

Stock Code :8201

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

2015 Interim Consolidated Financial Statements—

SIX MONTHS ENDED JUNE 30, 2015 AND 2014

**Address: 10FL, No. 36, Lane 513, Rui Guang Road, Nei Hu Dist.,
Taipei, Taiwan, R.O.C.
Telephone: 886-2-7726-5111**

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2015, December 31, 2014, and June 30, 2014
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2015/6/30	2014/12/31	2014/6/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	497,311	292,402	293,992
Current financial assets at fair value through profit or loss			
Total current financial assets at fair value through profit or loss	0	1,026	0
Notes receivable, net			
Notes receivable, net	475	871	959
Accounts receivable, net			
Accounts receivable, net	68,963	76,695	125,904
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	94,255	26,670	16,992
Other receivables			
Other receivables, net	34,860	27,455	32,170
Current tax assets			
Total current tax assets	3,401	2,640	2,856
Inventories			
Total inventories	99,221	333,483	284,394
Other current assets			

Other current financial assets	345,835	1,804,112	2,355,950
Other current assets, others	22,026	22,876	33,459
Total other current assets	367,861	1,826,988	2,389,409
Total current assets	1,166,347	2,588,230	3,146,676
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	301,249	322,898	284,088
Non-current financial assets at cost			
Non-current financial assets at cost, net	176,400	155,400	150,000
Investments accounted for using equity method			
Investments accounted for using equity method, net	24,874	28,763	32,330
Property, plant and equipment			
Total property, plant and equipment	300,202	305,445	317,826
Intangible assets			
Total intangible assets	69,650	81,249	97,014
Deferred tax assets	12,293	12,293	62,835
Other non-current assets			
Guarantee deposits paid	5,610	5,909	6,585
Other non-current financial assets			
Total other non-current financial assets	8,041	8,017	7,945
Other non-current assets, others			
Total other non-current assets, others	4,071	22,086	7,401
Total other non-current assets	17,722	36,012	21,931
Total non-current assets	902,390	942,060	966,024
Total assets	2,068,737	3,530,290	4,112,700

Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	192,731	1,366,675	1,893,132
Notes payable			
Total notes payable	0	0	781
Accounts payable			
Total accounts payable	101,819	196,256	161,136
Other payables			
Total other payables	85,473	172,698	82,823
Current provisions			
Total current provisions	2,421	3,628	3,599
Other current liabilities			
Total other current liabilities	16,007	19,296	26,305
Total current liabilities	398,451	1,758,553	2,167,776
Non-current liabilities			
Deferred tax liabilities			
Total deferred tax liabilities	15,269	17,823	11,560
Other non-current liabilities			
Net defined benefit liability, non-current	142,521	148,006	171,319
Other non-current liabilities, others	8,121	8,641	2,830
Total other non-current liabilities	150,642	156,647	174,149
Total non-current liabilities	165,911	174,470	185,709
Total liabilities	564,362	1,933,023	2,353,485

Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	890,947	890,947	890,947
Total capital stock	890,947	890,947	890,947
Capital surplus			
Total capital surplus	635,323	914,593	914,593
Retained earnings			
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	(87,061)	(279,270)	(93,273)
Total retained earnings	(87,061)	(279,270)	(93,273)
Other equity interest			
Total other equity interest	65,166	70,997	46,948
Total equity attributable to owners of parent	1,504,375	1,597,267	1,759,215
Non-controlling interests	0	0	0
Total equity	1,504,375	1,597,267	1,759,215
Total liabilities and equity	2,068,737	3,530,290	4,112,700
Number of share capital awaiting retirement	0	0	0
Equivalent issue shares of advance receipts for ordinary share	0	0	0
Number of shares in entity held by entity and by its subsidiaries	0	0	0

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and Six Months Ended June 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2015/2nd	2014/2nd	2015/01/01To 2015/06/30	2014/01/01To 2014/06/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	213,499	195,119	596,020	1,083,412
Operating costs				
Total operating costs	190,998	166,261	504,008	891,494
Gross profit (loss) from operations	22,501	28,858	92,012	191,918
Unrealized profit (loss) from sales	108	(352)	1,971	479
Realized profit (loss) on from sales	0	0	1,516	739
Gross profit (loss) from operations	22,393	29,210	91,557	192,178
Operating expenses				
Selling expenses				
Total selling expenses	29,508	38,865	68,887	100,231
Administrative expenses				
Total administrative expenses	31,079	38,313	70,094	79,630
Research and development expenses				
Total research and development expenses	24,716	29,845	52,831	56,418

Total operating expenses	85,303	107,023	191,812	236,279
Net operating income (loss)	(62,910)	(77,813)	(100,255)	(44,101)
Non-operating income and expenses				
Other income				
Total other income	10,215	25,029	26,153	48,167
Other gains and losses				
Other gains and losses, net	(4,582)	(13,781)	(7,333)	(69,170)
Finance costs				
Finance costs, net	774	6,753	3,086	12,801
Share of profit (loss) of associates and joint ventures accounted for using equity method				
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	(1,220)	(4,412)	(2,734)	(8,824)
Total non-operating income and expenses	3,639	83	13,000	(42,628)
Profit (loss) from continuing operations before tax	(59,271)	(77,730)	(87,255)	(86,729)
Tax expense (income)				
Total tax expense (income)	(301)	0	(194)	6,544
Profit (loss) from continuing operations	(58,970)	(77,730)	(87,061)	(93,273)
Profit (loss)	(58,970)	(77,730)	(87,061)	(93,273)
Other comprehensive income				

Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	(5,497)	(12,139)	(12,711)	(5,262)
Unrealised gains (losses) on valuation of available-for-sale financial assets	6,711	1,940	5,678	(3,895)
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss				
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	280	(514)	(1,155)	568
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(887)	(2,151)	(2,357)	(798)
Components of other comprehensive income that will be reclassified to profit or loss	2,381	(8,562)	(5,831)	(7,791)
Other comprehensive income, net	2,381	(8,562)	(5,831)	(7,791)
Total comprehensive income	(56,589)	(86,292)	(92,892)	(101,064)
Profit (loss), attributable to:				

Profit (loss), attributable to owners of parent	(58,970)	(77,730)	(87,061)	(93,273)
Profit (loss), attributable to non-controlling interests	0	0	0	0
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	(56,589)	(86,292)	(92,892)	(101,064)
Comprehensive income, attributable to non-controlling interests	0	0	0	0
Basic earnings per share				
Total basic earnings per share	(0.66)	(0.87)	(0.98)	(1.05)

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

2015/06/30 Statement of Stockholders' Equity

	Ordinary share	Total share capital	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Total equity
Equity	890,947	890,947	914,593	(279,270)	(279,270)	73,560	(2,563)	70,997	1,597,267	1,597,267
Capital surplus used to offset accumulated deficits			(279,270)	279,270	279,270				0	0
Profit (loss)				(87,061)	(87,061)				(87,061)	(87,061)
Other comprehensive income				0	0	(11,509)	5,678	(5,831)	(5,831)	(5,831)
Total comprehensive income				(87,061)	(87,061)	(11,509)	5,678	(5,831)	(92,892)	(92,892)
Total increase (decrease) in equity	0	0	(279,270)	192,209	192,209	(11,509)	5,678	(5,831)	(92,892)	(92,892)
Equity	890,947	890,947	635,323	(87,061)	(87,061)	62,051	3,115	65,166	1,504,375	1,504,375

2014/06/30 Statement of Stockholders' Equity

	Ordinary share	Total share capital	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Total equity
Equity	890,947	890,947	1,465,927	(551,334)	(551,334)	46,935	7,804	54,739	1,860,279	1,860,279
Capital surplus used to offset accumulated deficits			(551,334)	551,334	551,334				0	0
Profit (loss)				(93,273)	(93,273)				(93,273)	(93,273)
Other comprehensive income				0	0	(3,896)	(3,895)	(7,791)	(7,791)	(7,791)
Total comprehensive income				(93,273)	(93,273)	(3,896)	(3,895)	(7,791)	(101,064)	(101,064)
Total increase (decrease) in equity	0	0	(551,334)	458,061	458,061	(3,896)	(3,895)	(7,791)	(101,064)	(101,064)
Equity	890,947	890,947	914,593	(93,273)	(93,273)	43,039	3,909	46,948	1,759,215	1,759,215

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2015/01/01To2015/06/30	2014/01/01To2014/06/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	(87,255)	(86,729)
Profit (loss) before tax	(87,255)	(86,729)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	4,805	10,851
Amortization expense	23,401	41,175
Provision (reversal of provision) for bad debt expense	(79)	259
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	1,026	0
Interest expense	3,086	12,801
Interest income	(26,153)	(48,167)
Share of loss (profit) of associates and joint ventures accounted for using equity method	2,734	8,824
Loss (gain) on disposal of property, plan and equipment	81	67
Loss (gain) on disposal of investments	1,538	0
Other adjustments to reconcile profit (loss)	(914)	20,463
Total adjustments to reconcile profit (loss)	9,525	46,273

Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	397	217
Decrease (increase) in accounts receivable	7,603	(22,112)
Decrease (increase) in accounts receivable due from related parties	(68,357)	(11,645)
Decrease (increase) in other receivable	(26,767)	20,044
Decrease (increase) in inventories	230,450	222,359
Decrease (increase) in other current assets	2,221	31,864
Total changes in operating assets	145,547	240,727
Changes in operating liabilities		
Increase (decrease) in notes payable	0	77
Increase (decrease) in accounts payable	(92,036)	(212,639)
Increase (decrease) in other payable	(89,125)	(78,528)
Increase (decrease) in provisions	(1,207)	(1,414)
Increase (decrease) in receipts in advance	(1,363)	0
Increase (decrease) in other current liabilities	(988)	(31,607)
Increase (decrease) in net defined benefit liability	(5,485)	765
Increase (decrease) in other operating liabilities	454	(260)
Total changes in operating liabilities	(189,750)	(323,606)
Total changes in operating assets and liabilities	(44,203)	(82,879)
Total adjustments	(34,678)	(36,606)
Cash inflow (outflow) generated from operations	(121,933)	(123,335)
Interest received	45,210	34,410

Interest paid	(3,361)	(12,167)
Net cash flows from (used in) operating activities	(80,084)	(101,092)
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	(98,564)	(14,704)
Proceeds from disposal of available-for-sale financial assets	120,642	0
Acquisition of property, plant and equipment	(1,101)	(1,125)
Proceeds from disposal of property, plant and equipment	58	0
Increase in refundable deposits	(94)	0
Decrease in refundable deposits	0	865
Acquisition of intangible assets	(12,373)	(24,255)
Increase in other financial assets	0	(1,270,127)
Decrease in other financial assets	1,458,152	0
Increase in other non-current assets	(1,772)	(6,718)
Net cash flows from (used in) investing activities	1,464,948	(1,316,064)
Cash flows from (used in) financing activities		
Increase in short-term loans	0	1,018,715
Decrease in short-term loans	(1,173,944)	0
Increase in guarantee deposits received	263	517
Net cash flows from (used in) financing activities	(1,173,681)	1,019,232
Effect of exchange rate changes on cash and cash equivalents	(6,274)	(3,930)
Net increase (decrease) in cash and cash equivalents	204,909	(401,854)
Cash and cash equivalents at beginning of period	292,402	695,846
Cash and cash equivalents at end of period	497,311	293,992

Cash and cash equivalents reported in the statement of financial position	497,311	293,992
---	---------	---------