

Parade Technologies, Ltd. and Subsidiaries.

The reader is advised that these consolidated financial statements have been prepared originally in NT\$ and conformed with the adoption of IFRSs. In the event of any differences between NT\$ and US\$ version, the NT\$ version shall prevail.

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	USD in Thousands						NTD in Thousands					
	Sequential Quarter		Three Months ended		Nine Months ended		Sequential Quarter		Three Months ended		Nine Months ended	
	Sept 30, 2016	June 30, 2016	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	June 30, 2016	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Revenue	65,863	68,783	65,863	60,818	205,277	158,277	2,089,160	2,229,934	2,089,160	1,944,347	6,659,832	4,982,729
Cost of goods sold	38,216	40,621	38,216	36,489	120,413	94,184	1,212,205	1,316,940	1,212,205	1,166,545	3,906,985	2,965,413
Gross profit	27,647	28,162	27,647	24,329	84,864	64,093	876,955	912,994	876,955	777,802	2,752,847	2,017,316
Research & development expenses	11,304	11,056	11,304	9,229	33,198	21,649	358,565	358,430	358,565	295,055	1,076,181	682,252
Sales & marketing expenses	4,151	4,232	4,151	3,671	12,585	8,479	131,654	137,224	131,654	117,362	408,118	267,236
General & administrative expenses	2,033	2,163	2,033	2,115	6,444	6,017	64,503	70,088	64,503	67,624	209,104	189,268
Total operating expenses	17,488	17,451	17,488	15,015	52,227	36,145	554,722	565,742	554,722	480,041	1,693,403	1,138,756
Operating income	10,159	10,711	10,159	9,314	32,637	27,948	322,233	347,252	322,233	297,761	1,059,444	878,560
Non-operating income and expenses	72	34	72	726	104	844	2,306	1,087	2,306	23,201	3,324	26,870
Income before income taxes	10,231	10,745	10,231	10,040	32,741	28,792	324,539	348,339	324,539	320,962	1,062,768	905,430
Income tax expense	669	(20)	669	1	1,625	1,878	21,224	(649)	21,224	27	52,921	58,550
Net income	9,562	10,765	9,562	10,039	31,116	26,914	303,315	348,988	303,315	320,935	1,009,847	846,880
EPS - Basic (In Dollar)	\$0.13	\$0.14	\$0.13	\$0.13	\$0.41	\$0.36	\$4.03	\$4.66	\$4.03	\$4.28	\$13.45	\$11.33
Shares used in computing EPS-Basic (In thousands)	4,151	74,940	75,312	74,966	75,072	74,753	75,312	74,940	75,312	74,966	75,072	74,753
EPS - Diluted (In Dollar)	\$0.12	\$0.14	\$0.12	\$0.13	\$0.41	\$0.35	\$3.94	\$4.56	\$3.94	\$4.22	\$13.15	\$11.11
Shares used in computing EPS-Diluted (In thousands)	77,011	76,527	77,011	76,124	76,772	76,203	77,011	76,527	77,011	76,124	76,772	76,203

UNAUDITED CONSOLIDATED BALANCE SHEETS

As of September 30, 2016 and 2015

	USD in Thousands		NTD in Thousands	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Current assets				
Cash & cash equivalents	102,414	65,812	3,211,693	2,163,241
Accounts receivable, net	40,099	38,114	1,257,503	1,252,801
Inventories, net	24,824	22,677	778,475	745,398
Other current assets	7,206	8,913	225,971	292,958
Total current assets	174,543	135,516	5,473,642	4,454,398
Non-current assets				
Property, plant and equipment, net	4,402	5,143	138,072	169,051
Intangible assets	95,322	91,425	2,989,278	3,005,129
Deferred income tax assets	2,459	1,099	77,113	36,119
Other non-current assets	870	1,185	27,294	38,966
Total non-current assets	103,053	98,852	3,231,757	3,249,265
Total Assets	277,596	234,368	8,705,399	7,703,663
Current Liabilities				
Accounts payable	23,150	18,647	725,988	612,944
Other payables	13,294	10,077	416,898	331,205
Current tax liabilities	14,905	11,557	467,406	379,888
Other current liabilities	5,443	6,030	170,698	198,221
Total current liabilities	56,792	46,311	1,780,990	1,522,258
Equity				
Ordinary shares	25,462	25,063	773,188	760,553
Capital reserves	71,205	60,001	2,160,904	1,802,738
Retained earnings	139,578	111,583	4,291,716	3,366,060
Treasury shares	(15,441)	(8,236)	(301,399)	263,602
Total equity	220,804	188,057	6,924,409	6,181,405
Total liabilities and equity	277,596	234,368	8,705,399	7,703,663

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For nine months ended September 30, 2016 and 2015

	USD in Thousands		NTD in Thousands	
	Sept 30, 2016	Sept 30, 2015	Sept 30, 2016	Sept 30, 2015
Cash flows from operating activities				
Income before income tax for the period	32,741	28,792	1,062,768	905,430
Depreciation and amortization	6,761	2,516	219,266	79,114
Loss on disposal of equipment	-	46	-	1,440
Share-based compensation cost	3,312	2,345	107,410	73,725
Interest income	(29)	(44)	(945)	(1,393)
Income and expenses having no effect on cash flows	10,044	4,863	325,731	152,886
Accounts receivable	(1,937)	(3,839)	(60,730)	(126,178)
Inventories	(6,128)	(9,034)	(192,181)	(296,962)
Other current assets	885	(2,696)	27,585	(88,641)
Other non-current assets	194	437	6,093	14,370
Net changes in assets relating to operating activities	(6,986)	(15,132)	(219,233)	(497,411)
Accounts payable	1,771	7,854	55,534	258,151
Other payables	1,193	(1,140)	37,418	(37,341)
Other current liabilities	(2,774)	2,291	(87,010)	75,294
Net changes in liabilities relating to operating activities	190	9,005	5,942	296,104
Cash provided by operations	35,989	27,528	1,175,208	857,009
Interest received	(70)	49	(2,258)	1,535
Income taxes paid	(562)	(562)	(18,216)	(17,678)
Net cash provided by operating activities	35,357	27,015	1,154,734	840,866
Cash flows from investing activities				
Decrease in available for sale financial assets - current	-	1,086	-	33,507
Acquisition of equipment	(1,282)	(2,080)	(41,568)	(65,382)
Acquisition of intangible assets	(7,542)	(1,342)	(244,576)	(42,201)
Decrease (increase) in refundable deposits	39	(120)	1,214	(3,952)
Acquisition of business combinations	-	(100,329)	-	(3,168,405)
Net cash used in investing activities	(8,785)	(102,785)	(284,930)	(3,246,433)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	532	383	17,261	12,044
Distribution of cash dividends	(11,572)	(12,220)	(381,897)	(378,811)
Purchase of treasury shares	-	(2,815)	-	(89,045)
Treasury shares reissued to employees	1,485	2,461	48,405	77,497
Cash dividend regain from canceled share-based compensation	6	2	187	49
Net cash used in financing activities	(9,549)	(12,189)	(316,044)	(378,266)
Effect of exchange rate changes on cash and cash equivalents	(2,570)	8,418	(229,818)	346,640
Increase (decrease) in cash and cash equivalents	14,453	(79,541)	323,942	(2,437,193)
Cash and cash equivalents at beginning of period	87,961	145,353	2,887,751	4,600,434
Cash and cash equivalents at end of period	102,414	65,812	3,211,693	2,163,241