

# **RICHWAVE TECHNOLOGY CORPORATION**

## **PARENT COMPANY ONLY BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

	<b>December 31, 2017</b>		<b>December 31, 2016</b>	
<b>ASSETS</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 175,046	11	\$ 558,026	39
Available-for-sale financial assets - current	17	-	16	-
Trade receivables, net	693,257	42	465,294	33
Other receivables	5,366	-	8,618	1
Inventories	458,736	28	279,078	20
Prepayments	6,389	-	8,117	-
Other financial assets - current	180,000	11	-	-
Other current assets	<u>3,445</u>	<u>-</u>	<u>1,979</u>	<u>-</u>
Total current assets	<u>1,522,256</u>	<u>92</u>	<u>1,321,128</u>	<u>93</u>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	62,110	4	62,570	5
Other intangible assets	24,375	2	10,739	1
Deferred tax assets	27,235	2	16,229	1
Other non-current assets	572	-	1,410	-
Refundable deposits	5,543	-	4,939	-
Other financial assets - non-current	<u>4,115</u>	<u>-</u>	<u>1,104</u>	<u>-</u>
Total non-current assets	<u>123,950</u>	<u>8</u>	<u>96,991</u>	<u>7</u>
<b>TOTAL</b>	<u><u>\$ 1,646,206</u></u>	<u><u>100</u></u>	<u><u>\$ 1,418,119</u></u>	<u><u>100</u></u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Trade payables	\$ 431,112	26	\$ 335,135	24
Accrued profit sharing to employees and bonus to directors and supervisors	16,034	1	16,983	1
Other payables	84,128	5	64,880	5
Current tax liabilities	34,115	2	19,757	1
Provisions – current	58,505	4	28,682	2
Other current liabilities	<u>2,982</u>	<u>-</u>	<u>1,742</u>	<u>-</u>
Total current liabilities	<u>626,876</u>	<u>38</u>	<u>467,179</u>	<u>33</u>
<b>NON-CURRENT LIABILITIES</b>				
Net defined benefit liabilities- non-current	621	-	4,044	-
Guarantee deposits	<u>2,208</u>	<u>-</u>	<u>2,393</u>	<u>-</u>
Total non-current liabilities	<u>2,829</u>	<u>-</u>	<u>6,437</u>	<u>-</u>
Total liabilities	<u>629,705</u>	<u>38</u>	<u>473,616</u>	<u>33</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>				
Share Capital				
Ordinary shares	<u>548,874</u>	<u>33</u>	<u>548,874</u>	<u>39</u>
Capital surplus	<u>260,971</u>	<u>16</u>	<u>237,863</u>	<u>17</u>
Retained earnings				
Legal reserve	23,088	2	8,124	1
Special reserve	23	-	20	-
Unappropriated earnings	<u>183,567</u>	<u>11</u>	<u>149,645</u>	<u>10</u>
Total retained earnings	<u>206,678</u>	<u>13</u>	<u>157,789</u>	<u>11</u>
Other equity	( <u>22</u> )	<u>-</u>	( <u>23</u> )	<u>-</u>
Total equity	<u>1,016,501</u>	<u>62</u>	<u>944,503</u>	<u>67</u>
<b>TOTAL</b>	<u><u>\$ 1,646,206</u></u>	<u><u>100</u></u>	<u><u>\$ 1,418,119</u></u>	<u><u>100</u></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)

	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
NET OPERATING REVENUE	\$ 2,666,091	100	\$ 2,161,784	100
OPERATING COSTS	<u>1,756,985</u>	<u>66</u>	<u>1,429,559</u>	<u>66</u>
GROSS PROFIT	<u>909,106</u>	<u>34</u>	<u>732,225</u>	<u>34</u>
OPERATING EXPENSES				
Selling and marketing expenses	149,927	6	116,407	5
General and administrative expenses	148,260	5	158,219	7
Research and development expenses	<u>339,737</u>	<u>13</u>	<u>274,052</u>	<u>13</u>
Total operating expenses	<u>637,924</u>	<u>24</u>	<u>548,678</u>	<u>25</u>
PROFIT FROM OPERATIONS	<u>271,182</u>	<u>10</u>	<u>183,547</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	899	-	2,353	-
Other gains and losses	( <u>109,955</u> )	( <u>4</u> )	( <u>14,227</u> )	( <u>1</u> )
Total non-operating income and expenses	( <u>109,056</u> )	( <u>4</u> )	( <u>11,874</u> )	( <u>1</u> )
INCOME BEFORE INCOME TAX	162,126	6	171,673	8
INCOME TAX EXPENSE	<u>19,964</u>	<u>1</u>	<u>21,461</u>	<u>1</u>
NET INCOME	<u>142,162</u>	<u>5</u>	<u>150,212</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	( 1,279 )	-	( 1,586 )	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	217	-	270	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on available-for-sale financial assets	<u>1</u>	<u>-</u>	( <u>3</u> )	<u>-</u>
Other comprehensive income for the period, net of income tax	( <u>1,061</u> )	<u>-</u>	( <u>1,319</u> )	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 141,101</u>	<u>5</u>	<u>\$ 148,893</u>	<u>7</u>

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# **RICHWAVE TECHNOLOGY CORPORATION**

## **PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**

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

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	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>EARNINGS PER SHARE</b>				
From continuing and discontinued operations				
Basic	<u>\$ 2.59</u>		<u>\$ 2.74</u>	
Diluted	<u>\$ 2.53</u>		<u>\$ 2.72</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 (Loss) Gain on Financial Assets	Total Equity
	Share (Thousands)	Share Capital	Capital Surplus	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	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	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	-	-	23,108	-	-	-	-	23,108
Net profit for the year ended December 31, 2017	-	-	-	-	-	142,162	-	142,162
Other comprehensive income for the year ended December 31, 2017 net of income tax	-	-	-	-	-	( 1,062)	1	( 1,061)
BALANCE AT DECEMBER 31, 2017	<u>54,887</u>	<u>\$ 548,874</u>	<u>\$ 260,971</u>	<u>\$ 23,088</u>	<u>\$ 23</u>	<u>\$ 183,567</u>	<u>(\$ 22)</u>	<u>\$1,016,501</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)

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 162,126	\$ 171,673
Adjustments for:		
Depreciation expense	34,607	33,196
Amortization expense	16,661	17,109
Bad debt reversal	-	( 1,823 )
Interest income	( 668 )	( 1,822 )
Compensation cost of employee stock options	23,108	11,554
Write-down of inventories	17,182	-
Reversal of write-down of inventories	-	( 1,260 )
Net gain (loss) on foreign currency exchange	24,058	( 2,085 )
Changes in operating assets and liabilities		
Trade receivables	( 239,952 )	( 152,455 )
Other receivables	3,518	( 3,421 )
Inventories	( 196,840 )	25,028
Prepayments	1,728	( 4,650 )
Other current assets	( 1,466 )	( 592 )
Trade payables	101,328	140,400
Other payables	13,839	11,534
Provisions	29,823	4,356
Accrued profit sharing to employees and bonus to directors and supervisors	( 949 )	6,910
Other current liabilities	1,240	222
Net defined benefit liabilities	( 4,702 )	( 852 )
Cash generated from operations	( 15,359 )	253,022
Interest received	402	1,723
Income tax paid	( 16,395 )	( 15,544 )
Net cash (used in ) generated from operating activities	( 31,352 )	239,201

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# **RICHWAVE TECHNOLOGY CORPORATION**

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

(In Thousands of New Taiwan Dollars)

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(\$ 32,197)	(\$ 41,859)
Increase in refundable deposits	( 604)	( 871)
Payments for other intangible assets	( 26,000)	( 18,412)
Increase in other financial assets	( <u>183,011</u> )	( <u>14</u> )
Net cash used in investing activities	( <u>241,812</u> )	( <u>61,156</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from guarantee deposits received	-	807
Cash dividends	( <u>92,211</u> )	( <u>22,454</u> )
Net cash used in financing activities	( <u>92,211</u> )	( <u>21,647</u> )
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	( <u>17,605</u> )	( <u>3,976</u> )
<b>NET (DECREASE ) INCREASE IN CASH AND CASH EQUIVALENTS</b>	( 382,980)	152,422
<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>\$ 175,046</u>	<u>\$ 558,026</u>

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