

ASPEED TECHNOLOGY INC.

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)		LIABILITIES AND EQUITY	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents	\$ 998,058	70	\$ 830,329	69	\$ 861,039	73	Accounts payable	\$ 37,152	3	\$ 34,507	3	\$ 27,617	2
Available-for-sale financial assets-current	94,469	7	59,927	5	29,850	2	Accrued profit sharing bonus to employees and compensation to directors	26,489	2	46,655	4	19,803	2
Accounts receivable, net	218,393	15	200,626	17	163,172	14	Dividend payable	253,376	18	-	-	184,071	16
Receivables from related parties	14	-	148	-	106	-	Other payables	17,316	1	9,326	1	53,575	4
Other receivables	950	-	1,993	-	3,628	-	Income tax payable	45,125	3	41,800	3	20,808	2
Inventories	56,519	4	42,976	3	43,926	4	Provisions	19,051	1	19,022	2	14,679	1
Prepayments	3,435	-	3,477	-	7,068	1	Other current liabilities	561	-	478	-	3,345	-
Other	89	-	-	-	-	-	Total current liabilities	399,070	28	151,788	13	323,898	27
Total current assets	1,371,927	96	1,139,476	94	1,108,789	94	Total liabilities	399,070	28	151,788	13	323,898	27
NONCURRENT ASSETS							SHAREHOLDERS' EQUITY						
Property, plant and equipment	35,194	3	44,766	4	53,677	5	Capital						
Intangible assets	15,975	1	19,269	2	11,919	1	Capital stock	316,721	22	316,721	26	262,959	23
Deferred income tax assets	3,603	-	1,621	-	1,834	-	Stock dividends to be distributed	42,297	3	-	-	84,672	7
Refundable deposits	1,951	-	1,896	-	1,901	-	Total capital	359,018	25	316,721	26	347,631	30
Total noncurrent assets	56,723	4	67,552	6	69,331	6	Capital surplus	277,116	19	277,116	23	246,206	21
							Retained earnings						
							Legal reserve	120,419	9	86,428	7	86,428	7
							Unappropriated earnings	277,170	19	384,019	32	186,228	16
							Total retained earnings	397,589	28	470,447	39	272,656	23
							Others	(4,143)	-	(9,044)	(1)	(12,271)	(1)
							Total equity	1,029,580	72	1,055,240	87	854,222	73
TOTAL	\$ 1,428,650	100	\$ 1,207,028	100	\$ 1,178,120	100	TOTAL	\$ 1,428,650	100	\$ 1,207,028	100	\$ 1,178,120	100

ASPEED TECHNOLOGY INC.

STATEMENTS OF INCOME

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales revenue	\$ 301,741	100	\$ 199,734	97	\$ 587,049	100	\$ 442,014	99
Other operating revenue	<u>485</u>	-	<u>6,492</u>	3	<u>1,629</u>	-	<u>6,650</u>	1
Total operating revenue	302,226	100	206,226	100	588,678	100	448,664	100
COST OF REVENUE	<u>132,536</u>	44	<u>91,872</u>	44	<u>256,164</u>	43	<u>199,859</u>	45
GROSS PROFIT	<u>169,690</u>	56	<u>114,354</u>	56	<u>332,514</u>	57	<u>248,805</u>	55
OPERATING EXPENSES								
Marketing	6,425	2	4,650	2	11,533	2	10,333	2
General and administrative	14,744	5	10,460	5	27,551	5	20,373	4
Research and development	<u>35,022</u>	12	<u>26,330</u>	13	<u>64,165</u>	11	<u>52,489</u>	12
Total operating expenses	<u>56,191</u>	19	<u>41,440</u>	20	<u>103,249</u>	18	<u>83,195</u>	18
PROFIT FROM OPERATIONS	<u>113,499</u>	37	<u>72,914</u>	36	<u>229,265</u>	39	<u>165,610</u>	37
NON-OPERATING INCOME AND EXPENSES								
Other gains and losses	1,181	-	(4,232)	(2)	(8,746)	(2)	(7,421)	(2)
Other income	1,488	1	2,637	1	3,250	1	4,900	1
Finance costs	<u>-</u>	-	<u>-</u>	-	<u>(3)</u>	-	<u>(79)</u>	-
Total non-operating income and expenses	<u>2,669</u>	1	<u>(1,595)</u>	(1)	<u>(5,499)</u>	(1)	<u>(2,600)</u>	(1)
INCOME BEFORE INCOME TAX	116,168	38	71,319	35	223,766	38	163,010	36
INCOME TAX EXPENSE	<u>25,011</u>	8	<u>10,040</u>	5	<u>43,248</u>	7	<u>20,893</u>	4
NET INCOME	<u>91,157</u>	30	<u>61,279</u>	30	<u>180,518</u>	31	<u>142,117</u>	32
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Unrealized gains (losses) on available-for-sale financial assets	<u>1,315</u>	1	<u>(180)</u>	-	<u>2,100</u>	-	<u>(180)</u>	-
Total other comprehensive income	<u>1,315</u>	1	<u>(180)</u>	-	<u>2,100</u>	-	<u>(180)</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 92,472</u>	31	<u>\$ 61,099</u>	30	<u>\$ 182,618</u>	31	<u>\$ 141,937</u>	32
EARNINGS PER SHARE								
Diluted earnings per share	<u>\$ 2.88</u>		<u>\$ 1.95</u>		<u>\$ 5.70</u>		<u>\$ 4.52</u>	
Basic earnings per share	<u>\$ 2.86</u>		<u>\$ 1.94</u>		<u>\$ 5.67</u>		<u>\$ 4.49</u>	

ASPEED TECHNOLOGY INC.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Capital Stock - Common Stock		Stock Dividends to be Distributed	Capital Surplus	Retained Earnings		Others		Total Equity
	Shares (In Thousands)	Amount			Legal Reserve	Unappropriated Earnings	Employee Unearned Compensation	Unrealized Gain (Loss) From Available-for-sale Financial Assets	
BALANCE, JANUARY 1, 2015	26,295	\$ 262,959	\$ -	\$ 246,206	\$ 58,358	\$ 308,844	\$ (15,701)	\$ -	\$ 860,666
Appropriations of prior year's earnings									
Legal reserve	-	-	-	-	28,070	(28,070)	-	-	-
Cash dividends to shareholders - NT\$7.00 per share	-	-	-	-	-	(184,071)	-	-	(184,071)
Stock dividends to shareholders - NT\$2.00 per share	-	-	52,592	-	-	(52,592)	-	-	-
Employee stock bonus	-	-	32,080	-	-	-	-	-	32,080
Net income for the six months ended June 30, 2015	-	-	-	-	-	142,117	-	-	142,117
Other comprehensive income after tax	-	-	-	-	-	-	-	(180)	(180)
Comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	142,117	-	(180)	141,937
Compensation cost of restricted stock for employees	-	-	-	-	-	-	3,610	-	3,610
BALANCE, JUNE 30, 2015	<u>26,295</u>	<u>\$ 262,959</u>	<u>\$ 84,672</u>	<u>\$ 246,206</u>	<u>\$ 86,428</u>	<u>\$ 186,228</u>	<u>\$ (12,091)</u>	<u>\$ (180)</u>	<u>\$ 854,222</u>
BALANCE, JANUARY 1, 2016	31,671	\$ 316,721	\$ -	\$ 277,116	\$ 86,428	\$ 384,019	\$ (8,911)	\$ (133)	\$ 1,055,240
Appropriations of prior year's earnings									
Legal reserve	-	-	-	-	33,991	(33,991)	-	-	-
Cash dividends to shareholders - NT\$8.00 per share	-	-	-	-	-	(253,376)	-	-	(253,376)
Employee Stock Bonus	-	-	42,297	-	-	-	-	-	42,297
Net income for the six months ended June 30, 2016	-	-	-	-	-	180,518	-	-	180,518
Other comprehensive income after tax	-	-	-	-	-	-	-	2,100	2,100
Comprehensive income for the six months ended June 30, 2016	-	-	-	-	-	180,518	-	2,100	182,618
Compensation cost of restricted stock for employees	-	-	-	-	-	-	2,801	-	2,801
BALANCE, JUNE 30, 2016	<u>31,671</u>	<u>\$ 316,721</u>	<u>\$ 42,297</u>	<u>\$ 277,116</u>	<u>\$ 120,419</u>	<u>\$ 277,170</u>	<u>\$ (6,110)</u>	<u>\$ 1,967</u>	<u>\$ 1,029,580</u>

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 223,766	\$ 163,010
Adjustments for:		
Depreciation expense	15,871	4,368
Amortization expense	4,384	9,431
Finance costs	3	79
Interest income	(2,877)	(4,635)
Gain on disposal of investments	(43)	-
Compensation cost	2,801	3,610
Recognition of provisions	13,265	9,068
Loss (gain) on inventories	755	(420)
Loss on foreign currency exchange, net	11,487	5,320
Changes in operating assets and liabilities:		
Accounts receivable, net		
Related parties included	(19,554)	7,113
Other receivables	988	(1,633)
Inventories	(14,298)	2,444
Prepayments	42	(2,876)
Other current assets	(89)	-
Accounts payable	2,604	(5,800)
Accrued profit sharing bonus to employees and compensation to directors	22,131	17,192
Other payables	2,017	(64)
Provisions	(13,236)	(11,606)
Other current liabilities	83	2,941
Cash generated from operations	250,100	197,542
Interest paid	(3)	(104)
Income taxes paid	(41,905)	(41,421)
Net cash generated by operating activities	208,192	156,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for available-for-sale financial assets	(47,457)	(30,030)
Proceeds on sale disposal of available-for-sale financial assets	15,058	-
Interest received	2,931	4,570
Payments for Property, plant and equipment	(275)	(1,765)
Payments for Intangible assets	(1,090)	(130)
Increase in Refundable deposits	(55)	-
Net cash used in investing activities	(30,888)	(27,355)
CASH FLOWS FROM FINANCING ACTIVITIES		

(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2016	2015
Decrease in short-term loans	<u>-</u>	<u>(45,000)</u>
Net cash used in financing activities	<u>-</u>	<u>(45,000)</u>
CHANGES OF EXCHANGE RATES IN CASH AND CASH EQUIVALENTS	<u>(9,575)</u>	<u>(2,765)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	167,729	80,897
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>830,329</u>	<u>780,142</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 998,058</u>	<u>\$ 861,039</u> (Concluded)