

Stock Code :8201

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
2016 Interim Consolidated Financial Statements—
NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

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

Accounting Title	2016/9/30	2015/12/31	2015/9/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	376,551	959,234	551,884
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	0	57,834	0
Notes receivable, net			
Notes receivable, net	1,085	1,009	1,255
Accounts receivable, net			
Accounts receivable, net	143,810	66,351	73,705
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	10,550	13,768	37,171
Other receivables			
Other receivables, net	117,471	52,830	109,635
Current tax assets			
Total current tax assets	1,269	3,073	3,605
Inventories			
Total inventories	46,755	40,218	82,677

Other current assets			
Other current financial assets	33,808	2,820	109,444
Other current assets, others	15,561	21,302	23,112
Total other current assets	49,369	24,122	132,556
Total current assets	746,860	1,218,439	992,488
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	0	0	344,536
Non-current financial assets at cost			
Non-current financial assets at cost, net	155,400	155,400	172,860
Investments accounted for using equity method			
Investments accounted for using equity method, net	20,677	23,440	24,492
Property, plant and equipment			
Total property, plant and equipment	294,313	299,178	301,293
Intangible assets			
Total intangible assets	33,822	57,078	65,458
Deferred tax assets	6,000	6,000	6,000
Other non-current assets			
Guarantee deposits paid	811	4,288	4,821
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	460	77	2,217
Total other non-current assets	7,169	11,264	15,079
Total non-current assets	517,381	552,360	929,718

Total assets	1,264,241	1,770,799	1,922,206
Liabilities and equity			
Liabilities			
Current liabilities			
Notes payable			
Total notes payable	0	0	319
Accounts payable			
Total accounts payable	93,324	65,277	123,387
Other payables			
Total other payables	54,467	147,668	81,819
Current provisions			
Total current provisions	746	5,760	1,714
Other current liabilities			
Total other current liabilities	29,753	29,427	72,545
Total current liabilities	178,290	248,132	279,784
Non-current liabilities			
Deferred tax liabilities			
Total deferred tax liabilities	12,423	15,478	16,752
Other non-current liabilities			
Net defined benefit liability, non-current	66,236	115,116	143,069
Other non-current liabilities, others	4,393	6,186	6,723
Total other non-current liabilities	70,629	121,302	149,792
Total non-current liabilities	83,052	136,780	166,544
Total liabilities	261,342	384,912	446,328
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)	(59,756)	(244,484)	(114,424)
Total retained earnings	(59,756)	(244,484)	(114,424)
Other equity interest			
Total other equity interest	48,153	104,101	64,032
Total equity attributable to owners of parent	1,002,899	1,385,887	1,475,878
Non-controlling interests	0	0	0
Total equity	1,002,899	1,385,887	1,475,878
Total liabilities and equity	1,264,241	1,770,799	1,922,206
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 Nine months ended September 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/3rd	2015/3rd	2016/01/01To 2016/09/30	2015/01/01To 2015/09/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	233,234	171,362	512,523	767,382
Operating costs				
Total operating costs	200,113	161,824	423,997	665,832
Gross profit (loss) from operations	33,121	9,538	88,526	101,550
Unrealized profit (loss) from sales	624	(1,356)	1,575	615
Realized profit (loss) on from sales	0	0	536	1,516
Gross profit (loss) from operations	32,497	10,894	87,487	102,451
Operating expenses				
Selling expenses				
Total selling expenses	26,273	31,695	74,994	100,582
Administrative expenses				
Total administrative expenses	22,096	32,517	64,735	102,611
Research and development expenses				
Total research and development expenses	20,949	24,434	66,674	77,265
Total operating expenses	69,318	88,646	206,403	280,458

Net operating income (loss)	(36,821)	(77,752)	(118,916)	(178,007)
Non-operating income and expenses				
Other income				
Total other income	1,136	8,123	4,426	34,276
Other gains and losses				
Other gains and losses, net	(5,201)	49,230	57,358	41,897
Finance costs				
Finance costs, net	57	67	58	3,153
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	(1,289)	(611)	(2,521)	(3,345)
Total non-operating income and expenses	(5,411)	56,675	59,205	69,675
Profit (loss) from continuing operations before tax	(42,232)	(21,077)	(59,711)	(108,332)
Tax expense (income)				
Total tax expense (income)	(1)	6,286	45	6,092
Profit (loss) from continuing operations	(42,231)	(27,363)	(59,756)	(114,424)
Profit (loss)	(42,231)	(27,363)	(59,756)	(114,424)
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	(3,494)	8,494	(17,727)	(4,217)

Unrealised gains (losses) on valuation of available-for-sale financial assets	0	(8,374)	(41,034)	(2,696)
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	(939)	229	(242)	(926)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(754)	1,483	(3,055)	(874)
Components of other comprehensive income that will be reclassified to profit or loss	(3,679)	(1,134)	(55,948)	(6,965)
Other comprehensive income, net	(3,679)	(1,134)	(55,948)	(6,965)
Total comprehensive income	(45,910)	(28,497)	(115,704)	(121,389)
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	(42,231)	(27,363)	(59,756)	(114,424)
Profit (loss), attributable to non-controlling interests	0	0	0	0
Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	(45,910)	(28,497)	(115,704)	(121,389)

Comprehensive income, attributable to non-controlling interests	0	0	0	0
Basic earnings per share				
Total basic earnings per share	(0.68)	(0.31)	(0.78)	(1.28)

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Nine months ended September 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

2016/09/30 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)				(59,756)	(59,756)				(59,756)	(59,756)
Other comprehensive income				0	0	(14,914)	(41,034)	(55,948)	(55,948)	(55,948)
Total comprehensive income				(59,756)	(59,756)	(14,914)	(41,034)	(55,948)	(115,704)	(115,704)
Capital reduction	(267,284)	(267,284)							(267,284)	(267,284)
Total increase (decrease) in equity	(267,284)	(267,284)	(244,484)	184,728	184,728	(14,914)	(41,034)	(55,948)	(382,988)	(382,988)
Equity	623,663	623,663	390,839	(59,756)	(59,756)	48,153	0	48,153	1,002,899	1,002,899

2015/09/30 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)				(114,424)	(114,424)				(114,424)	(114,424)
Other comprehensive income				0	0	(4,269)	(2,696)	(6,965)	(6,965)	(6,965)
Total comprehensive income				(114,424)	(114,424)	(4,269)	(2,696)	(6,965)	(121,389)	(121,389)
Total increase (decrease) in equity	0	0	(279,270)	164,846	164,846	(4,269)	(2,696)	(6,965)	(121,389)	(121,389)
Equity	890,947	890,947	635,323	(114,424)	(114,424)	69,291	(5,259)	64,032	1,475,878	1,475,878

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine months ended September 30, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/01/01To2016/09/30	2015/01/01To2015/09/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	(59,711)	(108,332)
Profit (loss) before tax	(59,711)	(108,332)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,568	7,908
Amortization expense	36,691	32,557
Provision (reversal of provision) for bad debt expense	77	2,784
Interest expense	58	3,153
Interest income	(4,426)	(34,192)
Dividend income	0	(84)
Share of loss (profit) of associates and joint ventures accounted for using equity method	2,521	3,345
Loss (gain) on disposal of property, plan and equipment	(13,314)	(1,674)
Loss (gain) on disposal of investments	(41,312)	(4,542)
Other adjustments to reconcile profit (loss)	(10,518)	(16,837)
Total adjustments to reconcile profit (loss)	(24,655)	(7,582)

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	(76)	(384)
Decrease (increase) in accounts receivable	(77,700)	656
Decrease (increase) in accounts receivable due from related parties	3,021	(10,288)
Decrease (increase) in other receivable	(64,938)	(96,907)
Decrease (increase) in inventories	(7,370)	254,558
Decrease (increase) in other current assets	6,829	4,032
Total changes in operating assets	(140,234)	152,693
Changes in operating liabilities		
Increase (decrease) in notes payable	0	319
Increase (decrease) in accounts payable	28,747	(75,485)
Increase (decrease) in other payable	(91,470)	(101,673)
Increase (decrease) in provisions	(5,014)	(1,914)
Increase (decrease) in other current liabilities	1,131	50,899
Increase (decrease) in net defined benefit liability	(48,880)	(4,937)
Increase (decrease) in other operating liabilities	1,039	(901)
Total changes in operating liabilities	(114,447)	(133,692)
Total changes in operating assets and liabilities	(254,681)	19,001
Total adjustments	(279,336)	11,419
Cash inflow (outflow) generated from operations	(339,047)	(96,913)
Interest received	4,381	51,473
Dividends received	0	84

Interest paid	(51)	(3,549)
Income taxes refund (paid)	1,758	0
Net cash flows from (used in) operating activities	(332,959)	(48,905)
Cash flows from (used in) investing activities		
Acquisition of available-for-sale financial assets	0	(134,524)
Proceeds from disposal of available-for-sale financial assets	58,112	120,642
Proceeds from disposal of financial assets at cost	0	9,673
Acquisition of property, plant and equipment	(5,725)	(5,246)
Proceeds from disposal of property, plant and equipment	15,389	2,880
Decrease in refundable deposits	3,432	1,552
Acquisition of intangible assets	(12,980)	(15,135)
Increase in other financial assets	(30,148)	0
Decrease in other financial assets	0	1,694,747
Increase in other non-current assets	(385)	(1,312)
Net cash flows from (used in) investing activities	27,695	1,673,277
Cash flows from (used in) financing activities		
Decrease in short-term loans	0	(1,366,675)
Decrease in guarantee deposits received	(1,393)	0
Decrease in other non-current liabilities	(1,428)	(432)
Capital reduction payments to shareholders	(267,284)	0
Net cash flows from (used in) financing activities	(270,105)	(1,367,107)
Effect of exchange rate changes on cash and cash equivalents	(7,314)	2,217
Net increase (decrease) in cash and cash equivalents	(582,683)	259,482
Cash and cash equivalents at beginning of period	959,234	292,402

Cash and cash equivalents at end of period	376,551	551,884
Cash and cash equivalents reported in the statement of financial position	376,551	551,884