

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2019 and 2018

Advanced Ceramic X Corporation

Balance Sheets

June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets	June 30, 2019		December 31, 2018		June 30, 2018		Liabilities and Equity	June 30, 2019		December 31, 2018		June 30, 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))	\$ 2,282,087	55	1,709,216	45	2,686,600	65	2170 Accounts Payable	\$ 48,011	1	45,704	1	54,866	2
1170 Notes and Accounts Receivable, Net (Note 6(2))	189,861	5	190,477	5	232,546	6	2201 Salary and Bonus Payable	153,655	4	127,347	3	166,088	4
1180 Receivables from Related Parties (Note 6(2) and 7)	95,364	2	133,791	4	129,866	3	2213 Payables to Contractors and Equipment (Note 7)	64,566	2	52,527	2	1,918	-
1310 Inventories (Note 6(3))	121,396	3	130,408	3	136,071	3	2216 Cash Dividends Payable	681,880	16	-	-	752,277	18
1476 Other Financial Assets - Current (Note 6(1) and 8)	218,109	5	502,607	13	2,541	-	2230 Income Tax Payable	85,893	2	101,698	3	90,189	2
1479 Other Current Assets	20,838	-	18,888	1	19,010	-	2399 Other Current Liabilities (Note 6(6) and 7)	152,333	4	126,441	3	155,452	4
	<u>2,927,655</u>	<u>70</u>	<u>2,685,387</u>	<u>71</u>	<u>3,206,634</u>	<u>77</u>		<u>1,186,338</u>	<u>29</u>	<u>453,717</u>	<u>12</u>	<u>1,220,790</u>	<u>30</u>
Noncurrent Assets :							Noncurrent Liabilities :						
1600 Property, Plant and Equipment (Note 6(4), 7 and 8)	1,224,930	29	1,100,949	29	941,224	23	2600 Other Liabilities- Noncurrent	11,800	-	10,477	-	8,582	-
1780 Intangible Assets (Note 6(5))	533	-	683	-	917	-		<u>11,800</u>	<u>-</u>	<u>10,477</u>	<u>-</u>	<u>8,582</u>	<u>-</u>
1840 Deferred Tax Assets	9,409	-	9,409	-	9,860	-	Total Liabilities	<u>1,198,138</u>	<u>29</u>	<u>464,194</u>	<u>12</u>	<u>1,229,372</u>	<u>30</u>
1980 Other Financial Assets - Noncurrent (Note 8)	20,787	1	501	-	501	-	Equity (Note 6(9)) :						
1975 Net Defined Benefit Asset - Noncurrent (Note6(7))	905	-	622	-	54	-	3100 Capital Stock	690,162	16	690,162	18	690,162	16
	<u>1,256,564</u>	<u>30</u>	<u>1,112,164</u>	<u>29</u>	<u>952,556</u>	<u>23</u>	3200 Capital Surplus	573,532	14	573,532	15	573,532	14
Total Assets	\$ 4,184,219	100	3,797,551	100	4,159,190	100	3300 Retained Earnings	1,722,387	41	2,069,663	55	1,666,124	40
							Total Equity	<u>2,986,081</u>	<u>71</u>	<u>3,333,357</u>	<u>88</u>	<u>2,929,818</u>	<u>70</u>
							Total Liabilities and Equity	\$ 4,184,219	100	3,797,551	100	4,159,190	100

See accompanying notes to the financial statements.

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Advanced Ceramic X Corporation

Statements of Comprehensive Income

For the Three and Six Months Ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Three Months Ended June 30				Six Months Ended June 30				
	2019		2018		2019		2018		
	Amount	%	Amount	%	Amount	%	Amount	%	
4100	Net Revenue (Note 6(11) and 7)	\$ 429,565	100	457,038	100	855,417	100	847,309	100
5000	Cost of Revenue (Note 6(3), (7), (13) and 7)	173,844	40	174,348	38	342,638	40	326,006	38
	Gross Profit	255,721	60	282,690	62	512,779	60	521,303	62
	Operating Expenses (Note 6(7), (13) and 7) :								
6100	Selling and Distribution Expenses	9,601	3	8,808	2	16,968	1	14,934	2
6200	General and Administrative Expenses	18,437	4	19,268	4	36,327	4	36,822	4
6300	Research and Development Expenses	29,218	7	25,985	6	56,181	7	48,417	6
6450	Expected Credit Impairment Loss (Note 6(2))	5,181	1	-	-	4,657	1	-	-
		62,437	15	54,061	12	114,133	13	100,173	12
	Profit from Operations	193,284	45	228,629	50	398,646	47	421,130	50
	Non-Operating Income and Expenses :								
7101	Interest Income	3,818	1	4,224	1	7,572	1	8,444	1
7190	Other Income (Note 6(12))	1,946	1	-	-	2,651	-	176	-
7230	Foreign Exchange Gain, Net	8,277	2	24,699	5	9,386	1	13,251	2
7610	Gain on Disposal of Property, Plant and Equipment, Net	-	-	95	-	-	-	95	-
		14,041	4	29,018	6	19,609	2	21,966	3
7900	Profit Before Income Tax	207,325	49	257,647	56	418,255	49	443,096	53
7950	Income Tax Expense (Note 6(8))	41,465	10	51,529	11	83,651	10	88,619	11
8200	Net Income	165,860	39	206,118	45	334,604	39	354,477	42
8300	Other Comprehensive Income, net	-	-	-	-	-	-	-	-
8500	Total Comprehensive Income	\$ 165,860	39	206,118	45	334,604	39	354,477	42
	Earnings Per Share (Expressed in Dollars) (Note 6(10))								
9750	Basic Earnings Per Share	\$ 2.41		2.99		4.85		5.14	
9850	Diluted Earnings Per Share	\$ 2.40		2.98		4.84		5.13	

See accompanying notes to the financial statements.

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**Advanced Ceramic X Corporation
Statements of Changes in Equity
For the Six Months Ended June 30, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus	Retained Earnings		Total Equity	
			Legal Reserve	Undistributed Earnings		Subtotal
Balance at January 1, 2018	\$ 690,162	573,532	556,555	1,507,369	2,063,924	3,327,618
Profit for the Six Months Ended June 30, 2018	-	-	-	354,477	354,477	354,477
Other Comprehensive Income for the Six Months Ended June 30, 2018	-	-	-	-	-	-
Total Comprehensive Income for the Six Months Ended June 30, 2018	-	-	-	354,477	354,477	354,477
Appropriation and Distribution of 2017 Earnings :						
Legal Reserve	-	-	83,859	(83,859)	-	-
Cash Dividends	-	-	-	(752,277)	(752,277)	(752,277)
Balance at of June 30, 2018	\$ 690,162	573,532	640,414	1,025,710	1,666,124	2,929,818
Balance at January 1, 2019	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357
Profit for the Six Months Ended June 30, 2019	-	-	-	334,604	334,604	334,604
Other Comprehensive Income for the Six Months Ended June 30, 2019	-	-	-	-	-	-
Total Comprehensive Income for the Six Months Ended June 30, 2019	-	-	-	334,604	334,604	334,604
Appropriation and Distribution of 2018 Earnings :						
Legal Reserve	-	-	75,774	(75,774)	-	-
Cash Dividends	-	-	-	(681,880)	(681,880)	(681,880)
Balance at of June 30, 2019	\$ 690,162	573,532	716,188	1,006,199	1,722,387	2,986,081

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Advanced Ceramic X Corporation
Statements of Cash Flows
For the Six Months Ended June 30, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Six Months Ended June 30	
	2019	2018
Cash Flows from Operating Activities :		
Profit Before Income Tax	\$ 418,255	443,096
Adjustments for :		
Depreciation	74,818	70,970
Amortization	150	250
Provision of Expected Credit Impairment Loss	4,657	172
Interest Income	(7,572)	(8,444)
Gain on Disposal of Property, Plant and Equipment, Net	-	(95)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	(5,000)	4,000
Total Adjustments to Reconcile Profit	<u>67,053</u>	<u>66,853</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(4,429)	(22,079)
Receivables from Related Parties	38,815	4,939
Inventories	14,012	(30,734)
Other Operating Current Assets	(1,950)	(2,823)
Accounts Payable	2,307	11,629
Net Defined Benefit Liabilities-Noncurrent	(283)	(305)
Other Liabilities-Noncurrent	1,323	1,281
Other Operating Current Liabilities	<u>52,200</u>	<u>44,410</u>
Total Net Changes in Operating Assets and Liabilities	<u>101,995</u>	<u>6,318</u>
Cash Generated from Operations	587,303	516,267
Interest Received	7,470	8,459
Income Taxes Paid	<u>(99,456)</u>	<u>(89,288)</u>
Net Cash Flows from Operating Activities	<u>495,317</u>	<u>435,438</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(186,760)	(33,255)
Proceeds from Disposal of Property, Plant and Equipment	-	95
Decrease in Guarantee Deposits	54	-
Decrease in Other Financial Assets	<u>264,260</u>	<u>-</u>
Net Cash Flows from (Used in) Investing Activities	<u>77,554</u>	<u>(33,160)</u>
Net Increase in Cash and Cash Equivalents	572,871	402,278
Cash and Cash Equivalents at the Beginning of Period	<u>1,709,216</u>	<u>2,284,322</u>
Cash and Cash Equivalents at the End of Period	<u><u>\$ 2,282,087</u></u>	<u><u>2,686,600</u></u>

See accompanying notes to the financial statements.