

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 296,613	22	\$ 405,604	36	\$ 62,670	7
Available-for-sale financial assets - current	17	-	19	-	16	-
Trade receivables, net	451,638	34	301,393	27	395,120	43
Other receivables	11,180	1	5,098	-	10,802	1
Inventories	283,113	21	302,846	27	352,238	39
Prepayments	3,918	-	8,479	1	4,892	1
Other financial assets - current	188,160	14	-	-	-	-
Other current assets	2,934	-	1,387	-	1,337	-
Total current assets	1,237,573	92	1,024,826	91	827,075	91
NON-CURRENT ASSETS						
Property, plant and equipment	68,372	5	61,546	6	52,219	6
Other intangible assets	12,849	1	8,553	1	9,582	1
Deferred tax assets	20,855	2	22,282	2	10,041	1
Prepayments for equipment	981	-	638	-	6,292	-
Refundable deposits	4,851	-	4,068	-	4,069	-
Other financial assets - non-current	1,090	-	1,090	-	1,076	-
Total non-current assets	108,998	8	98,177	9	83,279	9
TOTAL	<u>\$ 1,346,571</u>	<u>100</u>	<u>\$ 1,123,003</u>	<u>100</u>	<u>\$ 910,354</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables	\$ 324,845	24	\$ 191,308	17	\$ 312,547	34
Accrued profit sharing to employees and bonus to directors and supervisors	21,273	2	10,073	1	5,896	1
Other payables	51,640	4	64,342	6	54,036	6
Current tax liabilities	16,345	1	20,163	2	8,900	1
Provisions – current	34,170	3	24,326	2	23,831	3
Other current liabilities	1,858	-	1,520	-	1,773	-
Total current liabilities	450,131	34	311,732	28	406,983	45
NON-CURRENT LIABILITIES						
Net defined benefit liabilities- non-current	2,746	-	3,310	-	2,401	-
Guarantee deposits	2,327	-	1,451	-	1,453	-
Total non-current liabilities	5,073	-	4,761	-	3,854	-
Total liabilities	455,204	34	316,493	28	410,837	45
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	548,874	41	498,976	45	439,976	48
Capital surplus	233,453	17	226,309	20	947	-
Retained earnings						
Legal reserve	8,124	1	-	-	-	-
Special reserve	20	-	-	-	-	-
Unappropriated earnings	100,918	7	81,245	7	58,617	7
Total retained earnings	109,062	8	81,245	7	58,617	7
Other equity	(22)	-	(20)	-	(23)	-
Total equity	891,367	66	806,510	72	499,517	55
TOTAL	<u>\$ 1,346,571</u>	<u>100</u>	<u>\$ 1,123,003</u>	<u>100</u>	<u>\$ 910,354</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 557,477	100	\$ 464,708	100	\$ 1,556,790	100	\$ 1,255,649	100
OPERATING COSTS	<u>364,790</u>	<u>66</u>	<u>310,929</u>	<u>67</u>	<u>1,025,465</u>	<u>66</u>	<u>838,593</u>	<u>67</u>
GROSS PROFIT	<u>192,687</u>	<u>34</u>	<u>153,779</u>	<u>33</u>	<u>531,325</u>	<u>34</u>	<u>417,056</u>	<u>33</u>
OPERATING EXPENSES								
Selling and marketing expenses	28,642	5	22,769	5	86,119	6	63,890	5
General and administrative expenses	43,094	8	28,369	6	99,306	6	62,541	5
Research and development expenses	<u>68,243</u>	<u>12</u>	<u>54,765</u>	<u>12</u>	<u>203,788</u>	<u>13</u>	<u>151,247</u>	<u>12</u>
Total operating expenses	<u>139,979</u>	<u>25</u>	<u>105,903</u>	<u>23</u>	<u>389,213</u>	<u>25</u>	<u>277,678</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>52,708</u>	<u>9</u>	<u>47,876</u>	<u>10</u>	<u>142,112</u>	<u>9</u>	<u>139,378</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	671	-	990	-	2,095	-	1,050	-
Other gains and losses	(19,458)	(3)	12,789	3	(30,997)	(2)	6,531	1
Finance costs	<u>-</u>	<u>-</u>	<u>(71)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(507)</u>	<u>-</u>
Total non-operating income and expenses	<u>(18,787)</u>	<u>(3)</u>	<u>13,708</u>	<u>3</u>	<u>(28,902)</u>	<u>(2)</u>	<u>7,074</u>	<u>1</u>
INCOME BEFORE INCOME TAX	33,921	6	61,584	13	113,210	7	146,452	12
INCOME TAX EXPENSE	<u>(3,852)</u>	<u>(1)</u>	<u>(10,262)</u>	<u>(2)</u>	<u>(13,041)</u>	<u>(1)</u>	<u>(23,821)</u>	<u>(2)</u>
NET INCOME	30,069	5	51,322	11	100,169	6	122,631	10
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Unrealized loss on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(10)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 30,069</u>	<u>5</u>	<u>\$ 51,322</u>	<u>11</u>	<u>\$ 100,167</u>	<u>6</u>	<u>\$ 122,621</u>	<u>10</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 0.55</u>		<u>\$ 1.06</u>		<u>\$ 1.83</u>		<u>\$ 2.54</u>	
Diluted	<u>\$ 0.55</u>		<u>\$ 1.06</u>		<u>\$ 1.82</u>		<u>\$ 2.53</u>	

The accompanying notes are an integral part of the parent company only financial statements.

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

(Reviewed, Not Audited)

	Capital Stock			Retained Earnings			Unrealized	
	Share (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated Deficit) Unappropriated earnings	Loss on Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2015	43,916	\$ 439,156	\$ 24,032	\$ -	\$ -	(\$ 87,673)	(\$ 13)	\$ 375,502
Capital surplus used to offset a deficit	-	-	(23,659)	-	-	23,659	-	-
Share-based payment transaction	82	820	574	-	-	-	-	1,394
Net profit for the nine months ended September 30, 2015	-	-	-	-	-	122,631	-	122,631
Other comprehensive income for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	-	(10)	(10)
BALANCE AT SEPTEMBER 30, 2015	<u>43,998</u>	<u>\$ 439,976</u>	<u>\$ 947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,617</u>	<u>(\$ 23)</u>	<u>\$ 499,517</u>
BALANCE AT JANUARY 1, 2016	49,898	\$ 498,976	\$ 226,309	\$ -	\$ -	\$ 81,245	(\$ 20)	\$ 806,510
Appropriation of 2015 earnings								
Legal reserve	-	-	-	8,124	-	(8,124)	-	-
Special reserve	-	-	-	-	20	(20)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(22,454)	-	(22,454)
Share dividends distributed by the Company	-	49,898	-	-	-	(49,898)	-	-
Compensation cost of employee stock options	-	-	7,144	-	-	-	-	7,144
Net profit for the nine months ended September 30, 2016	-	-	-	-	-	100,169	-	100,169
Other comprehensive income for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	-	(2)	(2)
BALANCE AT SEPTEMBER 30, 2016	<u>49,898</u>	<u>\$ 548,874</u>	<u>\$ 233,453</u>	<u>\$ 8,124</u>	<u>\$ 20</u>	<u>\$ 100,918</u>	<u>(\$ 22)</u>	<u>\$ 891,367</u>

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RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 113,210	\$ 146,452
Adjustments for:		
Depreciation expense	24,205	22,113
Amortization expense	12,328	10,740
Bad debt (reversal) expense	(1,823)	1,823
Finance costs	-	507
Interest income	(1,565)	(66)
Compensation cost of employee stock options	7,144	-
Write-down of inventories	-	19,148
Reversal of write-down of inventories	(2,139)	-
Net loss (gain) on foreign currency exchange	12,538	(2,249)
Changes in operating assets and liabilities		
Trade receivables	(150,759)	(66,496)
Other receivables	(5,493)	(3,795)
Inventories	21,872	(141,069)
Prepayments	(451)	(2,838)
Other current assets	(1,547)	(762)
Trade payables	135,150	66,511
Other payables	(3,480)	10,191
Provisions	9,844	5,449
Accrued profit sharing to employees and bonus to directors and supervisors	11,200	5,896
Other current liabilities	338	532
Net defined benefit liabilities	(564)	(452)
Cash generated from operations	180,008	71,635
Interest received	976	132
Interest paid	-	(559)
Income tax paid	(15,432)	(2)
Net cash generated from operating activities	<u>165,552</u>	<u>71,206</u>

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RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(\$ 36,325)	(\$ 27,655)
Increase in refundable deposits	(783)	(1,468)
Payments for intangible assets	(15,883)	(13,791)
Increase in other financial assets	(188,160)	-
Increase in other non-current assets	<u>-</u>	<u>(6,292)</u>
Net cash used in investing activities	<u>(241,151)</u>	<u>(49,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	-	100,000
Decrease in short-term loans	-	(150,000)
Repayments of long-term borrowings	-	(16,000)
Proceeds from guarantee deposits received	876	-
Refund of guarantee deposits received	-	(4,256)
Cash dividends	(22,454)	-
Proceeds from exercise of employee stock options	<u>-</u>	<u>1,394</u>
Net cash used in financing activities	<u>(21,578)</u>	<u>(68,862)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(11,814)</u>	<u>3,098</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(108,991)</u>	<u>(43,764)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>405,604</u>	<u>106,434</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 296,613</u>	<u>\$ 62,670</u>

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