

Stock Symbol: 1325

Universal Incorporation and Subsidiaries

Consolidated Parent and Subsidiary Financial Report for Q2 2019

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Universal Incorporation and Subsidiaries
Consolidated Balance Sheets

(In Thousands of New Taiwan Dollars)

Code	Assets	June 30, 2019		December 31, 2018		June 30, 2018	
		Amount	%	Amount	%	Amount	%
	Current Assets						
1100	Cash and cash equivalents	\$ 149,515	8	\$ 162,843	8	\$ 74,141	4
1110	Financial assets at fair value through profit or loss – current	226,665	12	146,027	8	227,091	12
1136	Financial assets at amortized cost – current	372,787	19	414,444	22	458,158	24
1150	Notes receivable	2,441	-	5,340	-	11,561	-
1170	Accounts receivables	110,402	6	143,150	7	148,743	8
130X	Inventories	132,547	7	146,226	8	123,790	6
1470	Other current assets	24,199	1	16,709	1	16,532	1
11XX	Total current assets	<u>1,018,556</u>	<u>53</u>	<u>1,034,739</u>	<u>54</u>	<u>1,060,016</u>	<u>55</u>
	Non-current Assets						
1517	Financial assets at fair value through other comprehensive income – non-current	51,303	3	51,572	3	54,115	3
1600	Property, plant and equipment	850,032	44	808,776	42	786,204	41
1755	Right-of-use asset	8,240	-	-	-	-	-
1821	Other intangible assets	-	-	20	-	40	-
1840	Deferred income tax assets	4,890	-	5,976	-	6,473	-
1920	Refundable deposits	181	-	180	-	181	-
1985	Long-term prepayment for lease	-	-	7,878	1	8,261	1
15XX	Total non-current assets	<u>914,646</u>	<u>47</u>	<u>874,402</u>	<u>46</u>	<u>855,274</u>	<u>45</u>
1XXX	Total Assets	<u>\$ 1,933,202</u>	<u>100</u>	<u>\$ 1,909,141</u>	<u>100</u>	<u>\$ 1,915,290</u>	<u>100</u>
	Liabilities and Equity						
	Current Liabilities						
2170	Accounts payable	\$ 24,398	1	\$ 25,679	1	\$ 15,028	1
2219	Other payables	68,926	4	27,611	2	55,740	3
2230	Current income tax liabilities	4,796	-	3,651	-	5,976	-
2280	Lease liability– current	37	-	-	-	-	-
2399	Other current liabilities	2,249	-	2,290	-	1,632	-
21XX	Total current liabilities	<u>100,406</u>	<u>5</u>	<u>59,231</u>	<u>3</u>	<u>78,376</u>	<u>4</u>
	Non-current Liabilities						
2570	Deferred income tax liabilities	50,453	3	50,453	2	50,453	2
2580	Lease liability – non-current	101	-	-	-	-	-
2640	Net defined benefit liability – non-current	13,612	1	13,912	1	14,520	1
25XX	Total non-current liabilities	<u>64,166</u>	<u>4</u>	<u>64,365</u>	<u>3</u>	<u>64,973</u>	<u>3</u>
2XXX	Total liabilities	<u>164,572</u>	<u>9</u>	<u>123,596</u>	<u>6</u>	<u>143,349</u>	<u>7</u>
	Equity Attributable to Shareholders of the Parent						
	Capital stock						
3110	Common stock	<u>852,812</u>	<u>44</u>	<u>852,812</u>	<u>45</u>	<u>852,812</u>	<u>45</u>
3200	Capital surplus	<u>3,263</u>	<u>-</u>	<u>3,171</u>	<u>-</u>	<u>3,263</u>	<u>-</u>
	Retained earnings						
3310	Appropriated as legal capital reserve	211,065	11	205,080	11	205,080	11
3320	Appropriated as special capital reserve	171,534	9	162,820	8	162,820	8
3350	Un-appropriated earnings	<u>483,028</u>	<u>25</u>	<u>517,700</u>	<u>27</u>	<u>490,151</u>	<u>26</u>
3300	Total retained earnings	<u>865,627</u>	<u>45</u>	<u>885,600</u>	<u>46</u>	<u>858,051</u>	<u>45</u>
3400	Other equity	(20,833)	(1)	(24,052)	(1)	(15,152)	(1)
31XX	Equity attributable to shareholders of the parent	<u>1,700,869</u>	<u>88</u>	<u>1,717,531</u>	<u>90</u>	<u>1,698,974</u>	<u>89</u>
36XX	Non-controlling interests	<u>67,761</u>	<u>3</u>	<u>68,014</u>	<u>4</u>	<u>72,967</u>	<u>4</u>
3XXX	Total equity	<u>1,768,630</u>	<u>91</u>	<u>1,785,545</u>	<u>94</u>	<u>1,771,941</u>	<u>93</u>
	Total Liabilities and Equity	<u>\$ 1,933,202</u>	<u>100</u>	<u>\$ 1,909,141</u>	<u>100</u>	<u>\$ 1,915,290</u>	<u>100</u>

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			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating Revenue								
4100	Sales Revenue	\$ 224,178	100	\$ 218,013	100	\$ 419,831	100	\$ 447,137	100
	Operating Costs								
5110	Cost of goods Sold	<u>201,519</u>	<u>90</u>	<u>192,812</u>	<u>88</u>	<u>374,964</u>	<u>89</u>	<u>395,471</u>	<u>89</u>
5900	Gross Profit	<u>22,659</u>	<u>10</u>	<u>25,201</u>	<u>12</u>	<u>44,867</u>	<u>11</u>	<u>51,666</u>	<u>11</u>
	Operating Expenses								
6100	Marketing	4,505	2	4,150	2	8,071	2	7,853	2
6200	General and administrative	7,010	3	8,427	4	13,376	3	14,992	3
6300	Research and development	<u>2,936</u>	<u>1</u>	<u>2,646</u>	<u>1</u>	<u>5,389</u>	<u>1</u>	<u>5,052</u>	<u>1</u>
6000	Total operating expenses	<u>14,451</u>	<u>6</u>	<u>15,223</u>	<u>7</u>	<u>26,836</u>	<u>6</u>	<u>27,897</u>	<u>6</u>
6900	Income from Operations	<u>8,208</u>	<u>4</u>	<u>9,978</u>	<u>5</u>	<u>18,031</u>	<u>5</u>	<u>23,769</u>	<u>5</u>
	Non-Operating Income and Expenses								
7010	Other income	2,548	1	3,465	2	5,391	1	5,754	2
7020	Other gains and losses	3,198	1	16,497	7	4,359	1	9,545	2
7050	Finance costs	(4)	-	(7)	-	(12)	-	(12)	-
7000	Total non-operating income and expenses	<u>5,742</u>	<u>2</u>	<u>19,955</u>	<u>9</u>	<u>9,738</u>	<u>2</u>	<u>15,287</u>	<u>4</u>
7900	Income Before Income Tax	<u>13,950</u>	<u>6</u>	<u>29,933</u>	<u>14</u>	<u>27,769</u>	<u>7</u>	<u>39,056</u>	<u>9</u>
7950	Income Tax Expense	<u>2,387</u>	<u>1</u>	<u>5,959</u>	<u>3</u>	<u>5,995</u>	<u>2</u>	<u>7,438</u>	<u>2</u>
8200	Net Income	<u>11,563</u>	<u>5</u>	<u>23,974</u>	<u>11</u>	<u>21,774</u>	<u>5</u>	<u>31,618</u>	<u>7</u>
8310	Other Comprehensive Income (Loss)								
	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gain(loss) from investments in equity instruments at fair value through other comprehensive Income	(506)	-	515	-	920	-	(1,671)	(1)
8349	Income tax benefit related to items that will not be reclassified subsequently	-	-	-	-	-	-	77	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences arising on translation of foreign operations	(3,989)	(2)	(1,694)	(1)	2,955	1	3,382	1
8300	Other comprehensive income (loss) for the period, net of income tax	(4,495)	(2)	(1,179)	(1)	3,875	1	1,788	-
8500	Total comprehensive income for the period	<u>\$ 7,068</u>	<u>3</u>	<u>\$ 22,795</u>	<u>10</u>	<u>\$ 25,649</u>	<u>6</u>	<u>\$ 33,406</u>	<u>7</u>
	Net Income Attributable To:								
8610	Shareholders of the parent	\$ 11,485	5	\$ 24,060	11	\$ 22,683	5	\$ 32,304	7
8620	Non-controlling interests	<u>78</u>	-	<u>(86)</u>	-	<u>(909)</u>	-	<u>(686)</u>	-
8600		<u>\$ 11,563</u>	<u>5</u>	<u>\$ 23,974</u>	<u>11</u>	<u>\$ 21,774</u>	<u>5</u>	<u>\$ 31,618</u>	<u>7</u>
	Total Comprehensive Income Attributable To:								
8710	Shareholders of the parent	\$ 7,875	3	\$ 23,278	10	\$ 25,902	6	\$ 33,301	7
8720	Non-controlling interests	(807)	-	(483)	-	(253)	-	105	-
8700		<u>\$ 7,068</u>	<u>3</u>	<u>\$ 22,795</u>	<u>10</u>	<u>\$ 25,649</u>	<u>6</u>	<u>\$ 33,406</u>	<u>7</u>
	Earnings Per Share								
9750	Basic earnings per share	<u>\$ 0.14</u>		<u>\$ 0.28</u>		<u>\$ 0.27</u>		<u>\$ 0.38</u>	
9850	Diluted earnings per share	<u>\$ 0.14</u>		<u>\$ 0.28</u>		<u>\$ 0.27</u>		<u>\$ 0.38</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 Equity											
		Capital Stock	Capital Surplus	Legal capital Reserve	Retained Earnings 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	Unrealized gain(loss) from investments in equity instruments at fair value through other Comprehensive Income	Total	Non-controlling Interests	Total Equity
A1	Balance, January 1, 2018	\$ 852,812	\$ 3,239	\$ 200,729	\$ 158,190	\$ 495,914	(\$ 2,140)	(\$ 13,945)	\$ 762	\$ -	\$ 1,695,561	\$ 72,862	\$ 1,768,423
A3	Effect of retrospective application	-	-	-	-	762	-	-	(762)	(64)	(64)	-	(64)
A5	Adjusted Balance, January 1, 2018	852,812	3,239	200,729	158,190	496,676	(2,140)	(13,945)	-	(64)	1,695,497	72,862	1,768,359
B1	Appropriation of 2017 earnings	-	-	-	-	-	-	-	-	-	-	-	-
B3	Legal capital reserve	-	-	4,351	-	(4,351)	-	-	-	-	-	-	-
B5	Special Capital Reserve	-	-	-	4,630	(4,630)	-	-	-	-	-	-	-
C3	cash dividend distributed by the company — NTD0.35/per share	-	-	-	-	(29,848)	-	-	-	-	(29,848)	-	(29,848)
D1	Generated from donation	-	24	-	-	-	-	-	-	-	24	-	24
D3	Net income for the six months ended June 30, 2018	-	-	-	-	32,304	-	-	-	-	32,304	(686)	31,618
D5	Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	77	2,591	-	(1,671)	997	791	1,788
Z1	Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	32,304	77	2,591	-	(1,671)	33,301	105	33,406
A1	Balance, June 30, 2018	\$ 852,812	\$ 3,263	\$ 205,080	\$ 162,820	\$ 490,151	(\$ 2,063)	(\$ 11,354)	\$ -	(\$ 1,735)	\$ 1,698,974	\$ 72,967	\$ 1,771,941
A1	Balance, January 1, 2019	\$ 852,812	\$ 3,171	\$ 205,080	\$ 162,820	\$ 517,700	(\$ 1,780)	(\$ 17,994)	\$ -	(\$ 4,278)	\$ 1,717,531	\$ 68,014	\$ 1,785,545
B1	Appropriation of 2018 earnings	-	-	-	-	-	-	-	-	-	-	-	-
B3	Legal capital reserve	-	-	5,985	-	(5,985)	-	-	-	-	-	-	-
B5	Special Capital Reserve	-	-	-	8,714	(8,729)	-	-	-	-	(15)	-	(15)
C3	cash dividend distributed by the company — NTD0.5/per share	-	-	-	-	(42,641)	-	-	-	-	(42,641)	-	(42,641)
D1	Generated from donation	-	92	-	-	-	-	-	-	-	92	-	92
D3	Net income for the six months ended June 30, 2019	-	-	-	-	22,683	-	-	-	-	22,683	(909)	21,774
D5	Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	2,299	-	920	3,219	656	3,875
Z1	Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	22,683	-	2,299	-	920	25,902	(253)	25,649
A1	Balance, June 30, 2019	\$ 852,812	\$ 3,263	\$ 211,065	\$ 171,534	\$ 483,028	(\$ 1,780)	(\$ 15,695)	\$ -	(\$ 3,358)	\$ 1,700,869	\$ 67,761	\$ 1,768,630

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	
		2019	2018
	Cash Flows from Operating Activities		
A10000	Income before income tax	\$ 27,769	\$ 39,056
A20010	Adjustments for:		
A20100	Depreciation expense	24,823	30,013
A20200	Amortization expense	20	42
A29900	Amortization of prepayment for lease	-	159
A20900	Finance costs	12	12
A21200	Interest income	(4,723)	(3,822)
A21300	Dividend income	-	(629)
A22500	Loss on disposal of property, plant and equipment	22	3
A23100	Gain on disposal of financial assets, net	(287)	(98)
A23800	Loss on inventories valuation	450	203
A20400	gain on financial assets at fair value through profit or loss -current	(230)	(365)
A24100	Net foreign exchange losses (gains)	(4,200)	(9,842)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	2,899	(2,790)
A31150	Accounts receivable	32,755	(14,299)
A31200	Inventories	13,697	20,703
A31240	Other current assets	(7,272)	2,149
A32150	Accounts payable	(1,382)	(17,496)
A32180	Other payables	(1,986)	1,525
A32230	Other current liabilities	(42)	259
A32240	Net defined benefit liability	(300)	(257)
A33000	Cash generated from operations	82,025	44,526
A33100	Interest received	5,368	3,927
A33300	Interest paid	(11)	(14)
A33500	Income taxes paid	(3,764)	(5,098)
AAAA	Net cash inflow generated by operating activities	83,618	43,341

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Code		For the Six Months Ended June 30	
		2019	2018
	Cash Flows from Investing Activities		
B00010	Acquisitions of Financial assets at fair value through profit or loss	(\$ 119,000)	(\$ 78,000)
B00020	Proceeds from disposal or redemption of Financial assets at fair value through profit or loss	38,879	26,432
B00040	Acquisitions of Financial assets at amortized cost-current	(283,174)	(245,976)
B00050	Proceeds from disposal or redemption of Financial assets at amortized cost-current	329,146	278,981
B02700	Payments for property, plant and equipment	(63,466)	(26,266)
BBBB	Net cash generated from (used in) investing activities	(97,615)	(44,829)
	Cash Flows from Financing Activities		
C04020	Lease liability principal repayment	(15)	-
C09900	Other Financing Activities	92	24
CCCC	Net cash generated from (used in) financing activities	77	24
DDDD	Effect of exchange rate changes on cash and cash equivalents	592	519
EEEE	Net increase (decrease) in cash and cash equivalents	(13,328)	(945)
E00100	Cash and cash equivalents, beginning of period	162,843	75,086
E00200	Cash and cash equivalents, end of period	\$ 149,515	\$ 74,141

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