

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.

AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	USD in Thousands						NTD in Thousands					
	Sequential Quarter		Three Months ended		Twelve Months ended		Sequential Quarter		Three Months ended		Twelve Months ended	
	Dec 31, 2016	Sept 30, 2016	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Sept 30, 2016	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Revenue	77,017	65,863	77,017	67,650	282,294	225,927	2,446,822	2,089,160	2,446,822	2,206,742	9,106,654	7,189,471
Cost of goods sold	45,963	38,216	45,963	40,584	166,376	134,768	1,460,249	1,212,205	1,460,249	1,323,840	5,367,234	4,289,253
Gross profit	31,054	27,647	31,054	27,066	115,918	91,159	986,573	876,955	986,573	882,902	3,739,420	2,900,218
Research & development expenses	11,212	11,304	11,212	10,703	44,410	32,352	356,194	358,565	356,194	349,110	1,432,375	1,031,362
Sales & marketing expenses	4,129	4,151	4,129	4,099	16,714	12,578	131,176	131,654	131,176	133,706	539,294	400,942
General & administrative expenses	2,268	2,033	2,268	2,107	8,712	8,124	72,066	64,503	72,066	68,740	281,170	258,008
Total operating expenses	17,609	17,488	17,609	16,909	69,836	53,054	559,436	554,722	559,436	551,556	2,252,839	1,690,312
Operating income	13,445	10,159	13,445	10,157	46,082	38,105	427,137	322,233	427,137	331,346	1,486,581	1,209,906
Non-operating income and expenses	215	72	215	64	319	908	6,836	2,306	6,836	2,100	10,160	28,970
Income before income taxes	13,660	10,231	13,660	10,221	46,401	39,013	433,973	324,539	433,973	333,446	1,496,741	1,238,876
Income tax expense	2,760	669	2,760	1,102	4,385	2,980	87,684	21,224	87,684	35,980	140,605	94,530
Net income	10,900	9,562	10,900	9,119	42,016	36,033	346,289	303,315	346,289	297,466	1,356,136	1,144,346
EPS - Basic (In Dollar)	\$0.14	\$0.13	\$0.14	\$0.12	\$0.56	\$0.48	\$4.52	\$4.03	\$4.52	\$3.95	\$18.04	\$15.30
Shares used in computing EPS-Basic (In thousands)	76,667	75,312	76,667	75,355	75,190	74,806	76,667	75,312	76,667	75,355	75,190	74,806
EPS - Diluted (In Dollar)	\$0.14	\$0.12	\$0.14	\$0.12	\$0.54	\$0.47	\$4.40	\$3.94	\$4.40	\$3.89	\$17.58	\$15.00
Shares used in computing EPS-Diluted (In thousands)	78,652	77,011	78,652	76,511	77,124	76,297	78,652	77,011	78,652	76,511	77,124	76,297

AUDITED CONSOLIDATED BALANCE SHEETS As of December 31, 2016 and 2015

	USD in Thousands		NTD in Thousands	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Current assets				
Cash & cash equivalents	124,987	87,961	4,030,839	2,887,751
Accounts receivable, net	47,558	38,162	1,533,751	1,252,871
Inventories, net	26,329	18,696	849,120	613,776
Other current assets	7,533	8,046	242,910	264,159
Total current assets	206,407	152,865	6,656,620	5,018,557
Non-current assets				
Property, plant and equipment, net	4,417	4,828	142,448	158,494
Intangible assets	92,387	91,062	2,979,491	2,989,576
Deferred income tax assets	1,618	1,185	52,166	38,893
Other non-current assets	845	1,103	27,247	36,223
Total non-current assets	99,267	98,178	3,201,352	3,223,186
Total Assets	305,674	251,043	9,857,972	8,241,743
Current liabilities				
Accounts payable	30,025	21,379	968,324	701,881
Other payables	16,895	12,101	544,858	397,268
Current tax liabilities	16,426	12,536	529,731	411,561
Other current liabilities	9,712	8,218	313,227	269,787
Total current liabilities	73,058	54,234	2,356,140	1,780,497
Equity				
Ordinary shares	25,457	25,070	773,049	760,751
Capital reserves	71,166	60,024	2,159,549	1,804,206
Retained earnings	150,485	120,702	4,638,207	3,663,574
Other equity	(14,492)	(7,502)	(68,973)	281,120
Treasury shares	-	(1,485)	-	(48,405)
Total equity	232,616	196,809	7,501,832	6,461,246
Total liabilities and equity	305,674	251,043	9,857,972	8,241,743

AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS For twelve months ended December 31, 2016 and 2015

	USD in Thousands		NTD in Thousands	
	Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Cash flows from operating activities				
Income before income tax for the year	46,401	39,013	1,496,741	1,238,876
Depreciation and amortization	9,041	4,422	291,670	140,349
Loss on disposal of equipment	-	47	-	1,479
Share-based compensation cost	4,610	3,257	148,708	103,370
Interest income	(45)	(54)	(1,460)	(1,718)
Income and expenses having no effect on cash flows	13,606	7,672	438,918	243,480
Accounts receivable	(9,396)	(3,887)	(303,014)	(127,619)
Inventories	(7,634)	(5,053)	(246,187)	(165,886)
Other current assets	280	(1,830)	9,038	(60,095)
Other non-current assets	194	583	6,266	19,137
Net changes in assets relating to operating activities	(16,556)	(10,187)	(533,897)	(334,463)
Accounts payable	8,646	10,585	278,843	347,521
Other payables	4,794	885	154,608	29,167
Other current liabilities	1,495	4,478	48,206	147,011
Net changes in liabilities relating to operating activities	14,935	15,948	481,657	523,699
Cash provided by operations	58,386	52,446	1,883,419	1,671,592
Interest received	39	59	1,263	1,857
Interest payable	(95)	-	(3,087)	-
Income taxes paid	(529)	(787)	(17,076)	(24,967)
Net cash provided by operating activities	57,801	51,718	1,864,519	1,648,482
Cash flows from investing activities				
Decrease in available for sale financial assets - current	-	1,086	-	33,507
Acquisition of equipment	(1,857)	(2,391)	(59,919)	(75,898)
Acquisition of intangible assets	(7,668)	(2,303)	(247,366)	(73,099)
Decrease (increase) in refundable deposits	64	(185)	2,070	(6,036)
Acquisition of business combinations	-	(100,329)	-	(3,168,405)
Net cash used in investing activities	(9,461)	(104,122)	(305,215)	(3,289,931)
Cash flows from financing activities				
Proceeds from exercise of employee stock options	583	411	18,798	13,051
Distribution of cash dividends	(11,573)	(12,220)	(381,897)	(378,811)
Purchase of treasury shares	-	(3,946)	-	(125,902)
Treasury shares reissued to employees	1,485	2,461	48,405	77,497
Cash dividend regain from canceled share-based compensation	12	3	385	92
Net cash used in financing activities	(9,493)	(13,291)	(314,309)	(414,073)
Effect of exchange rate changes on cash and cash equivalents	(1,821)	8,303	(101,907)	342,839
Increase (decrease) in cash and cash equivalents	37,026	(57,392)	1,143,088	(1,712,683)
Cash and cash equivalents at beginning of year	87,961	145,353	2,887,751	4,600,434
Cash and cash equivalents at end of year	124,987	87,961	4,030,839	2,887,751