

Stock Code :8201

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

2016 Interim Consolidated Financial Statements-

THREE MONTHS ENDED MARCH 31, 2016 AND 2015

**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, 2016, December 31, 2015, and March 31, 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/3/31	2015/12/31	2015/3/31
Balance Sheet			
Assets			
Current assets			
Cash and cash equivalents			
Total cash and cash equivalents	902,222	959,234	447,676
Current available-for-sale financial assets			
Current available-for-sale financial assets, net	0	57,834	0
Notes receivable, net			
Notes receivable, net	372	1,009	1,519
Accounts receivable, net			
Accounts receivable, net	43,163	66,351	93,351
Accounts receivable due from related parties, net			
Accounts receivable due from related parties, net	9,396	13,768	46,440
Other receivables			
Other receivables, net	47,417	52,830	13,116
Current tax assets			
Total current tax assets	3,094	3,073	2,883
Inventories			
Total inventories	42,620	40,218	159,508

Other current assets			
Other current financial assets	2,502	2,820	665,171
Other current assets, others	17,363	21,302	19,810
Total other current assets	19,865	24,122	684,981
Total current assets	1,068,149	1,218,439	1,449,474
Non-current assets			
Non-current available-for-sale financial assets			
Non-current available-for-sale financial assets, net	0	0	291,385
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	23,168	23,440	25,814
Property, plant and equipment			
Total property, plant and equipment	295,833	299,178	302,462
Intangible assets			
Total intangible assets	54,245	57,078	79,618
Deferred tax assets	6,000	6,000	12,293
Other non-current assets			
Guarantee deposits paid	1,304	4,288	5,626
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	458	77	2,161
Total other non-current assets	7,660	11,264	15,828
Total non-current assets	542,306	552,360	903,800

Total assets	1,610,455	1,770,799	2,353,274
Liabilities and equity			
Liabilities			
Current liabilities			
Short-term borrowings			
Total short-term borrowings	0	0	364,958
Notes payable			
Total notes payable	105	0	182
Accounts payable			
Total accounts payable	71,566	65,277	87,484
Other payables			
Total other payables	74,767	147,668	111,004
Current provisions			
Total current provisions	4,646	5,760	2,792
Other current liabilities			
Total other current liabilities	19,271	29,427	58,389
Total current liabilities	170,355	248,132	624,809
Non-current liabilities			
Deferred tax liabilities			
Total deferred tax liabilities	13,633	15,478	16,456
Other non-current liabilities			
Net defined benefit liability, non-current	76,095	115,116	142,525
Other non-current liabilities, others	5,474	6,186	8,520
Total other non-current liabilities	81,569	121,302	151,045
Total non-current liabilities	95,202	136,780	167,501

Total liabilities	265,557	384,912	792,310
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	390,839	635,323	914,593
Retained earnings			
Unappropriated retained earnings (accumulated deficit)			
Total unappropriated retained earnings (accumulated deficit)	9,050	(244,484)	(307,361)
Total retained earnings	9,050	(244,484)	(307,361)
Other equity interest			
Total other equity interest	54,062	104,101	62,785
Total equity attributable to owners of parent	1,344,898	1,385,887	1,560,964
Non-controlling interests	0	0	0
Total equity	1,344,898	1,385,887	1,560,964
Total liabilities and equity	1,610,455	1,770,799	2,353,274
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	

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/01/01To2016/03/31	2015/01/01To2015/03/31
Statement of comprehensive income		
Operating revenue		
Total operating revenue	100,623	382,521
Operating costs		
Total operating costs	82,621	313,010
Gross profit (loss) from operations	18,002	69,511
Unrealized profit (loss) from sales	1,285	1,863
Realized profit (loss) on from sales	536	1,516
Gross profit (loss) from operations	17,253	69,164
Operating expenses		
Selling expenses		
Total selling expenses	24,171	39,379
Administrative expenses		
Total administrative expenses	19,953	39,015

Research and development expenses		
Total research and development expenses	23,594	28,115
Total operating expenses	67,718	106,509
Net operating income (loss)	(50,465)	(37,345)
Non-operating income and expenses		
Other income		
Total other income	1,613	15,938
Other gains and losses		
Other gains and losses, net	58,817	(2,751)
Finance costs		
Finance costs, net	1	2,312
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	(867)	(1,514)
Total non-operating income and expenses	59,562	9,361
Profit (loss) from continuing operations before tax	9,097	(27,984)
Tax expense (income)		
Total tax expense (income)	47	107

Profit (loss) from continuing operations	9,050	(28,091)
Profit (loss)	9,050	(28,091)
Other comprehensive income		
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	(11,445)	(7,214)
Unrealised gains (losses) on valuation of available-for-sale financial assets	(41,034)	(1,033)
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	595	(1,435)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(1,845)	(1,470)
Components of other comprehensive income that will be reclassified to profit or loss	(50,039)	(8,212)
Other comprehensive income, net	(50,039)	(8,212)
Total comprehensive income	(40,989)	(36,303)

Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	9,050	(28,091)
Profit (loss), attributable to non-controlling interests	0	0
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	(40,989)	(36,303)
Comprehensive income, attributable to non-controlling interests	0	0
Basic earnings per share		
Total basic earnings per share	0.10	(0.32)

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

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

2015/03/31 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	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			0	0	0				0	0
Profit (loss)				(28,091)	(28,091)				(28,091)	(28,091)
Other comprehensive income				0	0	(7,179)	(1,033)	(8,212)	(8,212)	(8,212)
Total comprehensive income				(28,091)	(28,091)	(7,179)	(1,033)	(8,212)	(36,303)	(36,303)
Total increase (decrease) in equity	0	0	0	(28,091)	(28,091)	(7,179)	(1,033)	(8,212)	(36,303)	(36,303)
Equity	890,947	890,947	914,593	(307,361)	(307,361)	66,381	(3,596)	62,785	1,560,964	1,560,964

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars)

Accounting Title	2016/01/01To2016/03/31	2015/01/01To2015/03/31
Statement of cash flows		
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	9,097	(27,984)
Profit (loss) before tax	9,097	(27,984)
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	1,979	2,875
Amortization expense	9,163	10,362
Provision (reversal of provision) for bad debt expense	(128)	(82)
Interest expense	1	2,312
Interest income	(1,613)	(15,938)
Share of loss (profit) of associates and joint ventures accounted for using equity method	867	1,514
Loss (gain) on disposal of property, plan and equipment	(11,755)	0
Loss (gain) on disposal of investments	(41,312)	0
Other adjustments to reconcile profit (loss)	(10,511)	(1,129)
Total adjustments to reconcile profit (loss)	(53,309)	(86)
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	637	(646)
Decrease (increase) in accounts receivable	23,257	(16,718)
Decrease (increase) in accounts receivable due from related parties	4,359	(19,821)
Decrease (increase) in other receivable	4,956	(501)
Decrease (increase) in inventories	(2,480)	171,789
Decrease (increase) in other current assets	6,114	4,070
Total changes in operating assets	36,843	139,199
Changes in operating liabilities		
Increase (decrease) in notes payable	105	182
Increase (decrease) in accounts payable	6,439	(107,422)
Increase (decrease) in other payable	(73,492)	(62,369)
Increase (decrease) in provisions	(1,114)	(835)
Increase (decrease) in receipts in advance	(9,658)	40,092
Increase (decrease) in other current liabilities	(455)	(527)
Increase (decrease) in net defined benefit liability	(39,021)	(5,481)
Increase (decrease) in other operating liabilities	749	346
Total changes in operating liabilities	(116,447)	(136,014)
Total changes in operating assets and liabilities	(79,604)	3,185
Total adjustments	(132,913)	3,099
Cash inflow (outflow) generated from operations	(123,816)	(24,885)
Interest received	1,201	31,445

Interest paid	0	(2,474)
Net cash flows from (used in) operating activities	(122,615)	4,086
Cash flows from (used in) investing activities		
Proceeds from disposal of available-for-sale financial assets	58,112	27,866
Acquisition of property, plant and equipment	(1,670)	(942)
Proceeds from disposal of property, plant and equipment	11,441	0
Decrease in refundable deposits	2,811	90
Acquisition of intangible assets	(3,599)	(8,350)
Decrease in other financial assets	1,303	1,138,868
Increase in other non-current assets	(383)	(1,187)
Net cash flows from (used in) investing activities	68,015	1,156,345
Cash flows from (used in) financing activities		
Decrease in short-term loans	0	(1,001,717)
Increase in guarantee deposits received	0	154
Decrease in guarantee deposits received	(864)	0
Decrease in other non-current liabilities	(474)	0
Net cash flows from (used in) financing activities	(1,338)	(1,001,563)
Effect of exchange rate changes on cash and cash equivalents	(1,074)	(3,594)
Net increase (decrease) in cash and cash equivalents	(57,012)	155,274
Cash and cash equivalents at beginning of period	959,234	292,402
Cash and cash equivalents at end of period	902,222	447,676
Cash and cash equivalents reported in the statement of financial position	902,222	447,676