

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

Advanced Ceramic X Corporation

Balance Sheets

September 30, 2018, December 31, 2017 and September 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

	<u>September 30, 2018</u>		<u>December 31, 2017</u>		<u>September 30, 2017</u>			<u>September 30, 2018</u>		<u>December 31, 2017</u>		<u>September 30, 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 :						
1100 Cash and Cash Equivalents (Note 6(a))	\$ 1,723,715	47	2,284,322	61	2,139,255	59	2170 Accounts Payable	\$ 44,828	1	43,237	1	49,384	1
1170 Notes and Accounts Receivable, Net (Note 6(b))	231,567	6	210,688	6	235,813	6	2201 Salary and Bonus Payable	181,678	5	139,474	4	203,168	6
1180 Receivables from Related Parties (Note 6(b) and 7)	109,606	3	134,756	4	137,226	4	2213 Payables to Contractors and Equipment	68,728	2	13,387	-	22,463	1
1310 Inventories (Note 6(c))	139,636	4	109,337	3	126,350	3	2230 Income Tax Payable	52,614	2	90,858	2	47,582	1
Other Financial Assets - Current (Note 6(a) and 8)	344,606	10	2,556	-	2,418	-	2399 Other Current Liabilities (Note 6(f) and 7)	147,151	4	137,656	4	188,503	5
1476								494,999	14	424,612	11	511,100	14
1479 Other Current Assets	22,908	1	16,187	-	18,672	1	Noncurrent Liabilities :						
	<u>2,572,038</u>	<u>71</u>	<u>2,757,846</u>	<u>74</u>	<u>2,659,734</u>	<u>73</u>	2640 Net Defined Benefit Liabilities - Noncurrent (Note 6(g))	-	-	251	-	363	-
Noncurrent Assets :							2600 Other Liabilities	9,837	-	7,301	-	6,679	-
1600 Property, Plant and Equipment (Note 6(d) and 8)	1,049,523	29	990,408	26	990,911	27		<u>9,837</u>	<u>-</u>	<u>7,552</u>	<u>-</u>	<u>7,042</u>	<u>-</u>
1780 Intangible Assets (Note 6(e))	792	-	1,167	-	1,292	-	Total Liabilities	<u>504,836</u>	<u>14</u>	<u>432,164</u>	<u>11</u>	<u>518,142</u>	<u>14</u>
1840 Deferred Income Tax Assets	9,860	-	9,860	-	5,513	-	Equity (Note 6(i)) :						
1980 Other Financial Assets - Noncurrent	501	-	501	-	459	-	3100 Capital Stock	690,162	19	690,162	19	690,162	19
1995 Other Noncurrent Assets-Other	201	-	-	-	-	-	3200 Capital Surplus	573,532	16	573,532	15	573,532	16
	<u>1,060,877</u>	<u>29</u>	<u>1,001,936</u>	<u>26</u>	<u>998,175</u>	<u>27</u>	3300 Retained Earnings	1,864,385	51	2,063,924	55	1,876,073	51
Total Assets	<u>\$ 3,632,915</u>	<u>100</u>	<u>3,759,782</u>	<u>100</u>	<u>3,657,909</u>	<u>100</u>	Total Equity	<u>3,128,079</u>	<u>86</u>	<u>3,327,618</u>	<u>89</u>	<u>3,139,767</u>	<u>86</u>
							Total Liabilities and Equity	<u>\$ 3,632,915</u>	<u>100</u>	<u>3,759,782</u>	<u>100</u>	<u>3,657,909</u>	<u>100</u>

See accompanying notes to the financial statements.

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Advanced Ceramic X Corporation

Statements of Comprehensive Income

For the Three and Nine Months Ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>Three months ended September 30</u>				<u>Nine months ended September 30</u>			
	<u>2018</u>		<u>2017</u>		<u>2018</u>		<u>2017</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100 Net Sales Revenue (Note 6(o)(p) and 7)	\$ 472,421	100	506,099	100	1,319,730	100	1,498,346	100
5000 Operating Costs (Note 6(c)(k) and 7)	173,894	37	181,428	36	499,900	38	544,926	36
Gross Profit	298,527	63	324,671	64	819,830	62	953,420	64
Operating Expenses (Note 6(k) and 7) :								
6100 Selling and Distribution Expenses	7,962	2	7,317	1	22,896	2	22,702	2
6200 General and Administrative Expenses	19,625	4	19,278	4	56,447	4	58,451	4
6300 Research and Development Expenses	27,933	6	26,490	5	76,350	6	76,001	5
	55,520	12	53,085	10	155,693	12	157,154	11
Profit from Operations	243,007	51	271,586	54	664,137	50	796,266	53
Non-Operating Income and Expenses :								
7101 Interest Income	3,802	1	4,193	-	12,246	1	11,580	1
7190 Other Income	-	-	84	-	176	-	311	-
7230 Foreign Exchange Gain (Loss), Net	1,017	-	(1,239)	-	14,268	1	(21,475)	(1)
7610 Gain on Disposal of Property, Plant and Equipment, Net	-	-	-	-	95	-	185	-
	4,819	1	3,038	-	26,785	2	(9,399)	-
7900 Profit Before Income Tax	247,826	52	274,624	54	690,922	52	786,867	53
7950 Income Tax Expense (Note 6(h))	49,565	10	47,886	9	138,184	10	136,167	9
Profit for the period	198,261	42	226,738	45	552,738	42	650,700	44
8300 Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-
8500 Total Comprehensive Income	<u>\$ 198,261</u>	<u>42</u>	<u>226,738</u>	<u>45</u>	<u>552,738</u>	<u>42</u>	<u>650,700</u>	<u>44</u>
Earnings Per Share (Expressed in Dollars) (Note 6(j))								
9750 Basic Earnings Per Share	<u>\$ 2.87</u>		<u>3.29</u>		<u>8.01</u>		<u>9.43</u>	
9850 Diluted Earnings Per Share	<u>\$ 2.87</u>		<u>3.28</u>		<u>7.98</u>		<u>9.41</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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Total Equity	
			Legal Reserve	Undistributed Earnings		
Balance as of January 1, 2017	\$ 690,162	573,532	475,888	1,474,155	1,950,043	3,213,737
Profit for the Nine Months Ended September 30, 2017	-	-	-	650,700	650,700	650,700
Other Comprehensive Income for the Nine Months Ended September 30, 2017	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2017	-	-	-	650,700	650,700	650,700
Appropriation and Distribution of 2016 Earnings :						
Legal Reserve	-	-	80,667	(80,667)	-	-
Cash Dividends	-	-	-	(724,670)	(724,670)	(724,670)
Balance as of September 30, 2017	\$ 690,162	573,532	556,555	1,319,518	1,876,073	3,139,767
Balance as of January 1, 2018	\$ 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)
Balance as of September 30, 2018	\$ 690,162	573,532	640,414	1,223,971	1,864,385	3,128,079

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Advanced Ceramic X Corporation

Statements of Cash Flows

For the Nine Months Ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Nine months ended September 30	
	2018	2017
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 690,922	786,867
Adjustments for :		
Depreciation	107,241	103,660
Amortization	375	508
Provision of Expected Credit Losses (Bad Debt)	63	225
Interest Income	(12,246)	(11,580)
Gain on Disposal of Property, Plant and Equipment, Net	(95)	(185)
Provision for Inventory Obsolescence and Devaluation Loss	4,500	13,400
Total Adjustments to Reconcile Profit	99,838	106,028
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(21,196)	16,564
Receivables from Related Parties	25,404	(39,053)
Inventories	(34,799)	(29,305)
Other Operating Current Assets	(6,922)	(2,346)
Accounts Payable	1,591	(5,339)
Net Defined Benefit Liabilities-Noncurrent	(251)	(445)
Other Liabilities-Noncurrent	2,536	1,869
Other Operating Current Liabilities	51,699	117,441
Total Net Changes in Operating Assets and Liabilities	18,062	59,386
Cash Generated from Operations	808,822	952,281
Interest Received	12,196	11,617
Income Taxes Paid	(176,428)	(174,782)
Net Cash Generated by Operating Activities	644,590	789,116
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(111,015)	(282,052)
Proceeds from Disposal of Property, Plant and Equipment	95	185
Decrease (Increase) in Other Financial Assets	(342,000)	917
Net Cash Used in Investing Activities	(452,920)	(280,950)
Cash Flows from Financing Activities :		
Cash Dividends	(752,277)	(724,670)
Net Cash Used in Financing Activities	(752,277)	(724,670)
Net Decrease in Cash and Cash Equivalents	(560,607)	(216,504)
Cash and Cash Equivalents at the Beginning of Period	2,284,322	2,355,759
Cash and Cash Equivalents at the End of Period	\$ 1,723,715	2,139,255

See accompanying notes to the financial statements.