

Stock Code :8201

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

2017 Interim Consolidated Financial Statements—

SIX MONTHS ENDED JUNE 30, 2017 AND 2016

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INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2017, December 31, 2016, and June 30, 2016
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2017/6/30	2016/12/31	2016/6/30
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	381,211	492,218	771,697
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	0	16,198	0
Notes receivable, net			
Notes receivable, net	934	4,957	1,656
Accounts receivable, net			
Accounts receivable, net	191,951	97,416	118,710
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	5,200	7,484	21,808
Other receivables			
Other receivables, net	105,689	64,795	150,466
Current tax assets			
Total current tax assets	256	1,323	1,185
Inventories			
Total inventories	55,712	41,812	44,032

Other current assets			
Other current financial assets	2,017	1,995	2,448
Other current assets, others	18,119	12,103	15,663
Total other current assets	20,136	14,098	18,111
Total current assets	761,089	740,301	1,127,665
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	16,103	17,765	22,905
Property, plant and equipment			
Total property, plant and equipment	288,168	292,311	296,206
Intangible assets			
Total intangible assets	12,451	23,351	41,018
Deferred tax assets	3,000	3,000	6,000
Other non-current assets			
Guarantee deposits paid	1,402	1,187	1,108
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	283
Total other non-current assets	6,497	5,123	7,289
Total non-current assets	481,619	496,950	528,818
Total assets	1,242,708	1,237,251	1,656,483
Liabilities and equity			

Liabilities			
Current liabilities			
Accounts payable			
Total accounts payable	193,668	88,472	168,604
Other payables			
Total other payables	45,877	45,948	326,026
Current tax liabilities	95	9,261	0
Current provisions			
Total current provisions	1,152	558	2,610
Other current liabilities			
Total other current liabilities	16,401	29,465	25,944
Total current liabilities	257,193	173,704	523,184
Non-current liabilities			
Deferred tax liabilities			
Total deferred tax liabilities	11,518	12,079	13,176
Other non-current liabilities			
Net defined benefit liability, non-current	74,294	81,919	66,029
Other non-current liabilities, others	3,025	3,224	5,285
Total other non-current liabilities	77,319	85,143	71,314
Total non-current liabilities	88,837	97,222	84,490
Total liabilities	346,030	270,926	607,674
Equity			
Equity attributable to owners of parent			
Share capital			
Ordinary share	623,663	623,663	623,663

Total capital stock	623,663	623,663	623,663
Capital surplus			
Total capital surplus	296,189	390,839	390,839
Retained earnings			
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	(66,909)	(94,650)	(17,525)
Total retained earnings	(66,909)	(94,650)	(17,525)
Other equity interest			
Total other equity interest	43,735	46,473	51,832
Total equity attributable to owners of parent	896,678	966,325	1,048,809
Total equity	896,678	966,325	1,048,809
Total liabilities and equity	1,242,708	1,237,251	1,656,483
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 and Six Months Ended June 30, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

	2017/2nd	2016/2nd	2017/01/01To 2017/06/30	2016/01/01To 2016/06/30
Statement of comprehensive income				
Operating revenue				
Total operating revenue	238,758	178,666	624,687	279,289
Operating costs				
Total operating costs	192,896	141,263	541,284	223,884
Gross profit (loss) from operations	45,862	37,403	83,403	55,405
Unrealized profit (loss) from sales	(204)	(334)	967	951
Realized profit (loss) on from sales	0	0	763	536
Gross profit (loss) from operations	46,066	37,737	83,199	54990
Operating expenses				
Selling expenses				
Total selling expenses	30,245	24,550	60,467	48,721

Administrative expenses				
Total administrative expenses	18,609	22,686	36,957	42,639
Research and development expenses				
Total research and development expenses	23,830	22,131	44,950	45,725
Total operating expenses	72,684	69,367	142,374	137,085
Net operating income (loss)	(26,618)	(31,630)	(59,175)	(82,095)
Non-operating income and expenses				
Other income				
Total other income	1,150	1,677	2,190	3,290
Other gains and losses				
Other gains and losses, net	2,436	3,742	(7,950)	62,559
Finance costs				
Finance costs, net	9	0	12	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	(661)	(365)	(1,471)	(1,232)
Total non-operating income and expenses	2,916	5,054	(7,243)	64,616
Profit (loss) from continuing operations before tax	(23,702)	(26,576)	(66,418)	(17,479)
Tax expense (income)				
Total tax expense (income)	103	(1)	491	46
Profit (loss) from continuing operations	(23,805)	(26,575)	(66,909)	(17,525)
Profit (loss)	(23,805)	(26,575)	(66,909)	-17525
Other comprehensive income				
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	1,468	(2,788)	(3,106)	(14,233)
Unrealised gains (losses) on valuation of available-for-sale financial assets	0	0	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	269	102	(191)	697
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	297	(456)	(559)	(2,301)
Components of other comprehensive income that will be reclassified to profit or loss	1,440	(2,230)	(2,738)	(52,269)
Other comprehensive income, net	1440	(2,230)	(2,738)	(52,269)
Total comprehensive income	(22,365)	(28,805)	(69,647)	(69,794)
Profit (loss), attributable to:				
Profit (loss), attributable to owners of parent	(23,805)	(26,575)	(66,909)	(17,525)
Profit (loss), attributable to non-controlling interests	0	0	0	0

Comprehensive income attributable to:				
Comprehensive income, attributable to owners of parent	(22,365)	(28,805)	(69,647)	(69,794)
Comprehensive income, attributable to non-controlling interests	0	0	0	0
Basic earnings per share				
Total basic earnings per share	(0.38)	(0.34)	(1.07)	(0.21)

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months and Six Months Ended June 30, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

2017/06/30 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	623,663	623,663	390,839	(94,650)	(94,650)	46,473	0	46,473	966,325	966,325
Capital surplus used to offset accumulated deficits			(94,650)	94,650	94,650				0	0
Profit (loss)				(66,909)	(66,909)				(66,909)	(66,909)
Other comprehensive income				0	0	(2,738)	0	(2,738)	(2,738)	(2,738)
Total comprehensive income				(66,909)	(66,909)	(2,738)	0	(2,738)	(69,647)	(69,647)
Total increase (decrease) in equity	0	0	(94,650)	27,741	27,741	(2,738)	0	(2,738)	(69,647)	(69,647)
Equity	623,663	623,663	296,189	(66,909)	(66,909)	43,735	0	43,735	896,678	896,678

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months and Six Months Ended June 30, 2017 and 2016
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2017/01/01To2017/06/30	2016/01/01To2016/06/30
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	(66,418)	(17,479)
Profit (loss) before tax	(66,418)	(17,479)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,158	3,743
Amortization expense	13,587	24,111
Provision (reversal of provision) for bad debt expense	2,655	145
Interest expense	12	1
Interest income	(2,190)	(3,290)
Share of loss (profit) of associates and joint ventures accounted for using equity method	1,471	1,232
Loss (gain) on disposal of property, plan and equipment	27	(11,628)
Loss (gain) on disposal of investments	0	(41,312)
Other adjustments to reconcile profit (loss)	0	(10,511)
Total adjustments to reconcile profit (loss)	20,720	(37,509)

Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	4,023	(649)
Decrease (increase) in accounts receivable	(95,444)	(52,570)
Decrease (increase) in accounts receivable due from related parties	2,282	(8,092)
Decrease (increase) in other receivable	(42,986)	(97,048)
Decrease (increase) in inventories	(14,160)	(4,181)
Decrease (increase) in other current assets	(5,779)	5,542
Total changes in operating assets	(152,064)	(156,998)
Changes in operating liabilities		
Increase (decrease) in accounts payable	105,614	103,864
Increase (decrease) in other payable	(364)	(88,569)
Increase (decrease) in provisions	594	(3,150)
Increase (decrease) in other current liabilities	(12,775)	(3,172)
Increase (decrease) in net defined benefit liability	(7,625)	(49,087)
Increase (decrease) in other operating liabilities	204	415
Total changes in operating liabilities	85,648	(39,699)
Total changes in operating assets and liabilities	(66,416)	(196,697)
Total adjustments	(45,696)	(234,206)
Cash inflow (outflow) generated from operations	(112,114)	(251,685)
Interest received	2,161	2,465
Interest paid	(12)	0
Income taxes refund (paid)	(8,589)	1,841

Net cash flows from (used in) operating activities	(118,554)	(247,379)
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	15,935	58,112
Acquisition of property, plant and equipment	(1,668)	(3,434)
Proceeds from disposal of property, plant and equipment	33	13,218
Increase in refundable deposits	(225)	0
Decrease in refundable deposits	0	3,155
Acquisition of intangible assets	(2,539)	(7,092)
Increase in other financial assets	(22)	0
Decrease in other financial assets	0	1,291
Increase in other non-current assets	(1,159)	(209)
Net cash flows from (used in) investing activities	10,355	65,041
Cash flows from (used in) financing activities		
Increase in guarantee deposits received	351	0
Decrease in guarantee deposits received	0	(439)
Decrease in other non-current liabilities	(755)	(872)
Net cash flows from (used in) financing activities	(404)	(1,311)
Effect of exchange rate changes on cash and cash equivalents	(2,404)	(3,888)
Net increase (decrease) in cash and cash equivalents	(111,007)	(187,537)
Cash and cash equivalents at beginning of period	492,218	959,234
Cash and cash equivalents at end of period	381,211	771,697
Cash and cash equivalents reported in the statement of financial position	381,211	771,697