

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2019 and 2018

Advanced Ceramic X Corporation

Balance Sheets

March 31, 2019, December 31, 2018 and March 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2019		December 31, 2018		March 31, 2018		Liabilities and Equity	March 31, 2019		December 31, 2018		March 31, 2018	
	Reviewed		Audited		Reviewed			Reviewed		Audited		Reviewed	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets :							Current Liabilities :						
1100 Cash and Cash Equivalents (Note 6(1))	\$ 2,198,274	55	1,709,216	45	2,547,913	65	2170 Accounts Payable	\$ 39,736	1	45,704	1	43,919	1
1170 Notes and Accounts Receivable, Net (Note 6(2))	187,073	5	190,477	5	193,872	5	2201 Salary and Bonus Payable	139,392	4	127,347	3	148,106	4
1180 Receivables from Related Parties (Note 6(2) and 7)	85,173	2	133,791	4	94,594	2	2213 Payables to Contractors and Equipment (Note 7)	45,694	1	52,527	2	5,554	-
1310 Inventories (Note 6(3))	126,109	3	130,408	3	120,125	3	2230 Income Tax Payable	143,880	4	101,698	3	127,918	3
1476 Other Financial Assets - Current (Note 6(1) and 8)	217,976	5	502,607	13	2,622	-	2399 Other Current Liabilities (Note 6(6) and 7)	127,553	3	126,441	3	140,173	4
1479 Other Current Assets	20,761	1	18,888	1	17,208	-		496,255	13	453,717	12	465,670	12
	<u>2,835,366</u>	<u>71</u>	<u>2,685,387</u>	<u>71</u>	<u>2,976,334</u>	<u>75</u>	Noncurrent Liabilities :						
Noncurrent Assets :							2640 Net Defined Benefit Liabilities - Noncurrent (Note 6(7))	-	-	-	-	97	-
1600 Property, Plant and Equipment (Note 6(4), 7 and 8)	1,162,886	29	1,100,949	29	961,948	25	2600 Other Liabilities- Noncurrent	11,138	-	10,477	-	7,941	-
1780 Intangible Assets (Note 6(5))	608	-	683	-	1,042	-		11,138	-	10,477	-	8,038	-
1840 Deferred Tax Assets	9,409	-	9,409	-	9,860	-	Total Liabilities	507,393	13	464,194	12	473,708	12
1980 Other Financial Assets - Noncurrent	463	-	501	-	501	-	Equity (Note 6(9)) :						
1975 Net Defined Benefit Asset- Noncurrent (Note6(7))	762	-	622	-	-	-	3100 Capital Stock	690,162	17	690,162	18	690,162	17
	1,174,128	29	1,112,164	29	973,351	25	3200 Capital Surplus	573,532	14	573,532	15	573,532	15
Total Assets	\$ 4,009,494	100	3,797,551	100	3,949,685	100	3300 Retained Earnings	2,238,407	56	2,069,663	55	2,212,283	56
							Total Equity	3,502,101	87	3,333,357	88	3,475,977	88
							Total Liabilities and Equity	\$ 4,009,494	100	3,797,551	100	3,949,685	100

See accompanying notes to the financial statements.

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Advanced Ceramic X Corporation
Statements of Comprehensive Income
For the Three Months Ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		Three Months Ended March 31			
		2019		2018	
		Amount	%	Amount	%
4100	Net Revenue (Note 6(11) and 7)	\$ 425,852	100	390,271	100
5000	Cost of Revenue (Note 6(3), (7) and (12))	168,794	40	151,658	39
	Gross Profit	257,058	60	238,613	61
	Operating Expenses (Note 6(7), (12) and 7)				
6100	Selling and Distribution Expenses	6,843	2	6,126	2
6200	General and Administrative Expenses	17,890	4	17,554	4
6300	Research and Development Expenses	26,963	6	22,432	6
		51,696	12	46,112	12
	Profit from Operations	205,362	48	192,501	49
	Non-Operating Income and Expenses :				
7101	Interest Income	3,754	1	4,220	1
7190	Other Income	705	-	176	-
7230	Foreign Exchange Gain (Loss), Net	1,109	1	(11,448)	(2)
		5,568	2	(7,052)	(1)
7900	Profit Before Income Tax	210,930	50	185,449	48
7950	Income Tax Expense (Note 6(8))	42,186	10	37,090	10
8200	Net Income	168,744	40	148,359	38
8300	Other Comprehensive Income, net	-	-	-	-
8500	Total Comprehensive Income	\$ 168,744	40	148,359	38
	Earnings Per Share (Expressed in Dollars) (Note 6(10))				
9750	Basic Earnings Per Share	\$	2.44		2.15
9850	Diluted Earnings Per Share	\$	2.44		2.15

See accompanying notes to the financial statements.

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**Advanced Ceramic X Corporation
Statements of Changes in Equity
For the Three Months Ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus	Retained Earnings		Common Stock	Total Equity
			Legal Reserve	Undistributed Earnings		
Balance at 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 at March 31, 2018	\$ 690,162	573,532	556,555	1,655,728	2,212,283	3,475,977
Balance at January 1, 2019	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357
Profit for the Three Months Ended March 31, 2019	-	-	-	168,744	168,744	168,744
Other Comprehensive Income for the Three Months Ended March 31, 2019	-	-	-	-	-	-
Total Comprehensive Income for the Three Months Ended March 31, 2019	-	-	-	168,744	168,744	168,744
Balance at March 31, 2019	\$ 690,162	573,532	640,414	1,597,993	2,238,407	3,502,101

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Advanced Ceramic X Corporation
Statements of Cash Flows
For the Three Months Ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2019	2018
Cash Flows from Operating Activities :		
Profit Before Income Tax	\$ 210,930	185,449
Adjustments for :		
Depreciation	37,479	34,877
Amortization	75	125
Reversal of Expected Credit Impairment Loss	(525)	(524)
Interest Income	(3,754)	(4,220)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	(6,000)	1,000
Total Adjustments to Reconcile Profit	27,275	31,258
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	3,438	16,986
Receivables from Related Parties	49,109	40,516
Inventories	10,299	(11,788)
Other Operating Current Assets	(1,873)	(1,021)
Accounts Payable	(5,968)	682
Net Defined Benefit Liabilities-Noncurrent	(140)	(154)
Other Liabilities-Noncurrent	661	640
Other Operating Current Liabilities	13,157	11,149
Total Net Changes in Operating Assets and Liabilities	68,683	57,010
Cash Generated from Operations	306,888	273,717
Interest Received	3,785	4,154
Income Taxes Paid	(4)	(30)
Net Cash Flows from Operating Activities	310,669	277,841
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(106,249)	(14,250)
Decrease in Guarantee Deposits	38	-
Decrease in Other Financial Assets	284,600	-
Net Cash Flows from (Used in) Investing Activities	178,389	(14,250)
Net Increase in Cash and Cash Equivalents	489,058	263,591
Cash and Cash Equivalents at the Beginning of Period	1,709,216	2,284,322
Cash and Cash Equivalents at the End of Period	\$ 2,198,274	2,547,913

See accompanying notes to the financial statements.