

## MIRA INFORM REPORT

Report No. :	547412
Report Date :	29.12.2018

### IDENTIFICATION DETAILS

Name :	USI CORPORATION
Registered Office :	No.330, Fengren Rd, Houan Li, Renwu Dist., Kaohsiung City
Country :	Taiwan
Financials (as on) :	30.06.2018 (Consolidated)
Date of Incorporation :	26.05.1965
Com. Reg. No.:	11917107
Legal Form :	Joint Stock Company
Line of Business :	Manufacturing and sales of polyethylene resins.
No. of Employees :	500

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Taiwan	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

**TAIWAN - ECONOMIC OVERVIEW**

Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.

Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei's first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA uncertain. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US. These overtures have likely played a role in increasing Taiwan's total exports, which rose 11% during the first half of 2017, buoyed by strong demand for semiconductors.

Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.

The island runs a trade surplus with many economies, including China and the US, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006, China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors on the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese renminbi (RMB) and the New Taiwan dollar across the Strait, which has helped Taiwan develop into a local RMB hub.

Closer economic links with the mainland bring opportunities for Taiwan's economy but also pose challenges as political differences remain unresolved and China's economic growth is slowing. President TSAI's administration has made little progress on the domestic economic issues that loomed large when she was elected, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement. TSAI has made more progress on boosting trade with South and Southeast Asia, which may help insulate Taiwan's economy from a fall in mainland demand should China's growth slow in 2018.

Source : CIA

## **COMPANY NAME AND ADDRESS**

Company Name:	USI Corporation
Former Name:	USI Far East Corporation
Supplied Name:	USI CORPORATION
Trading Address:	No.37-39, JiHu Road, NeiHu Dist., Taipei City 11492, Taiwan (R.O.C.)
Supplied Address:	NO.330, FENGREN RD., RENWU DIST. KAOHSIUNG, TAIWAN
Telephone Number:	+886-2-8751-6888
Fax Number:	+886-2-2659-9599
E-mail:	<a href="mailto:mtwu@csl.usife.com.tw">mtwu@csl.usife.com.tw</a>

Notes: The exact name and address are as above. The supplied address is the factory address.

## **COMPANY IDENTIFICATION DETAILS**

Registered Name:	USI Corporation
Registered Address:	No.330, Fengren Rd, Houan Li, Renwu Dist., Kaohsiung City, Taiwan
Date of Foundation:	1965-05-26
Registration Number:	11917107
Registry:	Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital:	NTD 13,426,023,650 (USD 429,632,757)
Paid-up Capital:	NTD 11,887,635,000 (USD 380,404,320)
Legal Representatives:	Yigui Wu
Legal Form:	Joint Stock Company
Principal Activities:	Manufacturing and sales of polyethylene resins, etc.
Staff:	About 500 Employees
Listed at Stock Exchange:	Yes; Stock Code:1304
Date of Last Annual Return:	2018-08-29

## **HISTORY**

Subject was incorporated on 1965-05-26 with registered number 11917107 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Stock Exchange on 1972-05-20.

Change in Name	
Former English Name:	USI Far East Corporation
Current English Name:	USI Corporation

## **CORPORATE STRUCTURE**

### Factories

1

Name: The 1st Factory of Processing Laboratory  
Address: No.89, Touhu Rd, Linkou Dist, New Taipei City, Taiwan  
Date of Foundation: 1969-01-01  
Date of Registration: 1982-07-16  
Factory Registration Number: 99618705  
Factory Manager: Yigui Wu  
Status: In Production  
Date of Last Annual Return: 2003-05-06  
Major Products: 220 plastic products

2

Name: Kaohsiung Factory  
Address: No.330, Fengren Rd, Renwu Dist, Kaohsiung City, Taiwan  
Date of Foundation: 1969-09-01  
Date of Registration: 1990-12-31  
Factory Registration Number: 99661461  
Factory Manager: Jinming Hong  
Status: In Production  
Date of Last Annual Return: 2018-04-10  
Major Products: 184 plastics and synthetic rubber materials

3

Name: The 2<sup>nd</sup> Factory of Processing Laboratory  
Address: No.89-1, Touhu Rd, Linkou Dist, New Taipei City, Taiwan  
Date of Foundation: 1969-01-01  
Date of Registration: 1982-07-30  
Factory Registration Number: 99690578  
Factory Manager: Yigui Wu  
Status: In Production  
Date of Last Annual Return: 2003-05-06  
Major Products: 220 plastic products

### Branch

Name: Kaohsiung Branch  
Address: No.330, Fengren Rd., Renwu Dist., Kaohsiung, Taiwan  
Registration Number: 54388471  
Date of Registration: 2014-08-26  
Representative: Jizhong Zhang  
Status: Active  
Tel: +886-2-8751-6888  
Fax: +886-2659-9520

### Offices (Taiwan)

1

Address: 10/F, No.3, Sec.1, South Dunhua Rd., Taipei City, 105, Taiwan.  
Tel: +886-2-2650-3773

E-mail: [usigstock@usig.com.tw](mailto:usigstock@usig.com.tw)  
2  
Address: 89 Tou Hu, Hu Nan Village, Lin Kou Hsiang, Taipei Hsien 244, Taiwan  
Tel: +886-2-2609-4190~2  
Fax: +886-2-2609-5270

**Group Offices**

1  
Name: Hong Kong Office  
Address: 6/F, Caltex House, 258 Hennessy Road, Hong Kong  
Tel: +852-2573-7962~3  
Fax: +852-2838-3239  
2  
Name: Shanghai Office  
Address: 6A, Yinglong Bldg., No. 1358, Yan-an West Rd., Shanghai 200052, P.R.C.  
Tel: +86-21-5258-1258  
Fax: +86-21-5258-9258

## **SHAREHOLDER**

**Major Shareholder**

Name	Subscription Shares
Shing Lee Enterprise Limited	300,502,893

## **MANAGEMENT INFORMATION**

**Core Management**

**Directors**

1  
Name Yigui Wu  
Position Chairman of the Board  
2  
Name Jingshou Yu  
Position Director  
3  
Name Keshun Wang  
Position Director & Manager  
Date of Appointment for 2017-10-01  
Manager

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4	
Name	Zheyi Gao
Position	Director
5	
Name	Guangzhe Huang
Position	Director
6	
Name	Jizhong Zhang
Position	Director
7	
Name	Chong Chen
Position	Independent Director
8	
Name	Lixing Cai
Position	Independent Director
9	
Name	Yingjun Hai
Position	Independent Director
10	
Name	Mingzong Wu
Position	Manager
Date of Appointment	2016-03-18

Personnel Structure

Total Employees                      About 500 Employees

## ***OPERATION INFORMATION***

Offices & Factories

Add    Headquarters  
No.37-39, JiHu Road, NeiHu Dist., Taipei City 11492, Taiwan (R.O.C.)

Production Information

Subject is engaged in manufacturing of polyethylene resins, etc.  
Subject has factories in Taiwan for production.  
Subject obtained the certification of ISO 9001, ISO 9002, ISO 14001 and OHSAS 18001.

Purchase Information

The registered activities of subject:

Business Code	Details
--	Manufacturing, processing and trading of polyethylene plastic raw materials (including vinyl acetate resin)
--	Manufacturing, processing and trading of polyethylene plastic products (including vinyl acetate resin products)
3	Manufacturing, processing and trading of catalyst and related chemicals for the plastics industry
4	R&D and acquisition, sale and licensing of special technology and patent rights in the plastics industry
5	Designing, manufacturing, processing and trading of plastic processing equipment
6	General import and export business (licensed business excepted)
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

The raw materials for production are mostly purchased in Taiwan.

Sales Information

Subject is engaged in sales of polyethylene resins, etc.

The major products are LDPE (Low Density Polyethylene), EVA (Ethylene-Vinyl Acetate copolymer), HDPE (High Density Polyethylene) and LLDPE (Linear Low-Density Polyethylene), etc.

The major sales regions include domestic market and Southeast Asia, etc.

It is introduced that the general delivery lead time of subject is about 30 days.

Subject's major customers are manufacturers of shoes, packaging film, injection molding industry and solar cell encapsulation manufacturers, etc.

Import and export right:

Import right	Yes
Export right	Yes

***SETTLEMENTS***

Purchase

Domestic Purchase

Products	Raw materials, etc.
Payment Terms	T/T, Cash, etc.

Import

Subject has little Import.

Sales

Domestic Markets  
Product Polyethylene resins, etc.  
Selling Terms T/T, Cash, etc.

Export  
Product Polyethylene resins, etc.  
Selling Terms L/C, T/T, etc.

***BALANCE SHEET***

Unit: NTD/000	2017-12-31	2016-12-31
Consolidated		
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	8,473,862	11,924,303
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	5,315,894	6,601,266
Current available-for-sale financial assets		
Current available-for-sale financial assets, net	214,502	201,785
Current bond investment without active market		
Total Current investments in debt instrument without active market	426,369	432,207
Notes receivable, net		
Notes receivable, net	1,118,070	909,025
Accounts receivable, net		
Accounts receivable, net	6,950,029	6,141,045
Other receivables		
Other receivables, net	344,305	259,613
Current tax assets		
Total current tax assets	784	20,847
Inventories		
Total inventories	6,857,754	6,669,407
Prepayments		
Total prepayments	772,093	706,110
Other current assets		
Total other current assets	10,766	14,567
Total current assets	30,484,428	33,880,175
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets, net	1,863,067	1,981,822
Non-current financial assets at cost		

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**USI CORPORATION - 547412**

**PAGE NO. : 10**

Non-current financial assets at cost, net	676,120	803,057
Non-current bond investment without active market		
Total Non-current investments in debt instrument without active market	311,573	310,660
Investments accounted for using equity method		
Investments accounted for using equity method, net	5,241,747	155,219
Property, plant and equipment		
Total property, plant and equipment	23,758,495	22,804,814
Investment property, net		
Investment property, net	182,216	189,407
Intangible assets		
Goodwill	269,026	269,026
Other intangible assets, net		
Other intangible assets, net	93,349	148,594
Total intangible assets	362,375	417,620
Non-current biological assets		
Total non-current biological assets	22,798	23,134
Deferred tax assets	632,062	742,972
Other non-current assets		
Long-term prepaid rents	525,845	387,556
Other non-current assets, others		
Total other non-current assets, others	333,125	299,039
Total other non-current assets	858,970	686,595
Total non-current assets	33,909,423	28,115,300
Total assets	64,393,851	61,995,475
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	3,752,268	4,949,168
Short-term notes and bills payable		
Total short-term notes and bills payable	1,684,506	2,472,068
Current financial liabilities at fair value through profit or loss		
Total current financial liabilities at fair value through profit or loss	7,883	9,027
Accounts payable		
Total accounts payable	3,965,444	3,581,036
Other payables		
Other payables, others	1,972,096	1,956,662
Total other payables	1,972,096	1,956,662
Current tax liabilities	370,062	341,875
Current provisions		
Total current provisions	32,205	23,041
Other current liabilities		
Long-term liabilities, current portion		
Total long-term liabilities, current portion	799,600	685,400

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**USI CORPORATION - 547412**

**PAGE NO. : 11**

Other current liabilities, others	279,230	273,684
Total other current liabilities	1,078,830	959,084
Total current liabilities	12,863,294	14,291,961
Non-current liabilities		
Bonds payable		
Total bonds payable	5,990,167	3,993,064
Long-term borrowings		
Total long-term borrowings	6,903,148	7,247,800
Deferred tax liabilities		
Total deferred tax liabilities	1,329,710	1,371,504
Other non-current liabilities		
Net defined benefit liability, non-current	2,419,897	2,987,122
Other non-current liabilities, others	79,216	84,538
Total other non-current liabilities	2,499,113	3,071,660
Total non-current liabilities	16,722,138	15,684,028
Total liabilities	29,585,432	29,975,989
Equity		
Equity attributable to owners of parent		
Share capital		
Ordinary share	11,654,544	11,426,024
Total capital stock	11,654,544	11,426,024
Capital surplus		
Total capital surplus	238,194	216,135
Retained earnings		
Legal reserve	2,814,630	2,695,673
Special reserve	375,127	411,010
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	3,548,804	3,367,821
Total retained earnings	6,738,561	6,474,504
Other equity interest		
Other equity, others		
Total other equity, others	-31,286	85,739
Total other equity interest	-31,286	85,739
Treasury shares	475,606	475,606
Total equity attributable to owners of parent	18,124,407	17,726,796
Non-controlling interests	16,684,012	14,292,690
Total equity	34,808,419	32,019,486
Total liabilities and equity	64,393,851	61,995,475
Equivalent issue shares of advance receipts for ordinary share	0	0
Number of shares in entity held by entity and by its subsidiaries	114,181,936	111,943,075

Unit: NTD/000

Consolidated

2018-06-30

Assets

Current assets

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Cash and cash equivalents	9,564,637
Current financial assets at fair value through profit or loss	5,219,824
Current financial assets at fair value through other comprehensive income	240,692
Current available-for-sale financial assets	0
Current financial assets at amortised cost	403,363
Current investments in debt instrument without active market	0
Notes receivable, net	1,086,344
Accounts receivable, net	7,061,951
Other receivables	269,393
Current tax assets	1,356
Current inventories	7,243,659
Prepayments	899,683
Other current assets	276,535
Total current assets	32,267,437
Non-current assets	
Non-current financial assets at fair value through other comprehensive income	2,715,651
Non-current available-for-sale financial assets	0
Non-current financial assets at amortised cost	311,665
Non-current financial assets at cost	0
Non-current investments in debt instrument without active market	0
Investments accounted for using equity method	5,331,969
Property, plant and equipment	23,477,112
Investment property, net	212,022
Intangible assets	340,446
Goodwill	269,026
Other intangible assets, net	71,420
Non-current biological assets	0
Deferred tax assets	617,216
Other non-current assets	831,785
Non-current prepayments for investments	0
Long-term Lease Prepayments	489,945
Other non-current assets, others	341,840
Total non-current assets	33,837,866
Total assets	66,105,303
Liabilities and equity	
Liabilities	
Current liabilities	
Current borrowings	3,898,406
Short-term notes and bills payable	1,838,463
Current financial liabilities at fair value through profit or loss	17,335
Accounts payable	3,939,690
Other payables	2,530,028
Dividends payable, non-cash assets distributions	875,169
Other payables, others	1,654,859
Current tax liabilities	361,851
Current provisions	0
Other current liabilities	1,311,632

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Long-term liabilities, current portion	904,400
Current refund liabilities	44,153
Other current liabilities, others	363,079
Total current liabilities	13,897,405
Non-current liabilities	
Bonds payable	5,991,382
Non-current portion of non-current borrowings	6,873,123
Non-current provisions	136,064
Deferred tax liabilities	1,454,815
Other non-current liabilities	1,775,774
Net defined benefit liability, non-current	1,703,188
Other non-current liabilities, others	72,586
Total non-current liabilities	16,231,158
Total liabilities	30,128,563
Equity	
Equity attributable to owners of parent	
Share capital	
Ordinary share	11,654,544
Stock dividend to be distributed	233,091
Total capital stock	11,887,635
Capital surplus	
Total capital surplus	249,575
Retained earnings	
Legal reserve	2,925,759
Special reserve	375,127
Unappropriated retained earnings (accumulated deficit)	3,484,904
Total retained earnings	6,785,790
Other equity interest	
Total other equity interest	85,026
Treasury shares	475,606
Total equity attributable to owners of parent	18,532,420
Non-controlling interests	17,444,320
Total equity	35,976,740
Total liabilities and equity	66,105,303
Equivalent issue shares of advance receipts for ordinary share	0
Number of shares in entity held by entity and by its subsidiaries	114,181,936

## **PROFIT AND LOSS ACCOUNT**

Unit: NTD/000		
Consolidated	2017	2016
Operating revenue		
Net sales revenue		
Net sales revenue	58,133,943	53,101,997
Total operating revenue	58,133,943	53,101,997
Operating costs		
Cost of sales		

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**USI CORPORATION - 547412**

**PAGE NO. : 14**

Total cost of sales	51,007,011	46,220,862
Total operating costs	51,007,011	46,220,862
Gross profit (loss) from operations	7,126,932	6,881,135
Gross profit (loss) from operations	7,126,932	6,881,135
Operating expenses		
Selling expenses		
Total selling expenses	2,038,049	1,925,541
Administrative expenses		
Total administrative expenses	1,322,296	1,322,958
Research and development expenses		
Total research and development expenses	388,920	471,152
Total operating expenses	3,749,265	3,719,651
Net operating income (loss)	3,377,667	3,161,484
Non-operating income and expenses		
Other income		
Total other income	578,255	467,103
Other gains and losses		
Other gains and losses, net	-223,854	-337,287
Finance costs		
Finance costs, net	237,257	211,766
Share of profit (loss) of associates and joint ventures accounted for using equity method		
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	-6,541	-8,310
Total non-operating income and expenses	110,603	-90,260
Profit (loss) from continuing operations before tax	3,488,270	3,071,224
Tax expense (income)		
Total tax expense (income)	776,220	713,523
Profit (loss) from continuing operations	2,712,050	2,357,701
Profit (loss) from discontinued operations		
Total profit (loss) from discontinued operations	-2,197	21,777
Profit (loss)	2,709,853	2,379,478
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of defined benefit plans	-59,016	-206,714
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-9,003	-42,643
Components of other comprehensive income that will not be reclassified to profit or loss	-50,013	-164,071
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-416,317	-560,356
Unrealised gains (losses) on valuation of available-for-sale financial assets	30,985	388,884
Income tax related to components of other comprehensive income that will be reclassified to	-64,791	-93,092

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**USI CORPORATION - 547412**

**PAGE NO. : 15**

profit or loss		
Components of other comprehensive income that will be reclassified to profit or loss	-320,541	-78,380
Other comprehensive income, net	-370,554	-242,451
Total comprehensive income	2,339,299	2,137,027
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	1,111,290	1,189,570
Profit (loss), attributable to non-controlling interests	1,598,563	1,189,908
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	970,032	1,255,498
Comprehensive income, attributable to non-controlling interests	1,369,267	881,529
Basic earnings per share		
Basic earnings (loss) per share from continuing operations	1.06	1.12
Basic earnings (loss) per share from discontinued operations	0.00	0.01
Total basic earnings per share	1.06	1.13
Diluted earnings per share		
Diluted earnings (loss) per share from continuing operations	1.06	1.12
Diluted earnings (loss) per share from discontinued operations	0.00	0.01
Total diluted earnings per share	1.06	1.13

Unit: NTD/000

Consolidated	2018-01-01~2018-06-30
Operating revenue	
Total operating revenue	15,662,333
Operating costs	
Total operating costs	13,793,892
Gross profit (loss) from operations	1,868,441
Gross profit (loss) from operations	1,868,441
Operating expenses	
Selling expenses	509,705
Administrative expenses	348,226
Research and development expenses	108,697
Total operating expenses	966,628
Net operating income (loss)	901,813
Non-operating income and expenses	
Other income	
Total other income	135,283
Other gains and losses	
Other gains and losses, net	189,494
Finance costs	
Finance costs, net	57,722

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Share of profit (loss) of associates and joint ventures accounted for using equity method	
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	25,170
Total non-operating income and expenses	292,225
Profit (loss) from continuing operations before tax	1,194,038
Tax expense (income)	
Total tax expense (income)	346,343
Profit (loss) from continuing operations	847,695
Profit (loss) from discontinued operations	
Total profit (loss) from discontinued operations	4,199
Profit (loss)	851,894
Other comprehensive income	
Components of other comprehensive income that will not be reclassified to profit or loss	
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	106,135
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-346
Components of other comprehensive income that will not be reclassified to profit or loss	106,481
Components of other comprehensive income that will be reclassified to profit or loss	
Exchange differences on translation	51,606
Unrealised gains (losses) on valuation of available-for-sale financial assets	0
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	2,995
Components of other comprehensive income that will be reclassified to profit or loss	48,611
Total other comprehensive income	155,092
Total comprehensive income	1,006,986
Profit (loss), attributable to:	
Profit (loss), attributable to owners of parent	279,769
Profit (loss), attributable to non-controlling interests	572,125
Comprehensive income attributable to:	
Comprehensive income, attributable to owners of parent	379,149
Comprehensive income, attributable to non-controlling interests	627,837
Basic earnings per share	
Basic earnings (loss) per share from continuing operations	0.26
Basic earnings (loss) per share from discontinued operations	0.00
Total basic earnings per share	0.26
Diluted earnings per share	
Diluted earnings (loss) per share from continuing operations	0.26
Diluted earnings (loss) per share from discontinued operations	0.00
Total diluted earnings per share	0.26

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## **CASH FLOWS**

Unit: NTD/000

Consolidated	2017	2016
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	3,488,270	3,071,224
Profit (loss) from discontinued operations before tax	-2,197	21,777
Profit (loss) before tax	3,486,073	3,093,001
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	1,847,241	1,703,112
Amortization expense	97,310	106,670
Provision (reversal of provision) for bad debt expense	18,830	-996
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	105,887	31,219
Interest expense	252,541	242,193
Interest income	-106,217	-95,154
Dividend income	-185,187	-152,347
Share of loss (profit) of associates and joint ventures accounted for using equity method	6,541	8,310
Loss (gain) on disposal of property, plan and equipment	-9,306	-19,526
Loss (gain) on disposal of investment properties	497	0
Loss (gain) on disposal of investments	-108,983	-89,910
Impairment loss on financial assets	32,208	0
Impairment loss on non-financial assets	24,712	293,277
Other adjustments to reconcile profit (loss)	28,587	23,319
Total adjustments to reconcile profit (loss)	2,004,661	2,050,167
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	1,178,341	-243,708
Decrease (increase) in notes receivable	-209,045	265,771
Decrease (increase) in accounts receivable	-827,814	-363,993
Decrease (increase) in other receivable	-45,897	-18,063
Decrease (increase) in inventories	-180,386	322,670
Decrease (increase) in biological assets	336	412
Decrease (increase) in prepayments	-68,250	-174,869
Decrease (increase) in other current assets	4,070	12,768
Total changes in operating assets	-148,645	-199,012
Changes in operating liabilities		
Increase (decrease) in notes payable	-144	243
Increase (decrease) in accounts payable	384,552	449,945
Increase (decrease) in other payable	-663	242,299
Increase (decrease) in provisions	-9,415	-8,445

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**USI CORPORATION - 547412**

**PAGE NO. : 18**

Increase (decrease) in other current liabilities	5,546	91,246
Increase (decrease) in net defined benefit liability	-626,240	-551,694
Total changes in operating liabilities	-246,364	223,594
Total changes in operating assets and liabilities	-395,009	24,582
Total adjustments	1,609,652	2,074,749
Cash inflow (outflow) generated from operations	5,095,725	5,167,750
Interest received	67,422	104,444
Interest paid	-246,369	-253,254
Income taxes refund (paid)	-585,059	-518,471
Net cash flows from (used in) operating activities	4,331,719	4,500,469
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	0	-16,011
Proceeds from disposal of available-for-sale financial assets	129,156	235,290
Acquisition of investments in debt instrument without active market	8,894	540,899
Acquisition of financial assets at cost	0	-398
Proceeds from capital reduction of financial assets at cost	47,993	25,800
Acquisition of investments accounted for using equity method	-5,150,364	0
Net cash flow from acquisition of subsidiaries	999,132	0
Acquisition of property, plant and equipment	-3,345,584	-2,465,276
Proceeds from disposal of property, plant and equipment	38,887	78,656
Decrease in refundable deposits	10	4,139
Acquisition of intangible assets	-6,945	-38,678
Increase in other non-current assets	-120,611	-81,936
Dividends received	185,187	152,347
Net cash flows from (used in) investing activities	-7,214,245	-1,565,168
Cash flows from (used in) financing activities		
Decrease in short-term loans	-1,196,900	-581,084
Increase in short-term notes and bills payable	0	192,293
Decrease in short-term notes and bills payable	-787,562	0
Proceeds from issuing bonds	1,995,421	1,995,421
Repayments of bonds	0	-1,000,000
Proceeds from long-term debt	16,750,000	5,758,000
Repayments of long-term debt	-16,980,452	-3,309,207
Decrease in guarantee deposits received	-1,896	-7,126
Decrease in other non-current liabilities	-3,426	-13,525
Cash dividends paid	-571,301	-571,301
Change in non-controlling interests	-53,469	-613,954
Net cash flows from (used in) financing activities	-849,585	1,849,517
Effect of exchange rate changes on cash and cash equivalents	281,670	-127,897
Net increase (decrease) in cash and cash equivalents	-3,450,441	4,656,921
Cash and cash equivalents at beginning of period	11,924,303	7,267,382

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**USI CORPORATION - 547412**

**PAGE NO. : 19**

Cash and cash equivalents at end of period	8,473,862	11,924,303
Cash and cash equivalents reported in the statement of financial position	8,473,862	11,924,303

Unit: NTD/000

Consolidated

2018-01-01~2018-06-30

Cash flows from (used in) operating activities, indirect method

Profit (loss) from continuing operations before tax 2,194,531

Profit (loss) from discontinued operations before tax 4,057

Profit (loss) before tax 2,198,588

Adjustments

Adjustments to reconcile profit (loss)

Depreciation expense 980,925

Amortization expense 39,543

Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense 4,406

Net loss (gain) on financial assets or liabilities at fair value through profit or loss 12,221

Interest expense 129,323

Interest income -69,397

Dividend income -38,559

Share of loss (profit) of associates and joint ventures accounted for using equity method -34,105

Loss (gain) on disposal of property, plan and equipment 4,172

Loss (gain) on disposal of other assets -262,617

Loss (gain) on disposal of investments 0

Impairment loss on non-financial assets 4,305

Reversal of impairment loss on non-financial assets 28,796

Other adjustments to reconcile profit (loss) 160,155

Total adjustments to reconcile profit (loss) 959,168

Changes in operating assets and liabilities

Changes in operating assets

Adjustments for decrease (increase) in financial assets held for trading 93,301

Decrease (increase) in notes receivable 31,726

Decrease (increase) in accounts receivable -116,328

Decrease (increase) in other receivable 70,366

Adjustments for decrease (increase) in inventories -414,701

Adjustments for decrease (increase) in biological assets 22,798

Decrease (increase) in prepayments -131,895

Adjustments for decrease (increase) in other current assets -265,769

Total changes in operating assets -710,502

Changes in operating liabilities

Increase (decrease) in notes payable 184

Increase (decrease) in accounts payable -25,938

Increase (decrease) in other payable -194,963

Increase (decrease) in provisions -3,834

Adjustments for increase (decrease) in other current 83,849

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liabilities	
Increase (decrease) in net defined benefit liability	-716,709
Total changes in operating liabilities	-857,411
Total changes in operating assets and liabilities	-1,567,913
Total adjustments	-608,745
Cash inflow (outflow) generated from operations	1,589,843
Interest received	72,799
Interest paid	-126,008
Income taxes refund (paid)	-408,103
Net cash flows from (used in) operating activities	1,128,531
Cash flows from (used in) investing activities	
Acquisition of financial assets at fair value through other comprehensive income	-15,667
Proceeds from disposal of financial assets at fair value through other comprehensive income	99,455
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	4,029
Proceeds from disposal of financial assets at amortised cost	22,914
Proceeds from disposal of available-for-sale financial assets	0
Acquisition of investments in debt instrument without active market	0
Acquisition of investments accounted for using equity method	0
Net cash flow from acquisition of subsidiaries	0
Acquisition of property, plant and equipment	-793,821
Proceeds from disposal of property, plant and equipment	143,503
Increase in refundable deposits	-3,199
Acquisition of intangible assets	-13,706
Increase in other non-current assets	-20,713
Increase in other prepayments	-5,562
Decrease in other prepayments	291,368
Dividends received	38,559
Net cash flows from (used in) investing activities	-252,840
Cash flows from (used in) financing activities	
Increase in short-term loans	146,138
Increase in short-term notes and bills payable	153,957
Decrease in short-term notes and bills payable	0
Proceeds from long-term debt	7,980,000
Repayments of long-term debt	-7,905,225
Increase in guarantee deposits received	3,178
Decrease in guarantee deposits received	0
Decrease in other non-current liabilities	-9,808
Cash dividends paid	-111,853
Change in non-controlling interests	1,704
Net cash flows from (used in) financing activities	258,091
Effect of exchange rate changes on cash and cash equivalents	-43,007
Net increase (decrease) in cash and cash equivalents	1,090,775
Cash and cash equivalents at beginning of period	8,473,862

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Cash and cash equivalents at end of period 9,564,637  
Cash and cash equivalents reported in the statement of  
financial position 9,564,637

Note: Subject didn't submit its individual financial information; we obtained its consolidated financials as above for reference.

The above financial figures are based on the IFRSs Accounting System.

## **BANKER**

Name Mega International Commercial Bank

## **PUBLIC RECORD**

### Mortgage

Case Type: Chattel Mortgage  
Registered Number: 059713  
Debtor Name: USI Corporation  
Registry: Economic Development Bureau of Kaohsiung City  
Government  
Name of Mortgagee: Mega International Commercial Bank Co., Ltd.  
Date of Registration: 1998-10-22  
Amount of Secure Claims: NTD 1,200,000,000  
Type of Mortgage: Machinery equipment or tools

### Lawsuit

Up to date of reporting, no existing or latent litigation of the subject has been found.

## **SPECIAL NOTE**

### Interview Details

Name Mr. Chen  
E-mail: [jy@tpe.usife.com.tw](mailto:jy@tpe.usife.com.tw)

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 69.98
UK Pound	1	INR 88.66
Euro	1	INR 80.18
TWD	1	INR 2.29

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

Analysis Done by :	DIV
Report Prepared by :	TRU

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)