

# RICHWAVE TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 230,390	15	\$ 558,026	39	\$ 296,613	22
Available-for-sale financial assets - current	19	-	16	-	17	-
Trade receivables, net	569,395	38	465,294	33	451,638	34
Other receivables	13,785	1	8,618	1	11,180	1
Inventories	446,667	29	279,078	20	283,113	21
Prepayments	4,081	-	8,117	-	3,918	-
Other financial assets - current	130,000	9	-	-	188,160	14
Other current assets	2,681	-	1,979	-	2,934	-
Total current assets	1,397,018	92	1,321,128	93	1,237,573	92
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	65,095	4	62,570	5	68,372	5
Other intangible assets	19,434	1	10,739	1	12,849	1
Deferred tax assets	26,575	2	16,229	1	20,855	2
Prepayments for equipment	446	-	1,410	-	981	-
Refundable deposits	4,812	1	4,939	-	4,851	-
Other financial assets - non-current	4,104	-	1,104	-	1,090	-
Prepaid pension	220	-	-	-	-	-
Total non-current assets	120,686	8	96,991	7	108,998	8
<b>TOTAL</b>	<b>\$ 1,517,704</b>	<b>100</b>	<b>\$ 1,418,119</b>	<b>100</b>	<b>\$ 1,346,571</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables	\$ 389,922	26	\$ 335,135	24	\$ 324,845	24
Accrued profit sharing to employees and bonus to directors and supervisors	9,458	-	16,983	1	21,273	2
Other payables	75,284	5	64,880	5	51,640	4
Current tax liabilities	25,913	2	19,757	1	16,345	1
Provisions – current	58,036	4	28,682	2	34,170	3
Other current liabilities	3,721	-	1,742	-	1,858	-
Total current liabilities	562,334	37	467,179	33	450,131	34
<b>NON-CURRENT LIABILITIES</b>						
Net defined benefit liabilities- non-current	-	-	4,044	-	2,746	-
Guarantee deposits	2,245	-	2,393	-	2,327	-
Total non-current liabilities	2,245	-	6,437	-	5,073	-
Total liabilities	564,579	37	473,616	33	455,204	34
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Share capital						
Ordinary shares	548,874	36	548,874	39	548,874	41
Capital surplus	255,194	17	237,863	17	233,453	17
Retained earnings						
Legal reserve	23,088	2	8,124	1	8,124	1
Special reserve	23	-	20	-	20	-
Unappropriated earnings	125,966	8	149,645	10	100,918	7
Total retained earnings	149,077	10	157,789	11	109,062	8
Other equity	(20)	-	(23)	-	(22)	-
Total equity	953,125	63	944,503	67	891,367	66
<b>TOTAL</b>	<b>\$ 1,517,704</b>	<b>100</b>	<b>\$ 1,418,119</b>	<b>100</b>	<b>\$ 1,346,571</b>	<b>100</b>

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			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 706,675	100	\$ 557,477	100	\$ 1,952,991	100	\$ 1,556,790	100
OPERATING COSTS	<u>483,901</u>	<u>69</u>	<u>364,790</u>	<u>66</u>	<u>1,273,351</u>	<u>65</u>	<u>1,025,465</u>	<u>66</u>
GROSS PROFIT	<u>222,774</u>	<u>31</u>	<u>192,687</u>	<u>34</u>	<u>679,640</u>	<u>35</u>	<u>531,325</u>	<u>34</u>
OPERATING EXPENSES								
Selling and marketing expenses	36,978	5	28,642	5	110,598	6	86,119	6
General and administrative expenses	32,609	5	43,094	8	117,136	6	99,306	6
Research and development expenses	<u>87,680</u>	<u>12</u>	<u>68,243</u>	<u>12</u>	<u>252,373</u>	<u>13</u>	<u>203,788</u>	<u>13</u>
Total operating expenses	<u>157,267</u>	<u>22</u>	<u>139,979</u>	<u>25</u>	<u>480,107</u>	<u>25</u>	<u>389,213</u>	<u>25</u>
PROFIT FROM OPERATIONS	<u>65,507</u>	<u>9</u>	<u>52,708</u>	<u>9</u>	<u>199,533</u>	<u>10</u>	<u>142,112</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	154	-	671	-	618	-	2,095	-
Other gains and losses	( <u>362</u> )	-	( <u>19,458</u> )	( <u>3</u> )	( <u>104,480</u> )	( <u>5</u> )	( <u>30,997</u> )	( <u>2</u> )
Total non-operating income and expenses	( <u>208</u> )	-	( <u>18,787</u> )	( <u>3</u> )	( <u>103,862</u> )	( <u>5</u> )	( <u>28,902</u> )	( <u>2</u> )
INCOME BEFORE INCOME TAX	65,299	9	33,921	6	95,671	5	113,210	7
INCOME TAX EXPENSE	<u>6,513</u>	<u>1</u>	<u>3,852</u>	<u>1</u>	<u>12,172</u>	<u>1</u>	<u>13,041</u>	<u>1</u>
NET INCOME	58,786	8	30,069	5	83,499	4	100,169	6
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on available-for-sale financial assets	<u>3</u>	-	<u>-</u>	-	<u>3</u>	-	( <u>2</u> )	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 58,789</u>	<u>8</u>	<u>\$ 30,069</u>	<u>5</u>	<u>\$ 83,502</u>	<u>4</u>	<u>\$ 100,167</u>	<u>6</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 1.07</u>		<u>\$ 0.55</u>		<u>\$ 1.52</u>		<u>\$ 1.83</u>	
Diluted	<u>\$ 1.04</u>		<u>\$ 0.55</u>		<u>\$ 1.49</u>		<u>\$ 1.82</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>			<u>Retained Earnings</u>			<b>Unrealized Gain (Loss) on Financial Assets</b>	<b>Total Equity</b>
	<b>Share (Thousands)</b>	<b>Share Capital</b>	<b>Capital Surplus</b>	<b>Legal Reserve</b>	<b>Special Reserve</b>	<b>Unappropriated earnings</b>		
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)	-	-
Compensation cost of employee stock options	-	-	7,144	-	-	-	-	7,144
Net profit for the nine months ended September 30, 2016	-	-	-	-	-	100,169	-	100,169
Other comprehensive income for the nine months ended September 30, 2016, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 2)</u>	<u>( 2)</u>
BALANCE AT SEPTEMBER 30, 2016	<u>49,898</u>	<u>\$ 548,874</u>	<u>\$ 233,453</u>	<u>\$ 8,124</u>	<u>\$ 20</u>	<u>\$ 100,918</u>	<u>(\$ 22)</u>	<u>\$ 891,367</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)
Compensation cost of employee stock options	-	-	17,331	-	-	-	-	17,331
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	83,499	-	83,499
Other comprehensive income for the nine months ended September 30, 2017, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
BALANCE AT SEPTEMBER 30, 2017	<u>54,887</u>	<u>\$ 548,874</u>	<u>\$ 255,194</u>	<u>\$ 23,088</u>	<u>\$ 23</u>	<u>\$ 125,966</u>	<u>(\$ 20)</u>	<u>\$ 953,125</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 Nine Months Ended September 30	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 95,671	\$ 113,210
Adjustments for:		
Depreciation expense	25,872	24,205
Amortization expense	12,795	12,328
Bad debt reversal	-	( 1,823 )
Interest income	( 388 )	( 1,565 )
Compensation cost of employee stock options	17,331	7,144
Write-down of inventories	7,871	-
Reversal of write-down of inventories	-	( 2,139 )
Net loss on foreign currency exchange	18,628	12,538
Changes in operating assets and liabilities		
Trade receivables	( 110,185 )	( 150,759 )
Other receivables	( 5,049 )	( 5,493 )
Inventories	( 175,460 )	21,872
Prepayments	4,036	( 451 )
Prepaid pension	( 220 )	-
Other current assets	( 702 )	( 1,547 )
Trade payables	57,163	135,150
Other payables	4,757	( 3,480 )
Provisions	29,354	9,844
Accrued profit sharing to employees and bonus to directors and supervisors	( 7,525 )	11,200
Other current liabilities	1,979	338
Net defined benefit liabilities	( 4,044 )	( 564 )
Cash generated from operations	( 28,116 )	180,008
Interest received	270	976
Income tax paid	( 16,362 )	( 15,432 )
Net cash (used in )generated from operating activities	( 44,208 )	165,552

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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>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(\$ 21,756)	(\$ 36,325)
Decrease (Increase) in refundable deposits	127	( 783)
Payments for intangible assets	( 21,520)	( 15,883)
Increase in other financial assets	( <u>133,000</u> )	( <u>188,160</u> )
Net cash used in investing activities	( <u>176,149</u> )	( <u>241,151</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from guarantee deposits received	-	876
Cash dividends	( <u>92,211</u> )	( <u>22,454</u> )
Net cash used in financing activities	( <u>92,211</u> )	( <u>21,578</u> )
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	( <u>15,068</u> )	( <u>11,814</u> )
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 327,636)	( 108,991)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>558,026</u>	<u>405,604</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 230,390</u>	<u>\$ 296,613</u>

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