

# RICHWAVE TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	June 30, 2015 (Reviewed)		December 31, 2014 (Audited)		June 30, 2014 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 96,841	12	\$ 106,434	14	\$ 81,598	10
Available-for-sale financial assets - current	16	-	26	-	33	-
Trade receivables, net	341,328	40	331,296	43	390,871	50
Other receivables	5,056	1	7,079	1	3,940	1
Inventories	310,044	37	230,317	30	211,184	27
Prepayments	3,497	-	2,054	-	5,153	1
Other financial assets - current	2,050	-	-	-	1,001	-
Other current assets	<u>2,200</u>	-	<u>575</u>	-	<u>1,873</u>	-
Total current assets	<u>761,032</u>	<u>90</u>	<u>677,781</u>	<u>88</u>	<u>695,653</u>	<u>89</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	55,233	6	49,099	7	36,445	5
Other intangible assets	13,124	2	12,924	2	14,112	2
Deferred tax assets	11,395	1	24,954	3	29,878	4
Refundable deposits	4,974	1	2,601	-	2,607	-
Other financial assets - non-current	<u>1,076</u>	-	<u>1,076</u>	-	<u>1,064</u>	-
Total non-current assets	<u>85,802</u>	<u>10</u>	<u>90,654</u>	<u>12</u>	<u>84,106</u>	<u>11</u>
<b>TOTAL</b>	<u>\$ 846,834</u>	<u>100</u>	<u>\$ 768,435</u>	<u>100</u>	<u>\$ 779,759</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 20,000	3	\$ 50,000	6	\$ 130,000	17
Trade payables	297,337	35	246,036	32	230,210	29
Accrued profit sharing to employees and bonus to directors and supervisors	812	-	-	-	-	-
Other payables	52,051	6	52,712	7	43,472	6
Provisions – current	22,731	3	18,382	2	11,493	1
Current portion of long-term borrowings	-	-	12,000	2	15,563	2
Other current liabilities	<u>1,796</u>	-	<u>1,241</u>	-	<u>1,101</u>	-
Total current liabilities	<u>394,727</u>	<u>47</u>	<u>380,371</u>	<u>49</u>	<u>431,839</u>	<u>55</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings	-	-	4,000	1	15,946	2
Net defined benefit liabilities	2,539	-	2,853	-	2,132	-
Guarantee deposits	<u>1,373</u>	-	<u>5,709</u>	<u>1</u>	<u>5,385</u>	<u>1</u>
Total non-current liabilities	<u>3,912</u>	-	<u>12,562</u>	<u>2</u>	<u>23,463</u>	<u>3</u>
Total liabilities	<u>398,639</u>	<u>47</u>	<u>392,933</u>	<u>51</u>	<u>455,302</u>	<u>58</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Share Capital						
Ordinary shares	<u>439,976</u>	<u>52</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>12,877</u>	<u>2</u>
Retained earnings						
Unappropriated earnings (Accumulated deficit)	<u>7,295</u>	<u>1</u>	<u>( 87,673 )</u>	<u>( 11 )</u>	<u>( 112,720 )</u>	<u>( 14 )</u>
Other equity	<u>( 23 )</u>	-	<u>( 13 )</u>	-	<u>( 6 )</u>	-
Total equity	<u>448,195</u>	<u>53</u>	<u>375,502</u>	<u>49</u>	<u>324,457</u>	<u>42</u>
<b>TOTAL</b>	<u>\$ 846,834</u>	<u>100</u>	<u>\$ 768,435</u>	<u>100</u>	<u>\$ 779,759</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 June 30				For the Six Months Ended June 30			
	2015		2014		2015		2014	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 429,982	100	\$ 367,325	100	\$ 790,941	100	\$ 691,975	100
OPERATING COSTS	<u>285,213</u>	<u>66</u>	<u>261,778</u>	<u>71</u>	<u>527,664</u>	<u>67</u>	<u>506,180</u>	<u>73</u>
GROSS PROFIT	<u>144,769</u>	<u>34</u>	<u>105,547</u>	<u>29</u>	<u>263,277</u>	<u>33</u>	<u>185,795</u>	<u>27</u>
OPERATING EXPENSES								
Selling and marketing expenses	20,270	5	18,957	5	41,121	5	35,285	5
General and administrative expenses	16,995	4	9,723	3	34,172	4	19,698	3
Research and development expenses	<u>51,983</u>	<u>12</u>	<u>44,339</u>	<u>12</u>	<u>96,482</u>	<u>12</u>	<u>91,251</u>	<u>13</u>
Total operating expenses	<u>89,248</u>	<u>21</u>	<u>73,019</u>	<u>20</u>	<u>171,775</u>	<u>21</u>	<u>146,234</u>	<u>21</u>
PROFIT FROM OPERATIONS	<u>55,521</u>	<u>13</u>	<u>32,528</u>	<u>9</u>	<u>91,502</u>	<u>12</u>	<u>39,561</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	45	-	28	-	60	-	277	-
Other gains and losses	( 2,250 )	( 1 )	( 5,603 )	( 2 )	( 6,258 )	( 1 )	( 704 )	-
Finance costs	( <u>173</u> )	<u>-</u>	( <u>765</u> )	<u>-</u>	( <u>436</u> )	<u>-</u>	( <u>1,419</u> )	<u>-</u>
Total non-operating income and expenses	( <u>2,378</u> )	( <u>1</u> )	( <u>6,340</u> )	( <u>2</u> )	( <u>6,634</u> )	( <u>1</u> )	( <u>1,846</u> )	<u>-</u>
INCOME BEFORE INCOME TAX	53,143	12	26,188	7	84,868	11	37,715	6
INCOME TAX EXPENSE	( <u>8,597</u> )	( <u>2</u> )	( <u>4,549</u> )	( <u>1</u> )	( <u>13,559</u> )	( <u>2</u> )	( <u>6,396</u> )	( <u>1</u> )
NET INCOME	<u>44,546</u>	<u>10</u>	<u>21,639</u>	<u>6</u>	<u>71,309</u>	<u>9</u>	<u>31,319</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on available-for-sale financial assets	( <u>8</u> )	<u>-</u>	<u>-</u>	<u>-</u>	( <u>10</u> )	<u>-</u>	<u>2</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 44,538</u>	<u>10</u>	<u>\$ 21,639</u>	<u>6</u>	<u>\$ 71,299</u>	<u>9</u>	<u>\$ 31,321</u>	<u>5</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 1.01</u>		<u>\$ 0.52</u>		<u>\$ 1.62</u>		<u>\$ 0.75</u>	
Diluted	<u>\$ 1.01</u>		<u>\$ 0.50</u>		<u>\$ 1.62</u>		<u>\$ 0.73</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 Gain (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	4,285	-	-	9,295
Net profit for the six months ended June 30, 2014	-	-	-	31,319	-	31,319
Other comprehensive income for the six months ended June 30, 2014, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
BALANCE AT JUNE 30, 2014	<u>42,431</u>	<u>\$ 424,306</u>	<u>\$ 12,877</u>	<u>(\$ 112,720)</u>	<u>(\$ 6)</u>	<u>\$ 324,457</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 six months ended June 30, 2015	-	-	-	71,309	-	71,309
Other comprehensive income for the six months ended June 30, 2015, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 10)</u>	<u>( 10)</u>
BALANCE AT JUNE 30, 2015	<u>43,998</u>	<u>\$ 439,976</u>	<u>\$ 947</u>	<u>\$ 7,295</u>	<u>(\$ 23)</u>	<u>\$ 448,195</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 Six Months Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 84,868	\$ 37,715
Adjustments for:		
Bad debt expenses	1,823	-
Depreciation expense	14,798	12,635
Amortization expense	7,019	8,931
Compensation cost of employee share options	-	777
Finance costs	436	1,419
Interest income	( 60 )	( 48 )
Write-down of inventories	13,541	-
Reversal of write-down of inventories	-	( 4,222 )
Net loss on foreign currency exchange	10,345	4,677
Changes in operating assets and liabilities		
Trade receivables	( 21,183 )	( 22,238 )
Other receivables	1,951	( 3,848 )
Inventories	( 93,268 )	45,154
Prepayments	( 1,443 )	( 3,852 )
Other current assets	( 1,625 )	4,771
Trade payables	51,301	( 30,868 )
Accrued profit sharing to employees and bonus to directors and supervisors	812	-
Other payables	6,851	5,712
Provisions	4,349	( 3,508 )
Other current liabilities	555	171
Net defined benefit liabilities	( 314 )	( 206 )
Cash generated from operations	80,756	53,172
Interest received	132	54
Interest paid	( 478 )	( 1,565 )
Net cash generated from operating activities	<u>80,410</u>	<u>51,661</u>

(Continued)

# **RICHWAVE TECHNOLOGY CORPORATION**

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

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>For the Six Months Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(\$ 22,009 )	(\$ 10,153 )
Payments for other intangible assets	( 13,612 )	( 9,759 )
Decrease (Increase) in other financial assets	( 2,050 )	2,206
Increase in refundable deposits	( <u>2,373</u> )	( <u>4</u> )
Net cash used in investing activities	( <u>40,044</u> )	( <u>17,710</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	90,000	528,481
Decrease in short-term loans	( 120,000 )	( 498,751 )
Repayments of long-term borrowings	( 16,000 )	( 33,464 )
Refund of guarantee deposits received	( 4,336 )	( 1,504 )
Proceeds from exercise of employee stock options	<u>1,394</u>	<u>8,518</u>
Net cash (used in) generated from financing activities	( <u>48,942</u> )	<u>3,280</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	( <u>1,017</u> )	( <u>388</u> )
<b>NET (DECREASE) INCREASE IN CASH</b>	( 9,593 )	36,843
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>106,434</u>	<u>44,755</u>
<b>CASH AT THE END OF THE PERIOD</b>	<u>\$ 96,841</u>	<u>\$ 81,598</u>

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(Concluded)