

# **RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES**

## **CONSOLIDATED BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 365,854	22	\$ 475,071	25	\$ 439,762	27
Financial assets at fair value through other comprehensive income - current	14	-	11	-	15	-
Financial assets at amortized cost - current	200,000	12	200,000	11	-	-
Trade receivables, net	480,088	29	567,732	30	606,373	38
Other receivables	4,693	-	6,042	-	12,525	1
Inventories	405,805	24	463,239	25	400,018	25
Prepayments	8,491	1	8,938	1	6,330	-
Other current assets	4,905	-	4,101	-	3,690	-
	<u>1,469,850</u>	<u>88</u>	<u>1,725,134</u>	<u>92</u>	<u>1,468,713</u>	<u>91</u>
Total current assets						
<b>NON-CURRENT ASSETS</b>						
Financial assets at amortized cost - non-current	4,127	-	4,127	-	4,115	-
Property, plant and equipment	80,107	5	85,761	5	67,701	4
Right-of-use assets	35,153	2	-	-	-	-
Other intangible assets	27,357	2	21,229	1	29,798	2
Deferred tax assets	42,543	3	39,790	2	29,376	2
Prepayments for equipment	-	-	483	-	4,751	-
Refundable deposits	6,350	-	6,399	-	5,811	1
Net defined benefit assets - non-current	878	-	723	-	-	-
	<u>196,515</u>	<u>12</u>	<u>158,512</u>	<u>8</u>	<u>141,552</u>	<u>9</u>
Total non-current assets						
<b>TOTAL</b>	<u>\$ 1,666,365</u>	<u>100</u>	<u>\$ 1,883,646</u>	<u>100</u>	<u>\$ 1,610,265</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term bank loans	\$ -	-	\$ 92,145	5	\$ -	-
Trade payables	207,019	13	356,294	19	334,914	21
Accrued profit sharing to employees and bonus to directors and supervisors	21,175	1	21,175	1	20,598	1
Other payables	75,618	5	78,824	4	75,262	5
Current tax liabilities	49,940	3	53,062	3	44,493	3
Lease liabilities - current	20,200	1	-	-	-	-
Refund liabilities - current	98,545	6	93,375	5	71,765	4
Other current liabilities	6,329	-	7,321	-	2,527	-
	<u>478,826</u>	<u>29</u>	<u>702,196</u>	<u>37</u>	<u>549,559</u>	<u>34</u>
Total current liabilities						
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	173	-	-	-	-	-
Lease liabilities - non-current	14,952	1	-	-	-	-
Net defined benefit liabilities- non-current	-	-	-	-	170	-
Guarantee deposits	6,910	-	6,886	1	2,160	-
	<u>22,035</u>	<u>1</u>	<u>6,886</u>	<u>1</u>	<u>2,330</u>	<u>-</u>
Total non-current liabilities						
Total liabilities	<u>500,861</u>	<u>30</u>	<u>709,082</u>	<u>38</u>	<u>551,889</u>	<u>34</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Share capital						
Ordinary shares	603,761	36	603,761	32	548,874	34
Capital surplus	278,745	17	276,847	15	266,748	17
Retained earnings						
Legal reserve	37,305	2	37,305	2	23,088	1
Special reserve	22	-	22	-	23	-
Unappropriated earnings	245,667	15	256,703	13	219,667	14
Total retained earnings	282,994	17	294,030	15	242,778	15
Other equity	4	-	(74)	-	(24)	-
	<u>1,165,504</u>	<u>70</u>	<u>1,174,564</u>	<u>62</u>	<u>1,058,376</u>	<u>66</u>
Total equity						
<b>TOTAL</b>	<u>\$ 1,666,365</u>	<u>100</u>	<u>\$ 1,883,646</u>	<u>100</u>	<u>\$ 1,610,265</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
( With Deloitte & Touche review report dated May 2, 2019 )

# RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED 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			
	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 425,319	100	\$ 662,271	100
OPERATING COSTS	<u>264,194</u>	<u>62</u>	<u>456,896</u>	<u>69</u>
GROSS PROFIT	<u>161,125</u>	<u>38</u>	<u>205,375</u>	<u>31</u>
OPERATING EXPENSES				
Selling and marketing expenses	50,541	12	43,764	7
General and administrative expenses	36,655	8	29,515	5
Research and development expenses	<u>87,785</u>	<u>21</u>	<u>81,736</u>	<u>12</u>
Total operating expenses	<u>174,981</u>	<u>41</u>	<u>155,015</u>	<u>24</u>
PROFIT (LOSS) FROM OPERATIONS	( <u>13,856</u> )	( <u>3</u> )	<u>50,360</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	508	-	216	-
Other gains and losses	420	-	( 6,000 )	( 1 )
Finance costs	( <u>688</u> )	-	( <u>239</u> )	-
Total non-operating income and expenses	<u>240</u>	-	( <u>6,023</u> )	( <u>1</u> )
INCOME (LOSS) BEFORE INCOME TAX	( 13,616 )	( 3 )	44,337	6
INCOME TAX BENEFIT (EXPENSE)	<u>2,580</u>	-	( <u>8,237</u> )	( <u>1</u> )
NET (LOSS) INCOME	( <u>11,036</u> )	( <u>3</u> )	<u>36,100</u>	<u>5</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	3	-	( 2 )	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>75</u>	-	<u>-</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>78</u>	-	( <u>2</u> )	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	( <u>\$ 10,958</u> )	( <u>3</u> )	<u>\$ 36,098</u>	<u>5</u>
EARNINGS (LOSS) PER SHARE				
From continuing and discontinued operations				
Basic	( <u>\$ 0.18</u> )		<u>\$ 0.60</u>	
Diluted	( <u>\$ 0.18</u> )		<u>\$ 0.59</u>	

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

( With Deloitte & Touche review report dated May 2, 2019 )

**RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED 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) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Reserve	Total	Total Equity
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
Compensation cost of employee stock options	-	-	5,777	-	-	-	-	-	-	-	5,777
Net profit for the three months ended March 31, 2018	-	-	-	-	-	36,100	-	-	-	-	36,100
Other comprehensive income for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	-	-	( 2)	-	( 2)	( 2)
BALANCE AT MARCH 31, 2018	54,887	\$ 548,874	\$ 266,748	\$ 23,088	\$ 23	\$ 219,667	\$ -	(\$ 24)	\$ -	(\$ 24)	\$ 1,058,376
BALANCE AT JANUARY 1, 2019	60,376	\$ 603,761	\$ 276,847	\$ 37,305	\$ 22	\$ 256,703	\$ -	(\$ 28)	(\$ 46)	(\$ 74)	\$1,174,564
Compensation cost of employee stock options	-	-	1,898	-	-	-	-	-	-	-	1,898
Net profit for the three months ended March 31, 2019	-	-	-	-	-	( 11,036)	-	-	-	-	( 11,036)
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	-	3	75	78	78
BALANCE AT MARCH 31, 2019	60,376	\$ 603,761	\$ 278,745	\$ 37,305	\$ 22	\$ 245,667	\$ -	(\$ 25)	\$ 29	\$ 4	\$ 1,165,504

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 ( With Deloitte & Touche review report dated May 2, 2019 )

# RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (Loss) before income tax	(\$ 13,616)	\$ 44,337
Adjustments for:		
Depreciation expense	13,933	9,407
Amortization expense	4,989	4,178
Finance costs	688	239
Interest income	( 385 )	( 213 )
Compensation cost of employee stock options	1,898	5,777
Write-down (Reversal) of inventories	( 5,000 )	5,193
Net (gain) loss on foreign currency exchange	( 273 )	4,026
Changes in operating assets and liabilities		
Trade receivables	88,790	87,747
Other receivables	1,724	( 6,962 )
Inventories	62,434	53,525
Prepaid pension	( 155 )	-
Prepayments	447	59
Other current assets	( 804 )	( 245 )
Trade payables	( 150,121 )	( 97,297 )
Other payables	( 2,286 )	( 5,431 )
Contract liabilities	1,662	-
Refund liabilities	4,799	71,765
Provisions	-	( 58,505 )
Accrued profit sharing to employees and bonus to directors and supervisors	-	4,564
Other current liabilities	( 2,654 )	( 455 )
Net defined benefit liabilities	-	( 451 )
Cash generated from operations	6,070	121,258
Interest received	10	16
Income tax paid	( 1,062 )	( 239 )
Income tax paid	( 3,122 )	-
Net cash generated from operating activities	<u>1,896</u>	<u>121,035</u>

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# RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(\$ 3,721 )	(\$ 18,127 )
Decrease ( Increase) in refundable deposits	49	( 268 )
Payments for intangible assets	( 10,691 )	( 14,086 )
Decrease in other financial assets	<u>-</u>	<u>180,000</u>
Net cash (used in) generated from investing activities	( <u>14,363</u> )	<u>147,519</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term bank loans	( 92,200 )	-
Repayments of Lease principal	( 5,010 )	-
Proceeds from guarantee deposits received	<u>-</u>	<u>1</u>
Net cash generated from (used in) financing activities	( <u>97,210</u> )	<u>1</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>460</u>	( <u>3,839</u> )
<b>NET (DECREASE) INCREASE IN CASH</b>	( 109,217 )	264,716
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>475,071</u>	<u>175,046</u>
<b>CASH AT THE END OF THE PERIOD</b>	<u>\$ 365,854</u>	<u>\$ 439,762</u>

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(Concluded)