

# RICHWAVE TECHNOLOGY CORPORATION

## CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash	\$ 475,071	25	\$ 175,046	11
Financial assets at fair value through other comprehensive income - current	11	-	-	-
Available-for-sale financial assets - current	-	-	17	-
Financial assets at amortized cost -current	200,000	11	-	-
Trade receivables, net	567,732	30	693,257	42
Other receivables	6,042	-	5,366	-
Inventories	463,239	25	458,736	28
Prepayments	8,938	1	6,389	-
Other financial assets - current	-	-	180,000	11
Other current assets	4,101	-	3,445	-
Total current assets	1,725,134	92	1,522,256	92
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current	4,127	-	-	-
Property, plant and equipment	85,761	5	62,110	4
Other intangible assets	21,229	1	24,375	2
Deferred tax assets	39,790	2	27,235	2
Prepayments for equipment	483	-	572	-
Refundable deposits	6,399	-	5,543	-
Other financial assets - non-current	-	-	4,115	-
Prepaid pension	723	-	-	-
Total non-current assets	158,512	8	123,950	8
TOTAL	\$ 1,883,646	100	\$ 1,646,206	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans	\$ 92,145	5	\$ -	-
Trade payables	356,294	19	431,112	26
Accrued profit sharing to employees and bonus to directors and supervisors	21,175	1	16,034	1
Other payables	78,824	4	84,128	5
Current tax liabilities	53,062	3	34,115	2
Provisions – current	-	-	58,505	4
Refund liabilities - current	93,375	5	-	-
Other current liabilities	7,321	-	2,982	-
Total current liabilities	702,196	37	626,876	38
NON-CURRENT LIABILITIES				
Net defined benefit liabilities- non-current	-	-	621	-
Guarantee deposits	6,886	1	2,208	-
Total non-current liabilities	6,886	1	2,829	-
Total liabilities	709,082	38	629,705	38
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Share capital				
Ordinary shares	603,761	32	548,874	33
Capital surplus	276,847	15	260,971	16
Retained earnings				
Legal reserve	37,305	2	23,088	2
Special reserve	22	-	23	-
Unappropriated earnings	256,703	13	183,567	11
Total retained earnings	294,030	15	206,678	13
Other equity	( 74)	-	( 22 )	-
Total equity	1,174,564	62	1,016,501	62
TOTAL	\$ 1,883,646	100	\$ 1,646,206	100

The accompanying notes are an integral part of the consolidated financial statements.

# RICHWAVE TECHNOLOGY CORPORATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	2018		2017	
	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 2,650,169	100	\$ 2,666,091	100
OPERATING COSTS	<u>1,785,052</u>	<u>67</u>	<u>1,756,985</u>	<u>66</u>
GROSS PROFIT	<u>865,117</u>	<u>33</u>	<u>909,106</u>	<u>34</u>
OPERATING EXPENSES				
Selling and marketing expenses	182,836	7	149,927	6
General and administrative expenses	133,405	5	148,260	5
Research and development expenses	<u>347,707</u>	<u>13</u>	<u>339,737</u>	<u>13</u>
Total operating expenses	<u>663,948</u>	<u>25</u>	<u>637,924</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>201,169</u>	<u>8</u>	<u>271,182</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	1,564	-	899	-
Other gains and losses	12,864	-	( 109,955 )	( 4 )
Finance costs	( <u>1,494</u> )	-	-	-
Total non-operating income and expenses	<u>12,934</u>	-	( <u>109,056</u> )	( 4 )
INCOME BEFORE INCOME TAX	214,103	8	162,126	6
INCOME TAX EXPENSE	<u>36,918</u>	<u>1</u>	<u>19,964</u>	<u>1</u>
NET INCOME	<u>177,185</u>	<u>7</u>	<u>142,162</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	( 459 )	-	( 1,279 )	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	( 6 )	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	92	-	217	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	( 46 )	-	-	-
Unrealized gain on available-for-sale financial assets	-	-	1	-
Other comprehensive income for the period, net of income tax	( <u>419</u> )	-	( <u>1,061</u> )	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 176,766</u>	<u>7</u>	<u>\$ 141,101</u>	<u>5</u>

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# **RICHWAVE TECHNOLOGY CORPORATION**

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

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

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	<b>2018</b>		<b>2017</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
EARNINGS PER SHARE				
From continuing and discontinued operations				
Basic	\$ 2.93		\$ 2.35	
Diluted	\$ 2.90		\$ 2.30	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# **RICHWAVE TECHNOLOGY CORPORATION**

## **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

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

	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	Foreign Currency Translation Reserve	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	-	-	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	( 1,061)
BALANCE AT DECEMBER 31, 2017	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	-	-	15,876	-	-	-	-	-	-	-	15,876
Net profit for the year ended December 31, 2018	-	-	-	-	-	177,185	-	-	-	-	177,185
Other comprehensive income for the year ended December 31, 2018 net of income tax	-	-	-	-	-	( 367)	-	( 6)	( 46)	( 52)	( 419)
BALANCE AT DECEMBER 31, 2018	60,376	\$ 603,761	\$ 276,847	\$ 37,305	\$ 22	\$ 256,703	\$ -	(\$ 28)	(\$ 46)	(\$ 74)	\$ 1,174,564

The accompanying notes are an integral part of the consolidated financial statements.

# **RICHWAVE TECHNOLOGY CORPORATION**

## **CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousands of New Taiwan Dollars)

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 214,103	\$ 162,126
Adjustments for:		
Depreciation expense	36,091	34,607
Amortization expense	19,361	16,661
Finance costs	1,494	-
Interest income	( 1,552 )	( 668 )
Compensation cost of employee stock options	15,876	23,108
Write-down of inventories	64,089	17,182
Net (gain) loss on foreign currency exchange	( 29,314 )	24,058
Changes in operating assets and liabilities		
Trade receivables	129,757	( 239,952 )
Other receivables	( 606 )	3,518
Inventories	( 68,592 )	( 196,840 )
Prepayments	( 2,549 )	1,728
Prepaid pension	( 723 )	-
Other current assets	( 656 )	( 1,466 )
Trade payables	( 76,582 )	101,328
Other payables	781	13,839
Refund liabilities	93,746	-
Provisions	( 58,505 )	29,823
Accrued profit sharing to employees and bonus to directors and supervisors	5,141	( 949 )
Other current liabilities	4,339	1,240
Net defined benefit liabilities	( 1,080 )	( 4,702 )
Cash generated from operations	344,619	( 15,359 )
Interest received	1,482	402
Interest paid	( 1,264 )	-
Income tax paid	( 30,434 )	( 16,395 )
Net cash generated from (used in) operating activities	<u>314,403</u>	<u>( 31,352 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at amortized cost	( 20,012 )	-
Payments for property, plant and equipment	( 61,631 )	( 32,197 )
Increase in refundable deposits	( 856 )	( 604 )
Payments for intangible assets	( 20,579 )	( 26,000 )
Increase in other financial assets	<u>-</u>	<u>( 183,011 )</u>
Net cash used in investing activities	<u>( 103,078 )</u>	<u>( 241,812 )</u>

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# **RICHWAVE TECHNOLOGY CORPORATION**

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

(In Thousands of New Taiwan Dollars)

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	\$ 434,442	\$ -
Decrease in short-term bank loans	( 342,242 )	-
Proceeds from guarantee deposits received	4,550	-
Cash dividends	( <u>34,579</u> )	( <u>92,211</u> )
Net cash generated from (used in) financing activities	<u>62,171</u>	( <u>92,211</u> )
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>26,529</u>	( <u>17,605</u> )
<b>NET INCREASE (DECREASE) IN CASH</b>	300,025	( 382,980 )
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>175,046</u>	<u>558,026</u>
<b>CASH AT THE END OF THE PERIOD</b>	<u>\$ 475,071</u>	<u>\$ 175,046</u>

The accompanying notes are an integral part of the consolidated financial statements.

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