

Stock Code :8201

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

2016 Interim Consolidated Financial Statements—

SIX MONTHS ENDED JUNE 30, 2016 AND 2015

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INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2016, December 31, 2015, and June 30, 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/6/30	2015/12/31	2015/6/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	771,697	959,234	497,311
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	0	57,834	0
Notes receivable, net			
Notes receivable, net	1,656	1,009	475
Accounts receivable, net			
Accounts receivable, net	118,710	66,351	68,963
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	21,808	13,768	94,255
Other receivables			
Other receivables, net	150,466	52,830	34,860
Current tax assets			
Total current tax assets	1,185	3,073	3,401
Inventories			
Total inventories	44,032	40,218	99,221

Other current assets			
Other current financial assets	2,448	2,820	345,835
Other current assets, others	15,663	21,302	22,026
Total other current assets	18,111	24,122	367,861
Total current assets	1,127,665	1,218,439	1,166,347
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	0	0	301,249
Non-current financial assets at cost			
Non-current financial assets at cost, net	155,400	155,400	176,400
Investments accounted for using equity method			
Investments accounted for using equity method, net	22,905	23,440	24,874
Property, plant and equipment			
Total property, plant and equipment	296,206	299,178	300,202
Intangible assets			
Total intangible assets	41,018	57,078	69,650
Deferred tax assets	6,000	6,000	12,293
Other non-current assets			
Guarantee deposits paid	1,108	4,288	5,610
Other non-current financial assets			
Total other non-current financial assets	5,898	6,899	8,041
Other non-current assets, others			
Total other non-current assets, others	283	77	4,071
Total other non-current assets	7,289	11,264	17,722
Total non-current assets	528,818	552,360	902,390

Total assets	1,656,483	1,770,799	2,068,737
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	0	0	192,731
Accounts payable			
Total accounts payable	168,604	65,277	101,819
Other payables			
Total other payables	326,026	147,668	85,473
Current provisions			
Total current provisions	2,610	5,760	2,421
Other current liabilities			
Total other current liabilities	25,944	29,427	16,007
Total current liabilities	523,184	248,132	398,451
Non-current liabilities			
Deferred tax liabilities			
Total deferred tax liabilities	13,176	15,478	15,269
Other non-current liabilities			
Net defined benefit liability, non-current	66,029	115,116	142,521
Other non-current liabilities, others	5,285	6,186	8,121
Total other non-current liabilities	71,314	121,302	150,642
Total non-current liabilities	84,490	136,780	165,911
Total liabilities	607,674	384,912	564,362
Equity			

Equity attributable to owners of parent			
Share capital			
Ordinary share	623,663	890,947	890,947
Total capital stock	623,663	890,947	890,947
Capital surplus			
Total capital surplus	390,839	635,323	635,323
Retained earnings			
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	(17,525)	(244,484)	(87,061)
Total retained earnings	(17,525)	(244,484)	(87,061)
Other equity interest			
Total other equity interest	51,832	104,101	65,166
Total equity attributable to owners of parent	1,048,809	1,385,887	1,504,375
Non-controlling interests	0	0	0
Total equity	1,048,809	1,385,887	1,504,375
Total liabilities and equity	1,656,483	1,770,799	2,068,737
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, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/2nd	2015/2nd	2016/01/01To 2016/06/30	2015/01/01To 2015/06/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	178,666	213,499	279,289	596,020
Operating costs				
Total operating costs	141,263	190,998	223,884	504,008
Gross profit (loss) from operations	37,403	22,501	55,405	92,012
Unrealized profit (loss) from sales	(334)	108	951	1,971
Realized profit (loss) on from sales	0	0	536	1,516
Gross profit (loss) from operations	37,737	22,393	54,990	91,557
Operating expenses				
Selling expenses				
Total selling expenses	24,550	29,508	48,721	68,887
Administrative expenses				
Total administrative expenses	22,686	31,079	42,639	70,094
Research and development expenses				
Total research and development expenses	22,131	24,716	45,725	52,831

Total operating expenses	69,367	85,303	137,085	191,812
Net operating income (loss)	(31,630)	(62,910)	(82,095)	(100,255)
Non-operating income and expenses				
Other income				
Total other income	1,677	10,215	3,290	26,153
Other gains and losses				
Other gains and losses, net	3,742	(4,582)	62,559	(7,333)
Finance costs				
Finance costs, net	0	774	1	3,086
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	(365)	(1,220)	(1,232)	(2,734)
Total non-operating income and expenses	5,054	3,639	64,616	13,000
Profit (loss) from continuing operations before tax	(26,576)	(59,271)	(17,479)	(87,255)
Tax expense (income)				
Total tax expense (income)	(1)	(301)	46	(194)
Profit (loss) from continuing operations	(26,575)	(58,970)	(17,525)	(87,061)
Profit (loss)	(26,575)	(58,970)	(17,525)	(87,061)
Other comprehensive income				

Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	(2,788)	(5,497)	(14,233)	(12,711)
Unrealised gains (losses) on valuation of available-for-sale financial assets	0	6,711	(41,034)	5,678
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	102	280	697	(1,155)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(456)	(887)	(2,301)	(2,357)
Components of other comprehensive income that will be reclassified to profit or loss	(2,230)	2,381	(52,269)	(5,831)
Other comprehensive income, net	(2,230)	2,381	(52,269)	(5,831)
Total comprehensive income	(28,805)	(56,589)	(69,794)	(92,892)
Profit (loss), attributable to:				

Profit (loss), attributable to owners of parent	(26,575)	(58,970)	(17,525)	(87,061)
Profit (loss), attributable to non-controlling interests	0	0	0	0
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	(28,805)	(56,589)	(69,794)	(92,892)
Comprehensive income, attributable to non-controlling interests	0	0	0	0
Basic earnings per share				
Total basic earnings per share	(0.34)	(0.66)	(0.21)	(0.98)

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

2016/06/30 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	635,323	(244,484)	(244,484)	63,067	41,034	104,101	1,385,887	1,385,887
Capital surplus used to offset accumulated deficits			(244,484)	244,484	244,484				0	0
Profit (loss)				(17,525)	(17,525)				(17,525)	(17,525)
Other comprehensive income				0	0	(11,235)	(41,034)	(52,269)	(52,269)	(52,269)
Total comprehensive income				(17,525)	(17,525)	(11,235)	(41,034)	(52,269)	(69,794)	(69,794)
Capital reduction	(267,284)	(267,284)							(267,284)	(267,284)
Total increase (decrease) in equity	(267,284)	(267,284)	(244,484)	226,959	226,959	(11,235)	(41,034)	(52,269)	(337,078)	(337,078)
Equity	623,663	623,663	390,839	(17,525)	(17,525)	51,832	0	51,832	1,048,809	1,048,809

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/01/01To2016/06/30	2015/01/01To2015/06/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	(17,479)	(87,255)
Profit (loss) before tax	(17,479)	(87,255)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	3,743	4,805
Amortization expense	24,111	23,401
Provision (reversal of provision) for bad debt expense	145	(79)
Interest expense	1	3,086
Interest income	(3,290)	(26,153)
Share of loss (profit) of associates and joint ventures accounted for using equity method	1,232	2,734
Loss (gain) on disposal of property, plan and equipment	(11,628)	81
Loss (gain) on disposal of investments	(41,312)	1,538
Other adjustments to reconcile profit (loss)	(10,511)	(914)
Total adjustments to reconcile profit (loss)	(37,509)	8,499
Changes in operating assets and liabilities		

Changes in operating assets		
Decrease (increase) in financial assets held for trading	0	1,026
Decrease (increase) in notes receivable	(649)	397
Decrease (increase) in accounts receivable	(52,570)	7,603
Decrease (increase) in accounts receivable due from related parties	(8,092)	(68,357)
Decrease (increase) in other receivable	(97,048)	(26,767)
Decrease (increase) in inventories	(4,181)	230,450
Decrease (increase) in other current assets	5,542	2,221
Total changes in operating assets	(156,998)	146,573
Changes in operating liabilities		
Increase (decrease) in accounts payable	103,864	(92,036)
Increase (decrease) in other payable	(88,569)	(89,125)
Increase (decrease) in provisions	(3,150)	(1,207)
Increase (decrease) in other current liabilities	(3,172)	(2,351)
Increase (decrease) in net defined benefit liability	(49,087)	(5,485)
Increase (decrease) in other operating liabilities	415	454
Total changes in operating liabilities	(39,699)	(189,750)
Total changes in operating assets and liabilities	(196,697)	(43,177)
Total adjustments	(234,206)	(34,678)
Cash inflow (outflow) generated from operations	(251,685)	(121,933)
Interest received	2,465	45,210
Interest paid	0	(3,361)
Income taxes refund (paid)	1,841	0

Net cash flows from (used in) operating activities	(247,379)	(80,084)
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	0	(98,564)
Proceeds from disposal of available-for-sale financial assets	58,112	120,642
Acquisition of property, plant and equipment	(3,434)	(1,101)
Proceeds from disposal of property, plant and equipment	13,218	58
Increase in refundable deposits	0	(94)
Decrease in refundable deposits	3,155	0
Acquisition of intangible assets	(7,092)	(12,373)
Decrease in other financial assets	1,291	1,458,152
Increase in other non-current assets	(209)	(1,772)
Net cash flows from (used in) investing activities	65,041	1,464,948
Cash flows from (used in) financing activities		
Decrease in short-term loans	0	(1,173,944)
Increase in guarantee deposits received	0	263
Decrease in guarantee deposits received	(439)	0
Decrease in other non-current liabilities	(872)	0
Net cash flows from (used in) financing activities	(1,311)	(1,173,681)
Effect of exchange rate changes on cash and cash equivalents	(3,888)	(6,274)
Net increase (decrease) in cash and cash equivalents	(187,537)	204,909
Cash and cash equivalents at beginning of period	959,234	292,402
Cash and cash equivalents at end of period	771,697	497,311
Cash and cash equivalents reported in the statement of financial position	771,697	497,311