

Stock Symbol: 1325

# Universal Incorporation and Subsidiaries

## Consolidated Parent and Subsidiary Financial Report for Q2 2017

Address:

10 F., No. 372, Linsen N. Rd., Taipei City, Taiwan

Telephone:

(02) 2511-9161

Universal Incorporation and Subsidiaries  
Consolidated Balance Sheets

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2017		December 31, 2016		June 30, 2016	
		Amount	%	Amount	%	Amount	%
Current Assets							
1100	Cash and cash equivalents	\$ 89,023	4	\$ 75,793	4	\$ 114,248	5
1125	Available-for-sale financial assets – current	208,551	11	144,888	7	208,834	10
1147	Debt investments without active market - current	487,018	25	491,778	25	570,360	27
1150	Notes receivable	4,213	-	10,234	-	24,132	1
1170	Accounts receivables	130,574	7	169,065	9	136,891	7
1200	Other receivables	3,736	-	3,367	-	5,014	-
130X	Inventories	129,864	7	150,609	8	136,507	6
1412	Prepayment for lease	307	-	318	-	333	-
1470	Other current assets	15,901	1	28,188	1	21,333	1
11XX	Total current assets	1,069,187	55	1,074,240	54	1,217,652	57
Non-current Assets							
1543	Financial assets measured at cost – non-current	57,088	3	57,088	3	57,088	3
1600	Property, plant and equipment	803,242	41	834,404	42	863,517	40
1821	Other intangible assets	124	-	166	-	89	-
1840	Deferred income tax assets	6,954	-	3,921	-	3,852	-
1920	Refundable deposits	180	-	251	-	253	-
1985	Long-term prepayment for lease	8,365	1	8,819	1	9,400	-
15XX	Total non-current assets	875,953	45	904,649	46	934,199	43
1XXX	Total Assets	\$ 1,945,140	100	\$ 1,978,889	100	\$ 2,151,851	100
Liabilities and Equity							
Current Liabilities							
2170	Accounts payable	\$ 27,239	1	\$ 49,391	3	\$ 24,342	1
2219	Other payables	100,824	5	38,987	2	107,043	5
2230	Current income tax liabilities	9,057	1	14,842	1	16,926	1
2399	Other current liabilities	2,555	-	2,265	-	4,264	-
21XX	Total current liabilities	139,675	7	105,485	6	152,575	7
Non-current Liabilities							
2570	Deferred income tax liabilities	50,453	3	50,453	2	50,453	2
2640	Net defined benefit liability – non-current	14,541	1	15,343	1	15,397	1
25XX	Total non-current liabilities	64,994	4	65,796	3	65,850	3
2XXX	Total liabilities	204,669	11	171,281	9	218,425	10
Equity Attributable to Shareholders of the Parent							
Capital stock							
3110	Common stock	852,812	44	852,812	43	1,003,308	47
3200	Capital surplus	3,318	-	3,318	-	2,954	-
Retained earnings							
3310	Appropriated as legal capital reserve	200,729	10	189,556	10	189,556	9
3320	Appropriated as special capital reserve	158,190	8	147,496	7	147,497	7
3350	Un-appropriated earnings	466,003	24	542,494	27	496,685	23
3300	Total retained earnings	824,922	42	879,546	44	833,738	39
3400	Other equity	( 18,741 )	( 1 )	( 10,693 )	-	2,094	-
31XX	Equity attributable to shareholders of the parent	1,662,311	85	1,724,983	87	1,842,094	86
36XX	Non-controlling interests	78,160	4	82,625	4	91,332	4
3XXX	Total equity	1,740,471	89	1,807,608	91	1,933,426	90
Total Liabilities and Equity		\$ 1,945,140	100	\$ 1,978,889	100	\$ 2,151,851	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			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating Revenue								
	Sales Revenue	\$ 211,524	100	\$ 249,435	100	\$ 439,275	100	\$ 509,366	100
5110	Operating Costs								
	Cost of goods Sold	<u>187,088</u>	<u>89</u>	<u>195,137</u>	<u>78</u>	<u>378,456</u>	<u>86</u>	<u>386,465</u>	<u>76</u>
5900	Gross Profit	<u>24,436</u>	<u>11</u>	<u>54,298</u>	<u>22</u>	<u>60,819</u>	<u>14</u>	<u>122,901</u>	<u>24</u>
	Operating Expenses								
6100	Marketing	4,293	2	5,039	2	8,586	2	10,531	2
6200	General and administrative	6,900	3	11,244	5	13,804	3	21,356	4
6300	Research and development	<u>2,435</u>	<u>1</u>	<u>2,206</u>	<u>1</u>	<u>4,616</u>	<u>1</u>	<u>4,415</u>	<u>1</u>
6000	Total operating expenses	<u>13,628</u>	<u>6</u>	<u>18,489</u>	<u>8</u>	<u>27,006</u>	<u>6</u>	<u>36,302</u>	<u>7</u>
6900	Income from Operations	<u>10,808</u>	<u>5</u>	<u>35,809</u>	<u>14</u>	<u>33,813</u>	<u>8</u>	<u>86,599</u>	<u>17</u>
	Non-Operating Income and Expenses								
7010	Other income	2,610	1	3,093	1	5,252	1	6,084	1
7020	Other gains and losses	2,882	2	669	1	( 21,161 )	( 5 )	( 10,895 )	( 2 )
7050	Finance costs	( 6 )	-	( 3 )	-	( 15 )	-	( 7 )	-
7000	Total non-operating income and expenses	<u>5,486</u>	<u>3</u>	<u>3,759</u>	<u>2</u>	<u>( 15,924 )</u>	<u>( 4 )</u>	<u>( 4,818 )</u>	<u>( 1 )</u>
7900	Income Before Income Tax	16,294	8	39,568	16	17,889	4	81,781	16
7950	Income Tax Expense	<u>5,564</u>	<u>3</u>	<u>8,749</u>	<u>4</u>	<u>5,910</u>	<u>1</u>	<u>15,931</u>	<u>3</u>
8200	Net Income	<u>10,730</u>	<u>5</u>	<u>30,819</u>	<u>12</u>	<u>11,979</u>	<u>3</u>	<u>65,850</u>	<u>13</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	6,684	3	( 8,208 )	( 3 )	( 11,503 )	( 3 )	( 13,516 )	( 3 )
8362	Unrealized gain from available-for-sale financial assets	<u>332</u>	<u>-</u>	<u>107</u>	<u>-</u>	<u>612</u>	<u>-</u>	<u>301</u>	<u>-</u>
8300	Other comprehensive income (loss) for the period, net of income tax	<u>7,016</u>	<u>3</u>	<u>( 8,101 )</u>	<u>( 3 )</u>	<u>( 10,891 )</u>	<u>( 3 )</u>	<u>( 13,215 )</u>	<u>( 3 )</u>
8500	Total comprehensive income for the period	<u>\$ 17,746</u>	<u>8</u>	<u>\$ 22,718</u>	<u>9</u>	<u>\$ 1,088</u>	<u>-</u>	<u>\$ 52,635</u>	<u>10</u>
	Net Income Attributable To:								
8610	Shareholders of the parent	\$ 12,227	6	\$ 30,856	12	\$ 13,601	3	\$ 65,919	13
8620	Non-controlling interests	( 1,497 )	( 1 )	( 37 )	-	( 1,622 )	-	( 69 )	-
8600		<u>\$ 10,730</u>	<u>5</u>	<u>\$ 30,819</u>	<u>12</u>	<u>\$ 11,979</u>	<u>3</u>	<u>\$ 65,850</u>	<u>13</u>
	Total Comprehensive Income Attributable To:								
8710	Shareholders of the parent	\$ 17,591	8	\$ 24,893	10	\$ 5,553	1	\$ 56,225	11
8720	Non-controlling interests	<u>155</u>	<u>-</u>	<u>( 2,175 )</u>	<u>( 1 )</u>	<u>( 4,465 )</u>	<u>( 1 )</u>	<u>( 3,590 )</u>	<u>( 1 )</u>
8700		<u>\$ 17,746</u>	<u>8</u>	<u>\$ 22,718</u>	<u>9</u>	<u>\$ 1,088</u>	<u>-</u>	<u>\$ 52,635</u>	<u>10</u>
	Earnings Per Share								
9750	Basic earnings per share	<u>\$ 0.14</u>		<u>\$ 0.31</u>		<u>\$ 0.16</u>		<u>\$ 0.66</u>	
9850	Diluted earnings per share	<u>\$ 0.14</u>		<u>\$ 0.30</u>		<u>\$ 0.16</u>		<u>\$ 0.65</u>	

President  
Mei-hui Huang

General Manager  
Mei-hui Huang

Supervisor  
Shu-chi Liao

Universal Incorporation and Subsidiaries  
Consolidated Statements of Changes in Equity

(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent											
		Retained Earnings					Others						
							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	
Code		Capital Stock	Capital Surplus	Legal capital Reserve	Special Capital Reserve	Un-appropriated Earnings							
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	
A1	Balance, January 1, 2017	\$ 852,812	\$ 3,318	\$ 189,556	\$ 147,496	\$ 542,494	( \$ 1,748 )	( \$ 8,867 )	( \$ 78 )	\$ 1,724,983	\$ 82,625	\$ 1,807,608	
B1	Appropriation of 2016 earnings												
	Legal capital reserve	-	-	11,173	-	( 11,173 )	-	-	-	-	-	-	
B3	Special Capital Reserve	-	-	-	10,694	( 10,694 )	-	-	-	-	-	-	
B5	cash dividend distributed by the company — NTD0.80/per share	-	-	-	-	( 68,225 )	-	-	-	( 68,225 )	-	( 68,225 )	
D1	Net income (loss) for the six months ended June 30, 2017	-	-	-	-	13,601	-	-	-	13,601	( 1,622 )	11,979	
D3	Other comprehensive income (loss) for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	( 8,660 )	612	( 8,048 )	( 2,843 )	( 10,891 )	
D5	Total comprehensive income (loss) for the six months ended June 30, 2017	-	-	-	-	13,601	-	( 8,660 )	612	5,553	( 4,465 )	1,088	
Z1	Balance, June 30, 2017	\$ 852,812	\$ 3,318	\$ 200,729	\$ 158,190	\$ 466,003	( \$ 1,748 )	( \$ 17,527 )	\$ 534	\$ 1,662,311	\$ 78,160	\$ 1,740,471	

President  
Mei-hui Huang

General Manager  
Mei-hui Huang

Supervisor  
Shu-chi Liao

Universal Incorporation and Subsidiaries  
Consolidated Statements of Cash Flows

(In Thousands of New Taiwan Dollars)

Code		For the Six Months Ended June 30	
		2017	2016
	Cash Flows from Operating Activities		
A10000	Income before income tax	\$ 17,889	\$ 81,781
A20010	Adjustments for:		
A20100	Depreciation expense	31,984	33,043
A20200	Amortization expense	42	22
A21300	Dividend income	-	( 450)
A29900	Amortization of prepayment for lease	152	172
A20900	Finance costs	15	7
A21200	Interest income	( 3,276)	( 3,599)
A22500	Loss on disposal of property, plant and equipment	27	2
A23100	Gain on disposal of available-for-sale financial assets, net	( 51)	( 69)
A23700	Write-down of inventories	-	216
A23800	Reversal of write-down of inventories	( 925)	-
A24100	Net foreign exchange losses	18,564	12,579
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	6,021	( 14,763)
A31150	Accounts receivable	38,705	15,396
A31180	Other receivables	( 30)	54
A31200	Inventories	19,718	3,533
A31240	Other current assets	12,287	6,260
A32150	Accounts payable	( 22,346)	( 15,633)
A32180	Other payables	( 4,624)	3,338
A32230	Other current liabilities	282	2,492
A32240	Net defined benefit liability	( 802)	( 9,709)
A33000	Cash generated from operations	113,632	114,672
A33100	Interest received	2,893	1,627
A33300	Interest paid	( 15)	( 7)
A33500	Income taxes paid	( 14,728)	( 14,650)
AAAA	Net cash generated by operating activities	<u>101,782</u>	<u>101,642</u>

(Continued on following page)

(Continued from previous page)

Code		For the Six Months Ended June 30	
		2017	2016
	Cash Flows from Investing Activities		
B00300	Acquisitions of available-for-sale financial assets	(\$ 100,000)	(\$ 86,000)
B00400	Proceeds from disposal or redemption of available-for-sale financial assets	37,000	50,000
B00600	Acquisitions of debt investments with no active market	( 274,081)	( 260,422)
B00700	Proceeds from disposal or redemption of debt investments with no active market	260,422	168,370
B01400	Proceeds from decreased capital of financial assets measured at cost – non-current	-	1,650
B02700	Payments for property, plant and equipment	( 10,200)	( 11,466)
B03800	Decrease in refundable deposits	70	-
B07600	Other dividend received	<u>-</u>	<u>450</u>
BBBB	Net cash generated used in investing activities	( <u>86,789</u> )	( <u>137,418</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>1,763</u> )	( <u>2,641</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	13,230	( 38,417)
E00100	Cash and cash equivalents, beginning of period	<u>75,793</u>	<u>152,665</u>
E00200	Cash and cash equivalents, end of period	<u>\$ 89,023</u>	<u>\$ 114,248</u>

President  
*Mei-hui Huang*

General Manager  
*Mei-hui Huang*

Supervisor  
*Shu-chi Liao*