange (losses) gains	($ 51,055)	$ 25,078
Gains on financial assets at fair value through profit or loss	13	549
(Losses) gains on disposals of property, plant and equipment	(1,361)	258
Other gains (losses)	94	(722)
	($ 52,309)	$ 25,163

	Six months ended June 30,	
	2020	2019
Net foreign exchange (losses) gains	($ 19,928)	$ 29,093
Gains on financial assets at fair value through profit or loss	54	578
Losses on disposals of property, plant and equipment	(1,610)	(165)
Other losses	(684)	(1,617)
	($ 22,168)	$ 27,889

(20) Finance costs

	Three months ended June 30,	
	2020	2019
Interest expense		
Bank loans	$ 435	$ 207
Lease liabilities	219	470
	654	677
Less: Capitalisation of qualifying assets	(74)	(7)
	$ 580	$ 670

	Six months ended June 30, 2020	Six months ended June 30, 2019
Interest expense		
Bank loans	$ 731	$ 418
Lease liabilities	631	758
	1,362	1,176
Less: Capitalisation of qualifying assets	(93)	(18)
	$ 1,269	$ 1,158

(21) Expenses by nature

	Three months ended June 30, 2020		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 105,148	$ 178,203	$ 283,351
Depreciation	58,859	18,312	77,171
Amortisation	79	543	622
	$ 164,086	$ 197,058	$ 361,144

	Three months ended June 30, 2019		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 97,490	$ 174,705	$ 272,195
Depreciation	59,503	18,122	77,625
Amortisation	45	616	661
	$ 157,038	$ 193,443	$ 350,481

	Six months ended June 30, 2020		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 203,781	$ 360,081	$ 563,862
Depreciation	117,768	36,726	154,494
Amortization	180	1,270	1,450
	$ 321,729	$ 398,077	$ 719,806

	Six months ended June 30, 2019		
	Operating cost	Operating expense	Total
Employee benefit expense	$ 215,521	$ 303,047	$ 518,568
Depreciation	120,409	35,995	156,404
Amortization	89	1,411	1,500
	$ 336,019	$ 340,453	$ 676,472

(22) Employee benefit expense

	Three months ended June 30, 2020		
	Operating cost	Operating expense	Total
Salaries and wages	$ 92,595	$ 139,875	$ 232,470
Labour and health insurance expenses	5,436	4,607	10,043
Pension costs	2,653	2,382	5,035
Other personnel expenses	4,464	31,339	35,803
	$ 105,148	$ 178,203	$ 283,351

	Three months ended June 30, 2019		
	Operating cost	Operating expense	Total
Salaries and wages	$ 84,731	$ 142,502	$ 227,233
Labour and health insurance expenses	6,219	5,201	11,420
Pension costs	5,248	4,172	9,420
Other personnel expenses	1,292	22,830	24,122
	$ 97,490	$ 174,705	$ 272,195

	Six months ended June 30, 2020		
	Operating cost	Operating expense	Total
Salaries and wages	$ 177,518	$ 271,528	$ 449,046
Labour and health insurance expenses	11,358	12,863	24,221
Pension costs	6,108	5,570	11,678
Other personnel expenses	8,797	70,120	78,917
	$ 203,781	$ 360,081	$ 563,862

	Six months ended June 30, 2019		
	Operating cost	Operating expense	Total
Salaries and wages	$ 182,631	$ 246,395	$ 429,026
Labour and health insurance expenses	12,760	13,620	26,380
Pension costs	11,001	8,255	19,256
Other personnel expenses	9,129	34,777	43,906
	$ 215,521	$ 303,047	$ 518,568

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three months and six months ended June 30, 2020 and 2019, the Company's employees' compensation was accrued at $10,920, $9,660, $19,740 and $20,790, respectively; while directors' and supervisors' remuneration was accrued at $16,380, $14,490, $29,610 and $31,185, respectively. The aforementioned amounts were recognised in salary expenses and other expenses. The expenses recognised for the six months ended June 30, 2020 and 2019 were accrued based on the earnings of current period and the percentage specified in the Articles of Incorporation of the Company. The employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors amounted to $89,965. The difference of ($550) between the amounts resolved at the Board meeting and the amounts recognised in the 2019 financial statements of $90,515 had been adjusted in the profit or loss for 2020.

Information about the appropriation of employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

Components of income tax expense:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Current tax:		
Current tax on profits for the period	$ 150,452	$ 113,924
Prior year income tax (over) under estimation	(130)	302
Total current tax	150,322	114,226
Deferred tax:		
Origination and reversal of temporary differences	(7,507)	985
Income tax expense	$ 142,815	$ 115,211

	Six months ended June 30, 2020	Six months ended June 30, 2019
Current tax:		
Current tax on profits for the period	$ 242,075	$ 246,169
Prior year income tax (over) under estimation	(3,149)	16,610
Total current tax	238,926	262,779
Deferred tax:		
Origination and reversal of temporary differences	382	3,234
Income tax expense	$ 239,308	$ 266,013

B. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of August 10, 2020.

(24) Earnings per share

	Three months ended June 30, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 420,987	492,417	$ 0.85
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 420,987		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	536	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 420,987	492,953	$ 0.85

	Three months ended June 30, 2019		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 402,637	492,417	$ 0.82
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 402,637		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	608	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 402,637	493,025	$ 0.82

	Six months ended June 30, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 782,098	492,417	$ 1.59
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 782,098		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,133	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 782,098	493,550	$ 1.58

	Six months ended June 30, 2019		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	EPS (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 850,055	492,417	$ 1.73
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 850,055		
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,051	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 850,055	493,468	$ 1.72

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Six months ended June 30, 2020	Six months ended June 30, 2019
Purchase of property, plant and equipment	$ 173,425	$ 48,002
Add: Begining balance of payable for equipment (listed as 'Other payables')	5,787	3,690
Less: Ending balance of payable on equipment (listed as 'Other payables')	(34,188)	(2,980)
Interest capitalisation	(93)	(18)
Cash paid for purchase of property, plant and equipment	$ 144,931	$ 48,694

B. Operating and financing activities with no cash flow effects:

	Six months ended June 30, 2020	Six months ended June 30, 2019
(a) Write-offs of loss allowance for accounts receivable	$ 2,043	$ -

	Six months ended June 30, 2020	Six months ended June 30, 2019
(b) Cash dividends appropriated	$ 1,034,075	$ 886,350
Less: Ending balance of payable on cash dividends	(1,034,075)	(886,350)
Cash outflows for cash dividends appropriation	$ -	$ -

(26) Changes in liabilities from financing activities

Six months ended June 30, 2020	Short-term borrowings	Short-term notes and bills payable	Lease liability	Liabilities from financing activities-gross
At January 1	$ 190,000	$ 9,997	$ 86,370	$ 286,367
Changes in cash flow from financing activities	219,858	-	(10,926)	208,932
Changes in other non-cash items	-	-	108	108
At June 30	$ 409,858	$ 9,997	$ 75,552	$ 495,407

Six months ended June 30, 2019	Short-term borrowings	Short-term notes and bills payable	Lease liability	Liabilities from financing activities-gross
At January 1	$ 70,000	$ 9,984	$ -	$ 79,984
Effects of retrospective application	-	-	107,410	107,410
Changes in cash flow from financing activities	20,000	-	(10,857)	9,143
At June 30	$ 90,000	$ 9,984	$ 96,553	$ 196,537

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Tainan Spinning Co., Ltd. (Tainan Spinning)	The entity with significant influence to the Group
Lushun Warehouse Co., Ltd. (Lushun Warehouse)	The Company is the key management of this entity
Bao Minh Textile & Garment (Bao Minh)	The Company is the key management of this entity

(2) Significant related party transactions

A. Lease transactions－lessee

(a) The Group leases raw material tanks and office from Lushun Warehouse and Tainan Spinning. Rental contracts are typically made for periods of 3 and 20 years, respectively. Rents are paid monthly.

(b) On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets of related parties by $79,433.

(c) Lease liabilities

(i) Outstanding balance

	June 30, 2020	December 31, 2019	June 30, 2019
Tainan Spinning	$ 52,698	$ 54,009	$ 55,302
Lushun Warehouse	5,733	11,420	17,061
	$ 58,431	$ 65,429	$ 72,363

(ii) Interest expense

	Three months ended June 30,	
	2020	2019
Tainan Spinning	$ 287	$ 301
Lushun Warehouse	31	76
	$ 318	$ 377

	Six months ended June 30,	
	2020	2019
Tainan Spinning	$ 583	$ 401
Lushun Warehouse	73	164
	$ 656	$ 565

B. Endorsements and guarantees

Details of provision of endorsements and guarantees to related parties are provided in Note 9.

(3) Key management compensation

	Three months ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	$ 41,715	$ 33,516

	Six months ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	$ 87,784	$ 79,315

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	June 30, 2020	December 31, 2019	June 30, 2019	Purpose
Pledged time deposits (Note 1)	$ 2,000	$ 2,000	$ 2,000	Customs guarantee
Land (Note 2)	448,185	448,185	448,185	Collateral for borrowing facilities
Buildings and structures, net (Note 2)	15,018	16,837	18,656	Collateral for borrowing facilities
Guarantee deposits paid	413	413	423	Performance guarantee
	$ 465,616	$ 467,435	$ 469,264	

Note 1: Listed as 'Current financial assets at amortised cost'.

Note 2: Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's remaining balance due for construction in progress and prepayment for equipment were $89,782, $47,285 and $18,378, respectively.

(2) As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's unused letters of credit amounted to $79,445, $135,382 and $12,277, respectively.

(3) The significant purchase contracts entered into by the Group are as follows:

Suppliers	Items	Price	Purchase quantity (t)		
			June 30, 2020	December 31, 2019	June 30, 2019
CPC Corporation, Taiwan	Butadiene (BD)	Floating	19,098	20,448	20,448
Formosa Petrochemical Corp.	Butadiene (BD)	Floating	20,400	14,400	14,400
NanJing GongXi Chemical Limited Company	Butadiene (BD)	Floating	15,600	13,800	13,800
BASF-YPC Company Limited	Butadiene (BD)	Floating	29,000	31,000	31,000
China Petrochemical Development Corp.	Acrylonitrile (AN)	Floating	12,000	12,000	12,000
YUGE (SHANGHAI) CHEMICAL CO., LTD.	Acrylonitrile (AN)	Floating	10,800	10,800	10,800
Formosa Plastics Corp.	Acrylonitrile (AN)	Floating	4,800	4,800	4,800
Shanghai Legend Petrochemical Co., Ltd.	Acrylonitrile (AN)	Floating	5,100	4,200	4,200
WeiQiang International Trade (SHANGHAI) Co., Ltd.	Acrylonitrile (AN)	Floating	2,760	3,360	3,360
Taiwan Styrene Monomer Corp.	Styrene (SM)	Floating	1,800	1,800	1,800

As of June 30, 2020, 48,103 tonnes of BD, 23,870 tonnes of AN and 660 tonnes of SM were purchased.

(4) Details of the Group's endorsements and guarantees are as follows:

Endorser/guarantor	Party being endorsed/ guaranteed	Purpose	June 30, 2020	December 31, 2019	June 30, 2019
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	Guarantee for borrowings	$ 94,746	$ 95,866	$ 99,319

As of June 30, 2020, December 31, 2019 and June 30, 2019, Bao Minh Textile & Garment has drawn from the endorsements and guarantees in the amount of $69,260, $70,078 and $72,603, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	June 30, 2020		December 31, 2019		June 30, 2019	
Financial assets						
Financial assets at fair value through profit or loss						
Financial assets mandatorily measured at fair value through profit or loss	$	-	$	-	$	10,141
Financial assets at fair value through other comprehensive income						
Designation of equity instrument	$	391,416	$	326,268	$	303,813
Financial assets at amortised cost/Loans and receivables						
Cash and cash equivalents	$	4,024,236	$	3,109,762	$	3,968,489
Financial assets at amortised cost		1,967,318		1,619,577		812,107
Notes receivable		173,783		169,508		198,650
Accounts receivable		918,170		1,305,801		1,204,951
Other receivables		38,356		89,794		37,145
Guarantee deposits paid		850		547		556
	$	7,122,713	$	6,294,989	$	6,221,898
Financial liabilities						
Financial liabilities at amortised cost						
Short-term borrowings	$	409,858	$	190,000	$	90,000
Short-term notes and bills payable		9,997		9,997		9,984
Notes payable		-		-		9
Accounts payable		340,084		340,321		293,638
Other payables		1,620,872		632,585		1,463,962
	$	2,380,811	$	1,172,903	$	1,857,593
Lease liability	$	75,552	$	86,370	$	96,553

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictable events in financial markets and seeks to reduce potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

(i) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(iii) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

(iv) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2020		December 31, 2019	
	Foreign currency amount (in thousands)	Exchange rate	Foreign currency amount (in thousands)	Exchange rate
Financial assets				
Monetary items				
USD : NTD	$ 79,767	29.63	$ 76,674	29.98
USD : RMB	14,303	7.08	10,990	6.98
Financial liabilities				
Monetary items				
USD : NTD	129	29.63	851	29.98
USD : RMB	1,087	7.08	-	-

	June 30, 2019	
	Foreign currency amount (in thousands)	Exchange rate
Financial assets		
Monetary items		
USD : NTD	$ 77,871	31.06
USD : RMB	8,540	6.85

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If NTD had appreciated/depreciated by 1% against USD, RMB and JPY, the Group's net profit after tax for the six months ended June 30, 2020 and 2019 would have increased/decreased by $22,010 and $21,471, respectively.

(v)Total exchange (losses) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months and six months ended June 30, 2020 and 2019 amounted to ($51,055), $25,078, ($19,928) and $29,093, respectively.

II. Price risk

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii)The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the six months ended June 30, 2020 and 2019 would have increased/decreased by $－ and $1,014, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $39,142 and $30,381, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

III. Cash flow and fair value interest rate risk

(i) The Group's main interest rate risk arises from bank borrowings with floating rates, which expose the Group to cash flow interest rate risk. During the six months ended June 30, 2020 and 2019, the Group's borrowings at floating rate were mainly denominated in New Taiwan dollars.

(ii) The Group's borrowings are short-term borrowings with floating interest rates. Therefore, changes in market interest rates will change the effective interest rates of the borrowings and cause fluctuations in their future cash flows. However, there is no significant effect on profit after tax.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

III. The Group adopts the assumption under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

IV. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

V. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

VI. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable as the Group's counterparties all with high credit quality and have no default record after assessment.

VII. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	Six months ended June 30,	
	2020	2019
At January 1	$ 1,276	$ 2,143
Provision for (reversal of) impairment loss	1,730	(1,024)
Write-offs	(2,043)	-
Effect of foreign exchange	(26)	16
At June 30	$ 937	$ 1,135

(c) Liquidity risk

I. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the operating entities over and above balance required for working capital management are invested in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities:

	June 30, 2020	December 31, 2019	June 30, 2019
Floating rate:			
Expiring within one year	$ 3,940,498	$ 3,256,490	$ 1,922,559

IV. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

June 30, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 410,402	$ -	$ -	$ -
Short-term notes and bills payable	10,000	-	-	-
Accounts payable	340,084	-	-	-
Other payables	1,620,872	-	-	-
Lease liability	19,141	9,733	16,456	43,598

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 190,079	$ -	$ -	$ -
Short-term notes and bills payable	10,000	-	-	-
Accounts payable	340,321	-	-	-
Other payables	632,585	-	-	-
Lease liability	22,932	9,883	18,530	45,887

June 30, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 90,208	$ -	$ -	$ -
Short-term notes and bills payable	10,000	-	-	-
Notes payable	9	-	-	-
Accounts payable	293,638	-	-	-
Other payables	1,463,962	-	-	-
Lease liability	23,252	16,018	20,903	48,114

V. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in financial instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value including cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables and lease liabilities are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

June 30, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 92,400	$ -	$ 299,016	$ 391,416

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 326,268	$ 326,268

June 30, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 10,141	$ -	$ -	$ 10,141
Financial assets at fair value through other comprehensive income				
Equity securities	-	-	303,813	303,813
	$ 10,141	$ -	$ 303,813	$ 313,954

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

E. For the six months ended June 30, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the six months ended June 30, 2020 and 2019:

	Equity securities
At January 1, 2020	$ 326,268
Losses recognised in other comprehensive income	(26,049)
Net exchange differences	(1,203)
At June 30, 2020	$ 299,016

	Equity securities
At January 1, 2019	$ 278,583
Additions	26,650
Losses recognised in other comprehensive income	(2,376)
Net exchange differences	956
At June 30, 2019	$ 303,813

G. For the six months ended June 30, 2020 and 2019, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 299,016	Discounted cash flow	Weighted average cost of capital	7.38%～10. 58%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 326,268	Discounted cash flow	Weighted average cost of capital	6.69%~9.48%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at June 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 303,813	Discounted cash flow	Weighted average cost of capital	7.41%~10.27%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			Six months ended June 30, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Weighted average cost of capital	±10%	$ -	$ -	$ 9,084	($ 7,475)
	Discount for lack of marketability	±10%	-	-	2,875	(2,875)
			$ -	$ -	$ 11,959	($ 10,350)

			Six months ended June 30, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Weighted average cost of capital	±10%	$ -	$ -	$ 11,206	($ 9,021)
	Discount for lack of marketability	±10%	-	-	3,108	(3,108)
			$ -	$ -	$ 14,314	($ 12,129)

(4) Others

For the six months ended June 30, 2020, the demand and prices of major raw materials of butadiene and acrylonitrile declined as the worldwide raw materials were affected by the Covid-19 pandemic, resulting in the decline of the Group's product quotation. As a result, the operating revenue for the six months ended June 30, 2020 decreased by 13.67% compared with the corresponding period of 2019. However, the sales volume and the gross profit did not decrease, therefore, the pandemic has no significant impact on the Group.

13. SUPPLEMENTARY DISCLOSURES

(According to the current regulatory requirements, the Company is only required to disclose the information for the six months ended June 30, 2020)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Six months ended June 30, 2020			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	$ 2,988,762	$ 1,912,451	$ 459,055	$ 5,360,268
Inter-segment revenue	2,248	-	-	2,248
Revenue from external customers	2,986,514	1,912,451	459,055	5,358,020
Interest income	13,119	33,519	163	46,801
Depreciation and amortisation	81,470	49,736	24,738	155,944
Finance cost	671	24	574	1,269
Segment income before tax	921,299	355,296	71,616	1,348,211
Capital expenditure for non-current assets	136,443	51,256	13,975	201,674

	Six months ended June 30, 2019			
	NANTEX	INTERMEDIUM	Nanmat	Total
Segment revenue	$ 3,317,821	$ 2,518,274	$ 374,928	$ 6,211,023
Inter-segment revenue	4,365	-	-	4,365
Revenue from external customers	3,313,456	2,518,274	374,928	6,206,658
Interest income	11,286	30,935	297	42,518
Depreciation and amortisation	72,082	62,411	23,411	157,904
Finance cost	588	-	570	1,158
Segment income before tax	981,363	421,091	66,850	1,469,304
Capital expenditure for non-current assets	22,298	22,496	18,847	63,641

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the six months ended June 30, 2020 and 2019 is provided as follows:

	Six months ended June 30,	
	2020	2019
Reportable operating segments income before income tax	$ 1,348,211	$ 1,469,304
Segment loss	(294,835)	(323,408)
Profit before income tax	$ 1,053,376	$ 1,145,896

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Six months ended June 30, 2020

Table 1

Expressed in thousands of NTD

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note 2)	Maximum outstanding endorsement/ guarantee amount during the period	Outstanding endorsement/ guarantee amount at June 30, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
1	INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	(Note 1)	$ 921,142	$ 94,746	$ 94,746	$ 69,260	$ -	2%	$ 2,302,856	N	N	N	-

(Note 1) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(Note 2) Ceiling on total amount of endorsements/ guarantees provided by INTERMEDIUM INTERNATIONAL LIMITED to others is 50% of the company's net worth, and limit on endorsements/guarantees provided for a single party is 20% of the company's net worth. The relevant endorsements/guarantees have been reported to the shareholders.

(Note 3) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 29.63) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

June 30, 2020

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2020				Footnote
				Number of shares (shares or units in thousands)	Book value	Ownership (%)	Fair value	
NANTEX INDUSTRY CO., LTD.	Stocks:							
	Formosa Chemicals & Fibre Corp.	—	2	1,000	$ 75,700	0.02%	$ 75,700	—
	Cleanaway Company Limited	—	2	100	16,700	0.09%	16,700	—
	President International Development Corp.	—	2	8,820	81,826	0.67%	81,826	—
	Lushun Warehouse Co., Ltd.	—	2	2,700	109,580	15.00%	109,580	—
	Micro Sava Co., Ltd.	—	2	1,021	365	0.52%	365	—
	Grand Bills Finance Corp.	—	2	720	5,422	0.13%	5,422	—
INTERMEDIUM INTERNATIONAL LIMITED	Bao Minh Textile & Garment	—	2	-	101,823	8.50%	101,823	—
Zhenjiang Nantex Chemical Industry.,	Financial instruments:							
Ltd.	Bank of China RMB On Schedule Open Deposits	—	1	-	628,008	-	628,008	—

(Note 1) The accounts are classified into the following two categories; fill in the number of category each case belongs to:

1. Current financial assets at amortised cost

2. Non-current financial assets at fair value through other comprehensive income

(Note 2) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 29.63; RMB 1 : NTD 4.1867) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Six months ended June 30, 2020

Table 3

Expressed in thousands of NTD

Investor	Type of securities	General ledger account	Counterparty	Relationship	Balance as at January 1, 2020		Addition		Disposal				Balance as at June 30, 2020	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Sale price	Book value	Gain (loss) on disposal	Number of shares	Amount
Zhenjiang Nantex Chemical Industry., Ltd.	Bank of China RMB On Schedule Open Deposits	Current financial assets at amortised cost	Bank of China Limited	—	—	$ 515,176	—	$ 1,193,660	—	$ 1,088,382	($ 1,080,828)	$ 7,554	—	$ 628,008

(Note) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (RMB 1 : NTD 4.1867) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

Six months ended June 30, 2020

Table 4

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	NANTEX INDUSTRY CO., LTD.	Zhenjiang Nantex Chemical Industry., Ltd.	1	Sales revenue	($ 2,248)	Cash payment within 3 months	–
				Royalty income	(10,544)	Cash payment within 1 year	–
				Other receivables	8,875	–	–

(Note 1) If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, one side of then are disclosed.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

(Note 3) Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investees (not including investees in China)

Six months ended June 30, 2020

Table 5

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at June 30, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at June 30, 2020: Number of shares	Shares held as at June 30, 2020: (%)	Shares held as at June 30, 2020: Book value	Net profit (loss) of the investee for the six months ended June 30, 2020	Investment income (loss) recognised by the Company for the six months ended June 30, 2020	Footnote
NANTEX INDUSTRY CO., LTD.	INTERMEDIUM INTERNATIONAL LIMITED	British Virgin Islands	General investments	$ 1,799,716	$ 1,799,716	55,503,757	100.00%	$ 4,605,712	$ 269,512	$ 269,512	Subsidiary
	Nanmat Technology Co., Ltd.	Taiwan	CVD materials and metal surface treatment chemicals	172,400	172,400	16,054,238	44.20%	301,049	57,293	25,323	Subsidiary

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Six months ended June 30, 2020

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital (Note 1)	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2020: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six months ended June 30, 2020: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee for the six months ended June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2020 (Note 3)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020	Footnote
Zhenjiang Nantex Chemical Industry., Ltd.	Manufacture and sales of rubber and latex	$ 2,002,988	Note 2	$ 1,638,539	$ -	$ -	$ 1,638,539	$ 267,569	100.00	$ 267,569	$ 2,664,130	$ -	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
NANTEX INDUSTRY CO., LTD.	$ 1,638,539	$ 2,002,988	$ 5,033,244

(Note 1) Including capital increase out of earnings amounting to $364,449.

(Note 2) Through investing in an existing company in the third area INTERMEDIUM INTERNATIONAL LIMITED, which then invested in the investee in Mainland China.

(Note 3) It was recognised based on the financial statements reviewed and attested by R.O.C. parent company's CPA.

(Note 4) It was calculated based 60% of net worth or consolidated net worth (whichever is higher).

(Note 5) The accounts denominated in foreign currencies in the table are translated into New Taiwan dollars at spot exchange rates (USD 1 : NTD 29.63; RMB 1 : NTD 4.1867) prevailing at the financial reporting date.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Six months ended June 30, 2020

Table 7

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at June 30, 2020	%	Balance at June 30, 2020	Purpose	Maximum balance during the six months ended June 30, 2020	Balance at June 30, 2020	Interest rate	Interest during the six months ended June 30, 2020	Others (Note)
Zhenjiang Nantex Chemical Industry., Ltd.	$ 2,248	-	$ -	-	$ -	-	$ -	-	$ -	$ -	-	$ -	$ 10,544

(Note) It refers to royalty revenue. As of June 30, 2020, the outstanding amount was $8,875 after deducting the relevant tax payable of $1,669.

NANTEX INDUSTRY CO., LTD. AND SUBSIDIARIES

Major shareholders information

June 30, 2020

Table 8

(Expressed in shares)

	Number of shares held			
Name of major shareholders	Common share	Preferred share	Ownership (%)	Footnote
Tainan Spinning Co., Ltd.	105, 549, 052	-	21. 43%	—
Nan Fan Housing Development Co., Ltd.	27, 362, 884	-	5. 56%	—

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.