

# **VIA Technologies, Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2013 and 2012**

VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012		LIABILITIES AND EQUITY	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS									CURRENT LIABILITIES								
Cash and cash equivalents	\$ 1,588,868	17	\$ 1,790,437	19	\$ 2,805,338	25	\$ 4,561,719	34	Financial liabilities at fair value through profit or loss - current	\$ -	-	\$ 885	-	\$ -	-	\$ 8,142	-
Financial assets at fair value through profit or loss - current	456,880	5	1,301,078	14	1,678,965	15	2,120,130	16	Notes payables	1,806	-	2,244	-	3,555	-	1,486	-
Available-for-sale financial assets - current	45,965	1	53,342	1	66,725	1	257,053	2	Trade payables	578,231	6	535,658	6	657,510	6	846,695	6
Debt investments with no active market - current	38,582	-	583,950	6	795,028	7	151,076	1	Trade payables - related parties	217	-	19	-	4	-	-	-
Notes receivable	2,005	-	2,592	-	55	-	11,859	-	Other payables	1,160,546	13	1,241,372	13	970,227	8	1,198,733	9
Trade receivables, net	275,910	3	247,100	3	293,953	3	280,086	2	Current tax liabilities	61,854	1	68,434	1	68,834	1	63,284	1
Trade receivables - related parties	664,766	7	52,020	1	31,725	-	80,204	1	Provisions - current	26,377	-	59,629	1	66,960	1	39,664	-
Other receivables	91,368	1	21,684	-	20,679	-	43,109	-	Current portion of long-term borrowings	1,046,351	11	430,444	4	70,835	1	72,064	1
Inventories	773,612	8	775,627	8	933,903	8	1,253,512	9	Temporary receipts	23,601	-	1,201,924	13	1,046,103	9	1,052,244	8
Other financial assets - current	180,000	2	90,000	1	90,000	1	-	-	Other current liabilities	163,930	2	132,446	1	138,557	1	173,563	1
Other current assets	175,155	2	124,037	1	164,222	1	180,815	1	Total current liabilities	3,062,913	33	3,673,055	39	3,022,585	27	3,455,875	26
Total current assets	4,293,111	46	5,041,867	54	6,880,593	61	8,939,563	66	NON-CURRENT LIABILITIES								
NON-CURRENT ASSETS									Long-term borrowings	1,870,000	20	1,000,000	11	1,404,943	12	1,097,996	8
Financial assets at fair value through profit of loss - non-current	597,500	6	-	-	-	-	-	-	Long-term notes and bills payable	499,475	5	-	-	-	-	-	-
Financial assets measured at cost - non-current	129,900	1	427,486	5	440,629	4	451,169	3	Accrued pension liabilities	8,421	-	8,294	-	-	-	392	-
Debit investments with no active market - non-current	186,800	2	-	-	-	-	-	-	Other non-current liabilities	294,929	3	12,952	-	2,340	-	3,096	-
Investments accounted for using the equity method	230,333	3	231,003	3	256,325	2	276,215	2	Total non-current liabilities	2,672,825	28	1,021,246	11	1,407,283	12	1,101,484	8
Property, plant and equipment	2,948,280	31	2,935,227	31	3,019,407	27	3,038,273	23	Total liabilities	5,735,738	61	4,694,301	50	4,429,868	39	4,557,359	34
Investment properties, net	124,056	1	126,818	1	127,505	1	130,519	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT								
Intangible assets	539,989	6	224,484	2	233,562	2	245,867	2	Share capital - common stock	4,933,034	53	4,933,034	53	9,866,069	87	9,866,069	73
Deferred tax assets	161,134	2	193,450	2	226,889	2	268,454	2	Capital surplus - change in equity from investments in associates accounted for by using equity method	-	-	-	-	-	-	3,232,351	24
Refundable deposits	35,420	-	37,425	-	35,039	-	40,188	-	Accumulated deficit	(1,561,116)	(17)	(526,331)	(6)	(3,240,485)	(29)	(4,609,734)	(34)
Prepaid pension	46,038	1	44,306	1	46,648	-	45,139	-	Other equity	-	-	-	-	-	-	-	-
Long-term prepayments for lease	102,477	1	98,520	1	101,910	1	104,817	1	Accumulated balances of exchange differences on translating foreign operations	(16,379)	-	(82,112)	(1)	(47,273)	-	-	-
Other non-current assets	577	-	577	-	577	-	577	-	Unrealized gains or loss on available-for-sale financial assets	26,822	-	34,644	1	48,028	-	178,479	1
Total non-current assets	5,102,504	54	4,319,296	46	4,488,491	39	4,601,218	34	Total other equity	10,443	-	(47,468)	-	755	-	178,479	1
TOTAL									Total equity attributable to owners of the parent	3,382,361	36	4,359,235	47	6,626,339	58	8,667,165	64
									NON-CONTROLLING INTERESTS								
									Total equity	3,659,877	39	4,666,862	50	6,939,216	61	8,983,422	66
									TOTAL	\$ 9,395,615	100	\$ 9,361,163	100	\$ 11,369,084	100	\$ 13,540,781	100

(With Deloitte & Touche review report dated August 14, 2013)

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended June 30				Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 1,480,783	100	\$ 986,270	100	\$ 2,458,008	100	\$ 2,251,436	100
OPERATING COSTS	<u>966,321</u>	<u>65</u>	<u>658,704</u>	<u>67</u>	<u>1,624,347</u>	<u>66</u>	<u>1,440,699</u>	<u>64</u>
GROSS PROFIT	<u>514,462</u>	<u>35</u>	<u>327,566</u>	<u>33</u>	<u>833,661</u>	<u>34</u>	<u>810,737</u>	<u>36</u>
OPERATING EXPENSES								
Selling and marketing expenses	305,232	21	347,342	35	695,488	28	776,826	34
General and administrative expenses	162,200	11	103,561	11	271,304	11	197,548	9
Research and development expenses	<u>520,397</u>	<u>35</u>	<u>750,889</u>	<u>76</u>	<u>1,301,805</u>	<u>53</u>	<u>1,489,606</u>	<u>66</u>
Total operating expenses	<u>987,829</u>	<u>67</u>	<u>1,201,792</u>	<u>122</u>	<u>2,268,597</u>	<u>92</u>	<u>2,463,980</u>	<u>109</u>
OPERATING LOSS	<u>(473,367)</u>	<u>(32)</u>	<u>(874,226)</u>	<u>(89)</u>	<u>(1,434,936)</u>	<u>(58)</u>	<u>(1,653,243)</u>	<u>(73)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	29,193	2	31,051	3	60,021	2	70,872	3
Other gains and losses	914,238	62	(876,822)	(89)	680,945	28	(158,176)	(7)
Finance costs	(15,752)	(1)	(9,525)	(1)	(28,220)	(1)	(20,296)	(1)
Share of the loss of associate accounted for using the equity method	<u>(226,551)</u>	<u>(16)</u>	<u>(7,543)</u>	<u>-</u>	<u>(281,741)</u>	<u>(12)</u>	<u>(15,966)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>701,128</u>	<u>47</u>	<u>(862,839)</u>	<u>(87)</u>	<u>431,005</u>	<u>17</u>	<u>(123,566)</u>	<u>(6)</u>
PROFIT (LOSS) BEFORE INCOME TAX	227,761	15	(1,737,065)	(176)	(1,003,931)	(41)	(1,776,809)	(79)
INCOME TAX EXPENSE	<u>(16,588)</u>	<u>(1)</u>	<u>(6,478)</u>	<u>(1)</u>	<u>(33,373)</u>	<u>(1)</u>	<u>(50,951)</u>	<u>(2)</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>211,173</u>	<u>14</u>	<u>(1,743,543)</u>	<u>(177)</u>	<u>(1,037,304)</u>	<u>(42)</u>	<u>(1,827,760)</u>	<u>(81)</u>
OTHER COMPREHENSIVE INCOME AND LOSS								
Exchange differences on translating foreign operations	39,254	3	22,052	2	65,733	2	(47,273)	(2)
Unrealized loss on available-for-sale financial assets	<u>(3,621)</u>	<u>-</u>	<u>(3,513)</u>	<u>-</u>	<u>(7,822)</u>	<u>-</u>	<u>(158,834)</u>	<u>(7)</u>
Total other comprehensive income (loss) for the period	<u>35,633</u>	<u>3</u>	<u>18,539</u>	<u>2</u>	<u>57,911</u>	<u>2</u>	<u>(206,107)</u>	<u>(9)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 246,806</u>	<u>17</u>	<u>\$ (1,725,004)</u>	<u>(175)</u>	<u>\$ (979,393)</u>	<u>(40)</u>	<u>\$ (2,033,867)</u>	<u>(90)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO								
Owners of the parent	\$ 211,704	14	\$ (1,743,696)	(177)	\$ (1,034,785)	(42)	\$ (1,863,102)	(83)
Non-controlling interests	<u>(531)</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>(2,519)</u>	<u>-</u>	<u>35,342</u>	<u>2</u>
	<u>\$ 211,173</u>	<u>14</u>	<u>\$ (1,743,543)</u>	<u>(177)</u>	<u>\$ (1,037,304)</u>	<u>(42)</u>	<u>\$ (1,827,760)</u>	<u>(81)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO								

(Continued)

## VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	Three Months Ended June 30				Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Owners of the parent	\$ 247,337	17	\$ (1,725,157)	(175)	\$ (976,874)	(40)	\$ (2,040,826)	(90)
Non-controlling interests	<u>(531)</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>(2,519)</u>	<u>-</u>	<u>6,959</u>	<u>-</u>
	<u>\$ 246,806</u>	<u>17</u>	<u>\$ (1,725,004)</u>	<u>(175)</u>	<u>\$ (979,393)</u>	<u>(40)</u>	<u>\$ (2,033,867)</u>	<u>(90)</u>
EARNINGS PER SHARE								
Basic	<u>\$ 0.43</u>		<u>\$ (3.53)</u>		<u>\$ (2.10)</u>		<u>\$ (3.78)</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated August 14, 2013)

(Concluded)

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent					Total Equity Attributable to Owners of the Parent	Non-controlling Interest	Total Equity
	Share Capital	Capital Surplus	Accumulated Deficit	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
BALANCE, JANUARY 1, 2012	\$ 9,866,069	\$ 3,232,351	\$ (4,609,734)	\$ -	\$ 178,479	\$ 8,667,165	\$ 316,257	\$ 8,983,422
Loss for the six months ended June 30, 2012	-	-	(1,863,102)	-	-	(1,863,102)	35,342	(1,827,760)
Other comprehensive loss for the six months ended June 30, 2012	-	-	-	(47,273)	(130,451)	(177,724)	(28,383)	(206,107)
Total comprehensive loss for the six months ended June 30, 2012	-	-	(1,863,102)	(47,273)	(130,451)	(2,040,826)	6,959	(2,033,867)
Decrease in non-controlling interests	-	-	-	-	-	-	(10,339)	(10,339)
Viabase Co., Ltd. transferred its capital surplus to share capital and then offset accumulated deficit	-	(3,232,351)	3,232,351	-	-	-	-	-
BALANCE, JUNE 30, 2012	<u>\$ 9,866,069</u>	<u>\$ -</u>	<u>\$ (3,240,485)</u>	<u>\$ (47,273)</u>	<u>\$ 48,028</u>	<u>\$ 6,626,339</u>	<u>\$ 312,877</u>	<u>\$ 6,939,216</u>
BALANCE, JANUARY 1, 2013	\$ 4,933,034	\$ -	\$ (526,331)	\$ (82,112)	\$ 34,644	\$ 4,359,235	\$ 307,627	\$ 4,666,862
Loss for the June months ended June 30, 2013	-	-	(1,034,785)	-	-	(1,034,785)	(2,519)	(1,037,304)
Other comprehensive income for the six months ended June 30, 2013	-	-	-	65,733	(7,822)	57,911	-	57,911
Total comprehensive loss for the six months ended June 30, 2013	-	-	(1,034,785)	65,733	(7,822)	(976,874)	(2,519)	(979,393)
Decrease in non-controlling interests	-	-	-	-	-	-	(27,592)	(27,592)
BALANCE, JUNE 30, 2013	<u>\$ 4,933,034</u>	<u>\$ -</u>	<u>\$ (1,561,116)</u>	<u>\$ (16,379)</u>	<u>\$ 26,822</u>	<u>\$ 3,382,361</u>	<u>\$ 277,516</u>	<u>\$ 3,659,877</u>

(With Deloitte & Touche audit report dated August 14, 2013)

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (1,003,931)	\$ (1,776,809)
Adjustments for:		
Depreciation (including investment properties)	84,444	96,100
Amortization	88,062	56,145
Impairment loss	-	5,881
Amortization of prepayments for lease	1,127	1,117
Finance costs	28,220	20,296
Interests income	(8,257)	(13,451)
Loss (gain) on disposal of property, plant and equipment	4,256	(971)
Gain on disposal of investments	(949,154)	(276,315)
Share of the loss of associate accounted for using the equity method	281,741	15,966
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	246,698	441,165
Notes receivable	587	11,804
Trade receivables	(28,810)	(13,867)
Trade receivable - related parties	(612,746)	48,479
Other receivables	(8,924)	23,202
Inventories	2,015	319,609
Prepaid pension	(1,732)	(1,509)
Other current assets	(50,061)	16,593
Financial liabilities at fair value through profit or loss	(885)	(8,142)
Notes payable	(438)	2,069
Trade payable	42,573	(189,185)
Trade payable - related parties	198	4
Other payable	(114,196)	(248,118)
Temporary receipts	(9,211)	(6,141)
Provisions	(33,252)	27,296
Accrued pension liabilities	127	(392)
Other current liabilities	31,484	(35,006)
Cash used in operations	(2,010,065)	(1,484,180)
Interest received	8,592	12,679
Interest paid	(27,826)	(19,674)
Income tax paid	(7,637)	(3,836)
Net cash used in operating activities	(2,036,936)	(1,495,011)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(445)	-
Proceeds on sale of available-for-sale financial assets	-	307,809
Purchase of debt investment with no active market	(186,800)	-
Proceeds on sale of debt investment with no active market	545,368	(643,952)

(Continued)

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	2012
Proceeds on sale of investments accounted for using the equity method	7,269	-
Payments for property, plant and equipment	(46,599)	(83,592)
Proceeds from disposal of property, plant and equipment	2,853	4,527
Increase in refundable deposits	(1,973)	(300)
Decrease in refundable deposits	4,322	5,121
Increase in other financial assets	(90,000)	(90,000)
Payments for intangible assets	<u>(389,539)</u>	<u>(43,224)</u>
Net cash used in investing activities	<u>(155,544)</u>	<u>(543,611)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in long-term notes and bills payable	499,475	-
Proceeds from long-term borrowings	2,700,000	350,000
Repayments of long-term borrowings	(1,214,093)	(44,282)
Increase in guarantee deposits	-	30
Decrease in guarantee deposits	<u>(1,321)</u>	<u>(783)</u>
Net cash provided by financing activities	<u>1,984,061</u>	<u>304,965</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>6,850</u>	<u>(22,724)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(201,569)</u>	<u>(1,756,381)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>1,790,437</u>	<u>4,561,719</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 1,588,868</u>	<u>\$ 2,805,338</u>

(With Deloitte & Touche review report dated August 14, 2013)

(Concluded)