

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	June 30, 2017 (Reviewed)		December 31, 2016 (Audited)		June 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 313,214	20	\$ 558,026	39	\$ 308,630	24
Available-for-sale financial assets - current	16	-	16	-	17	-
Trade receivables, net	536,791	35	465,294	33	392,999	30
Other receivables	12,700	1	8,618	1	6,696	1
Inventories	468,698	30	279,078	20	268,882	21
Prepayments	4,135	-	8,117	-	5,082	-
Other financial assets - current	130,000	8	-	-	193,650	15
Other current assets	<u>2,783</u>	-	<u>1,979</u>	-	<u>2,328</u>	-
Total current assets	<u>1,468,337</u>	<u>94</u>	<u>1,321,128</u>	<u>93</u>	<u>1,178,284</u>	<u>91</u>
NON-CURRENT ASSETS						
Property, plant and equipment	54,847	4	62,570	5	69,602	6
Other intangible assets	8,310	1	10,739	1	16,997	1
Deferred tax assets	22,305	1	16,229	1	20,209	2
Prepayments for equipment	1,715	-	1,410	-	1,780	-
Refundable deposits	4,889	-	4,939	-	4,191	-
Other financial assets - non-current	<u>4,104</u>	-	<u>1,104</u>	-	<u>1,090</u>	-
Total non-current assets	<u>96,170</u>	<u>6</u>	<u>96,991</u>	<u>7</u>	<u>113,869</u>	<u>9</u>
TOTAL	<u>\$ 1,564,507</u>	<u>100</u>	<u>\$ 1,418,119</u>	<u>100</u>	<u>\$ 1,292,153</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables	\$ 447,462	29	\$ 335,135	24	\$ 290,822	23
Accrued profit sharing to employees and bonus to directors and supervisors	19,983	1	16,983	1	17,917	1
Cash dividends payable	92,211	6	-	-	22,454	2
Other payables	65,853	4	64,880	5	64,303	5
Current tax liabilities	15,173	1	19,757	1	11,867	1
Provisions – current	31,025	2	28,682	2	23,446	2
Other current liabilities	<u>1,766</u>	-	<u>1,742</u>	-	<u>1,811</u>	-
Total current liabilities	<u>673,473</u>	<u>43</u>	<u>467,179</u>	<u>33</u>	<u>432,620</u>	<u>34</u>
NON-CURRENT LIABILITIES						
Net defined benefit liabilities- non-current	218	-	4,044	-	2,984	-
Guarantee deposits	<u>2,257</u>	-	<u>2,393</u>	-	<u>2,395</u>	-
Total non-current liabilities	<u>2,475</u>	-	<u>6,437</u>	-	<u>5,379</u>	-
Total liabilities	<u>675,948</u>	<u>43</u>	<u>473,616</u>	<u>33</u>	<u>437,999</u>	<u>34</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	548,874	35	548,874	39	498,976	38
Shares Dividend to be Distributed	-	-	-	-	49,898	4
Total share capital	<u>548,874</u>	<u>35</u>	<u>548,874</u>	<u>39</u>	<u>548,874</u>	<u>42</u>
Capital surplus	<u>249,417</u>	<u>16</u>	<u>237,863</u>	<u>17</u>	<u>226,309</u>	<u>18</u>
Retained earnings						
Legal reserve	23,088	2	8,124	1	8,124	1
Special reserve	23	-	20	-	20	-
Unappropriated earnings	<u>67,180</u>	<u>4</u>	<u>149,645</u>	<u>10</u>	<u>70,849</u>	<u>5</u>
Total retained earnings	<u>90,291</u>	<u>6</u>	<u>157,789</u>	<u>11</u>	<u>78,993</u>	<u>6</u>
Other equity	<u>(23)</u>	-	<u>(23)</u>	-	<u>(22)</u>	-
Total equity	<u>888,559</u>	<u>57</u>	<u>944,503</u>	<u>67</u>	<u>854,154</u>	<u>66</u>
TOTAL	<u>\$ 1,564,507</u>	<u>100</u>	<u>\$ 1,418,119</u>	<u>100</u>	<u>\$ 1,292,153</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			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 655,464	100	\$ 523,202	100	\$ 1,246,316	100	\$ 999,313	100
OPERATING COSTS	<u>417,690</u>	<u>64</u>	<u>339,529</u>	<u>65</u>	<u>789,450</u>	<u>63</u>	<u>660,675</u>	<u>66</u>
GROSS PROFIT	<u>237,774</u>	<u>36</u>	<u>183,673</u>	<u>35</u>	<u>456,866</u>	<u>37</u>	<u>338,638</u>	<u>34</u>
OPERATING EXPENSES								
Selling and marketing expenses	37,871	6	31,944	6	73,620	6	57,477	6
General and administrative expenses	28,801	4	34,712	7	84,527	7	56,212	6
Research and development expenses	<u>85,516</u>	<u>13</u>	<u>68,789</u>	<u>13</u>	<u>164,693</u>	<u>13</u>	<u>135,545</u>	<u>13</u>
Total operating expenses	<u>152,188</u>	<u>23</u>	<u>135,445</u>	<u>26</u>	<u>322,840</u>	<u>26</u>	<u>249,234</u>	<u>25</u>
PROFIT FROM OPERATIONS	<u>85,586</u>	<u>13</u>	<u>48,228</u>	<u>9</u>	<u>134,026</u>	<u>11</u>	<u>89,404</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	441	-	611	-	464	-	1,424	-
Other gains and losses	<u>2,971</u>	<u>-</u>	<u>1,566</u>	<u>1</u>	<u>(104,118)</u>	<u>(9)</u>	<u>(11,539)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>3,412</u>	<u>-</u>	<u>2,177</u>	<u>1</u>	<u>(103,654)</u>	<u>(9)</u>	<u>(10,115)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX	88,998	13	50,405	10	30,372	2	79,289	8
INCOME TAX EXPENSE	<u>14,609</u>	<u>2</u>	<u>5,281</u>	<u>1</u>	<u>5,659</u>	<u>-</u>	<u>9,189</u>	<u>1</u>
NET INCOME	74,389	11	45,124	9	24,713	2	70,100	7
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Unrealized loss on available-for-sale financial assets	<u>(1)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 74,388</u>	<u>11</u>	<u>\$ 45,117</u>	<u>9</u>	<u>\$ 24,713</u>	<u>2</u>	<u>\$ 70,098</u>	<u>7</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 1.36</u>		<u>\$ 0.82</u>		<u>\$ 0.45</u>		<u>\$ 1.28</u>	
Diluted	<u>\$ 1.33</u>		<u>\$ 0.82</u>		<u>\$ 0.44</u>		<u>\$ 1.27</u>	

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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			Capital Surplus	Retained Earnings			Unrealized Loss on Financial Assets	Total Equity
	Share (Thousands)	Share Capital	Share Dividend to be Distributed		Legal Reserve	Special Reserve	Unappropriated earnings		
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)	-	-
Net profit for the six months ended June 30, 2016	-	-	-	-	-	-	70,100	-	70,100
Other comprehensive income for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	-	(2)	(2)
BALANCE AT JUNE 30, 2016	<u>49,898</u>	<u>\$ 498,976</u>	<u>\$ 49,898</u>	<u>\$ 226,309</u>	<u>\$ 8,124</u>	<u>\$ 20</u>	<u>\$ 70,849</u>	<u>(\$ 22)</u>	<u>\$ 854,154</u>
BALANCE AT JANUARY 1, 2017	54,887	\$ 548,874	\$ -	\$ 237,863	\$ 8,124	\$ 20	\$ 149,645	(\$ 23)	\$ 944,503
Appropriation of 2016 earnings									
Legal reserve	-	-	-	-	14,964	-	(14,964)	-	-
Special reserve	-	-	-	-	-	3	(3)	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(92,211)	-	(92,211)
Net profit for the six months ended June 30, 2017	-	-	-	-	-	-	24,713	-	24,713
Compensation cost of employee stock options	-	-	-	11,554	-	-	-	-	11,554
BALANCE AT JUNE 30, 2017	<u>54,887</u>	<u>\$ 548,874</u>	<u>\$ -</u>	<u>\$ 249,417</u>	<u>\$ 23,088</u>	<u>\$ 23</u>	<u>\$ 67,180</u>	<u>(\$ 23)</u>	<u>\$ 888,559</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)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 30,372	\$ 79,289
Adjustments for:		
Depreciation expense	17,020	15,612
Amortization expense	8,041	7,807
Bad debt reversal	-	(1,823)
Interest income	(234)	(894)
Compensation cost of employee stock options	11,554	-
Write-down of inventories	7,219	4,836
Net loss on foreign currency exchange	20,543	379
Changes in operating assets and liabilities		
Trade receivables	(77,944)	(92,086)
Other receivables	(4,106)	(1,087)
Inventories	(196,839)	29,128
Prepayments	3,982	(1,615)
Other current assets	(804)	(941)
Trade payables	112,827	100,336
Other payables	2,549	1,669
Provisions	2,343	(880)
Accrued profit sharing to employees and bonus to directors and supervisors	3,000	7,844
Other current liabilities	24	291
Net defined benefit liabilities	(3,826)	(326)
Cash generated from operations	(64,279)	147,539
Interest received	258	383
Income tax paid	(16,319)	(15,412)
Net cash (used in)generated from operating activities	(80,340)	132,510

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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 Six Months Ended June 30	
	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(\$ 10,946)	(\$ 26,596)
Payments for intangible assets	(5,844)	(11,161)
Increase in other financial assets	(133,000)	(193,650)
Decrease (Increase) in refundable deposits	<u>50</u>	<u>(123)</u>
Net cash used in investing activities	(<u>149,740</u>)	(<u>231,530</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	<u>-</u>	<u>944</u>
Net cash generated from financing activities	<u>-</u>	<u>944</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(<u>14,732</u>)	<u>1,102</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(244,812)	(96,974)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>558,026</u>	<u>405,604</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 313,214</u>	<u>\$ 308,630</u>

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