

# RICHWAVE TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	September 30, 2015 (Reviewed)		December 31, 2014 (Audited)		September 30, 2014 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 62,670	7	\$ 106,434	14	\$ 84,668	11
Available-for-sale financial assets - current	16	-	26	-	27	-
Trade receivables, net	395,120	43	331,296	43	375,375	48
Other receivables	10,802	1	7,079	1	9,226	1
Inventories	352,238	39	230,317	30	217,321	28
Prepayments	4,892	1	2,054	-	2,043	-
Other current assets	<u>1,337</u>	-	<u>575</u>	-	<u>1,421</u>	-
Total current assets	<u>827,075</u>	<u>91</u>	<u>677,781</u>	<u>88</u>	<u>690,081</u>	<u>88</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	52,219	6	49,099	7	48,615	6
Other intangible assets	9,582	1	12,924	2	9,959	1
Deferred tax assets	10,041	1	24,954	3	29,081	4
Refundable deposits	4,069	-	2,601	-	2,500	1
Other financial assets - non-current	1,076	-	1,076	-	1,064	-
Other non-current assets	<u>6,292</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>83,279</u>	<u>9</u>	<u>90,654</u>	<u>12</u>	<u>91,219</u>	<u>12</u>
<b>TOTAL</b>	<u>\$ 910,354</u>	<u>100</u>	<u>\$ 768,435</u>	<u>100</u>	<u>\$ 781,300</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ -	-	\$ 50,000	6	\$ 90,000	12
Trade payables	312,547	34	246,036	32	259,719	33
Accrued profit sharing to employees and bonus to directors and supervisors	5,896	1	-	-	-	-
Other payables	54,036	6	52,712	7	42,332	5
Current tax liabilities	8,900	1	-	-	-	-
Provisions – current	23,831	3	18,382	2	15,929	2
Current portion of long-term borrowings	-	-	12,000	2	15,732	2
Other current liabilities	<u>1,773</u>	-	<u>1,241</u>	-	<u>1,144</u>	-
Total current liabilities	<u>406,983</u>	<u>45</u>	<u>380,371</u>	<u>49</u>	<u>424,856</u>	<u>54</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings	-	-	4,000	1	18,900	3
Net defined benefit liabilities- non-current	2,401	-	2,853	-	2,024	-
Guarantee deposits	<u>1,453</u>	-	<u>5,709</u>	<u>1</u>	<u>5,478</u>	<u>1</u>
Total non-current liabilities	<u>3,854</u>	-	<u>12,562</u>	<u>2</u>	<u>26,402</u>	<u>4</u>
Total liabilities	<u>410,837</u>	<u>45</u>	<u>392,933</u>	<u>51</u>	<u>451,258</u>	<u>58</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Share Capital						
Ordinary shares	<u>439,976</u>	<u>48</u>	<u>439,156</u>	<u>57</u>	<u>424,306</u>	<u>54</u>
Capital surplus	<u>947</u>	-	<u>24,032</u>	<u>3</u>	<u>13,637</u>	<u>2</u>
Retained earnings						
Unappropriated earnings (Accumulated deficit)	<u>58,617</u>	<u>7</u>	<u>( 87,673 )</u>	<u>( 11)</u>	<u>( 107,889)</u>	<u>( 14)</u>
Other equity	<u>( 23)</u>	-	<u>( 13)</u>	-	<u>( 12)</u>	-
Total equity	<u>499,517</u>	<u>55</u>	<u>375,502</u>	<u>49</u>	<u>330,042</u>	<u>42</u>
<b>TOTAL</b>	<u>\$ 910,354</u>	<u>100</u>	<u>\$ 768,435</u>	<u>100</u>	<u>\$ 781,300</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			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 464,708	100	\$ 350,875	100	\$ 1,255,649	100	\$ 1,042,850	100
OPERATING COSTS	<u>310,929</u>	<u>67</u>	<u>272,971</u>	<u>78</u>	<u>838,593</u>	<u>67</u>	<u>779,151</u>	<u>75</u>
GROSS PROFIT	<u>153,779</u>	<u>33</u>	<u>77,904</u>	<u>22</u>	<u>417,056</u>	<u>33</u>	<u>263,699</u>	<u>25</u>
OPERATING EXPENSES								
Selling and marketing expenses	22,769	5	19,004	5	63,890	5	54,289	5
General and administrative expenses	28,369	6	10,109	3	62,541	5	29,807	3
Research and development expenses	<u>54,765</u>	<u>12</u>	<u>47,906</u>	<u>14</u>	<u>151,247</u>	<u>12</u>	<u>139,157</u>	<u>13</u>
Total operating expenses	<u>105,903</u>	<u>23</u>	<u>77,019</u>	<u>22</u>	<u>277,678</u>	<u>22</u>	<u>223,253</u>	<u>21</u>
PROFIT FROM OPERATIONS	<u>47,876</u>	<u>10</u>	<u>885</u>	<u>-</u>	<u>139,378</u>	<u>11</u>	<u>40,446</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	990	-	56	-	1,050	-	333	-
Other gains and losses	12,789	3	5,407	1	6,531	1	4,703	-
Finance costs	( <u>71</u> )	<u>-</u>	( <u>720</u> )	<u>-</u>	( <u>507</u> )	<u>-</u>	( <u>2,139</u> )	<u>-</u>
Total non-operating income and expenses	<u>13,708</u>	<u>3</u>	<u>4,743</u>	<u>1</u>	<u>7,074</u>	<u>1</u>	<u>2,897</u>	<u>-</u>
INCOME BEFORE INCOME TAX	61,584	13	5,628	1	146,452	12	43,343	4
INCOME TAX EXPENSE	( <u>10,262</u> )	( <u>2</u> )	( <u>797</u> )	<u>-</u>	( <u>23,821</u> )	( <u>2</u> )	( <u>7,193</u> )	( <u>1</u> )
NET INCOME	<u>51,322</u>	<u>11</u>	<u>4,831</u>	<u>1</u>	<u>122,631</u>	<u>10</u>	<u>36,150</u>	<u>3</u>
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>6</u> )	<u>-</u>	( <u>10</u> )	<u>-</u>	( <u>4</u> )	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 51,322</u>	<u>11</u>	<u>\$ 4,825</u>	<u>1</u>	<u>\$ 122,621</u>	<u>10</u>	<u>\$ 36,146</u>	<u>3</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 1.17</u>		<u>\$ 0.11</u>		<u>\$ 2.79</u>		<u>\$ 0.86</u>	
Diluted	<u>\$ 1.16</u>		<u>\$ 0.11</u>		<u>\$ 2.78</u>		<u>\$ 0.84</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)

	<u>Capital Stock</u>			Unappropriated earnings (Accumulated Deficit)	Unrealized Loss on Financial Assets	Total Equity
	Share (Thousands)	Share Capital	Capital Surplus			
BALANCE AT JANUARY 1, 2014	41,930	\$ 419,296	\$ 24,559	(\$ 160,006)	(\$ 8)	\$ 283,841
Capital surplus used to offset a deficit	-	-	( 15,967)	15,967	-	-
Share-based payment transaction	501	5,010	5,045	-	-	10,055
Net profit for the nine months ended September 30, 2014	-	-	-	36,150	-	36,150
Other comprehensive income for the nine months ended September 30, 2014, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	( <u>4</u> )	( <u>4</u> )
BALANCE AT SEPTEMBER 30, 2014	<u>42,431</u>	<u>\$ 424,306</u>	<u>\$ 13,637</u>	<u>(\$ 107,889)</u>	<u>(\$ 12)</u>	<u>\$ 330,042</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	( <u>10</u> )	( <u>10</u> )
BALANCE AT SEPTEMBER 30, 2015	<u>43,998</u>	<u>\$ 439,976</u>	<u>\$ 947</u>	<u>\$ 58,617</u>	<u>(\$ 23)</u>	<u>\$ 499,517</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	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 146,452	\$ 43,343
Adjustments for:		
Bad debt expenses	1,823	-
Depreciation expense	22,113	18,815
Amortization expense	10,740	13,178
Compensation cost of employee share options	-	1,537
Finance costs	507	2,139
Interest income	( 66 )	( 52 )
Write-down of inventories	19,148	-
Reversal of write-down of inventories	-	( 1,149 )
Net gain on foreign currency exchange	( 2,249 )	( 759 )
Changes in operating assets and liabilities		
Trade receivables	( 66,496 )	527
Other receivables	( 3,795 )	( 9,134 )
Inventories	( 141,069 )	35,944
Prepayments	( 2,838 )	( 742 )
Other current assets	( 762 )	5,223
Trade payables	66,511	( 4,252 )
Accrued profit sharing to employees and bonus to directors and supervisors	5,896	-
Other payables	10,191	2,210
Provisions	5,449	928
Other current liabilities	532	214
Net defined benefit liabilities	( 452 )	( 314 )
Cash generated from operations	71,635	107,656
Interest received	132	58
Interest paid	( 559 )	( 2,192 )
Income tax paid	( 2 )	-
Net cash generated from operating activities	<u>71,206</u>	<u>105,522</u>

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# **RICHWAVE TECHNOLOGY CORPORATION**

## **PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>For the Nine Months Ended September 30</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(\$ 27,655 )	(\$ 26,334 )
Payments for other intangible assets	( 13,791 )	( 9,753 )
Decrease in other financial assets	-	3,207
Increase in refundable deposits	( 1,468 )	-
Decrease in refundable deposits	-	103
Increase in other non-current assets	( 6,292 )	-
Net cash used in investing activities	( 49,206 )	( 32,777 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	100,000	678,481
Decrease in short-term loans	( 150,000 )	( 688,751 )
Proceeds from long-term borrowings	-	20,000
Repayments of long-term borrowings	( 16,000 )	( 50,341 )
Refund of guarantee deposits received	( 4,256 )	( 1,411 )
Proceeds from exercise of employee stock options	1,394	8,518
Net cash used in financing activities	( 68,862 )	( 33,504 )
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>3,098</u>	<u>672</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 43,764 )	39,913
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>106,434</u>	<u>44,755</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 62,670</u>	<u>\$ 84,668</u>

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(Concluded)