

RICHWAVE TECHNOLOGY CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash	\$ 372,224	20	\$ 175,046	11	\$ 313,214	20
Financial assets at fair value through other comprehensive income - current	16	-	-	-	-	-
Available-for-sale financial assets - current	-	-	17	-	16	-
Financial assets at amortized cost -current	200,000	11	-	-	-	-
Trade receivables, net	649,709	35	693,257	42	536,791	35
Other receivables	5,993	-	5,366	-	12,700	1
Inventories	452,247	25	458,736	28	468,698	30
Prepayments	8,243	1	6,389	-	4,135	-
Other financial assets - current	-	-	180,000	11	130,000	8
Other current assets	<u>4,466</u>	<u>-</u>	<u>3,445</u>	<u>-</u>	<u>2,783</u>	<u>-</u>
Total current assets	<u>1,692,898</u>	<u>92</u>	<u>1,522,256</u>	<u>92</u>	<u>1,468,337</u>	<u>94</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	4,115	-	-	-	-	-
Property, plant and equipment	78,416	4	62,110	4	54,847	4
Other intangible assets	27,037	2	24,375	2	8,310	1
Deferred tax assets	36,588	2	27,235	2	22,305	1
Prepayments for equipment	4,677	-	572	-	1,715	-
Refundable deposits	6,066	-	5,543	-	4,889	-
Other financial assets - non-current	<u>-</u>	<u>-</u>	<u>4,115</u>	<u>-</u>	<u>4,104</u>	<u>-</u>
Total non-current assets	<u>156,899</u>	<u>8</u>	<u>123,950</u>	<u>8</u>	<u>96,170</u>	<u>6</u>
TOTAL	<u>\$ 1,849,797</u>	<u>100</u>	<u>\$ 1,646,206</u>	<u>100</u>	<u>\$ 1,564,507</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables	\$ 481,907	26	\$ 431,112	26	\$ 447,462	29
Accrued profit sharing to employees and bonus to directors and supervisors	26,647	2	16,034	1	19,983	1
Cash dividends payable	34,579	2	-	-	92,211	6
Other payables	87,358	5	84,128	5	65,853	4
Current tax liabilities	34,890	2	34,115	2	15,173	1
Provisions – current	-	-	58,505	4	31,025	2
Refund liabilities - current	99,973	5	-	-	-	-
Other current liabilities	<u>3,307</u>	<u>-</u>	<u>2,982</u>	<u>-</u>	<u>1,766</u>	<u>-</u>
Total current liabilities	<u>768,661</u>	<u>42</u>	<u>626,876</u>	<u>38</u>	<u>673,473</u>	<u>43</u>
NON-CURRENT LIABILITIES						
Net defined benefit liabilities- non-current	-	-	621	-	218	-
Guarantee deposits	<u>4,087</u>	<u>-</u>	<u>2,208</u>	<u>-</u>	<u>2,257</u>	<u>-</u>
Total non-current liabilities	<u>4,087</u>	<u>-</u>	<u>2,829</u>	<u>-</u>	<u>2,475</u>	<u>-</u>
Total liabilities	<u>772,748</u>	<u>42</u>	<u>629,705</u>	<u>38</u>	<u>675,948</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	548,874	29	548,874	33	548,874	35
Shares Dividend to be Distributed	<u>54,887</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>603,761</u>	<u>32</u>	<u>548,874</u>	<u>33</u>	<u>548,874</u>	<u>35</u>
Capital surplus	<u>272,525</u>	<u>15</u>	<u>260,971</u>	<u>16</u>	<u>249,417</u>	<u>16</u>
Retained earnings						
Legal reserve	37,305	2	23,088	2	23,088	2
Special reserve	22	-	23	-	23	-
Unappropriated earnings	<u>163,459</u>	<u>9</u>	<u>183,567</u>	<u>11</u>	<u>67,180</u>	<u>4</u>
Total retained earnings	<u>200,786</u>	<u>11</u>	<u>206,678</u>	<u>13</u>	<u>90,291</u>	<u>6</u>
Other equity	<u>(23)</u>	<u>-</u>	<u>(22)</u>	<u>-</u>	<u>(23)</u>	<u>-</u>
Total equity	<u>1,077,049</u>	<u>58</u>	<u>1,016,501</u>	<u>62</u>	<u>888,559</u>	<u>57</u>
TOTAL	<u>\$ 1,849,797</u>	<u>100</u>	<u>\$ 1,646,206</u>	<u>100</u>	<u>\$ 1,564,507</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			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 712,365	100	\$ 655,464	100	\$ 1,374,636	100	\$ 1,246,316	100
OPERATING COSTS	<u>483,572</u>	<u>68</u>	<u>417,690</u>	<u>64</u>	<u>940,468</u>	<u>69</u>	<u>789,450</u>	<u>63</u>
GROSS PROFIT	<u>228,793</u>	<u>32</u>	<u>237,774</u>	<u>36</u>	<u>434,168</u>	<u>31</u>	<u>456,866</u>	<u>37</u>
OPERATING EXPENSES								
Selling and marketing expenses	49,136	7	37,871	6	92,900	7	73,620	6
General and administrative expenses	40,348	5	28,801	4	69,863	5	84,527	7
Research and development expenses	<u>90,721</u>	<u>13</u>	<u>85,516</u>	<u>13</u>	<u>172,457</u>	<u>12</u>	<u>164,693</u>	<u>13</u>
Total operating expenses	<u>180,205</u>	<u>25</u>	<u>152,188</u>	<u>23</u>	<u>335,220</u>	<u>24</u>	<u>322,840</u>	<u>26</u>
PROFIT FROM OPERATIONS	<u>48,588</u>	<u>7</u>	<u>85,586</u>	<u>13</u>	<u>98,948</u>	<u>7</u>	<u>134,026</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	453	-	441	-	669	-	464	-
Other gains and losses	12,120	2	2,971	-	6,120	1	(104,118)	(9)
Finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>12,573</u>	<u>2</u>	<u>3,412</u>	<u>-</u>	<u>6,550</u>	<u>1</u>	<u>(103,654)</u>	<u>(9)</u>
INCOME BEFORE INCOME TAX	61,161	9	88,998	13	105,498	8	30,372	2
INCOME TAX EXPENSE	<u>13,687</u>	<u>2</u>	<u>14,609</u>	<u>2</u>	<u>21,924</u>	<u>2</u>	<u>5,659</u>	<u>-</u>
NET INCOME	<u>47,474</u>	<u>7</u>	<u>74,389</u>	<u>11</u>	<u>83,574</u>	<u>6</u>	<u>24,713</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	1	-	-	-	(1)	-	-	-
Items that may be reclassified subsequently to profit or loss:								
Unrealized gain on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>1</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 47,475</u>	<u>7</u>	<u>\$ 74,388</u>	<u>11</u>	<u>\$ 83,573</u>	<u>6</u>	<u>\$ 24,713</u>	<u>2</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 0.86</u>		<u>\$ 1.36</u>		<u>\$ 1.52</u>		<u>\$ 0.45</u>	
Diluted	<u>\$ 0.86</u>		<u>\$ 1.33</u>		<u>\$ 1.50</u>		<u>\$ 0.44</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			Total	Total Equity
	Share (Thousands)	Share Capital	Share Dividend to be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Unrealized Loss on Financial Assets	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income			
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)	
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	54,887	\$ 548,874	\$ -	\$ 249,417	\$ 23,088	\$ 23	\$ 67,180	(\$ 23)	\$ -	(\$ 23)	\$ 888,559	
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	-	-	54,887	-	-	-	(54,887)	-	-	-	-	-
Net profit for the six months ended June 30, 2018	-	-	-	-	-	-	83,574	-	-	-	83,574	
Other comprehensive income for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	-	(1)	(1)	(1)	
Compensation cost of employee stock options	-	-	-	11,554	-	-	-	-	-	-	11,554	
BALANCE AT JUNE 30, 2018	54,887	\$ 548,874	\$ 54,887	\$ 272,525	\$ 37,305	\$ 22	\$ 163,459	\$ -	(\$ 23)	(\$ 23)	\$ 1,077,049	

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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	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 105,498	\$ 30,372
Adjustments for:		
Depreciation expense	17,863	17,020
Amortization expense	9,289	8,041
Finance costs	239	-
Interest income	(665)	(234)
Compensation cost of employee stock options	11,554	11,554
Write-down of inventories	24,075	7,219
Net loss (gain) on foreign currency exchange	(6,800)	20,543
Changes in operating assets and liabilities		
Trade receivables	58,850	(77,944)
Other receivables	(704)	(4,106)
Inventories	(17,586)	(196,839)
Prepayments	(1,574)	3,982
Other current assets	(1,021)	(804)
Trade payables	41,101	112,827
Other payables	2,095	2,549
Refund liabilities	97,196	-
Provisions	(58,505)	2,343
Accrued profit sharing to employees and bonus to directors and supervisors	10,613	3,000
Other current liabilities	325	24
Net defined benefit liabilities	(901)	(3,826)
Cash generated from operations	290,942	(64,279)
Interest received	742	258
Interest paid	(239)	-
Income tax paid	(30,503)	(16,319)
Net cash generated from (used in) operating activities	<u>260,942</u>	<u>(80,340)</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 Six Months Ended June 30	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Financial assets at amortized cost	(\$ 20,000)	\$ -
Payments for property, plant and equipment	(32,745)	(10,946)
Decrease (Increase) in refundable deposits	(523)	50
Payments for intangible assets	(16,483)	(5,844)
Increase in other financial assets	<u>-</u>	<u>(133,000)</u>
Net cash used in investing activities	<u>(69,751)</u>	<u>(149,740)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	<u>1,792</u>	<u>-</u>
Net cash generated from financing activities	<u>1,792</u>	<u>-</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>4,195</u>	<u>(14,732)</u>
NET INCREASE (DECREASE) IN CASH	197,178	(244,812)
CASH AT THE BEGINNING OF THE PERIOD	<u>175,046</u>	<u>558,026</u>
CASH AT THE END OF THE PERIOD	<u>\$ 372,224</u>	<u>\$ 313,214</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)