

Stock Symbol: 1325

Universal Incorporation and Subsidiaries

Consolidated Parent and Subsidiary Financial Report for Q3 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	September 30, 2017		December 31, 2016		September 30, 2016	
		Amount	%	Amount	%	Amount	%
Current Assets							
1100	Cash and cash equivalents	\$ 94,724	5	\$ 75,793	4	\$ 111,246	5
1125	Available-for-sale financial assets – current	172,711	9	144,888	7	218,094	11
1147	Debt investments without active market - current	458,808	25	491,778	25	520,671	25
1150	Notes receivable	6,553	-	10,234	-	10,736	1
1170	Accounts receivables	119,470	7	169,065	9	122,742	6
1200	Other receivables	4,897	-	3,367	-	4,473	-
130X	Inventories	126,754	7	150,609	8	116,660	6
1412	Prepayment for lease	312	-	318	-	321	-
1470	Other current assets	25,442	1	28,188	1	19,904	1
11XX	Total current assets	1,009,671	54	1,074,240	54	1,124,847	55
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	796,740	42	834,404	42	846,857	41
1821	Other intangible assets	103	-	166	-	187	-
1840	Deferred income tax assets	6,532	-	3,921	-	6,064	-
1920	Refundable deposits	181	-	251	-	252	-
1985	Long-term prepayment for lease	8,415	1	8,819	1	8,989	1
15XX	Total non-current assets	869,059	46	904,649	46	919,437	45
1XXX	Total Assets	\$ 1,878,730	100	\$ 1,978,889	100	\$ 2,044,284	100
Liabilities and Equity							
Current Liabilities							
2170	Accounts payable	\$ 28,706	2	\$ 49,391	3	\$ 8,312	-
2219	Other payables	27,055	1	38,987	2	30,962	2
2230	Current income tax liabilities	986	-	14,842	1	10,485	1
2399	Other current liabilities	3,111	-	2,265	-	2,124	-
21XX	Total current liabilities	59,858	3	105,485	6	51,883	3
Non-current Liabilities							
2570	Deferred income tax liabilities	50,453	3	50,453	2	50,453	2
2640	Net defined benefit liability – non-current	14,421	1	15,343	1	15,288	1
25XX	Total non-current liabilities	64,874	4	65,796	3	65,741	3
2XXX	Total liabilities	124,732	7	171,281	9	117,624	6
Equity Attributable to Shareholders of the Parent							
Capital stock							
3110	Common stock	852,812	45	852,812	43	1,003,308	49
3200	Capital surplus	3,239	-	3,318	-	3,318	-
Retained earnings							
3310	Appropriated as legal capital reserve	200,729	11	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	480,911	26	542,494	27	506,830	25
3300	Total retained earnings	839,830	45	879,546	44	843,883	41
3400	Other equity	(14,931)	(1)	(10,693)	-	(6,959)	-
31XX	Equity attributable to shareholders of the parent	1,680,950	89	1,724,983	87	1,843,550	90
36XX	Non-controlling interests	73,048	4	82,625	4	83,110	4
3XXX	Total equity	1,753,998	93	1,807,608	91	1,926,660	94
Total Liabilities and Equity		\$ 1,878,730	100	\$ 1,978,889	100	\$ 2,044,284	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			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating Revenue								
	Sales Revenue	\$ 209,081	100	\$ 216,897	100	\$ 648,356	100	\$ 726,263	100
5110	Operating Costs								
	Cost of goods Sold	183,661	88	181,358	83	562,117	87	567,823	78
5900	Gross Profit	25,420	12	35,539	17	86,239	13	158,440	22
6100	Operating Expenses								
	Marketing	4,393	2	4,902	2	12,979	2	15,433	2
6200	General and administrative	6,609	3	7,799	4	20,413	3	29,155	4
6300	Research and development	2,404	1	2,235	1	7,020	1	6,650	1
6000	Total operating expenses	13,406	6	14,936	7	40,412	6	51,238	7
6900	Income from Operations	12,014	6	20,603	10	45,827	7	107,202	15
7010	Non-Operating Income and Expenses								
	Other income	3,671	2	4,144	2	8,923	1	10,228	1
7020	Other gains and losses	1,355	-	(13,040)	(6)	(19,806)	(3)	(23,935)	(3)
7050	Finance costs	(8)	-	(2)	-	(23)	-	(9)	-
7000	Total non-operating income and expenses	5,018	2	(8,898)	(4)	(10,906)	(2)	(13,716)	(2)
7900	Income Before Income Tax	17,032	8	11,705	6	34,921	5	93,486	13
7950	Income Tax Expense	4,231	2	2,099	1	10,141	1	18,030	3
8200	Net Income	12,801	6	9,606	5	24,780	4	75,456	10
8360	Other Comprehensive Income (Loss)								
	Items that may be reclassified Subsequently to profit or loss								
8361	Exchange differences arising on translation of foreign operations	4,804	2	(12,289)	(6)	(6,699)	(1)	(25,805)	(3)
8362	Unrealized gain from available-for-sale financial assets	(34)	-	201	-	578	-	502	-
8300	Other comprehensive income (loss) for the period, net of income tax	4,770	2	(12,088)	(6)	(6,121)	(1)	(25,303)	(3)
8500	Total comprehensive income (loss) for the period	\$ 17,571	8	(\$ 2,482)	(1)	\$ 18,659	3	\$ 50,153	7
8610	Net Income Attributable To:								
	Shareholders of the parent	\$ 14,908	7	\$ 10,145	5	\$ 28,509	4	\$ 76,064	10
8620	Non-controlling interests	(2,107)	(1)	(539)	-	(3,729)	-	(608)	-
8600		\$ 12,801	6	\$ 9,606	5	\$ 24,780	4	\$ 75,456	10
8710	Total Comprehensive Income (loss) Attributable To:								
	Shareholders of the parent	\$ 18,718	9	\$ 1,092	1	\$ 24,271	4	\$ 57,317	8
8720	Non-controlling interests	(1,147)	(1)	(3,574)	(2)	(5,612)	(1)	(7,164)	(1)
8700		\$ 17,571	8	(\$ 2,482)	(1)	\$ 18,659	3	\$ 50,153	7
9750	Earnings Per Share								
	Basic earnings per share	\$ 0.17		\$ 0.10		\$ 0.33		\$ 0.76	
9850	Diluted earnings per share	\$ 0.17		\$ 0.10		\$ 0.33		\$ 0.75	

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				
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, 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	-	-	10,001	-	(10,001)	-	-	-	-	-	-
B5	Legal capital reserve 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
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	-	-	11,173	-	(11,173)	-	-	-	-	-	-
B3	Legal capital reserve	-	-	-	10,694	(10,694)	-	-	-	-	-	-
B5	Special Capital Reserve cash dividend distributed by the company — NTD0.80／per share	-	-	-	-	(68,225)	-	-	-	(68,225)	-	(68,225)
C3	Generated from donation	-	27	-	-	-	-	-	-	27	-	27
M5	Additional acquisition of partially-owned subsidiaries	-	(106)	-	-	-	-	-	-	(106)	(3,965)	(4,071)
D1	Net income (loss) for the nine months ended September 30, 2017	-	-	-	-	28,509	-	-	-	28,509	(3,729)	24,780
D3	Other comprehensive income (loss) for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	(4,816)	578	(4,238)	(1,883)	(6,121)
D5	Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	28,509	-	(4,816)	578	24,271	(5,612)	18,659
Z1	Balance, September 30, 2017	\$ 852,812	\$ 3,239	\$ 200,729	\$ 158,190	\$ 480,911	(\$ 1,748)	(\$ 13,683)	\$ 500	\$ 1,680,950	\$ 73,048	\$ 1,753,998

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 Nine Months Ended September 30	
		2017	2016
	Cash Flows from Operating Activities		
A10000	Income before income tax	\$ 34,921	\$ 93,486
A20010	Adjustments for:		
A20100	Depreciation expense	47,826	49,242
A20200	Amortization expense	63	43
A29900	Amortization of prepayment for lease	230	253
A20900	Finance costs	23	9
A21200	Interest income	(4,962)	(5,139)
A21300	Dividend income	(652)	(1,854)
A22500	Loss on disposal of property, plant and equipment	27	21
A23100	Gain on disposal of available-for-sale financial assets, net	(245)	(128)
A23800	Reversal of write-down of inventories	(1,152)	(33)
A24100	Net foreign exchange losses	17,241	23,282
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	3,681	(1,367)
A31150	Accounts receivable	49,585	29,565
A31180	Other receivables	(643)	554
A31200	Inventories	23,907	22,622
A31240	Other current assets	2,746	7,689
A32150	Accounts payable	(20,732)	(31,746)
A32180	Other payables	(10,187)	(2,299)
A32230	Other current liabilities	843	340
A32240	Net defined benefit liability	(922)	(9,818)
A33000	Cash generated from operations	141,598	174,722
A33100	Interest received	4,036	3,165
A33300	Interest paid	(22)	(9)
A33500	Income taxes paid	(26,608)	(25,402)
AAAA	Net cash generated by operating activities	<u>119,004</u>	<u>152,476</u>

(Continued on following page)

(Continued from previous page)

Code		For the Nine Months Ended September 30	
		2017	2016
	Cash Flows from Investing Activities		
B00300	Acquisitions of available-for-sale financial assets	(\$ 133,000)	(135,000)
B00400	Proceeds from disposal or redemption of available-for-sale financial assets	106,000	90,000
B00600	Acquisitions of debt investments with no active market	(345,423)	(361,364)
B00700	Proceeds from disposal or redemption of debt investments with no active market	361,364	308,398
B01400	Proceeds from decreased capital of financial assets measured at cost – non-current	-	1,650
B02700	Payments for property, plant and equipment	(16,458)	(19,460)
B03800	Decrease in refundable deposits	69	-
B04500	Payments for intangible assets	-	(119)
B07600	Other dividend received	<u>652</u>	<u>1,854</u>
BBBB	Net cash outflow generated from investing activities	(<u>26,796</u>)	(<u>114,041</u>)
	Cash Flows from Financing Activities		
C04500	Dividends paid to owners of the Company	(68,225)	(70,232)
C05400	Payments for additional acquisition of partially-owned subsidiaries	(4,071)	(4,284)
C09900	Other Financing Activities	<u>27</u>	<u>-</u>
CCCC	Net cash outflow generated from financing activities	(<u>72,269</u>)	(<u>74,516</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>1,008</u>)	(<u>5,338</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	18,931	(41,419)
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>\$ 94,724</u>	<u>\$ 111,246</u>

President
Mei-hui Huang

General Manager
Mei-hui Huang

Supervisor
Shu-chi Liao