

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

**Advanced Ceramic X Corporation**

**Balance Sheets**

**September 30, 2019, December 31, 2018 and September 30, 2018**

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2019		December 31, 2018		September 30, 2018		September 30, 2019		December 31, 2018		September 30, 2018	
	Reviewed		Audited		Reviewed		Reviewed		Audited		Reviewed	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>												
<b>Current Assets :</b>												
1100 Cash and Cash Equivalents (Note 6(1))	\$ 1,675,692	46	1,709,216	45	1,723,715	47						
1170 Notes and Accounts Receivable, Net (Note 6(2))	189,662	5	190,477	5	231,567	6						
1180 Receivables from Related Parties (Note 6(2) and 7)	74,970	2	133,791	4	109,606	3						
1310 Inventories (Note 6(3))	130,908	4	130,408	3	139,636	4						
1476 Other Financial Assets - Current (Note 6(1) and 8)	216,215	6	502,607	13	344,606	10						
1479 Other Current Assets	26,318	1	18,888	1	22,908	1						
	<u>2,313,765</u>	<u>64</u>	<u>2,685,387</u>	<u>71</u>	<u>2,572,038</u>	<u>71</u>						
<b>Noncurrent Assets :</b>												
1600 Property, Plant and Equipment (Note 6(4), 7 and 8)	1,310,052	36	1,100,949	29	1,049,523	29						
1780 Intangible Assets (Note 6(5))	1,183	-	683	-	792	-						
1840 Deferred Tax Assets	9,409	-	9,409	-	9,860	-						
1980 Other Financial Assets - Noncurrent	446	-	501	-	501	-						
1975 Net Defined Benefit Asset - Noncurrent (Note 6(7))	1,047	-	622	-	201	-						
	<u>1,322,137</u>	<u>36</u>	<u>1,112,164</u>	<u>29</u>	<u>1,060,877</u>	<u>29</u>						
<b>Total Assets</b>	<b>\$ 3,635,902</b>	<b>100</b>	<b>3,797,551</b>	<b>100</b>	<b>3,632,915</b>	<b>100</b>						
<b>Liabilities and Equity</b>												
<b>Current Liabilities :</b>												
2170 Accounts Payable	\$ 52,480	2	45,704	1	44,828	1						
2201 Salary and Bonus Payable	166,897	5	127,347	3	181,678	5						
2213 Payables to Contractors and Equipment (Note 7)	83,813	2	52,527	2	68,728	2						
2230 Income Tax Payable	28,960	1	101,698	3	52,614	2						
2399 Other Current Liabilities (Note 6(6) and 7)	147,963	4	126,441	3	147,151	4						
	<u>480,113</u>	<u>14</u>	<u>453,717</u>	<u>12</u>	<u>494,999</u>	<u>14</u>						
<b>Noncurrent Liabilities :</b>												
2600 Other Liabilities- Noncurrent	13,399	-	10,477	-	9,837	-						
	<u>13,399</u>	<u>-</u>	<u>10,477</u>	<u>-</u>	<u>9,837</u>	<u>-</u>						
<b>Total Liabilities</b>	<u>493,512</u>	<u>14</u>	<u>464,194</u>	<u>12</u>	<u>504,836</u>	<u>14</u>						
<b>Equity (Note 6(9)) :</b>												
3100 Capital Stock	690,162	19	690,162	18	690,162	19						
3200 Capital Surplus	573,532	15	573,532	15	573,532	16						
3300 Retained Earnings	1,878,696	52	2,069,663	55	1,864,385	51						
	<u>3,142,390</u>	<u>86</u>	<u>3,333,357</u>	<u>88</u>	<u>3,128,079</u>	<u>86</u>						
<b>Total Equity</b>	<u>3,142,390</u>	<u>86</u>	<u>3,333,357</u>	<u>88</u>	<u>3,128,079</u>	<u>86</u>						
<b>Total Liabilities and Equity</b>	<b>\$ 3,635,902</b>	<b>100</b>	<b>3,797,551</b>	<b>100</b>	<b>3,632,915</b>	<b>100</b>						

See accompanying notes to the financial statements.

**Reviewed only, not audited in accordance with generally accepted auditing standards**

**Advanced Ceramic X Corporation**

**Statements of Comprehensive Income**

**For the Three and Nine Months Ended September 30, 2019 and 2018**

(Expressed in Thousands of New Taiwan Dollars)

	<b>Three Months Ended September 30</b>				<b>Nine Months Ended September 30</b>			
	<b>2019</b>		<b>2018</b>		<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4100 <b>Net Revenue</b> (Note 6(11) and 7)	\$ 415,061	100	472,421	100	1,270,478	100	1,319,730	100
5000 <b>Cost of Revenue</b> (Note 6(3), (7), (13) and 7)	170,158	41	173,894	37	512,796	40	499,900	38
<b>Gross Profit</b>	<u>244,903</u>	<u>59</u>	<u>298,527</u>	<u>63</u>	<u>757,682</u>	<u>60</u>	<u>819,830</u>	<u>62</u>
<b>Operating Expenses</b> (Note 6(7), (13) and 7) :								
6100 Selling and Distribution Expenses	9,919	2	8,071	2	26,887	2	22,833	2
6200 General and Administrative Expenses	20,072	5	19,625	4	56,399	5	56,447	4
6300 Research and Development Expenses	28,128	7	27,933	6	84,309	7	76,350	6
6450 Expected Credit Impairment Loss (Gain) (Note 6(2))	802	-	(109)	-	5,459	-	63	-
	<u>58,921</u>	<u>14</u>	<u>55,520</u>	<u>12</u>	<u>173,054</u>	<u>14</u>	<u>155,693</u>	<u>12</u>
<b>Profit from Operations</b>	<u>185,982</u>	<u>45</u>	<u>243,007</u>	<u>51</u>	<u>584,628</u>	<u>46</u>	<u>664,137</u>	<u>50</u>
<b>Non-Operating Income and Expenses :</b>								
7101 Interest Income	3,601	1	3,802	1	11,173	1	12,246	1
7190 Other Income (Note 6(12))	3,196	1	-	-	5,847	-	176	-
7230 Foreign Exchange Gain (Loss), Net	(305)	-	1,017	-	9,081	1	14,268	1
7610 Gain on Disposal of Property, Plant and Equipment, Net	100	-	-	-	100	-	95	-
	<u>6,592</u>	<u>2</u>	<u>4,819</u>	<u>1</u>	<u>26,201</u>	<u>2</u>	<u>26,785</u>	<u>2</u>
7900 <b>Profit Before Income Tax</b>	192,574	47	247,826	52	610,829	48	690,922	52
7950 <b>Income Tax Expense</b> (Note 6(8))	36,265	9	49,565	10	119,916	9	138,184	10
8200 <b>Net Income</b>	<u>156,309</u>	<u>38</u>	<u>198,261</u>	<u>42</u>	<u>490,913</u>	<u>39</u>	<u>552,738</u>	<u>42</u>
8300 <b>Other Comprehensive Income, net</b>	-	-	-	-	-	-	-	-
8500 <b>Total Comprehensive Income</b>	<u>\$ 156,309</u>	<u>38</u>	<u>198,261</u>	<u>42</u>	<u>490,913</u>	<u>39</u>	<u>552,738</u>	<u>42</u>
<b>Earnings Per Share (Expressed in Dollars)</b> (Note 6(10))								
9750 Basic Earnings Per Share	<u>\$ 2.26</u>		<u>2.87</u>		<u>7.11</u>		<u>8.01</u>	
9850 Diluted Earnings Per Share	<u>\$ 2.26</u>		<u>2.87</u>		<u>7.10</u>		<u>7.98</u>	

See accompanying notes to the financial statements.

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

	Common Stock	Capital Surplus	Retained Earnings		Subtotal	Total Equity
			Legal Reserve	Undistributed Earnings		
<b>Balance at January 1, 2018</b>	\$ 690,162	573,532	556,555	1,507,369	2,063,924	3,327,618
Profit for the Nine Months Ended September 30, 2018	-	-	-	552,738	552,738	552,738
Other Comprehensive Income for the Nine Months Ended September 30, 2018	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2018	-	-	-	552,738	552,738	552,738
Appropriation and Distribution of 2017 Earnings :						
Legal Reserve	-	-	83,859	(83,859)	-	-
Cash Dividends	-	-	-	(752,277)	(752,277)	(752,277)
<b>Balance at of September 30, 2018</b>	<b>\$ 690,162</b>	<b>573,532</b>	<b>640,414</b>	<b>1,223,971</b>	<b>1,864,385</b>	<b>3,128,079</b>
<b>Balance at January 1, 2019</b>	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357
Profit for the Nine Months Ended September 30, 2019	-	-	-	490,913	490,913	490,913
Other Comprehensive Income for the Nine Months Ended September 30, 2019	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2019	-	-	-	490,913	490,913	490,913
Appropriation and Distribution of 2018 Earnings :						
Legal Reserve	-	-	75,774	(75,774)	-	-
Cash Dividends	-	-	-	(681,880)	(681,880)	(681,880)
<b>Balance at of September 30, 2019</b>	<b>\$ 690,162</b>	<b>573,532</b>	<b>716,188</b>	<b>1,162,508</b>	<b>1,878,696</b>	<b>3,142,390</b>

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

	<b>Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash Flows from Operating Activities :</b>		
Profit Before Income Tax	\$ 610,829	690,922
Adjustments for :		
Depreciation	111,465	107,241
Amortization	250	375
Provision of Expected Credit Impairment Loss	5,459	63
Interest Income	(11,173)	(12,246)
Gain on Disposal of Property, Plant and Equipment, Net	(100)	(95)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	(4,700)	4,500
Total Adjustments to Reconcile Profit	<u>101,201</u>	<u>99,838</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(5,238)	(21,196)
Receivables from Related Parties	59,415	25,404
Inventories	4,200	(34,799)
Other Operating Current Assets	(7,430)	(6,922)
Accounts Payable	6,776	1,591
Net Defined Benefit Liabilities-Noncurrent	(425)	(251)
Other Liabilities-Noncurrent	2,922	2,536
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	<u>61,072</u>	<u>51,699</u>
Total Net Changes in Operating Assets and Liabilities	<u>121,292</u>	<u>18,062</u>
Cash Generated from Operations	833,322	808,822
Interest Received	11,465	12,196
Income Taxes Paid	(192,654)	(176,428)
<b>Net Cash Flows from Operating Activities</b>	<u>652,133</u>	<u>644,590</u>
<b>Cash Flows from Investing Activities :</b>		
Acquisition of Property, Plant and Equipment	(289,282)	(111,015)
Proceeds from Disposal of Property, Plant and Equipment	100	95
Decrease in Guarantee Deposits	55	-
Acquisition of Intangible Assets	(750)	-
Decrease (Increase) in Other Financial Assets	286,100	(342,000)
<b>Net Cash Flows from Used in Investing Activities</b>	<u>(3,777)</u>	<u>(452,920)</u>
<b>Cash Flows from Financing Activities :</b>		
Cash Dividends	(681,880)	(752,277)
<b>Net Cash Flows from Used in Financing Activities</b>	<u>(681,880)</u>	<u>(752,277)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(33,524)	(560,607)
<b>Cash and Cash Equivalents at the Beginning of Period</b>	<u>1,709,216</u>	<u>2,284,322</u>
<b>Cash and Cash Equivalents at the End of Period</b>	<u><b>\$ 1,675,692</b></u>	<u><b>1,723,715</b></u>

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