

# RICHWAVE TECHNOLOGY CORPORATION

## PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)		March 31, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 448,374	32	\$ 558,026	39	\$ 478,771	39
Available-for-sale financial assets - current	17	-	16	-	24	-
Trade receivables, net	469,788	34	465,294	33	343,044	28
Other receivables	13,170	1	8,618	1	7,439	-
Inventories	348,338	25	279,078	20	295,509	24
Prepayments	6,197	1	8,117	-	8,569	1
Other current assets	<u>2,188</u>	-	<u>1,979</u>	-	<u>1,981</u>	-
Total current assets	<u>1,288,072</u>	<u>93</u>	<u>1,321,128</u>	<u>93</u>	<u>1,135,337</u>	<u>92</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	57,429	4	62,570	5	58,284	5
Other intangible assets	12,125	1	10,739	1	8,773	1
Deferred tax assets	25,179	2	16,229	1	20,548	2
Prepayments for equipment	1,565	-	1,410	-	3,440	-
Refundable deposits	4,889	-	4,939	-	4,191	-
Other financial assets - non-current	<u>1,104</u>	-	<u>1,104</u>	-	<u>1,090</u>	-
Total non-current assets	<u>102,291</u>	<u>7</u>	<u>96,991</u>	<u>7</u>	<u>96,326</u>	<u>8</u>
<b>TOTAL</b>	<u>\$ 1,390,363</u>	<u>100</u>	<u>\$ 1,418,119</u>	<u>100</u>	<u>\$ 1,231,663</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Trade payables	\$ 347,914	25	\$ 335,135	24	\$ 283,390	23
Accrued profit sharing to employees and bonus to directors and supervisors	16,983	1	16,983	1	12,931	1
Other payables	71,452	5	64,880	5	53,015	4
Current tax liabilities	19,757	2	19,757	1	22,308	2
Provisions – current	25,925	2	28,682	2	22,178	2
Other current liabilities	<u>1,820</u>	-	<u>1,742</u>	-	<u>1,805</u>	-
Total current liabilities	<u>483,851</u>	<u>35</u>	<u>467,179</u>	<u>33</u>	<u>395,627</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>						
Net defined benefit liabilities- non-current	3,656	-	4,044	-	3,122	-
Guarantee deposits	<u>2,251</u>	-	<u>2,393</u>	-	<u>1,423</u>	-
Total non-current liabilities	<u>5,907</u>	-	<u>6,437</u>	-	<u>4,545</u>	-
Total liabilities	<u>489,758</u>	<u>35</u>	<u>473,616</u>	<u>33</u>	<u>400,172</u>	<u>32</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Share capital						
Ordinary shares	<u>548,874</u>	<u>39</u>	<u>548,874</u>	<u>39</u>	<u>498,976</u>	<u>41</u>
Capital surplus	<u>243,640</u>	<u>18</u>	<u>237,863</u>	<u>17</u>	<u>226,309</u>	<u>18</u>
Retained earnings						
Legal reserve	8,124	1	8,124	1	-	-
Special reserve	20	-	20	-	-	-
Unappropriated earnings	<u>99,969</u>	<u>7</u>	<u>149,645</u>	<u>10</u>	<u>106,221</u>	<u>9</u>
Total retained earnings	<u>108,113</u>	<u>8</u>	<u>157,789</u>	<u>11</u>	<u>106,221</u>	<u>9</u>
Other equity	<u>( 22)</u>	-	<u>( 23)</u>	-	<u>( 15)</u>	-
Total equity	<u>900,605</u>	<u>65</u>	<u>944,503</u>	<u>67</u>	<u>831,491</u>	<u>68</u>
<b>TOTAL</b>	<u>\$ 1,390,363</u>	<u>100</u>	<u>\$ 1,418,119</u>	<u>100</u>	<u>\$ 1,231,663</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 (Loss) Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 590,852	100	\$ 476,111	100
OPERATING COSTS	<u>371,760</u>	<u>63</u>	<u>321,146</u>	<u>67</u>
GROSS PROFIT	<u>219,092</u>	<u>37</u>	<u>154,965</u>	<u>33</u>
OPERATING EXPENSES				
Selling and marketing expenses	35,749	6	25,533	5
General and administrative expenses	55,726	10	21,500	5
Research and development expenses	<u>79,177</u>	<u>13</u>	<u>66,756</u>	<u>14</u>
Total operating expenses	<u>170,652</u>	<u>29</u>	<u>113,789</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>48,440</u>	<u>8</u>	<u>41,176</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	23	-	813	-
Other gains and losses	( <u>107,089</u> )	( <u>18</u> )	( <u>13,105</u> )	( <u>3</u> )
Total non-operating income and expenses	( <u>107,066</u> )	( <u>18</u> )	( <u>12,292</u> )	( <u>3</u> )
(LOSS) INCOME BEFORE INCOME TAX	( 58,626 )	( 10 )	28,884	6
INCOME TAX BENEFIT (EXPENSE)	<u>8,950</u>	<u>2</u>	( <u>3,908</u> )	( <u>1</u> )
NET (LOSS) INCOME	( 49,676 )	( 8 )	24,976	5
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	<u>1</u>	<u>-</u>	<u>5</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	( \$ <u>49,675</u> )	( <u>8</u> )	\$ <u>24,981</u>	<u>5</u>
EARNINGS (LOSS) PER SHARE				
From continuing and discontinued operations				
Basic	( \$ <u>0.91</u> )		\$ <u>0.46</u>	
Diluted	( \$ <u>0.91</u> )		\$ <u>0.45</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			Retained Earnings			Unrealized	
	Share (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Loss on Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2016	49,898	\$ 498,976	\$ 226,309	\$ -	\$ -	\$ 81,245	(\$ 20)	\$ 806,510
Net profit for the three months ended March 31, 2016	-	-	-	-	-	24,976	-	24,976
Other comprehensive income for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	5	5
BALANCE AT MARCH 31, 2016	<u>49,898</u>	<u>\$ 498,976</u>	<u>\$ 226,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,221</u>	<u>(\$ 15)</u>	<u>\$ 831,491</u>
BALANCE AT JANUARY 1, 2017	54,887	\$ 548,874	\$ 237,863	\$ 8,124	\$ 20	\$ 149,645	(\$ 23)	\$ 944,503
Net loss for the three months ended March 31, 2017	-	-	-	-	-	( 49,676)	-	( 49,676)
Other comprehensive income for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	1	1
Compensation cost of employee stock options	-	-	5,777	-	-	-	-	5,777
BALANCE AT MARCH 31, 2017	<u>54,887</u>	<u>\$ 548,874</u>	<u>\$ 243,640</u>	<u>\$ 8,124</u>	<u>\$ 20</u>	<u>\$ 99,969</u>	<u>(\$ 22)</u>	<u>\$ 900,605</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)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (Loss) before income tax	(\$ 58,626 )	\$ 28,884
Adjustments for:		
Depreciation expense	8,571	7,658
Amortization expense	4,226	3,675
Bad debt reversal	-	( 1,823 )
Interest income	( 22 )	( 283 )
Compensation cost of employee stock options	5,777	-
Reversal of write-down of inventories	-	( 1,350 )
Net loss on foreign currency exchange	26,541	4,400
Changes in operating assets and liabilities		
Trade receivables	( 23,242 )	( 49,329 )
Other receivables	( 4,655 )	( 2,355 )
Inventories	( 69,260 )	8,687
Prepayments	1,920	( 76 )
Other current assets	( 209 )	( 594 )
Trade payables	19,875	96,889
Accrued profit sharing to employees and bonus to directors and supervisors	-	2,858
Other payables	8,110	( 918 )
Provisions	( 2,757 )	( 2,148 )
Other current liabilities	78	285
Net defined benefit liabilities	( 388 )	( 188 )
Cash generated from operations	( 84,061 )	94,272
Interest received	125	297
Income tax paid	-	( 29 )
Net cash (used in) generated from operating activities	( 83,936 )	94,540

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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 Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(\$ 5,750 )	(\$ 17,484 )
Payments for intangible assets	( 4,985 )	( 4,032 )
Increase in refundable deposits	<u>50</u>	( <u>123</u> )
Net cash used in investing activities	( <u>10,685</u> )	( <u>21,639</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Refund of guarantee deposits received	( <u>7</u> )	( <u>28</u> )
Net cash used in financing activities	( <u>7</u> )	( <u>28</u> )
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	( <u>15,024</u> )	<u>294</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	( 109,652 )	73,167
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>558,026</u>	<u>405,604</u>
<b>CASH AT THE END OF THE PERIOD</b>	<u>\$ 448,374</u>	<u>\$ 478,771</u>

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