

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	December 31, 2016		December 31, 2015	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 558,026	39	\$ 405,604	36
Available-for-sale financial assets - current	16	-	19	-
Trade receivables, net	465,294	33	301,393	27
Other receivables	8,618	1	5,098	-
Inventories	279,078	20	302,846	27
Prepayments	8,117	-	8,479	1
Other current assets	<u>1,979</u>	<u>-</u>	<u>1,387</u>	<u>-</u>
Total current assets	<u>1,321,128</u>	<u>93</u>	<u>1,024,826</u>	<u>91</u>
NON-CURRENT ASSETS				
Property, plant and equipment	62,570	5	61,546	6
Other intangible assets	10,739	1	8,553	1
Deferred tax assets	16,229	1	22,282	2
Other non-current assets	1,410	-	638	-
Refundable deposits	4,939	-	4,068	-
Other financial assets - non-current	<u>1,104</u>	<u>-</u>	<u>1,090</u>	<u>-</u>
Total non-current assets	<u>96,991</u>	<u>7</u>	<u>98,177</u>	<u>9</u>
TOTAL	<u>\$ 1,418,119</u>	<u>100</u>	<u>\$ 1,123,003</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 335,135	24	\$ 191,308	17
Accrued profit sharing to employees and bonus to directors and supervisors	16,983	1	10,073	1
Other payables	64,880	5	64,342	6
Current tax liabilities	19,757	1	20,163	2
Provisions – current	28,682	2	24,326	2
Other current liabilities	<u>1,742</u>	<u>-</u>	<u>1,520</u>	<u>-</u>
Total current liabilities	<u>467,179</u>	<u>33</u>	<u>311,732</u>	<u>28</u>
NON-CURRENT LIABILITIES				
Net defined benefit liabilities- non-current	4,044	-	3,310	-
Guarantee deposits	<u>2,393</u>	<u>-</u>	<u>1,451</u>	<u>-</u>
Total non-current liabilities	<u>6,437</u>	<u>-</u>	<u>4,761</u>	<u>-</u>
Total liabilities	<u>473,616</u>	<u>33</u>	<u>316,493</u>	<u>28</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Share Capital				
Ordinary shares	<u>548,874</u>	<u>39</u>	<u>498,976</u>	<u>45</u>
Capital surplus	<u>237,863</u>	<u>17</u>	<u>226,309</u>	<u>20</u>
Retained earnings				
Legal reserve	8,124	1	-	-
Special reserve	20	-	-	-
Unappropriated earnings	<u>149,645</u>	<u>10</u>	<u>81,245</u>	<u>7</u>
	<u>157,789</u>	<u>11</u>	<u>81,245</u>	<u>7</u>
Other equity	(<u>23</u>)	<u>-</u>	(<u>20</u>)	<u>-</u>
Total equity	<u>944,503</u>	<u>67</u>	<u>806,510</u>	<u>72</u>
TOTAL	<u>\$ 1,418,119</u>	<u>100</u>	<u>\$ 1,123,003</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)

	2016		2015	
	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 2,161,784	100	\$ 1,716,217	100
OPERATING COSTS	<u>1,429,559</u>	<u>66</u>	<u>1,142,413</u>	<u>67</u>
GROSS PROFIT	<u>732,225</u>	<u>34</u>	<u>573,804</u>	<u>33</u>
OPERATING EXPENSES				
Selling and marketing expenses	116,407	5	94,180	5
General and administrative expenses	158,219	7	85,842	5
Research and development expenses	<u>274,052</u>	<u>13</u>	<u>232,176</u>	<u>14</u>
Total operating expenses	<u>548,678</u>	<u>25</u>	<u>412,198</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>183,547</u>	<u>9</u>	<u>161,606</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	2,353	-	1,188	-
Other gains and losses	(14,227)	(1)	6,819	1
Finance costs	<u>-</u>	<u>-</u>	<u>(507)</u>	<u>-</u>
Total non-operating income and expenses	<u>(11,874)</u>	<u>(1)</u>	<u>7,500</u>	<u>1</u>
INCOME BEFORE INCOME TAX	171,673	8	169,106	10
INCOME TAX EXPENSE	<u>21,461</u>	<u>1</u>	<u>23,020</u>	<u>2</u>
NET INCOME	<u>150,212</u>	<u>7</u>	<u>146,086</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,586)	-	(996)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	270	-	169	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on available-for-sale financial assets	<u>(3)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>(1,319)</u>	<u>-</u>	<u>(834)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 148,893</u>	<u>7</u>	<u>\$ 145,252</u>	<u>8</u>

(Continued)

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

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

	2016		2015	
	Amount	%	Amount	%
EARNINGS PER SHARE				
From continuing and discontinued operations				
Basic	<u>\$ 2.74</u>		<u>\$ 2.97</u>	
Diluted	<u>\$ 2.72</u>		<u>\$ 2.96</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)

	Capital Stock			Retained Earnings			Unrealized	
	Share (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings (Accumulated Deficit)	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	-	-
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	-	-	-	-	-	(827)	(7)	(834)
BALANCE AT DECEMBER 31, 2015	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	4,989	49,898	-	-	-	(49,898)	-	-
Compensation cost of employee stock options	-	-	11,554	-	-	-	-	11,554
Net profit for the year ended December 31, 2016	-	-	-	-	-	150,212	-	150,212
Other comprehensive income for the year ended December 31, 2016 net of income tax	-	-	-	-	-	(1,316)	(3)	(1,319)
BALANCE AT DECEMBER 31, 2016	<u>54,887</u>	<u>\$ 548,874</u>	<u>\$ 237,863</u>	<u>\$ 8,124</u>	<u>\$ 20</u>	<u>\$ 149,645</u>	<u>(\$ 23)</u>	<u>\$ 944,503</u>

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RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 171,673	\$ 169,106
Adjustments for:		
Depreciation expense	33,196	29,647
Amortization expense	17,109	16,782
Bad debt (reversal) expenses	(1,823)	1,823
Finance costs	-	507
Interest income	(1,822)	(166)
Compensation cost of employee stock options	11,554	27,762
Write-down of inventories	-	24,268
Reversal of write-down of inventories	(1,260)	-
Net gain on foreign currency exchange	(2,085)	(5,410)
Changes in operating assets and liabilities		
Trade receivables	(152,455)	30,528
Other receivables	(3,421)	1,909
Inventories	25,028	(96,797)
Prepayments	(4,650)	(1,413)
Other current assets	(592)	(812)
Trade payables	140,400	(55,393)
Other payables	11,534	11,744
Provisions	4,356	5,944
Accrued profit sharing to employees and bonus to directors and supervisors	6,910	10,073
Other current liabilities	222	279
Net defined benefit liabilities	(852)	(539)
Cash generated from operations	253,022	169,842
Interest received	1,723	232
Interest paid	-	(559)
Income tax paid	(15,544)	(10)
Net cash generated from operating activities	<u>239,201</u>	<u>169,505</u>

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RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(\$ 41,859)	(\$ 39,763)
Increase in refundable deposits	(871)	(1,467)
Payments for other intangible assets	(18,412)	(20,454)
Increase in other financial assets	(14)	(14)
Net cash used in investing activities	(61,156)	(61,698)
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	807	-
Refund of guarantee deposits received	-	(4,258)
Cash dividends	(22,454)	-
Issuance of capital stock for cash	-	256,600
Proceeds from exercise of employee stock options	-	1,394
Net cash (used in) generated from financing activities	(21,647)	187,736
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(3,976)	3,627
NET INCREASE IN CASH	152,422	299,170
CASH AT THE BEGINNING OF THE PERIOD	405,604	106,434
CASH AT THE END OF THE PERIOD	<u>\$ 558,026</u>	<u>\$ 405,604</u>

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(Concluded)