

**Advanced Ceramic X Corporation**  
**Balance Sheets**  
**December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars)

|                            |                                                    | <u>December 31, 2018</u> |            | <u>December 31, 2017</u> |            |                                     |                                                          | <u>December 31, 2018</u> |            | <u>December 31, 2017</u> |            |
|----------------------------|----------------------------------------------------|--------------------------|------------|--------------------------|------------|-------------------------------------|----------------------------------------------------------|--------------------------|------------|--------------------------|------------|
|                            |                                                    | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   | <b>Liabilities and Equity</b>       |                                                          | <u>Amount</u>            | <u>%</u>   | <u>Amount</u>            | <u>%</u>   |
| <b>Assets</b>              |                                                    |                          |            |                          |            |                                     |                                                          |                          |            |                          |            |
| <b>Current Assets :</b>    |                                                    |                          |            |                          |            |                                     |                                                          |                          |            |                          |            |
| 1100                       | Cash and Cash Equivalents (Note 6(1))              | \$ 1,709,216             | 45         | 2,284,322                | 61         | 2170                                | Accounts Payable                                         | \$ 45,704                | 1          | 43,237                   | 1          |
| 1170                       | Notes and Accounts Receivable, Net (Note 6(2))     | 190,477                  | 5          | 210,688                  | 6          | 2201                                | Salary and Bonus Payable                                 | 127,347                  | 3          | 139,474                  | 4          |
| 1180                       | Receivables from Related Parties (Note 6(2) and 7) | 133,791                  | 4          | 134,756                  | 4          | 2213                                | Payables to Contractors and Equipment (Note 7)           | 52,527                   | 2          | 13,387                   | -          |
| 1310                       | Inventories (Note 6(3))                            | 130,408                  | 3          | 109,337                  | 3          | 2230                                | Income Tax Payable                                       | 101,698                  | 3          | 90,858                   | 2          |
| 1476                       | Other Financial Assets - Current (Note 6(1) and 8) | 502,607                  | 13         | 2,556                    | -          | 2399                                | Other Current Liabilities (Note 6(6) and 7)              | 126,441                  | 3          | 137,656                  | 4          |
| 1479                       | Other Current Assets                               | 18,888                   | 1          | 16,187                   | -          |                                     |                                                          | <u>453,717</u>           | <u>12</u>  | <u>424,612</u>           | <u>11</u>  |
|                            |                                                    | <u>2,685,387</u>         | <u>71</u>  | <u>2,757,846</u>         | <u>74</u>  |                                     |                                                          |                          |            |                          |            |
| <b>Noncurrent Assets :</b> |                                                    |                          |            |                          |            | 2640                                | Net Defined Benefit Liabilities - Noncurrent (Note 6(7)) | -                        | -          | 251                      | -          |
| 1600                       | Property, Plant and Equipment (Note 6(4), 7 and 8) | 1,100,949                | 29         | 990,408                  | 26         | 2600                                | Other Liabilities- Noncurrent                            | 10,477                   | -          | 7,301                    | -          |
| 1780                       | Intangible Assets (Note 6(5))                      | 683                      | -          | 1,167                    | -          |                                     |                                                          | <u>10,477</u>            | <u>-</u>   | <u>7,552</u>             | <u>-</u>   |
| 1840                       | Deferred Tax Assets (Note 6(8))                    | 9,409                    | -          | 9,860                    | -          |                                     |                                                          | <u>464,194</u>           | <u>12</u>  | <u>432,164</u>           | <u>11</u>  |
| 1980                       | Other Financial Assets - Noncurrent                | 501                      | -          | 501                      | -          |                                     |                                                          |                          |            |                          |            |
| 1975                       | Net Defined Benefit Asset- Noncurrent (Note6(7))   | 622                      | -          | -                        | -          |                                     |                                                          |                          |            |                          |            |
|                            |                                                    | <u>1,112,164</u>         | <u>29</u>  | <u>1,001,936</u>         | <u>26</u>  |                                     |                                                          |                          |            |                          |            |
| <b>Total Assets</b>        |                                                    | <u>\$ 3,797,551</u>      | <u>100</u> | <u>3,759,782</u>         | <u>100</u> |                                     |                                                          |                          |            |                          |            |
|                            |                                                    |                          |            |                          |            | <b>Liabilities and Equity</b>       |                                                          |                          |            |                          |            |
|                            |                                                    |                          |            |                          |            | <b>Current Liabilities :</b>        |                                                          |                          |            |                          |            |
|                            |                                                    |                          |            |                          |            | <b>Total Liabilities</b>            |                                                          |                          |            |                          |            |
|                            |                                                    |                          |            |                          |            | <b>Equity (Note 6(9)) :</b>         |                                                          |                          |            |                          |            |
|                            |                                                    |                          |            |                          |            | Capital Stock                       |                                                          | 690,162                  | 18         | 690,162                  | 19         |
|                            |                                                    |                          |            |                          |            | Capital Surplus                     |                                                          | 573,532                  | 15         | 573,532                  | 15         |
|                            |                                                    |                          |            |                          |            | Retained Earnings                   |                                                          | 2,069,663                | 55         | 2,063,924                | 55         |
|                            |                                                    |                          |            |                          |            | <b>Total Equity</b>                 |                                                          | <u>3,333,357</u>         | <u>88</u>  | <u>3,327,618</u>         | <u>89</u>  |
|                            |                                                    |                          |            |                          |            | <b>Total Liabilities and Equity</b> |                                                          | <u>\$ 3,797,551</u>      | <u>100</u> | <u>3,759,782</u>         | <u>100</u> |

See accompanying notes to the financial statements.

**Advanced Ceramic X Corporation**  
**Statements of Comprehensive Income**  
**Years Ended December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars)

|      |                                                                | <u>2018</u>              |                  | <u>2017</u>           |                  |
|------|----------------------------------------------------------------|--------------------------|------------------|-----------------------|------------------|
|      |                                                                | <u>Amount</u>            | <u>%</u>         | <u>Amount</u>         | <u>%</u>         |
| 4100 | <b>Net Revenue</b> (Note 6(11),(12) and 7)                     | \$ 1,804,308             | 100              | 1,963,490             | 100              |
| 5000 | <b>Cost of Revenue</b> (Note 6(3), (7), (13) and 7)            | 682,089                  | 38               | 727,389               | 37               |
|      | <b>Gross Profit</b>                                            | <u>1,122,219</u>         | <u>62</u>        | <u>1,236,101</u>      | <u>63</u>        |
|      | <b>Operating Expenses</b> (Note 6(7), (13) and 7)              |                          |                  |                       |                  |
| 6100 | Selling and Distribution Expenses                              | 31,869                   | 2                | 30,853                | 2                |
| 6200 | General and Administrative Expenses                            | 76,973                   | 4                | 76,535                | 4                |
| 6300 | Research and Development Expenses                              | 104,174                  | 6                | 99,582                | 5                |
|      |                                                                | <u>213,016</u>           | <u>12</u>        | <u>206,970</u>        | <u>11</u>        |
|      | <b>Profit from Operations</b>                                  | <u>909,203</u>           | <u>50</u>        | <u>1,029,131</u>      | <u>52</u>        |
|      | <b>Non-Operating Income and Expenses :</b>                     |                          |                  |                       |                  |
| 7101 | Interest Income                                                | 15,905                   | 1                | 15,261                | 1                |
| 7190 | Other Income                                                   | 175                      | -                | 380                   | -                |
| 7230 | Foreign Exchange Gain (Loss), Net                              | 20,088                   | 1                | (31,236)              | (1)              |
| 7610 | Gain on Disposal of Property, Plant and Equipment, Net         | 95                       | -                | 185                   | -                |
|      |                                                                | <u>36,263</u>            | <u>2</u>         | <u>(15,410)</u>       | <u>-</u>         |
| 7900 | <b>Profit Before Income Tax</b>                                | 945,466                  | 52               | 1,013,721             | 52               |
| 7950 | <b>Income Tax Expense</b> (Note 6(8))                          | 187,727                  | 10               | 175,133               | 9                |
|      | <b>Net Income</b>                                              | <u>757,739</u>           | <u>42</u>        | <u>838,588</u>        | <u>43</u>        |
| 8300 | <b>Other Comprehensive Income :</b>                            |                          |                  |                       |                  |
| 8310 | <b>Items That will Never Be Reclassified to Profit or Loss</b> |                          |                  |                       |                  |
| 8311 | Remeasurement of Defined Benefit Obligations<br>(Note 6(7))    | 277                      | -                | (37)                  | -                |
| 8300 | <b>Other Comprehensive Income, net of tax</b>                  | <u>277</u>               | <u>-</u>         | <u>(37)</u>           | <u>-</u>         |
| 8500 | <b>Total Comprehensive Income</b>                              | <u><u>\$ 758,016</u></u> | <u><u>42</u></u> | <u><u>838,551</u></u> | <u><u>43</u></u> |
|      | <b>Earnings Per Share (Expressed in Dollars)</b> (Note 6(10))  |                          |                  |                       |                  |
| 9750 | Basic Earnings Per Share                                       | <u>\$ 10.98</u>          |                  | <u>12.15</u>          |                  |
| 9850 | Diluted Earnings Per Share                                     | <u>\$ 10.95</u>          |                  | <u>12.12</u>          |                  |

See accompanying notes to the financial statements.

**Advanced Ceramic X Corporation**  
**Statements of Changes in Equity**  
**Years Ended December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars)

|                                              | Common<br>Stock   | Capital<br>Surplus | Retained Earnings |                           | Common<br>Stock  | Capital<br>Surplus |
|----------------------------------------------|-------------------|--------------------|-------------------|---------------------------|------------------|--------------------|
|                                              |                   |                    | Legal<br>Reserve  | Undistributed<br>Earnings |                  |                    |
| <b>Balance at January 1, 2017</b>            | \$ 690,162        | 573,532            | 475,888           | 1,474,155                 | 1,950,043        | 3,213,737          |
| Net income in 2017                           | -                 | -                  | -                 | 838,588                   | 838,588          | 838,588            |
| Other Comprehensive Income, Net of Tax       | -                 | -                  | -                 | (37)                      | (37)             | (37)               |
| Total Comprehensive Income for the Year      | -                 | -                  | -                 | 838,551                   | 838,551          | 838,551            |
| Appropriation and Distribution of Earnings : |                   |                    |                   |                           |                  |                    |
| Legal Reserve                                | -                 | -                  | 80,667            | (80,667)                  | -                | -                  |
| Cash Dividends                               | -                 | -                  | -                 | (724,670)                 | (724,670)        | (724,670)          |
| <b>Balance at December 31, 2017</b>          | <b>690,162</b>    | <b>573,532</b>     | <b>556,555</b>    | <b>1,507,369</b>          | <b>2,063,924</b> | <b>3,327,618</b>   |
| Net income in 2018                           | -                 | -                  | -                 | 757,739                   | 757,739          | 757,739            |
| Other Comprehensive Income, Net of Tax       | -                 | -                  | -                 | 277                       | 277              | 277                |
| Total Comprehensive Income for the Year      | -                 | -                  | -                 | 758,016                   | 758,016          | 758,016            |
| Appropriation and Distribution of Earnings : |                   |                    |                   |                           |                  |                    |
| Legal Reserve                                | -                 | -                  | 83,859            | (83,859)                  | -                | -                  |
| Cash Dividends                               | -                 | -                  | -                 | (752,277)                 | (752,277)        | (752,277)          |
| <b>Balance at December 31, 2018</b>          | <b>\$ 690,162</b> | <b>573,532</b>     | <b>640,414</b>    | <b>1,429,249</b>          | <b>2,069,663</b> | <b>3,333,357</b>   |

See accompanying notes to the financial statements.

**Advanced Ceramic X Corporation**  
**Statements of Cash Flows**  
**Years Ended December 31, 2018 and 2017**  
(Expressed in Thousands of New Taiwan Dollars)

|                                                             | <b>2018</b>  | <b>2017</b> |
|-------------------------------------------------------------|--------------|-------------|
| <b>Cash Flows from Operating Activities :</b>               |              |             |
| Profit Before Income Tax                                    | \$ 945,466   | 1,013,721   |
| Adjustments for :                                           |              |             |
| Depreciation                                                | 144,809      | 140,227     |
| Amortization                                                | 484          | 633         |
| Reversal of Expected Credit Loss (Reversal Bad Debt)        | (214)        | (54)        |
| Interest Income                                             | (15,905)     | (15,261)    |
| Gain on Disposal of Property, Plant and Equipment, Net      | (95)         | (185)       |
| Provision for Inventory Obsolescence and Devaluation Loss   | 11,999       | 15,795      |
| Total Adjustments to Reconcile Profit                       | 141,078      | 141,155     |
| Changes in Operating Assets and Liabilities :               |              |             |
| Notes and Accounts Receivable                               | 20,415       | 41,943      |
| Receivables from Related Parties                            | 975          | (36,558)    |
| Inventories                                                 | (33,070)     | (14,687)    |
| Other Operating Current Assets                              | (2,701)      | 139         |
| Accounts Payable                                            | 2,467        | (11,486)    |
| Net Defined Benefit Liabilities-Noncurrent                  | (596)        | (594)       |
| Other Liabilities-Noncurrent                                | 3,176        | 2,491       |
| Other Operating Current Liabilities                         | (23,342)     | 2,900       |
| Total Net Changes in Operating Assets and Liabilities       | (32,676)     | (15,852)    |
| Cash Generated from Operations                              | 1,053,868    | 1,139,024   |
| Interest Received                                           | 15,804       | 15,153      |
| Income Taxes Paid                                           | (176,436)    | (174,812)   |
| Net Cash Generated by Operating Activities                  | 893,236      | 979,365     |
| <b>Cash Flows from Investing Activities :</b>               |              |             |
| Acquisition of Property, Plant and Equipment                | (216,210)    | (327,192)   |
| Proceeds from Disposal of Property, Plant and Equipment     | 95           | 185         |
| Decrease (Increase) in Other Financial Assets               | (499,950)    | 875         |
| Net Cash Used in Investing Activities                       | (716,065)    | (326,132)   |
| <b>Cash Flows from Financing Activities :</b>               |              |             |
| Cash Dividends                                              | (752,277)    | (724,670)   |
| Net Cash Used in Financing Activities                       | (752,277)    | (724,670)   |
| <b>Net Decrease in Cash and Cash Equivalents</b>            | (575,106)    | (71,437)    |
| <b>Cash and Cash Equivalents at the Beginning of Period</b> | 2,284,322    | 2,355,759   |
| <b>Cash and Cash Equivalents at the End of Period</b>       | \$ 1,709,216 | 2,284,322   |

See accompanying notes to the financial statements.