

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)		LIABILITIES AND EQUITY	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents	\$1,046,918	36	\$ 853,936	32	\$ 809,573	32	Short-term borrowings	\$ -	-	\$ 50,000	2	\$ -	-
Financial assets at fair value through profit or loss - current	300,573	10	-	-	-	-	Accounts payable	73,116	2	68,760	3	47,333	2
Available-for-sale financial assets - current	-	-	277,531	11	256,672	10	Payable from related parties	18,055	-	8,492	-	425	-
Accounts receivable, net	407,609	14	360,932	14	325,548	13	Accrued profit sharing bonus to employees and compensation to directors	47,558	2	67,832	3	32,602	2
Receivables from related parties	1,222	-	2,520	-	114	-	Dividend payable	509,607	17	-	-	406,081	16
Other receivables	4,168	-	6,758	-	4,716	-	Other payables	51,065	2	92,959	3	30,552	1
Inventories	146,454	5	90,506	3	98,057	4	Current tax liabilities	83,573	3	91,742	3	66,310	3
Other current assets	8,977	-	7,277	-	7,080	1	Provisions	19,358	1	127,695	5	79,966	3
Total current assets	<u>1,915,921</u>	<u>65</u>	<u>1,599,460</u>	<u>60</u>	<u>1,501,760</u>	<u>60</u>	Other current liabilities	<u>84,991</u>	<u>3</u>	<u>3,180</u>	<u>-</u>	<u>1,299</u>	<u>-</u>
							Total current liabilities	<u>887,323</u>	<u>30</u>	<u>510,660</u>	<u>19</u>	<u>664,568</u>	<u>27</u>
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Property, plant and equipment	56,550	2	53,213	2	17,587	1	Deferred tax liabilities	80,071	3	73,967	3	79,873	3
Goodwill	369,040	13	369,040	14	369,040	14	Other non-current liabilities	<u>1,590</u>	<u>-</u>	<u>789</u>	<u>-</u>	<u>2,342</u>	<u>-</u>
Other Intangible assets	526,109	18	569,545	22	605,985	24	Total non-current liabilities	<u>81,661</u>	<u>3</u>	<u>74,756</u>	<u>3</u>	<u>82,215</u>	<u>3</u>
Deferred tax assets	18,028	1	31,699	1	18,397	1	Total liabilities	<u>968,984</u>	<u>33</u>	<u>585,416</u>	<u>22</u>	<u>746,783</u>	<u>30</u>
Refundable deposits	5,854	-	5,885	-	5,917	-	SHAREHOLDERS' EQUITY						
Other non-current assets	<u>34,521</u>	<u>1</u>	<u>34,521</u>	<u>1</u>	<u>-</u>	<u>-</u>	Capital						
Total noncurrent assets	<u>1,010,102</u>	<u>35</u>	<u>1,063,903</u>	<u>40</u>	<u>1,016,926</u>	<u>40</u>	Capital stock	339,738	12	339,378	13	339,418	14
							Employee stock bonus to be distributed	<u>60,906</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
							Total capital	<u>400,644</u>	<u>14</u>	<u>339,378</u>	<u>13</u>	<u>339,418</u>	<u>14</u>
							Capital surplus	<u>986,742</u>	<u>34</u>	<u>960,462</u>	<u>36</u>	<u>962,206</u>	<u>38</u>
							Retained earnings						
							Legal reserve	218,148	7	165,011	6	165,011	7
							Special reserve	10,166	-	13,085	-	13,085	-
							Unappropriated earnings	<u>370,331</u>	<u>13</u>	<u>610,179</u>	<u>23</u>	<u>308,652</u>	<u>12</u>
							Total retained earnings	<u>598,645</u>	<u>20</u>	<u>788,275</u>	<u>29</u>	<u>486,748</u>	<u>19</u>
							Others	<u>(28,992)</u>	<u>(1)</u>	<u>(10,168)</u>	<u>-</u>	<u>(16,469)</u>	<u>(1)</u>
							Total equity	<u>1,957,039</u>	<u>67</u>	<u>2,077,947</u>	<u>78</u>	<u>1,771,903</u>	<u>70</u>
TOTAL	<u>\$2,926,023</u>	<u>100</u>	<u>\$2,663,363</u>	<u>100</u>	<u>\$2,518,686</u>	<u>100</u>	TOTAL	<u>\$2,926,023</u>	<u>100</u>	<u>\$2,663,363</u>	<u>100</u>	<u>\$2,518,686</u>	<u>100</u>

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
Sales revenue	\$ 547,733	100	\$ 445,459	100	\$ 1,085,986	100	\$ 898,126	100
Other operating revenue	148	-	150	-	148	-	459	-
Total operating revenue	547,881	100	445,609	100	1,086,134	100	898,585	100
OPERATING COSTS	226,141	41	190,925	43	449,797	42	378,765	42
GROSS PROFIT	321,740	59	254,684	57	636,337	58	519,820	58
OPERATING EXPENSES								
Marketing expenses	18,290	3	18,606	4	35,373	3	35,206	4
General and administrative expenses	24,227	5	26,291	6	50,627	5	50,643	6
Research and development expenses	88,470	16	74,364	17	166,723	15	147,119	16
Total operating expenses	130,987	24	119,261	27	252,723	23	232,968	26
PROFIT FROM OPERATIONS	190,753	35	135,423	30	383,614	35	286,852	32
NON-OPERATING INCOME AND EXPENSES								
Other income	14,761	2	2,849	1	17,938	2	4,123	-
Other gains and losses	37,847	7	7,276	1	12,089	1	(20,626)	(2)
Finance costs	-	-	(257)	-	(84)	-	(1,204)	-
Total non-operating income and expenses	52,608	9	9,868	2	29,943	3	(17,707)	(2)
INCOME BEFORE INCOME TAX	243,361	44	145,291	32	413,557	38	269,145	30
INCOME TAX EXPENSE	52,395	9	18,249	4	91,943	8	39,306	4
NET INCOME	190,966	35	127,042	28	321,614	30	229,839	26
OTHER COMPREHENSIVE INCOME								
Items reclassified subsequently to profit or loss:								
Exchange differences arising on translating foreign operations	394	-	(140)	-	(226)	-	(1,647)	-
Unrealized (losses) gains on available-for-sale financial assets	-	-	(553)	-	-	-	(6,169)	(1)
Total other comprehensive income	394	-	(693)	-	(226)	-	(7,816)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 191,360	35	\$ 126,349	28	\$ 321,388	30	\$ 222,023	25
NET INCOME ATTRIBUTABLE TO:								

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Owners of the Company	\$ 190,966	35	\$ 127,042	29	\$ 321,614	30	\$ 229,839	26
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 191,360	35	\$ 126,349	28	\$ 321,388	30	\$ 222,023	25
EARNINGS PER SHARE								
Basic earnings per share	\$ 5.62		\$ 3.75		\$ 9.48		\$ 6.80	
Diluted earnings per share	\$ 5.61		\$ 3.74		\$ 9.45		\$ 6.77	

(Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(Reviewed, Not Audited)

	Capital Stock - Common Stock			Capital Surplus	Retained Earnings			Employee Unearned Compensation	Others Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) From Available-for-sale Financial Assets	Total Equity
	Shares (In Thousands)	Amount	Employee Bonus to be Distributed		Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE, JANUARY 1, 2017	33,839	\$ 338,401	\$ -	\$ 912,860	\$ 120,419	\$ -	\$ 542,571	\$ (16,629)	\$ 1,124	\$ 2,419	\$ 1,901,165
Appropriation of prior year's earnings											
Legal reserve	-	-	-	-	44,592	-	(44,592)	-	-	-	-
Special reserve	-	-	-	-	-	13,085	(13,085)	-	-	-	-
Cash dividends to shareholds - \$12.00 per share	-	-	-	-	-	-	(406,081)	-	-	-	(406,081)
Employee stock bonus	106	1,057	-	50,278	-	-	-	-	-	-	51,335
Write off restricted stock on May 26,2017	(4)	(40)	-	(932)	-	-	-	972	-	-	-
Net income for the six months ended June 30, 2017	-	-	-	-	-	-	229,839	-	-	-	229,839
Other comprehensive income after tax	-	-	-	-	-	-	-	-	(1,647)	(6,169)	(7,816)
Comprehensive income for the six months ended June 30, 2017	-	-	-	-	-	-	229,839	-	(1,647)	(6,169)	222,023
Compensation cost of restricted stock for employees	-	-	-	-	-	-	-	3,461	-	-	3,461
BALANCE, JUNE 30, 2017	<u>33,941</u>	<u>\$ 339,418</u>	<u>\$ -</u>	<u>\$ 962,206</u>	<u>\$ 165,011</u>	<u>\$ 13,085</u>	<u>\$ 308,652</u>	<u>\$ (12,196)</u>	<u>\$ (523)</u>	<u>\$ (3,750)</u>	<u>\$ 1,771,903</u>
BALANCE, JANUARY 1, 2018	33,937	\$ 339,378	\$ -	\$ 960,462	\$ 165,011	\$ 13,085	\$ 610,179	\$ (7,558)	\$ (973)	\$ (1,637)	\$ 2,077,947
Effect of retrospective application	-	-	-	-	-	-	(1,637)	-	-	1,637	-
BALANCE, JANUARY 1, 2018 AS RESTATED	<u>33,937</u>	<u>339,378</u>	<u>-</u>	<u>960,462</u>	<u>165,011</u>	<u>13,085</u>	<u>608,542</u>	<u>(7,558)</u>	<u>(973)</u>	<u>-</u>	<u>2,077,947</u>
Appropriation of prior year's earnings											
Legal reserve	-	-	-	-	53,137	-	(53,137)	-	-	-	-
Special reserve	-	-	-	-	-	(2,919)	2,919	-	-	-	-
Cash dividends to shareholds - NT\$15.00 per share	-	-	-	-	-	-	(509,607)	-	-	-	(509,607)
Employee stock bonus	-	-	60,906	-	-	-	-	-	-	-	60,906
Issuance of restricted stock under employees share options on February 5, 2018	36	360	-	26,280	-	-	-	(26,640)	-	-	-
Net income for the six months ended June 30, 2018	-	-	-	-	-	-	321,614	-	-	-	321,614
Other comprehensive income after tax	-	-	-	-	-	-	-	-	(226)	-	(226)
Comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	-	321,614	-	(226)	-	321,388
Compensation cost of restricted stock for employees	-	-	-	-	-	-	-	6,405	-	-	6,405
BALANCE, JUNE 30, 2018	<u>33,973</u>	<u>\$ 339,738</u>	<u>\$ 60,906</u>	<u>\$ 986,742</u>	<u>\$ 218,148</u>	<u>\$ 10,166</u>	<u>\$ 370,331</u>	<u>\$ (27,793)</u>	<u>\$ (1,199)</u>	<u>\$ -</u>	<u>\$ 1,957,039</u>

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the six Months Ended June 30	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 413,557	\$ 269,145
Adjustments for:		
Depreciation expenses	13,259	16,983
Amortization expenses	53,912	50,362
Finance costs	84	1,204
Interest income	(7,850)	(2,981)
Net gain on disposal of financial assets	(364)	(3,625)
Write-down of inventories	1,638	262
Recognition of provisions	2,376	59,630
Net (gain) loss on foreign currency exchange, net	(37,753)	5,721
Compensation cost	6,405	3,461
Net loss on fair value changes of financial assets at fair value through profit or loss	5,899	-
Changes in operating assets and liabilities:		
Accounts receivable, net		
Related parties included	(36,375)	(36,393)
Other receivables	2,446	40,271
Inventories	(57,586)	(17,428)
Other current asset	(1,700)	(602)
Accounts payable		
Related parties included	11,651	10,686
Other payables	2,965	11,740
Provisions	(110,713)	(9,932)
Other current liabilities	78,298	213
Accrued profit sharing bonus to employees and compensation to directors	40,632	26,591
Other non-current liabilities	801	-
Cash generated from operations	<u>381,582</u>	<u>425,308</u>
Interest paid	(112)	(1,324)
Income taxes paid	<u>(80,337)</u>	<u>(84,288)</u>
Net cash generated from operating activities	<u>301,133</u>	<u>339,696</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit or loss	(89,894)	-
Proceeds from sale of financial assets at fair value through profit or loss	61,317	-
Purchase of available-for-sale financial assets	-	(200,319)
Proceeds from sale of available-for-sale financial assets	-	67,478
Interest received	7,996	2,903
Payments for Property, plant and equipment	(29,491)	(8,205)
Payments for Intangible assets	(42,688)	(5,439)
Decrease (increase) in Refundable deposits	<u>31</u>	<u>(2,068)</u>

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ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the six Months Ended June 30	
	2018	2017
Net cash used in investing activities	\$ <u>(92,729)</u>	\$ <u>(145,650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	<u>(50,000)</u>	<u>(395,000)</u>
Net cash used in financing activities	<u>(50,000)</u>	<u>(395,000)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>34,578</u>	<u>(8,839)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	192,982	(209,793)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>853,936</u>	<u>1,019,366</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$1,046,918</u>	<u>\$ 809,573</u> (Concluded)