

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2020 and 2019

Advanced Ceramic X Corporation

Balance Sheets

March 31, 2020, December 31, 2019 and March 31, 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2020		December 31, 2019		March 31, 2019		Liabilities and Equity	March 31, 2020		December 31, 2019		March 31, 2019	
	Reviewed		Audited		Reviewed			Reviewed		Audited		Reviewed	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current Assets :							Current Liabilities :						
1100 Cash and Cash Equivalents (Note 6(1))	\$ 1,642,388	41	1,727,244	46	2,198,274	55	2170 Accounts Payable	\$ 55,488	1	50,504	1	39,736	1
1170 Notes and Accounts Receivable, Net (Note 6(2) and (11))	240,579	6	178,135	5	187,073	5	2201 Salary and Bonus Payable	137,094	4	120,688	3	139,392	4
1180 Receivables from Related Parties (Note 6(2), (11) and 7)	174,402	4	84,294	2	85,173	2	2213 Payables to Contractors and Equipment (Note 7)	110,782	3	91,046	3	45,694	1
1310 Inventories (Note 6(3))	117,251	3	117,516	3	126,109	3	2230 Income Tax Payable	114,480	3	68,006	2	143,880	4
1476 Other Financial Assets - Current (Note 6(1) and 8)	216,160	5	216,237	6	217,976	5	2399 Other Current Liabilities (Note 6(6) and 7)	134,083	3	137,282	4	127,553	3
1479 Other Current Assets	40,382	1	25,642	-	20,761	1		<u>551,927</u>	<u>14</u>	<u>467,526</u>	<u>13</u>	<u>496,255</u>	<u>13</u>
	<u>2,431,162</u>	<u>60</u>	<u>2,349,068</u>	<u>62</u>	<u>2,835,366</u>	<u>71</u>	Noncurrent Liabilities :						
Noncurrent Assets :							2600 Other Liabilities- Noncurrent	14,741	-	14,061	-	11,138	-
1600 Property, Plant and Equipment (Note 6(4), 7 and 8)	1,526,378	38	1,417,742	38	1,162,886	29		<u>14,741</u>	<u>-</u>	<u>14,061</u>	<u>-</u>	<u>11,138</u>	<u>-</u>
1780 Intangible Assets (Note 6(5))	1,641	-	1,783	-	608	-	Total Liabilities	<u>566,668</u>	<u>14</u>	<u>481,587</u>	<u>13</u>	<u>507,393</u>	<u>13</u>
1840 Deferred Tax Assets	9,497	-	9,497	-	9,409	-	Equity (Note 6(9)) :						
1900 Other Assets - Noncurrent	80,455	2	-	-	-	-	3100 Capital Stock	690,162	17	690,162	18	690,162	17
1980 Other Financial Assets - Noncurrent	217	-	447	-	463	-	3200 Capital Surplus	573,532	14	573,532	15	573,532	14
1975 Net Defined Benefit Asset - Noncurrent (Note6(7))	1,258	-	1,094	-	762	-	3300 Retained Earnings	2,220,246	55	2,034,350	54	2,238,407	56
	<u>1,619,446</u>	<u>40</u>	<u>1,430,563</u>	<u>38</u>	<u>1,174,128</u>	<u>29</u>	Total Equity	<u>3,483,940</u>	<u>86</u>	<u>3,298,044</u>	<u>87</u>	<u>3,502,101</u>	<u>87</u>
Total Assets	\$ 4,050,608	100	3,779,631	100	4,009,494	100	Total Liabilities and Equity	\$ 4,050,608	100	3,779,631	100	4,009,494	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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		Three Months Ended March 31			
		2020		2019	
		Amount	%	Amount	%
4100	Net Revenue (Note 6(11) and 7)	\$ 481,098	100	425,852	100
5000	Cost of Revenue (Note 6(3), (13) and 7)	199,890	42	168,794	40
	Gross Profit	<u>281,208</u>	<u>58</u>	<u>257,058</u>	<u>60</u>
	Operating Expenses (Note 6(13) and 7) :				
6100	Selling and Distribution Expenses	8,773	2	7,368	2
6200	General and Administrative Expenses	21,481	4	17,890	4
6300	Research and Development Expenses	31,098	6	26,963	6
6450	Expected Credit Impairment Loss (Gain) (Note 6(2))	1,542	-	(525)	-
		<u>62,894</u>	<u>12</u>	<u>51,696</u>	<u>12</u>
	Profit from Operations	<u>218,314</u>	<u>46</u>	<u>205,362</u>	<u>48</u>
	Non-Operating Income and Expenses :				
7101	Interest Income	2,837	1	3,754	1
7190	Other Income (Note 6(12))	2,434	1	705	-
7230	Foreign Exchange Gain, Net	8,785	2	1,109	1
		<u>14,056</u>	<u>4</u>	<u>5,568</u>	<u>2</u>
7900	Profit Before Income Tax	232,370	50	210,930	50
7950	Income Tax Expense (Note 6(8))	46,474	10	42,186	10
8200	Net Income	<u>185,896</u>	<u>40</u>	<u>168,744</u>	<u>40</u>
8300	Other Comprehensive Income :				
8300	Other Comprehensive Income, net of tax	-	-	-	-
8500	Total Comprehensive Income	<u>\$ 185,896</u>	<u>40</u>	<u>168,744</u>	<u>40</u>
	Earnings Per Share (Expressed in Dollars) (Note 6(10))				
9750	Basic Earnings Per Share	<u>\$ 2.69</u>		<u>2.44</u>	
9850	Diluted Earnings Per Share	<u>\$ 2.69</u>		<u>2.44</u>	

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**Advanced Ceramic X Corporation
Statements of Changes in Equity
For the Three Months Ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)**

	Common Stock	Capital Surplus	Retained Earnings		Capital Surplus	
			Legal Reserve	Undistributed Earnings		Subtotal
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
Balance at January 1, 2020	\$ 690,162	573,532	716,188	1,318,162	2,034,350	3,298,044
Profit for the Three Months Ended March 31, 2020	-	-	-	185,896	185,896	185,896
Other Comprehensive Income for the Three Months Ended March 31, 2020	-	-	-	-	-	-
Total Comprehensive Income for the Three Months Ended March 31, 2020	-	-	-	185,896	185,896	185,896
Balance at March 31, 2020	\$ 690,162	573,532	716,188	1,504,058	2,220,246	3,483,940

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Advanced Ceramic X Corporation
Statements of Cash Flows
For the Three Months Ended March 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Three Months Ended March 31	
	2020	2019
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 232,370	210,930
Adjustments for :		
Depreciation Expense	36,488	37,479
Amortization Expense	163	75
Expected Credit Loss (Gain)	1,542	(525)
Interest Income	(2,837)	(3,754)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	3,500	(6,000)
Total Adjustments to Reconcile Profit	<u>38,856</u>	<u>27,275</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(63,075)	3,438
Receivables from Related Parties	(91,019)	49,109
Inventories	(3,235)	10,299
Other Operating Current Assets	(14,740)	(1,873)
Net Defined Benefit Assets	(164)	(140)
Accounts Payable	4,984	(5,968)
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	13,207	13,157
Other Liabilities-Noncurrent	680	661
Total Net Changes in Operating Assets and Liabilities	<u>(153,362)</u>	<u>68,683</u>
Cash Generated from Operations	117,864	306,888
Interest Received	2,914	3,785
Income Taxes Paid	-	(4)
Net Cash Generated by Operating Activities	<u>120,778</u>	<u>310,669</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(125,388)	(106,249)
Decrease in Guarantee Deposits	230	38
Decrease in Other Financial Assets	-	284,600
Increase in Other Assets- Noncurrent	(80,476)	-
Net Cash Flows from (Used in) Investing Activities	<u>(205,634)</u>	<u>178,389</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(84,856)	489,058
Cash and Cash Equivalents at the Beginning of Period	<u>1,727,244</u>	<u>1,709,216</u>
Cash and Cash Equivalents at the End of Period	<u><u>\$ 1,642,388</u></u>	<u><u>2,198,274</u></u>

See accompanying notes to the financial statements.