

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 405,604	36	\$ 106,434	14
Available-for-sale financial assets - current	19	-	26	-
Trade receivables, net	301,393	27	331,296	43
Other receivables	5,098	-	7,079	1
Inventories	302,846	27	230,317	30
Prepayments	8,479	1	2,054	-
Other current assets	<u>1,387</u>	<u>-</u>	<u>575</u>	<u>-</u>
Total current assets	<u>1,024,826</u>	<u>91</u>	<u>677,781</u>	<u>88</u>
NON-CURRENT ASSETS				
Property, plant and equipment	61,546	6	49,099	7
Other intangible assets	8,553	1	12,924	2
Deferred tax assets	22,282	2	24,954	3
Refundable deposits	4,068	-	2,601	-
Other financial assets - non-current	1,090	-	1,076	-
Other non-current assets	<u>638</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>98,177</u>	<u>9</u>	<u>90,654</u>	<u>12</u>
TOTAL	<u>\$ 1,123,003</u>	<u>100</u>	<u>\$ 768,435</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	\$ -	-	\$ 50,000	6
Trade payables	191,308	17	246,036	32
Accrued profit sharing to employees and bonus to directors and supervisors	10,073	1	-	-
Other payables	64,342	6	52,712	7
Current tax liabilities	20,163	2	-	-
Provisions – current	24,326	2	18,382	2
Current portion of long-term borrowings	-	-	12,000	2
Other current liabilities	<u>1,520</u>	<u>-</u>	<u>1,241</u>	<u>-</u>
Total current liabilities	<u>311,732</u>	<u>28</u>	<u>380,371</u>	<u>49</u>
NON-CURRENT LIABILITIES				
Long-term borrowings	-	-	4,000	1
Net defined benefit liabilities- non-current	3,310	-	2,853	-
Guarantee deposits	<u>1,451</u>	<u>-</u>	<u>5,709</u>	<u>1</u>
Total non-current liabilities	<u>4,761</u>	<u>-</u>	<u>12,562</u>	<u>2</u>
Total liabilities	<u>316,493</u>	<u>28</u>	<u>392,933</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Share Capital				
Ordinary shares	<u>498,976</u>	<u>45</u>	<u>439,156</u>	<u>57</u>
Capital surplus	<u>226,309</u>	<u>20</u>	<u>24,032</u>	<u>3</u>
Retained earnings				
Unappropriated earnings (Accumulated deficit)	<u>81,245</u>	<u>7</u>	(<u>87,673</u>)	(<u>11</u>)
Other equity	(<u>20</u>)	<u>-</u>	(<u>13</u>)	<u>-</u>
Total equity	<u>806,510</u>	<u>72</u>	<u>375,502</u>	<u>49</u>
TOTAL	<u>\$ 1,123,003</u>	<u>100</u>	<u>\$ 768,435</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)

	2015		2014	
	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 1,716,217	100	\$ 1,382,499	100
OPERATING COSTS	<u>1,142,413</u>	<u>67</u>	<u>1,030,302</u>	<u>74</u>
GROSS PROFIT	<u>573,804</u>	<u>33</u>	<u>352,197</u>	<u>26</u>
OPERATING EXPENSES				
Selling and marketing expenses	94,180	5	70,366	5
General and administrative expenses	85,842	5	35,323	3
Research and development expenses	<u>232,176</u>	<u>14</u>	<u>192,730</u>	<u>14</u>
Total operating expenses	<u>412,198</u>	<u>24</u>	<u>298,419</u>	<u>22</u>
PROFIT FROM OPERATIONS	<u>161,606</u>	<u>9</u>	<u>53,778</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	1,188	-	918	-
Other gains and losses	6,819	1	16,538	1
Finance costs	(<u>507</u>)	-	(<u>2,650</u>)	-
Total non-operating income and expenses	<u>7,500</u>	<u>1</u>	<u>14,806</u>	<u>1</u>
INCOME BEFORE INCOME TAX	169,106	10	68,584	5
INCOME TAX EXPENSE	<u>23,020</u>	<u>2</u>	<u>11,473</u>	<u>1</u>
NET INCOME	<u>146,086</u>	<u>8</u>	<u>57,111</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(996)	-	(898)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	169	-	153	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	(<u>7</u>)	-	(<u>5</u>)	-
Other comprehensive income for the period, net of income tax	(<u>834</u>)	-	(<u>750</u>)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 145,252</u>	<u>8</u>	<u>\$ 56,361</u>	<u>4</u>

(Continued)

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

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

	2015		2014	
	Amount	%	Amount	%
EARNINGS PER SHARE				
From continuing and discontinued operations				
Basic	<u>\$ 3.26</u>		<u>\$ 1.35</u>	
Diluted	<u>\$ 3.25</u>		<u>\$ 1.35</u>	

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

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	<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	-	-
Issue of ordinary shares under employee share options	1,986	19,860	13,903	-	-	33,763
Compensation cost of employee share options	-	-	1,537	-	-	1,537
Net profit for the year ended December 31, 2014	-	-	-	57,111	-	57,111
Other comprehensive income for the year ended December 31, 2014, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(745)</u>	<u>(5)</u>	<u>(750)</u>
BALANCE AT DECEMBER 31, 2014	43,916	439,156	24,032	(87,673)	(13)	375,502
Capital surplus used to offset a deficit	-	-	(23,659)	23,659	-	-
Issue of ordinary shares under employee share options	82	820	574	-	-	1,394
Issuance of capital stock for cash	5,900	59,000	197,600	-	-	256,600
Compensation cost of employee share options by capital stock for cash	-	-	27,762	-	-	27,762
Net profit for the year ended December 31, 2015	-	-	-	146,086	-	146,086
Other comprehensive income for the year ended December 31, 2015 net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(827)</u>	<u>(7)</u>	<u>(834)</u>
BALANCE AT DECEMBER 31, 2015	<u>49,898</u>	<u>\$ 498,976</u>	<u>\$ 226,309</u>	<u>\$ 81,245</u>	<u>(\$ 20)</u>	<u>\$ 806,510</u>

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

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 169,106	\$ 68,584
Adjustments for:		
Depreciation expense	29,647	25,660
Amortization expense	16,782	16,852
Bad debt expenses	1,823	-
Compensation cost of employee share options	27,762	1,537
Finance costs	507	2,650
Interest income	(166)	(86)
Write-down of inventories	24,268	4,641
Net gain on foreign currency exchange	(5,410)	(7,737)
Changes in operating assets and liabilities		
Trade receivables	30,528	50,643
Other receivables	1,909	(6,997)
Inventories	(96,797)	17,158
Prepayments	(1,413)	(753)
Other current assets	(812)	6,069
Trade payables	(55,393)	(19,429)
Accrued profit sharing to employees and bonus to directors and supervisors	10,073	-
Other payables	11,744	4,880
Provisions	5,944	3,381
Other current liabilities	279	311
Net defined benefit liabilities	(539)	(383)
Cash generated from operations	169,842	166,981
Interest received	232	102
Interest paid	(559)	(2,744)
Income tax paid	(10)	-
Net cash generated from operating activities	<u>169,505</u>	<u>164,339</u>

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RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(\$ 39,763)	(\$ 32,205)
Payments for other intangible assets	(20,454)	(10,099)
Decrease (increase) in other financial assets	(14)	3,195
Increase in refundable deposits	(1,467)	-
Decrease in refundable deposits	<u>-</u>	<u>2</u>
Net cash used in investing activities	(<u>61,698</u>)	(<u>39,107</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	100,000	788,481
Decrease in short-term loans	(150,000)	(838,751)
Proceeds from long-term borrowings	-	20,000
Repayments of long-term borrowings	(16,000)	(68,973)
Refund of guarantee deposits received	(4,258)	(1,180)
Issuance of capital stock for cash	256,600	-
Proceeds from exercise of employee stock options	<u>1,394</u>	<u>33,763</u>
Net cash generated from (used in) financing activities	<u>187,736</u>	(<u>66,660</u>)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,627</u>	<u>3,107</u>
NET INCREASE IN CASH	299,170	61,679
CASH AT THE BEGINNING OF THE PERIOD	<u>106,434</u>	<u>44,755</u>
CASH AT THE END OF THE PERIOD	<u>\$ 405,604</u>	<u>\$ 106,434</u>

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