

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash	\$ 475,477	24	\$ 175,046	11	\$ 230,390	15
Financial assets at fair value through other comprehensive income - current	13	-	-	-	-	-
Available-for-sale financial assets - current	-	-	17	-	19	-
Financial assets at amortized cost -current	200,000	10	-	-	-	-
Trade receivables, net	682,985	34	693,257	42	569,395	38
Other receivables	11,850	1	5,366	-	13,785	1
Inventories	453,842	23	458,736	28	446,667	29
Prepayments	8,740	-	6,389	-	4,081	-
Other financial assets - current	-	-	180,000	11	130,000	9
Other current assets	4,497	-	3,445	-	2,681	-
Total current assets	1,837,404	92	1,522,256	92	1,397,018	92
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	4,115	-	-	-	-	-
Property, plant and equipment	81,996	4	62,110	4	65,095	4
Other intangible assets	23,074	1	24,375	2	19,434	1
Deferred tax assets	42,414	2	27,235	2	26,575	2
Prepayments for equipment	4,677	-	572	-	446	-
Refundable deposits	6,351	1	5,543	-	4,812	1
Other financial assets - non-current	-	-	4,115	-	4,104	-
Prepaid pension	731	-	-	-	220	-
Total non-current assets	163,358	8	123,950	8	120,686	8
TOTAL	\$ 2,000,762	100	\$ 1,646,206	100	\$ 1,517,704	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank loans	\$ 152,625	8	\$ -	-	\$ -	-
Trade payables	405,017	20	431,112	26	389,922	26
Accrued profit sharing to employees and bonus to directors and supervisors	32,491	2	16,034	1	9,458	-
Cash dividends payable	34,579	2	-	-	-	-
Other payables	82,479	4	84,128	5	75,284	5
Current tax liabilities	48,622	2	34,115	2	25,913	2
Provisions – current	-	-	58,505	4	58,036	4
Refund liabilities - current	100,577	5	-	-	-	-
Other current liabilities	5,392	-	2,982	-	3,721	-
Total current liabilities	861,782	43	626,876	38	562,334	37
NON-CURRENT LIABILITIES						
Net defined benefit liabilities- non-current	-	-	621	-	-	-
Guarantee deposits	5,775	-	2,208	-	2,245	-
Total non-current liabilities	5,775	-	2,829	-	2,245	-
Total liabilities	867,557	43	629,705	38	564,579	37
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	603,761	30	548,874	33	548,874	36
Capital surplus	274,686	14	260,971	16	255,194	17
Retained earnings						
Legal reserve	37,305	2	23,088	2	23,088	2
Special reserve	22	-	23	-	23	-
Unappropriated earnings	217,457	11	183,567	11	125,966	8
Total retained earnings	254,784	13	206,678	13	149,077	10
Other equity	(26)	-	(22)	-	(20)	-
Total equity	1,133,205	57	1,016,501	62	953,125	63
TOTAL	\$ 2,000,762	100	\$ 1,646,206	100	\$ 1,517,704	100

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			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 669,194	100	\$ 706,675	100	\$ 2,043,830	100	\$ 1,952,991	100
OPERATING COSTS	<u>447,992</u>	<u>67</u>	<u>483,901</u>	<u>69</u>	<u>1,388,460</u>	<u>68</u>	<u>1,273,351</u>	<u>65</u>
GROSS PROFIT	<u>221,202</u>	<u>33</u>	<u>222,774</u>	<u>31</u>	<u>655,370</u>	<u>32</u>	<u>679,640</u>	<u>35</u>
OPERATING EXPENSES								
Selling and marketing expenses	45,404	7	36,978	5	138,304	6	110,598	6
General and administrative expenses	28,996	4	32,609	5	98,859	5	117,136	6
Research and development expenses	<u>89,978</u>	<u>14</u>	<u>87,680</u>	<u>12</u>	<u>262,435</u>	<u>13</u>	<u>252,373</u>	<u>13</u>
Total operating expenses	<u>164,378</u>	<u>25</u>	<u>157,267</u>	<u>22</u>	<u>499,598</u>	<u>24</u>	<u>480,107</u>	<u>25</u>
PROFIT FROM OPERATIONS	<u>56,824</u>	<u>8</u>	<u>65,507</u>	<u>9</u>	<u>155,772</u>	<u>8</u>	<u>199,533</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	333	-	154	-	1,002	-	618	-
Other gains and losses	5,364	1	(362)	-	11,484	-	(104,480)	(5)
Finance costs	(<u>595</u>)	-	-	-	(<u>834</u>)	-	-	-
Total non-operating income and expenses	<u>5,102</u>	<u>1</u>	(<u>208</u>)	-	<u>11,652</u>	-	(<u>103,862</u>)	(<u>5</u>)
INCOME BEFORE INCOME TAX	61,926	9	65,299	9	167,424	8	95,671	5
INCOME TAX EXPENSE	<u>7,928</u>	<u>1</u>	<u>6,513</u>	<u>1</u>	<u>29,852</u>	<u>1</u>	<u>12,172</u>	<u>1</u>
NET INCOME	<u>53,998</u>	<u>8</u>	<u>58,786</u>	<u>8</u>	<u>137,572</u>	<u>7</u>	<u>83,499</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(<u>3</u>)	-	-	-	(<u>4</u>)	-	-	-
Items that may be reclassified subsequently to profit or loss:								
Unrealized gain on available-for-sale financial assets	-	-	<u>3</u>	-	-	-	<u>3</u>	-
Other comprehensive loss for the period, net of income tax	(<u>3</u>)	-	<u>3</u>	-	(<u>4</u>)	-	<u>3</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 53,995</u>	<u>8</u>	<u>\$ 58,789</u>	<u>8</u>	<u>\$ 137,568</u>	<u>7</u>	<u>\$ 83,502</u>	<u>4</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 0.89</u>		<u>\$ 0.97</u>		<u>\$ 2.28</u>		<u>\$ 1.38</u>	
Diluted	<u>\$ 0.89</u>		<u>\$ 0.95</u>		<u>\$ 2.24</u>		<u>\$ 1.36</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)

	Capital Stock			Retained Earnings			Other Equity			
	Share (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Unrealized (Loss)Gain on Financial Assets	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
BALANCE AT JANUARY 1, 2017	54,887	\$ 548,874	\$ 237,863	\$ 8,124	\$ 20	\$ 149,645	(\$ 23)	\$ -	(\$ 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	-	-	-	-	-	-	3	-	3	3
BALANCE AT SEPTEMBER 30, 2017	54,887	\$ 548,874	\$ 255,194	\$ 23,088	\$ 23	\$ 125,966	(\$ 20)	\$ -	(\$ 20)	\$ 953,125
BALANCE AT JANUARY 1, 2018	54,887	\$ 548,874	\$ 260,971	\$ 23,088	\$ 23	\$ 183,567	(\$ 22)	\$ -	(\$ 22)	\$ 1,016,501
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	22	(22)	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	54,887	548,874	260,971	23,088	23	183,567	-	(22)	(22)	1,016,501
Appropriation of 2017 earnings										
Legal reserve	-	-	-	14,217	-	(14,217)	-	-	-	-
Special reserve	-	-	-	-(1)	1	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(34,579)	-	-	-	(34,579)
Share dividends distributed by the Company	5,489	54,887	-	-	-	(54,887)	-	-	-	-
Compensation cost of employee stock options	-	-	13,715	-	-	-	-	-	-	13,715
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	137,572	-	-	-	137,572
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	-	(4)	(4)	(4)
BALANCE AT SEPTEMBER 30, 2018	60,376	\$ 603,761	\$ 274,686	\$ 37,305	\$ 22	\$ 217,457	\$ -	(\$ 26)	(\$ 26)	\$ 1,133,205

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	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 167,424	\$ 95,671
Adjustments for:		
Depreciation expense	26,714	25,872
Amortization expense	14,210	12,795
Finance costs	834	-
Interest income	(981)	(388)
Compensation cost of employee stock options	13,715	17,331
Write-down of inventories	42,089	7,871
Net loss (gain) on foreign currency exchange	(11,432)	18,628
Changes in operating assets and liabilities		
Trade receivables	16,726	(110,185)
Other receivables	(6,454)	(5,049)
Inventories	(37,195)	(175,460)
Prepayments	(2,351)	4,036
Prepaid pension	(731)	(220)
Other current assets	(1,052)	(702)
Trade payables	(27,283)	57,163
Other payables	3,145	4,757
Refund liabilities	101,019	-
Provisions	(58,505)	29,354
Accrued profit sharing to employees and bonus to directors and supervisors	16,457	(7,525)
Other current liabilities	2,410	1,979
Net defined benefit liabilities	(621)	(4,044)
Cash generated from operations	258,138	(28,116)
Interest received	951	270
Interest paid	(834)	-
Income tax paid	(30,524)	(16,362)
Net cash generated from (used in) operating activities	<u>227,731</u>	(<u>44,208</u>)

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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 Nine Months Ended September 30	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	(\$ 20,000)	\$ -
Payments for property, plant and equipment	(52,087)	(21,756)
Decrease (Increase) in refundable deposits	(808)	127
Payments for intangible assets	(16,259)	(21,520)
Increase in other financial assets	<u>-</u>	<u>(133,000)</u>
Net cash used in investing activities	<u>(89,154)</u>	<u>(176,149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	231,065	-
Decrease in short-term bank loans	(77,415)	-
Proceeds from guarantee deposits received	3,467	-
Cash dividends	<u>-</u>	<u>(92,211)</u>
Net cash generated from (used in) financing activities	<u>157,117</u>	<u>(92,211)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,737</u>	<u>(15,068)</u>
NET INCREASE (DECREASE) IN CASH	300,431	(327,636)
CASH AT THE BEGINNING OF THE PERIOD	<u>175,046</u>	<u>558,026</u>
CASH AT THE END OF THE PERIOD	<u>\$ 475,477</u>	<u>\$ 230,390</u>

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