

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2018 and 2017

Advanced Ceramic X Corporation

Balance Sheet

March 31, 2018, December 31, 2017 and March 31, 2017

(Expressed In Thousands of New Taiwan Dollars)

	<u>March 31, 2018</u>		<u>December 31, 2017</u>		<u>March 31, 2017</u>			<u>March 31, 2018</u>		<u>December 31, 2017</u>		<u>March 31, 2017</u>	
	<u>Reviewed</u>		<u>Audited</u>		<u>Reviewed</u>			<u>Reviewed</u>		<u>Audited</u>		<u>Reviewed</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets							Liabilities and Equity						
Current Assets :							Current Liabilities :						
Cash and Cash Equivalents (Note 6(a))	\$ 2,547,913	65	2,284,322	61	2,564,561	65	Accounts Payable	\$ 43,919	1	43,237	1	48,346	1
Notes and Accounts Receivable, Net (Note 6(b))	193,872	5	210,688	6	215,785	6	Salary and Bonus Payable	148,106	4	139,474	4	156,555	4
Receivables from Related Parties (Note 6(b) and 7)	94,594	2	134,756	4	106,411	3	Payables to Contractors and Equipment	5,554	-	13,387	-	29,807	1
Inventories (Note 6(c))	120,125	3	109,337	3	103,610	3	Income Tax Payable	127,918	3	90,858	2	125,766	3
Other Financial Assets - Current (Note 8)	2,622	-	2,556	-	2,473	-	Other Current Liabilities (Note 6(f) and 7)	140,173	4	137,656	4	143,143	4
Other Current Assets	17,208	-	16,187	-	20,371	-		465,670	12	424,612	11	503,617	13
	<u>2,976,334</u>	<u>75</u>	<u>2,757,846</u>	<u>74</u>	<u>3,013,211</u>	<u>77</u>	Noncurrent Liabilities :						
Noncurrent Assets :							Net Defined Benefit Liabilities - Noncurrent (Note 6(g))	97	-	251	-	661	-
Property, Plant and Equipment (Note 6(d) and 8)	961,948	25	990,408	26	895,831	23	Other Liabilities	7,941	-	7,301	-	5,433	-
Intangible Assets (Note 6(e))	1,042	-	1,167	-	1,625	-		8,038	-	7,552	-	6,094	-
Deferred Income Tax Assets	9,860	-	9,860	-	5,513	-	Total Liabilities	473,708	12	432,164	11	509,711	13
Other Financial Assets - Noncurrent	501	-	501	-	477	-	Equity (Note 6(i)) :						
	<u>973,351</u>	<u>25</u>	<u>1,001,936</u>	<u>26</u>	<u>903,446</u>	<u>23</u>	Capital Stock	690,162	17	690,162	19	690,162	17
Total Assets	\$ 3,949,685	100	3,759,782	100	3,916,657	100	Capital Surplus	573,532	15	573,532	15	573,532	15
							Retained Earnings	2,212,283	56	2,063,924	55	2,143,252	55
							Total Equity	3,475,977	88	3,327,618	89	3,406,946	87
							Total Liabilities and Equity	\$ 3,949,685	100	3,759,782	100	3,916,657	100

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Advanced Ceramic X Corporation

Statement of Comprehensive Income

For the Three Months Ended March 31, 2018 and 2017

(Expressed In Thousands of New Taiwan Dollars)

	Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
Net Revenue Sales (Note 6(o) and 7)	\$ 390,271	100	489,102	100
Operating Costs (Note 6(c)(k) and 7)	<u>151,658</u>	<u>39</u>	<u>181,805</u>	<u>37</u>
Gross Profit	<u>238,613</u>	<u>61</u>	<u>307,297</u>	<u>63</u>
Operating Expenses (Note 6(k) and 7) :				
Selling and Distribution Expenses	6,126	2	6,451	1
General and Administrative Expenses	17,554	4	18,452	4
Research and Development Expenses	<u>22,432</u>	<u>6</u>	<u>23,955</u>	<u>5</u>
	<u>46,112</u>	<u>12</u>	<u>48,858</u>	<u>10</u>
Profit from Operations	<u>192,501</u>	<u>49</u>	<u>258,439</u>	<u>53</u>
Non-Operating Income and Expenses :				
Interest Income	4,220	1	3,319	1
Other Income	176	-	370	-
Foreign Exchange Loss, Net	<u>(11,448)</u>	<u>(2)</u>	<u>(29,346)</u>	<u>(6)</u>
	<u>(7,052)</u>	<u>(1)</u>	<u>(25,657)</u>	<u>(5)</u>
Profit Before Income Tax	185,449	48	232,782	48
Income Tax Expense (Note 6(h))	<u>37,090</u>	<u>10</u>	<u>39,573</u>	<u>8</u>
Profit for the period	<u>148,359</u>	<u>38</u>	<u>193,209</u>	<u>40</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income	<u>\$ 148,359</u>	<u>38</u>	<u>193,209</u>	<u>40</u>
Earnings Per Share (Expressed in Dollars) (Note 6(j))				
Basic Earnings Per Share	<u>\$ 2.15</u>		<u>2.80</u>	
Diluted Earnings Per Share	<u>\$ 2.15</u>		<u>2.79</u>	

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Statement of Changes in Equity

For the Three Months Ended March 31, 2018 and 2017

(Expressed In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Total Equity	
			Legal Reserve	Undistributed Earnings		Total
Balance as of January 1, 2017	\$ 690,162	573,532	475,888	1,474,155	1,950,043	3,213,737
Profit for the Three Months Ended March 31, 2017	-	-	-	193,209	193,209	193,209
Other Comprehensive Income for the Three Months Ended March 31, 2017	-	-	-	-	-	-
Total Comprehensive Income for the Three Months Ended March 31, 2017	-	-	-	193,209	193,209	193,209
Balance as of March 31, 2017	\$ 690,162	573,532	475,888	1,667,364	2,143,252	3,406,946
Balance as of January 1, 2018	\$ 690,162	573,532	556,555	1,507,369	2,063,924	3,327,618
Profit for the Three Months Ended March 31, 2018	-	-	-	148,359	148,359	148,359
Other Comprehensive Income for the Three Months Ended March 31, 2018	-	-	-	-	-	-
Total Comprehensive Income for the Three Months Ended March 31, 2018	-	-	-	148,359	148,359	148,359
Balance as of March 31, 2018	\$ 690,162	573,532	556,555	1,655,728	2,212,283	3,475,977

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Advanced Ceramic X Corporation

Statement of Cash Flows

For the Three Months Ended March 31, 2018 and 2017

(Expressed In Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2018	2017
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 185,449	232,782
Adjustments for :		
Depreciation	34,877	32,795
Amortization	125	175
Reversal of Expected Credit Losses / Bad Debt	(524)	(289)
Interest Income	(4,220)	(3,319)
Gain on Disposal of Property, Plant and Equipment, Net	-	(185)
Provision for Inventory Obsolescence and Devaluation Loss	1,000	5,800
Total Adjustments to Reconcile Profit	<u>31,258</u>	<u>34,977</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	16,986	36,795
Receivables from Related Parties	40,516	(7,927)
Inventories	(11,788)	1,035
Other Operating Current Assets	(1,021)	(4,045)
Accounts Payable	682	(6,377)
Net Defined Benefit Liabilities-Noncurrent	(154)	(147)
Other Liabilities-Noncurrent	640	623
Other Operating Current Liabilities	<u>11,149</u>	<u>25,468</u>
Total Net Changes in Operating Assets and Liabilities	<u>57,010</u>	<u>45,425</u>
Cash Generated from Operations	273,717	313,184
Interest Received	4,154	3,301
Income Taxes Paid	<u>(30)</u>	<u>(4)</u>
Net Cash Generated by Operating Activities	<u>277,841</u>	<u>316,481</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(14,250)	(108,763)
Proceeds from Disposal of Property, Plant and Equipment	-	185
Decrease in Other Financial Assets	-	899
Net Cash Used in Investing Activities	<u>(14,250)</u>	<u>(107,679)</u>
Net Increase in Cash and Cash Equivalents	263,591	208,802
Cash and Cash Equivalents at the Beginning of Period	<u>2,284,322</u>	<u>2,355,759</u>
Cash and Cash Equivalents at the End of Period	<u>\$ 2,547,913</u>	<u>2,564,561</u>