

Parade Technologies, Ltd. and Subsidiaries.

The following consolidated balance sheets of Parade Technologies, Ltd. and its subsidiaries as of December 31, 2017 and 2016 and the related consolidated statements of comprehensive income, and cash flows for the twelve months ended December 31, 2017 and 2016 have been reviewed and audited by independent accountants, PricewaterhouseCoopers, Taiwan.

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

Audited Consolidated Statements of Comprehensive Income For twelve months ended December 31, 2017 and 2016	USD in Thousands		NTD in Thousands	
	2017	2016	2017	2016
Revenue	340,428	282,294	10,351,803	9,106,654
Cost of goods sold	202,719	166,376	6,164,614	5,367,234
Gross profit	137,709	115,918	4,187,189	3,739,420
Research & development expenses	45,647	44,410	1,388,734	1,432,375
Sales & marketing expenses	16,670	16,714	507,068	539,294
General & administrative expenses	10,618	8,712	322,865	281,170
Total operating expenses	72,935	69,836	2,218,667	2,252,839
Operating income	64,774	46,082	1,968,522	1,486,581
Non-operating income and expenses	56	319	1,705	10,160
Income before income taxes	64,830	46,401	1,970,227	1,496,741
Income tax expenses	1,256	4,385	38,518	140,605
Net income	63,574	42,016	1,931,709	1,356,136
EPS - Basic (In Dollar)	\$0.84	\$0.56	\$25.49	\$18.04
Shares used in computing EPS-Basic (In thousands)	75,793	75,190	75,793	75,190
EPS - Diluted (In Dollar)	\$0.81	\$0.54	\$24.55	\$17.58
Shares used in computing EPS-Diluted (In thousands)	78,683	77,124	78,683	77,124

Audited Consolidated Balance Sheets As of December 31, 2017 and 2016	USD in Thousands		NTD in Thousands	
	2017	2016	2017	2016
Current assets				
Cash & cash equivalents	160,055	124,987	4,763,227	4,030,839
Accounts receivable, net	52,272	47,558	1,555,625	1,533,751
Inventories	34,275	26,329	1,020,015	849,120
Other current assets	9,681	7,533	288,120	242,910
Total current assets	256,283	206,407	7,626,987	6,656,620
Property, plant and equipment, net	8,786	4,417	261,470	142,448
Intangible assets	88,725	92,387	2,640,450	2,979,491
Deferred income tax assets	1,300	1,618	38,694	52,166
Other non-current assets	818	845	24,344	27,247
Total non-current assets	99,629	99,267	2,964,958	3,201,352
Total assets	355,912	305,674	10,591,945	9,857,972
Current liabilities				
Accounts payable	25,788	30,025	767,441	968,324
Other payables	20,633	16,895	614,049	544,858
Current income tax liabilities	19,678	16,426	585,621	529,731
Other current liabilities	8,280	9,712	246,422	313,227
Total current liabilities	74,379	73,058	2,213,533	2,356,140
Equity				
Ordinary shares	25,812	25,457	783,766	773,049
Capital reserves	84,562	71,166	2,562,661	2,159,549
Retained earnings	190,921	150,485	5,874,547	4,638,207
Other equity	(19,762)	(14,492)	(842,562)	(68,973)
Total equity	281,533	232,616	8,378,412	7,501,832
Total liabilities and equity	355,912	305,674	10,591,945	9,857,972

Audited Consolidated Statements of Cash Flows For twelve months ended December 31, 2017 and 2016	USD in Thousands		NTD in Thousands	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax for the year	64,830	46,401	1,970,227	1,496,741
Depreciation and amortization	9,865	9,041	300,209	291,670
Loss on disposal of equipment	32	-	961	-
Share-based compensation cost	6,577	4,610	200,144	148,708
Interest income	(61)	(45)	(1,844)	(1,460)
Income and expenses having no effect on cash flows	16,413	13,606	499,470	438,918
Accounts receivable	(4,714)	(9,396)	(140,294)	(303,014)
Inventories	(7,945)	(7,634)	(236,455)	(246,187)
Other current assets	(544)	280	(16,221)	9,038
Other non-current assets	-	194	-	6,266
Net changes in assets relating to operating activities	(13,203)	(16,556)	(392,970)	(533,897)
Accounts payable	(4,238)	8,646	(126,119)	278,843
Other payables	3,739	4,794	111,259	154,608
Other current liabilities	(1,432)	1,495	(42,621)	48,206
Net changes in liabilities relating to operating activities	(1,931)	14,935	(57,481)	481,657
Cash provided by operations	66,109	58,386	2,019,246	1,883,419
Interest received	55	39	1,661	1,263
Interest paid	-	(95)	-	(3,087)
Income taxes paid	(3,544)	(529)	(107,835)	(17,076)
Income taxes received	5,120	-	156,380	-
Net cash provided by operating activities	67,740	57,801	2,069,452	1,864,519
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment	(6,610)	(1,868)	(201,126)	(60,271)
Proceeds from disposal of equipment	-	11	-	352
Acquisition of intangible assets	(3,823)	(7,668)	(116,335)	(247,366)
Decrease in refundable deposits	27	64	800	2,070
Net cash used in investing activities	(10,406)	(9,461)	(316,661)	(305,215)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from exercise of employee stock options	1,062	583	32,323	18,798
Purchase of treasury shares	(1,998)	-	(60,844)	-
Treasury shares reissued to employees	1,998	1,485	60,844	48,405
Cash dividends paid	(22,962)	(11,573)	(695,744)	(381,897)
Cash dividend recovered from cancellation of share-based compensation	12	12	371	385
Net cash used in financing activities	(21,888)	(9,493)	(663,050)	(314,309)
Effect of exchange rate changes on cash and cash equivalents	(378)	(1,821)	(357,353)	(101,907)
Increase in cash and cash equivalents	35,068	37,026	732,388	1,143,088
Cash and cash equivalents at beginning of year	124,987	87,961	4,030,839	2,887,751
Cash and cash equivalents at end of year	160,055	124,987	4,763,227	4,030,839