

Stock Symbol: 1325

Universal Incorporation and Subsidiaries

Consolidated Parent and Subsidiary Financial Report for Q2 2016

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Universal Incorporation and Subsidiaries
Consolidated Balance Sheets

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2016		December 31, 2015		June 30, 2015	
		Amount	%	Amount	%	Amount	%
Current Assets							
1100	Cash and cash equivalents	\$ 114,248	5	\$ 152,665	7	\$ 487,787	23
1125	Available-for-sale financial assets – current	208,834	10	172,464	8	145,639	7
1147	Debt investments without active market - current	570,360	27	490,851	23	71,523	3
1150	Notes receivable	24,132	1	9,369	1	13,891	1
1170	Accounts receivables	136,891	7	152,397	7	150,408	7
1200	Other receivables	5,014	-	3,134	-	12,068	1
130X	Inventories	136,507	6	141,577	7	182,135	9
1412	Prepayment for lease	333	-	352	-	351	-
1470	Other current assets	21,333	1	27,593	1	25,437	1
11XX	Total current assets	1,217,652	57	1,150,402	54	1,089,239	52
Non-current Assets							
1543	Financial assets measured at cost – non-current	57,088	3	58,738	3	58,738	3
1600	Property, plant and equipment	863,517	40	892,606	42	917,825	44
1821	Other intangible assets	89	-	111	-	133	-
1840	Deferred income tax assets	3,852	-	4,982	-	7,083	-
1920	Refundable deposits	253	-	254	-	254	-
1985	Long-term prepayment for lease	9,400	-	9,929	1	10,090	1
15XX	Total non-current assets	934,199	43	966,620	46	994,123	48
1XXX	Total Assets	\$ 2,151,851	100	\$ 2,117,022	100	\$ 2,083,362	100
Code	Liabilities and Equity						
Current Liabilities							
2170	Accounts payable	\$ 24,342	1	\$ 40,158	2	\$ 10,157	-
2219	Other payables	107,043	5	31,721	1	75,477	4
2230	Current income tax liabilities	16,926	1	14,825	1	10,279	1
2320	Long-term bank loans due within one year	-	-	-	-	799	-
2399	Other current liabilities	4,264	-	1,786	-	4,181	-
21XX	Total current liabilities	152,575	7	88,490	4	100,893	5
Non-current Liabilities							
2540	Long-term bank loans	-	-	-	-	1,997	-
2570	Deferred income tax liabilities	50,453	2	52,403	3	50,031	2
2640	Net defined benefit liability – non-current	15,397	1	25,106	1	36,736	2
25XX	Total non-current liabilities	65,850	3	77,509	4	88,764	4
2XXX	Total liabilities	218,425	10	165,999	8	189,657	9
Equity Attributable to Shareholders of the Parent							
Capital stock							
3110	Common stock	1,003,308	47	1,003,308	47	1,003,308	48
3200	Capital surplus	2,954	-	2,954	-	2,184	-
Retained earnings							
3310	Appropriated as legal capital reserve	189,556	9	179,555	9	179,555	9
3320	Appropriated as special capital reserve	147,497	7	147,497	7	147,626	7
3350	Un-appropriated earnings	496,685	23	510,999	24	446,254	21
3300	Total retained earnings	833,738	39	838,051	40	773,435	37
3400	Other equity	2,094	-	11,788	1	13,078	1
31XX	Equity attributable to shareholders of the parent	1,842,094	86	1,856,101	88	1,792,005	86
36XX	Non-controlling interests	91,332	4	94,922	4	101,700	5
3XXX	Total equity	1,933,426	90	1,951,023	92	1,893,705	91
Total Liabilities and Equity		\$ 2,151,851	100	\$ 2,117,022	100	\$ 2,083,362	100

President
Mei-hui Huang

General Manager
Mei-hui Huang

Supervisor
Shu-chi Liao

Universal Incorporation and Subsidiaries
Consolidated Statements of Comprehensive Income

(In Thousands of New Taiwan Dollars, Except
Earnings per share in New Taiwan Dollars)

Code		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2016		2015		2016		2015	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating Revenue								
	Sales Revenue	\$ 249,435	100	\$ 283,596	100	\$ 509,366	100	\$ 563,575	100
5110	Operating Costs								
	Cost of goods Sold	<u>195,137</u>	<u>78</u>	<u>240,406</u>	<u>85</u>	<u>386,465</u>	<u>76</u>	<u>478,025</u>	<u>85</u>
5900	Gross Profit	<u>54,298</u>	<u>22</u>	<u>43,190</u>	<u>15</u>	<u>122,901</u>	<u>24</u>	<u>85,550</u>	<u>15</u>
	Operating Expenses								
6100	Marketing	5,039	2	5,151	1	10,531	2	12,080	2
6200	General and administrative	11,244	5	11,032	4	21,356	4	20,068	3
6300	Research and development	<u>2,206</u>	<u>1</u>	<u>2,433</u>	<u>1</u>	<u>4,415</u>	<u>1</u>	<u>4,746</u>	<u>1</u>
6000	Total operating expenses	<u>18,489</u>	<u>8</u>	<u>18,616</u>	<u>6</u>	<u>36,302</u>	<u>7</u>	<u>36,894</u>	<u>6</u>
6900	Income from Operations	<u>35,809</u>	<u>14</u>	<u>24,574</u>	<u>9</u>	<u>86,599</u>	<u>17</u>	<u>48,656</u>	<u>9</u>
	Non-Operating Income and Expenses								
7010	Other income	3,093	1	3,811	1	6,084	1	7,957	1
7020	Other gains and losses	669	1	(6,624)	(2)	(10,895)	(2)	(12,693)	(2)
7050	Finance costs	(3)	-	(16)	-	(7)	-	(35)	-
7000	Total non-operating income and expenses	<u>3,759</u>	<u>2</u>	<u>(2,829)</u>	<u>(1)</u>	<u>(4,818)</u>	<u>(1)</u>	<u>(4,771)</u>	<u>(1)</u>
7900	Income Before Income Tax	39,568	16	21,745	8	81,781	16	43,885	8
7950	Income Tax Expense	<u>8,749</u>	<u>4</u>	<u>4,387</u>	<u>2</u>	<u>15,931</u>	<u>3</u>	<u>8,288</u>	<u>2</u>
8200	Net Income	<u>30,819</u>	<u>12</u>	<u>17,358</u>	<u>6</u>	<u>65,850</u>	<u>13</u>	<u>35,597</u>	<u>6</u>
	Other Comprehensive Income (Loss)								
8360	Items that may be reclassified Subsequently to profit or loss								
8361	Exchange differences arising on translation of foreign operations	(8,208)	(3)	(3,511)	(1)	(13,516)	(3)	(9,106)	(1)
8362	Unrealized gain (loss) from available-for-sale financial assets	<u>107</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>301</u>	<u>-</u>	<u>208</u>	<u>-</u>
8300	Other comprehensive income for the period, net of income tax	<u>(8,101)</u>	<u>(3)</u>	<u>(3,336)</u>	<u>(1)</u>	<u>(13,215)</u>	<u>(3)</u>	<u>(8,898)</u>	<u>(1)</u>
8500	Total comprehensive income for the period	<u>\$ 22,718</u>	<u>9</u>	<u>\$ 14,022</u>	<u>5</u>	<u>\$ 52,635</u>	<u>10</u>	<u>\$ 26,699</u>	<u>5</u>
	Net Income (Loss) Attributable To:								
8610	Shareholders of the parent	\$ 30,856	12	\$ 16,775	6	\$ 65,919	13	\$ 35,269	6
8620	Non-controlling interests	(37)	-	583	-	(69)	-	328	-
8600		<u>\$ 30,819</u>	<u>12</u>	<u>\$ 17,358</u>	<u>6</u>	<u>\$ 65,850</u>	<u>13</u>	<u>\$ 35,597</u>	<u>6</u>
	Total Comprehensive Income (Loss) Attributable To:								
8710	Shareholders of the parent	\$ 24,893	10	\$ 14,401	5	\$ 56,225	11	\$ 28,864	5
8720	Non-controlling interests	(2,175)	(1)	(379)	-	(3,590)	(1)	(2,165)	-
8700		<u>\$ 22,718</u>	<u>9</u>	<u>\$ 14,022</u>	<u>5</u>	<u>\$ 52,635</u>	<u>10</u>	<u>\$ 26,699</u>	<u>5</u>
	Earnings Per Share								
9750	Basic earnings per share	<u>\$ 0.31</u>		<u>\$ 0.17</u>		<u>\$ 0.66</u>		<u>\$ 0.35</u>	
9850	Diluted earnings per share	<u>\$ 0.30</u>		<u>\$ 0.17</u>		<u>\$ 0.65</u>		<u>\$ 0.35</u>	

President
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General Manager

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Supervisor
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Universal Incorporation and Subsidiaries
Consolidated Statements of Changes in Equity

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent										
							Others					
		Retained Earnings					Re-measurement of Defined Benefit Obligation	Exchange Differences on Translating Foreign Operations	Unrealized Gain /Loss from Available For sale Financial Assets	Total	Non-controlling Interests	Total Equity
		Capital Stock	Capital Surplus	Legal capital Reserve	Special Capital Reserve	Un-appropriated Earnings						
Code												
A1	Balance, January 1, 2015	\$ 1,003,308	\$ 2,184	\$ 173,675	\$ 147,626	\$ 462,014	\$ 84	\$ 19,435	(\$ 36)	\$ 1,808,290	\$ 103,865	\$ 1,912,155
B1	Appropriation of 2014 earnings Legal capital reserve	-	-	5,880	-	(5,880)	-	-	-	-	-	-
B5	cash dividend distributed by the company — NTD0.45／per share	-	-	-	-	(45,149)	-	-	-	(45,149)	-	(45,149)
D1	Net income for the six months ended June 30, 2015	-	-	-	-	35,269	-	-	-	35,269	328	35,597
D3	Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	-	(6,613)	208	(6,405)	(2,493)	(8,898)
D5	Total comprehensive income (loss) for the six months ended June 30, 2015	-	-	-	-	35,269	-	(6,613)	208	28,864	(2,165)	26,699
Z1	Balance, June 30, 2015	\$ 1,003,308	\$ 2,184	\$ 179,555	\$ 147,626	\$ 446,254	\$ 84	\$ 12,822	\$ 172	\$ 1,792,005	\$ 101,700	\$ 1,893,705
A1	Balance, January 1, 2016	\$ 1,003,308	\$ 2,954	\$ 179,555	\$ 147,497	\$ 510,999	(\$ 1,390)	\$ 12,927	\$ 251	\$ 1,856,101	\$ 94,922	\$ 1,951,023
B1	Appropriation of 2015 earnings Legal capital reserve	-	-	10,001	-	(10,001)	-	-	-	-	-	-
B5	cash dividend distributed by the company — NTD0.70／per share	-	-	-	-	(70,232)	-	-	-	(70,232)	-	(70,232)
D1	Net income (loss) for the six months ended June 30, 2016	-	-	-	-	65,919	-	-	-	65,919	(69)	65,850
D3	Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	(9,995)	301	(9,694)	(3,521)	(13,215)
D5	Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	65,919	-	(9,995)	301	56,225	(3,590)	52,635
Z1	Balance, June 30, 2016	\$ 1,003,308	\$ 2,954	\$ 189,556	\$ 147,497	\$ 496,685	(\$ 1,390)	\$ 2,932	\$ 552	\$ 1,842,094	\$ 91,332	\$ 1,933,426

President
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General Manager
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Supervisor
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Universal Incorporation and Subsidiaries
Consolidated Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

Code		For the Six Months Ended June 30	
		2016	2015
	Cash Flows from Operating Activities		
A10000	Income before income tax	\$ 81,781	\$ 43,885
A20010	Adjustments for:		
A20100	Depreciation expense	33,043	35,952
A20200	Amortization expense	22	69
A21300	Dividend income	(450)	(204)
A29900	Amortization of prepayment for lease	172	177
A20900	Finance costs	7	35
A21200	Interest income	(3,599)	(5,976)
A22500	Loss on disposal of property, plant and equipment	2	
A23100	Gain on disposal of available-for-sale financial assets, net	(69)	(134)
A23700	Write-down of inventories	216	-
A23800	Reversal of write-down of inventories	-	(54)
A24100	Net foreign exchange losses	12,579	15,418
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(14,763)	261
A31150	Accounts receivable	15,396	46,724
A31180	Other receivables	54	3,715
A31200	Inventories	3,533	294
A31240	Other current assets	6,260	7,107
A32150	Accounts payable	(15,633)	(10,842)
A32180	Other payables	3,338	363
A32230	Other current liabilities	2,492	1,245
A32240	Net defined benefit liability	(9,709)	(4,807)
A33000	Cash generated from operations	114,672	133,228
A33100	Interest received	1,627	6,705
A33300	Interest paid	(7)	(38)
A33500	Income taxes paid	(14,650)	(3,467)
AAAA	Net cash inflow generated from operating activities	<u>101,642</u>	<u>136,428</u>

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Code		For the Six Months Ended June 30	
		2016	2015
	Cash Flows from Investing Activities		
B00300	Acquisitions of available-for-sale financial assets	(\$ 86,000)	(\$ 98,281)
B00400	Proceeds from disposal or redemption of available-for-sale financial assets	50,000	70,637
B00600	Acquisitions of debt investments with no active market	(260,422)	(208,014)
B00700	Proceeds from disposal or redemption of debt investments with no active market	168,370	370,818
B01400	Proceeds from decreased capital of financial assets measured at cost – non-current	1,650	-
B02700	Payments for property, plant and equipment	(11,466)	(19,885)
B04500	Payments for intangible assets	-	(133)
B07600	Other dividend received	<u>450</u>	<u>-</u>
BBBB	Net cash inflow (outflow) generated from investing activities	(<u>137,418</u>)	<u>115,142</u>
	Cash Flows from Financing Activities		
C01700	Repayments of long-term borrowings	<u>-</u>	(<u>405</u>)
CCCC	Net cash outflow generated from financing activities	<u>-</u>	(<u>405</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>2,641</u>)	(<u>1,007</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(38,417)	250,158
E00100	Cash and cash equivalents, beginning of period	<u>152,665</u>	<u>237,629</u>
E00200	Cash and cash equivalents, end of period	<u>\$ 114,248</u>	<u>\$ 487,787</u>

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