

Stock Code :8201

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

2017 Interim Consolidated Financial Statements-

THREE MONTHS ENDED MARCH 31, 2017

**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
March 31, 2017, December 31, 2016, and March 31, 2016
(Expressed in Thousands of New Taiwan Dollars)

| Accounting Title | 2017/3/31 | 2016/12/31 | 2016/3/31 |
|---------------------------------------------------|-----------|------------|-----------|
| Balance Sheet | | | |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | | |
| Total cash and cash equivalents | 333,205 | 492,218 | 902,222 |
| Current available-for-sale financial assets | | | |
| Current available-for-sale financial assets, net | 5,288 | 16,198 | 0 |
| Notes receivable, net | | | |
| Notes receivable, net | 219 | 4,957 | 372 |
| Accounts receivable, net | | | |
| Accounts receivable, net | 275,580 | 97,416 | 43,163 |
| Accounts receivable due from related parties, net | | | |
| Accounts receivable due from related parties, net | 14,872 | 7,484 | 9,396 |
| Other receivables | | | |
| Other receivables, net | 85,437 | 64,795 | 47,417 |
| Current tax assets | | | |
| Total current tax assets | 218 | 1,323 | 3,094 |
| Inventories | | | |
| Total inventories | 35,861 | 41,812 | 42,620 |
| Other current assets | | | |

| | | | |
|----------------------------------------------------|-----------|-----------|-----------|
| Other current financial assets | 2,017 | 1,995 | 2,502 |
| Other current assets, others | 16,498 | 12,103 | 17,363 |
| Total other current assets | 18,515 | 14,098 | 19,865 |
| Total current assets | 769,195 | 740,301 | 1,068,149 |
| Non-current assets | | | |
| Non-current financial assets at cost | | | |
| Non-current financial assets at cost, net | 155,400 | 155,400 | 155,400 |
| Investments accounted for using equity method | | | |
| Investments accounted for using equity method, net | 16,495 | 17,765 | 23,168 |
| Property, plant and equipment | | | |
| Total property, plant and equipment | 289,786 | 292,311 | 295,833 |
| Intangible assets | | | |
| Total intangible assets | 19,277 | 23,351 | 54,245 |
| Deferred tax assets | 3,000 | 3,000 | 6,000 |
| Other non-current assets | | | |
| Guarantee deposits paid | 807 | 1,187 | 1,304 |
| Other non-current financial assets | | | |
| Total other non-current financial assets | 3,936 | 3,936 | 5,898 |
| Other non-current assets, others | | | |
| Total other non-current assets, others | 1,159 | 0 | 458 |
| Total other non-current assets | 5,902 | 5,123 | 7,660 |
| Total non-current assets | 489,860 | 496,950 | 542,306 |
| Total assets | 1,259,055 | 1,237,251 | 1,610,455 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Current liabilities | | | |

| | | | |
|--------------------------------------------|---------|---------|---------|
| Short-term borrowings | | | |
| Total short-term borrowings | 7,522 | 0 | 0 |
| Notes payable | | | |
| Total notes payable | 0 | 0 | 105 |
| Accounts payable | | | |
| Total accounts payable | 183,268 | 88,472 | 71,566 |
| Other payables | | | |
| Total other payables | 42,608 | 45,948 | 74,720 |
| Current tax liabilities | 378 | 9,261 | 47 |
| Current provisions | | | |
| Total current provisions | 1,151 | 558 | 4,646 |
| Other current liabilities | | | |
| Total other current liabilities | 16,235 | 29,465 | 19,271 |
| Total current liabilities | 251,162 | 173,704 | 170,355 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | | |
| Total deferred tax liabilities | 11,223 | 12,079 | 13,633 |
| Other non-current liabilities | | | |
| Net defined benefit liability, non-current | 74,368 | 81,919 | 76,095 |
| Other non-current liabilities, others | 3,259 | 3,224 | 5,474 |
| Total other non-current liabilities | 77,627 | 85,143 | 81,569 |
| Total non-current liabilities | 88,850 | 97,222 | 95,202 |
| Total liabilities | 340,012 | 270,926 | 265,557 |
| Equity | | | |
| Equity attributable to owners of parent | | | |
| Share capital | | | |

| | | | |
|-------------------------------------------------------------------|-----------|-----------|-----------|
| Ordinary share | 623,663 | 623,663 | 890,947 |
| Total capital stock | 623,663 | 623,663 | 890,947 |
| Capital surplus | | | |
| Total capital surplus | 390,839 | 390,839 | 390,839 |
| Retained earnings | | | |
| Unappropriated retained earnings (accumulated deficit) | | | |
| Total unappropriated retained earnings (accumulated deficit) | (137,754) | (94,650) | 9,050 |
| Total retained earnings | (137,754) | (94,650) | 9,050 |
| Other equity interest | | | |
| Total other equity interest | 42,295 | 46,473 | 54,062 |
| Total equity attributable to owners of parent | 919,043 | 966,325 | 1,344,898 |
| Total equity | 919,043 | 966,325 | 1,344,898 |
| Total liabilities and equity | 1,259,055 | 1,237,251 | 1,610,455 |
| 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 Months Ended March 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

| Accounting Title | 2017/01/01To2017/03/31 | 2016/01/01To2016/03/31 |
|------------------------------------------|------------------------|------------------------|
| Statement of comprehensive income | | |
| Operating revenue | | |
| Total operating revenue | 385,929 | 100,623 |
| Operating costs | | |
| Total operating costs | 348,388 | 82,621 |
| Gross profit (loss) from operations | 37,541 | 18,002 |
| Unrealized profit (loss) from sales | 1,171 | 1,285 |
| Realized profit (loss) on from sales | 763 | 536 |
| Gross profit (loss) from operations | 37,133 | 17,253 |
| Operating expenses | | |
| Selling expenses | | |
| Total selling expenses | 30,222 | 24,171 |
| Administrative expenses | | |
| Total administrative expenses | 18,348 | 19,953 |
| Research and development expenses | | |
| Total research and development expenses | 21,120 | 23,594 |
| Total operating expenses | 69,690 | 67,718 |
| Net operating income (loss) | (32,557) | (50,465) |

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------|
| Non-operating income and expenses | | |
| Other income | | |
| Total other income | 1,040 | 1,613 |
| Other gains and losses | | |
| Other gains and losses, net | (10,386) | 58,817 |
| Finance costs | | |
| Finance costs, net | 3 | 1 |
| 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 | (810) | (867) |
| Total non-operating income and expenses | (10,159) | 59,562 |
| Profit (loss) from continuing operations before tax | (42,716) | 9,097 |
| Tax expense (income) | | |
| Total tax expense (income) | 388 | 47 |
| Profit (loss) from continuing operations | (43,104) | 9,050 |
| Profit (loss) | (43,104) | 9,050 |
| Other comprehensive income | | |
| Components of other comprehensive income that will not 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 not 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 not be reclassified to profit or loss | 0 | 0 |
| Components of other comprehensive income that will not be reclassified to profit or loss | 0 | 0 |
| Components of other comprehensive income that will be reclassified to profit or loss | | |
| Exchange differences on translation | (4,574) | (11,445) |
| Unrealised gains (losses) on valuation of available-for-sale financial assets | 0 | (41,034) |
| 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 | (460) | 595 |
| Income tax related to components of other comprehensive income that will be reclassified to profit or loss | (856) | (1,845) |
| Components of other comprehensive income that will be reclassified to profit or loss | (4,178) | (50,039) |
| Other comprehensive income, net | (4,178) | (50,039) |
| Total comprehensive income | (47,282) | (40,989) |
| Profit (loss), attributable to: | | |
| Profit (loss), attributable to owners of parent | (43,104) | 9,050 |

| | | |
|--------------------------------------------------------|----------|----------|
| Comprehensive income attributable to: | | |
| Comprehensive income, attributable to owners of parent | (47,282) | (40,989) |
| Basic earnings per share | | |
| Total basic earnings per share | -0.69 | 0.1 |

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

2017/03/31 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 | Total other equity interest | Total equity attributable to owners of parent | Total equity |
|-------------------------------------|----------------|---------------------|-----------------|--------------------------------------------------------|-------------------------|---------------------------------------------------------------------|-----------------------------|-----------------------------------------------|--------------|
| Equity | 623,663 | 623,663 | 390,839 | (94,650) | (94,650) | 46,473 | 46,473 | 966,325 | 966,325 |
| Profit (loss) | | | | (43,104) | (43,104) | | | (43,104) | (43,104) |
| Other comprehensive income | | | | 0 | 0 | (4,178) | (4,178) | (4,178) | (4,178) |
| Total comprehensive income | | | | (43,104) | (43,104) | (4,178) | (4,178) | (47,282) | (47,282) |
| Total increase (decrease) in equity | 0 | 0 | 0 | (43,104) | (43,104) | (4,178) | (4,178) | (47,282) | (47,282) |
| Equity | 623,663 | 623,663 | 390,839 | (137,754) | (137,754) | 42,295 | 42,295 | 919,043 | 919,043 |

2016/03/31 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) | | | | 9,050 | 9,050 | | | | 9,050 | 9,050 |
| Other comprehensive income | | | | 0 | 0 | (9,005) | (41,034) | (50,039) | (50,039) | (50,039) |
| Total comprehensive income | | | | 9,050 | 9,050 | (9,005) | (41,034) | (50,039) | (40,989) | (40,989) |
| Total increase (decrease) in equity | 0 | 0 | (244,484) | 253,534 | 253,534 | (9,005) | (41,034) | (50,039) | (40,989) | (40,989) |
| Equity | 890,947 | 890,947 | 390,839 | 9,050 | 9,050 | 54,062 | 0 | 54,062 | 1,344,898 | 1,344,898 |

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

| Accounting Title | 2017/01/01To2017/03/31 | 2016/01/01To2016/03/31 |
|----------------------------------------------------------------------------------------------|------------------------|------------------------|
| Statement of cash flows | | |
| Cash flows from (used in) operating activities, indirect method | | |
| Profit (loss) from continuing operations before tax | (42,716) | 9,097 |
| Profit (loss) before tax | (42,716) | 9,097 |
| Adjustments | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation expense | 2,888 | 1,979 |
| Amortization expense | 5,027 | 9,163 |
| Provision (reversal of provision) for bad debt expense | (290) | (128) |
| Interest expense | 3 | 1 |
| Interest income | (1,040) | (1,613) |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | 810 | 867 |
| Loss (gain) on disposal of property, plan and equipment | 27 | (11,755) |
| Loss (gain) on disposal of investments | 0 | (41,312) |
| Other adjustments to reconcile profit (loss) | 0 | (10,511) |
| Total adjustments to reconcile profit (loss) | 7,425 | (53,309) |
| Changes in operating assets and liabilities | | |

| | | |
|---------------------------------------------------------------------|-----------|-----------|
| Changes in operating assets | | |
| Decrease (increase) in notes receivable | 4,739 | 637 |
| Decrease (increase) in accounts receivable | (178,353) | 23,257 |
| Decrease (increase) in accounts receivable due from related parties | (7,394) | 4,359 |
| Decrease (increase) in other receivable | (20,695) | 4,956 |
| Decrease (increase) in inventories | 5,599 | (2,480) |
| Decrease (increase) in other current assets | (5,371) | 6,114 |
| Total changes in operating assets | (201,475) | 36,843 |
| Changes in operating liabilities | | |
| Increase (decrease) in notes payable | 0 | 105 |
| Increase (decrease) in accounts payable | 95,335 | 6,439 |
| Increase (decrease) in other payable | (3,179) | (73,492) |
| Increase (decrease) in provisions | 593 | (1,114) |
| Increase (decrease) in other current liabilities | (12,738) | (10,113) |
| Increase (decrease) in net defined benefit liability | (7,551) | (39,021) |
| Increase (decrease) in other operating liabilities | 408 | 749 |
| Total changes in operating liabilities | 72,868 | (116,447) |
| Total changes in operating assets and liabilities | (128,607) | (79,604) |
| Total adjustments | (121,182) | (132,913) |
| Cash inflow (outflow) generated from operations | (163,898) | (123,816) |
| Interest received | 1,028 | 1,201 |
| Interest paid | (3) | 0 |
| Income taxes refund (paid) | (7,972) | 0 |

| | | |
|---------------------------------------------------------------------------|-----------|-----------|
| Net cash flows from (used in) operating activities | (170,845) | (122,615) |
| Cash flows from (used in) investing activities | | |
| Proceeds from disposal of available-for-sale financial assets | 10,390 | 58,112 |
| Acquisition of property, plant and equipment | (615) | (1,670) |
| Proceeds from disposal of property, plant and equipment | 33 | 11,441 |
| Decrease in refundable deposits | 366 | 2,811 |
| Acquisition of intangible assets | (901) | (3,599) |
| Increase in other financial assets | (22) | 0 |
| Decrease in other financial assets | 0 | 1,303 |
| Increase in other non-current assets | (1,159) | (383) |
| Net cash flows from (used in) investing activities | 8,092 | 68,015 |
| Cash flows from (used in) financing activities | | |
| Increase in short-term loans | 7,522 | 0 |
| Increase in guarantee deposits received | 3 | 0 |
| Decrease in guarantee deposits received | 0 | (864) |
| Decrease in other non-current liabilities | (378) | (474) |
| Net cash flows from (used in) financing activities | 7,147 | (1,338) |
| Effect of exchange rate changes on cash and cash equivalents | (3,407) | (1,074) |
| Net increase (decrease) in cash and cash equivalents | (159,013) | (57,012) |
| Cash and cash equivalents at beginning of period | 492,218 | 959,234 |
| Cash and cash equivalents at end of period | 333,205 | 902,222 |
| Cash and cash equivalents reported in the statement of financial position | 333,205 | 902,222 |