

Stock Symbol: 1325

Universal Incorporation and Subsidiaries

Consolidated Parent and Subsidiary Financial Report for Q3 2016

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Universal Incorporation and Subsidiaries
Consolidated Balance Sheets

(In Thousands of New Taiwan Dollars)

		September 30, 2016		December 31, 2015		September 30, 2015	
Code	Assets	Amount	%	Amount	%	Amount	%
Current Assets							
1100	Cash and cash equivalents	\$ 111,246	5	\$ 152,665	7	\$ 341,184	17
1125	Available-for-sale financial assets – current	218,094	11	172,464	8	152,816	7
1147	Debt investments without active market - current	520,671	25	490,851	23	274,193	13
1150	Notes receivable	10,736	1	9,369	1	16,473	1
1170	Accounts receivables	122,742	6	152,397	7	125,487	6
1200	Other receivables	4,473	-	3,134	-	1,357	-
130X	Inventories	116,660	6	141,577	7	166,658	8
1412	Prepayment for lease	321	-	352	-	359	-
1470	Other current assets	19,904	1	27,593	1	23,296	1
11XX	Total current assets	1,124,847	55	1,150,402	54	1,101,823	53
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	846,857	41	892,606	42	910,872	44
1821	Other intangible assets	187	-	111	-	122	-
1840	Deferred income tax assets	6,064	-	4,982	-	5,936	-
1920	Refundable deposits	252	-	254	-	255	-
1985	Long-term prepayment for lease	8,989	1	9,929	1	10,239	-
15XX	Total non-current assets	919,437	45	966,620	46	986,162	47
1XXX	Total Assets	\$ 2,044,284	100	\$ 2,117,022	100	\$ 2,087,985	100
Liabilities and Equity							
Current Liabilities							
2170	Accounts payable	\$ 8,312	-	\$ 40,158	2	\$ 24,768	1
2219	Other payables	30,962	2	31,721	1	31,694	2
2230	Current income tax liabilities	10,485	1	14,825	1	8,950	-
2320	Long-term bank loans due within one year	-	-	-	-	638	-
2399	Other current liabilities	2,124	-	1,786	-	4,212	-
21XX	Total current liabilities	51,883	3	88,490	4	70,262	3
Non-current Liabilities							
2540	Long-term bank loans	-	-	-	-	1,914	-
2570	Deferred income tax liabilities	50,453	2	52,403	3	53,946	3
2640	Net defined benefit liability -- non-current	15,288	1	25,106	1	30,028	1
25XX	Total non-current liabilities	65,741	3	77,509	4	85,888	4
2XXX	Total liabilities	117,624	6	165,999	8	156,150	7
Equity Attributable to Shareholders of the Parent							
Capital stock							
3110	Common stock	1,003,308	49	1,003,308	47	1,003,308	48
3200	Capital surplus	3,318	-	2,954	-	2,954	-
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	506,830	25	510,999	24	482,294	23
3300	Total retained earnings	843,883	41	838,051	40	809,475	39
3400	Other equity	(6,959)	-	11,788	1	19,036	1
31XX	Equity attributable to shareholders of the parent	1,843,550	90	1,856,101	88	1,834,773	88
36XX	Non-controlling interests	83,110	4	94,922	4	97,062	5
3XXX	Total equity	1,926,660	94	1,951,023	92	1,931,835	93
Total Liabilities and Equity		\$ 2,044,284	100	\$ 2,117,022	100	\$ 2,087,985	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 September 30				For the Nine Months Ended September 30			
		2016		2015		2016		2015	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating Revenue								
	Sales Revenue	\$ 216,897	100	\$ 246,899	100	\$ 726,263	100	\$ 810,474	100
5110	Operating Costs								
	Cost of goods Sold	<u>181,358</u>	<u>83</u>	<u>211,246</u>	<u>86</u>	<u>567,823</u>	<u>78</u>	<u>689,271</u>	<u>85</u>
5900	Gross Profit	<u>35,539</u>	<u>17</u>	<u>35,653</u>	<u>14</u>	<u>158,440</u>	<u>22</u>	<u>121,203</u>	<u>15</u>
	Operating Expenses								
6100	Marketing	4,902	2	5,642	2	15,433	2	17,722	2
6200	General and administrative	7,799	4	10,873	4	29,155	4	30,941	4
6300	Research and development	<u>2,235</u>	<u>1</u>	<u>2,323</u>	<u>1</u>	<u>6,650</u>	<u>1</u>	<u>7,069</u>	<u>1</u>
6000	Total operating expenses	<u>14,936</u>	<u>7</u>	<u>18,838</u>	<u>7</u>	<u>51,238</u>	<u>7</u>	<u>55,732</u>	<u>7</u>
6900	Income from Operations	<u>20,603</u>	<u>10</u>	<u>16,815</u>	<u>7</u>	<u>107,202</u>	<u>15</u>	<u>65,471</u>	<u>8</u>
	Non-Operating Income and Expenses								
7010	Other income	4,144	2	4,147	2	10,228	1	12,104	2
7020	Other gains and losses	(13,040)	(6)	22,161	9	(23,935)	(3)	9,468	1
7050	Finance costs	(2)	-	(4)	-	(9)	-	(39)	-
7000	Total non-operating income and expenses	<u>(8,898)</u>	<u>(4)</u>	<u>26,304</u>	<u>11</u>	<u>(13,716)</u>	<u>(2)</u>	<u>21,533</u>	<u>3</u>
7900	Income Before Income Tax	11,705	6	43,119	18	93,486	13	87,004	11
7950	Income Tax Expense	<u>2,099</u>	<u>1</u>	<u>9,146</u>	<u>4</u>	<u>18,030</u>	<u>3</u>	<u>17,434</u>	<u>2</u>
8200	Net Income	<u>9,606</u>	<u>5</u>	<u>33,973</u>	<u>14</u>	<u>75,456</u>	<u>10</u>	<u>69,570</u>	<u>9</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	(12,289)	(6)	8,697	3	(25,805)	(3)	(409)	-
8362	Unrealized gain (loss) from available-for-sale financial assets	<u>201</u>	<u>-</u>	<u>(135)</u>	<u>-</u>	<u>502</u>	<u>-</u>	<u>73</u>	<u>-</u>
8300	Other comprehensive income (Loss) for the period, net of income tax	<u>(12,088)</u>	<u>(6)</u>	<u>8,562</u>	<u>3</u>	<u>(25,303)</u>	<u>(3)</u>	<u>(336)</u>	<u>-</u>
8500	Total comprehensive income (loss) for the period	<u>(\$ 2,482)</u>	<u>(1)</u>	<u>\$ 42,535</u>	<u>17</u>	<u>\$ 50,153</u>	<u>7</u>	<u>\$ 69,234</u>	<u>9</u>
	Net Income (Loss) Attributable To:								
8610	Shareholders of the parent	\$ 10,145	5	\$ 36,040	15	\$ 76,064	10	\$ 71,309	9
8620	Non-controlling interests	<u>(539)</u>	<u>-</u>	<u>(2,067)</u>	<u>(1)</u>	<u>(608)</u>	<u>-</u>	<u>(1,739)</u>	<u>-</u>
8600		<u>\$ 9,606</u>	<u>5</u>	<u>\$ 33,973</u>	<u>14</u>	<u>\$ 75,456</u>	<u>10</u>	<u>\$ 69,570</u>	<u>9</u>
	Total Comprehensive Income (Loss) Attributable To:								
8710	Shareholders of the parent	\$ 1,092	1	\$ 41,998	17	\$ 57,317	8	\$ 70,862	9
8720	Non-controlling interests	<u>(3,574)</u>	<u>(2)</u>	<u>537</u>	<u>-</u>	<u>(7,164)</u>	<u>(1)</u>	<u>(1,628)</u>	<u>-</u>
8700		<u>(\$ 2,482)</u>	<u>(1)</u>	<u>\$ 42,535</u>	<u>17</u>	<u>\$ 50,153</u>	<u>7</u>	<u>\$ 69,234</u>	<u>9</u>
	Earnings Per Share								
9750	Basic earnings per share	<u>\$ 0.10</u>		<u>\$ 0.36</u>		<u>\$ 0.76</u>		<u>\$ 0.71</u>	
9850	Diluted earnings per share	<u>\$ 0.10</u>		<u>\$ 0.36</u>		<u>\$ 0.75</u>		<u>\$ 0.71</u>	

President
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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								
Code		Capital Stock	Capital Surplus	Legal capital Reserve	Special Capital Reserve	Un-appropriated 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
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)
M5	Additional acquisition of partially-owned subsidiaries	-	770	-	-	-	-	-	-	770	(5,175)	(4,405)
D1	Net income for the nine months ended September 30, 2015	-	-	-	-	71,309	-	-	-	71,309	(1,739)	69,570
D3	Other comprehensive income (loss) for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	-	(520)	73	(447)	111	(336)
D5	Total comprehensive income (loss) for the nine months ended September 30, 2015	-	-	-	-	71,309	-	(520)	73	70,862	(1,628)	69,234
Z1	Balance, September e 30, 2015	\$ 1,003,308	\$ 2,954	\$ 179,555	\$ 147,626	\$ 482,294	\$ 84	\$ 18,915	\$ 37	\$ 1,834,773	\$ 97,062	\$ 1,931,835
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)
M5	Additional acquisition of partially-owned subsidiaries	-	364	-	-	-	-	-	-	364	(4,648)	(4,284)
D1	Net income (loss) for the nine months ended September 30, 2016	-	-	-	-	76,064	-	-	-	76,064	(608)	75,456
D3	Other comprehensive income (loss) for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	-	(19,249)	502	(18,747)	(6,556)	(25,303)
D5	Total comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	-	76,064	-	(19,249)	502	57,317	(7,164)	50,153
Z1	Balance, September 30, 2016	\$ 1,003,308	\$ 3,318	\$ 189,556	\$ 147,497	\$ 506,830	(\$ 1,390)	(\$ 6,322)	\$ 753	\$ 1,843,550	\$ 83,110	\$ 1,926,660

President
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Universal Incorporation and Subsidiaries
Consolidated Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

Code		For the Nine Months Ended September 30	
		2016	2015
	Cash Flows from Operating Activities		
A10000	Income before income tax	\$ 93,486	\$ 87,004
A20010	Adjustments for:		
A20100	Depreciation expense	49,242	54,112
A20200	Amortization expense	43	80
A29900	Amortization of prepayment for lease	253	266
A20900	Finance costs	9	39
A21200	Interest income	(5,139)	(8,416)
A21300	Dividend income	(1,854)	(1,124)
A22500	Loss on disposal of property, plant and equipment	21	16
A23100	Gain on disposal of available-for-sale financial assets, net	(128)	(156)
A23700	Write-down of inventories	-	108
A23800	Reversal of write-down of inventories	(33)	-
A24100	Net foreign exchange losses	23,282	7,374
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(1,367)	(2,321)
A31150	Accounts receivable	29,565	71,806
A31180	Other receivables	554	3,585
A31200	Inventories	22,622	16,683
A31240	Other current assets	7,689	9,248
A32150	Accounts payable	(31,746)	3,543
A32180	Other payables	(2,299)	1,613
A32230	Other current liabilities	340	1,227
A32240	Net defined benefit liability	(9,818)	(11,515)
A33000	Cash generated from operations	174,722	233,172
A33100	Interest received	3,165	9,414
A33300	Interest paid	(9)	(54)
A33500	Income taxes paid	(25,402)	(8,880)
AAAA	Net cash inflow generated from operating activities	<u>152,476</u>	<u>233,652</u>

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Code		For the Nine Months Ended September 30	
		2016	2015
	Cash Flows from Investing Activities		
B00300	Acquisitions of available-for-sale financial assets	(135,000)	(149,271)
B00400	Proceeds from disposal or redemption of available-for-sale financial assets	90,000	114,337
B00600	Acquisitions of debt investments with no active market	(361,364)	(465,906)
B00700	Proceeds from disposal or redemption of debt investments with no active market	308,398	434,188
B01400	Proceeds from decreased capital of financial assets measured at cost – non-current	1,650	10,378
B02700	Payments for property, plant and equipment	(19,460)	(24,780)
B04500	Payments for intangible assets	(119)	(133)
B07600	Other dividend received	<u>1,854</u>	<u>1,124</u>
BBBB	Net cash outflow generated from investing activities	(<u>114,041</u>)	(<u>80,063</u>)
	Cash Flows from Financing Activities		
C01700	Repayments of long-term borrowings	-	(711)
C04500	Dividends paid to owners of the Company	(70,232)	(45,149)
C05400	Payments for additional acquisition of partially-owned subsidiaries	(<u>4,284</u>)	(<u>4,405</u>)
CCCC	Net cash outflow generated from financing activities	(<u>74,516</u>)	(<u>50,265</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>5,338</u>)	<u>231</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(41,419)	103,555
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>\$ 111,246</u>	<u>\$ 341,184</u>

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