

VIA Technologies, Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2014 and 2013**

VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2014 (Reviewed)		December 31, 2013 (Audited)		June 30, 2013 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,604,927	16	\$ 1,884,537	19	\$ 1,588,868	17
Financial assets at fair value through profit or loss - current	324,489	3	44,595	-	456,880	5
Available-for-sale financial assets - current	41,205	1	40,810	-	45,965	1
Debt investments with no active market - current	326,264	3	301,399	3	38,582	-
Notes receivable	1,679	-	4,604	-	2,005	-
Trade receivables, net	471,726	5	484,507	5	275,910	3
Trade receivables - related parties	92,443	1	240,081	2	664,766	7
Other receivables	161,791	2	814,573	8	91,368	1
Inventories	747,754	8	913,209	9	773,612	8
Other financial assets - current	-	-	-	-	180,000	2
Other current assets	<u>230,237</u>	<u>2</u>	<u>207,538</u>	<u>2</u>	<u>175,155</u>	<u>2</u>
Total current assets	<u>4,002,515</u>	<u>41</u>	<u>4,935,853</u>	<u>48</u>	<u>4,293,111</u>	<u>46</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit of loss - non-current	575,729	6	588,245	6	597,500	6
Financial assets measured at cost - non-current	129,784	1	129,694	1	129,900	1
Debit investments with no active market - non-current	-	-	-	-	186,800	2
Investments accounted for using the equity method	1,330,318	14	658,629	7	230,333	3
Property, plant and equipment	2,432,390	25	2,922,171	29	2,948,280	31
Investment properties, net	563,496	6	121,372	1	124,056	1
Intangible assets	390,985	4	451,316	4	539,989	6
Deferred tax assets	92,506	1	124,886	1	161,134	2
Refundable deposits	136,026	1	137,794	1	35,420	-
Prepaid pension cost	45,322	-	45,322	1	46,038	1
Prepayments for lease	99,069	1	102,623	1	102,477	1
Other non-current assets	<u>577</u>	<u>-</u>	<u>577</u>	<u>-</u>	<u>577</u>	<u>-</u>
Total non-current assets	<u>5,796,202</u>	<u>59</u>	<u>5,282,629</u>	<u>52</u>	<u>5,102,504</u>	<u>54</u>
TOTAL	<u>\$ 9,798,717</u>	<u>100</u>	<u>\$ 10,218,482</u>	<u>100</u>	<u>\$ 9,395,615</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Notes payable	\$ 1,256	-	\$ 491	-	\$ 1,806	-
Trade payables	555,195	6	449,691	5	578,231	6
Trade payables - related parties	100	-	145	-	217	-
Other payables - related parties	468,283	5	511,156	5	-	-
Other payables	1,192,573	12	1,331,785	13	1,160,546	13
Current tax liabilities	58,114	1	133,339	1	61,854	1
Provisions - current	19,914	-	34,169	-	26,377	-
Current portion of long-term borrowings	252,257	2	1,753,068	17	1,046,351	11
Temporary receipts	1,043,955	11	356,711	4	23,601	-
Other current liabilities	<u>343,906</u>	<u>3</u>	<u>336,845</u>	<u>3</u>	<u>163,930</u>	<u>2</u>
Total current liabilities	<u>3,935,553</u>	<u>40</u>	<u>4,907,400</u>	<u>48</u>	<u>3,062,913</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Long-term borrowings	2,530,368	26	1,649,967	16	1,870,000	20
Long-term bills payable	419,541	4	-	-	499,475	5
Accrued pension liabilities	19,871	-	21,118	-	8,421	-
Other non-current liabilities	<u>2,107</u>	<u>-</u>	<u>229,805</u>	<u>3</u>	<u>294,929</u>	<u>3</u>
Total non-current liabilities	<u>2,971,887</u>	<u>30</u>	<u>1,900,890</u>	<u>19</u>	<u>2,672,825</u>	<u>28</u>
Total liabilities	<u>6,907,440</u>	<u>70</u>	<u>6,808,290</u>	<u>67</u>	<u>5,735,738</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						
Share capital	4,933,034	50	4,933,034	48	4,933,034	53
Capital surplus - change in equity from investments in associates	384	-	384	-	-	-
Accumulated deficit	(2,303,641)	(23)	(1,811,718)	(18)	(1,561,116)	(17)
Other equity						
Exchange differences on translating foreign operations	(33,299)	-	(8,146)	-	(16,379)	-
Unrealized gains or loss on available-for-sale financial assets	<u>27,796</u>	<u>-</u>	<u>21,667</u>	<u>-</u>	<u>26,822</u>	<u>-</u>
Total other equity	<u>(5,503)</u>	<u>-</u>	<u>13,521</u>	<u>-</u>	<u>10,443</u>	<u>-</u>
Total equity attributable to owners of the parent	<u>2,624,274</u>	<u>27</u>	<u>3,135,221</u>	<u>30</u>	<u>3,382,361</u>	<u>36</u>
NON-CONTROLLING INTERESTS	<u>267,003</u>	<u>3</u>	<u>274,971</u>	<u>3</u>	<u>277,516</u>	<u>3</u>
Total equity	<u>2,891,277</u>	<u>30</u>	<u>3,410,192</u>	<u>33</u>	<u>3,659,877</u>	<u>39</u>
TOTAL	<u>\$ 9,798,717</u>	<u>100</u>	<u>\$ 10,218,482</u>	<u>100</u>	<u>\$ 9,395,615</u>	<u>100</u>

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			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 2,029,386	100	\$ 1,480,783	100	\$ 3,715,249	100	\$ 2,458,008	100
OPERATING COSTS	<u>1,320,532</u>	<u>65</u>	<u>966,321</u>	<u>65</u>	<u>2,522,378</u>	<u>68</u>	<u>1,624,347</u>	<u>66</u>
GROSS PROFIT	<u>708,854</u>	<u>35</u>	<u>514,462</u>	<u>35</u>	<u>1,192,871</u>	<u>32</u>	<u>833,661</u>	<u>34</u>
OPERATING EXPENSES								
Selling and marketing expenses	264,237	13	305,232	21	543,306	15	695,488	28
General and administrative expenses	114,850	6	162,200	11	190,461	5	271,304	11
Research and development expenses	<u>291,965</u>	<u>14</u>	<u>520,397</u>	<u>35</u>	<u>601,947</u>	<u>16</u>	<u>1,301,805</u>	<u>53</u>
Total operating expenses	<u>671,052</u>	<u>33</u>	<u>987,829</u>	<u>67</u>	<u>1,335,714</u>	<u>36</u>	<u>2,268,597</u>	<u>92</u>
PROFIT (LOSS) FROM OPERATIONS	<u>37,802</u>	<u>2</u>	<u>(473,367)</u>	<u>(32)</u>	<u>(142,843)</u>	<u>(4)</u>	<u>(1,434,936)</u>	<u>(58)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	54,500	2	29,193	2	119,934	3	60,021	2
Other gains and losses	6,301	-	914,238	62	57,749	2	680,945	28
Finance costs	(21,979)	(1)	(15,752)	(1)	(41,729)	(1)	(28,220)	(1)
Share of loss of associates	<u>(127,453)</u>	<u>(6)</u>	<u>(226,551)</u>	<u>(16)</u>	<u>(449,457)</u>	<u>(12)</u>	<u>(281,741)</u>	<u>(12)</u>
Total non-operating income and expenses	<u>(88,631)</u>	<u>(5)</u>	<u>701,128</u>	<u>47</u>	<u>(313,503)</u>	<u>(8)</u>	<u>431,005</u>	<u>17</u>
(LOSS) PROFIT BEFORE INCOME TAX	(50,829)	(3)	227,761	15	(456,346)	(12)	(1,003,931)	(41)
INCOME TAX EXPENSE	<u>(26,677)</u>	<u>(1)</u>	<u>(16,588)</u>	<u>(1)</u>	<u>(43,545)</u>	<u>(1)</u>	<u>(33,373)</u>	<u>(1)</u>
NET (LOSS) PROFIT FOR THE PERIOD	<u>(77,506)</u>	<u>(4)</u>	<u>211,173</u>	<u>14</u>	<u>(499,891)</u>	<u>(13)</u>	<u>(1,037,304)</u>	<u>(42)</u>
OTHER COMPREHENSIVE INCOME AND LOSS								
Exchange differences on translating foreign operations	(49,023)	(3)	39,254	3	(25,153)	(1)	65,733	2
Unrealized loss on available-for-sale financial assets	<u>(5,505)</u>	<u>-</u>	<u>(3,621)</u>	<u>-</u>	<u>6,129</u>	<u>-</u>	<u>(7,822)</u>	<u>-</u>
Total other comprehensive (loss) income for the period, net of income tax	<u>(54,528)</u>	<u>(3)</u>	<u>35,633</u>	<u>3</u>	<u>(19,024)</u>	<u>(1)</u>	<u>57,911</u>	<u>2</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (132,034)</u>	<u>(7)</u>	<u>\$ 246,806</u>	<u>17</u>	<u>\$ (518,915)</u>	<u>(14)</u>	<u>\$ (979,393)</u>	<u>(40)</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO								
Owners of the parent	\$ (74,308)	(4)	\$ 211,704	14	\$ (491,923)	(13)	\$ (1,034,785)	(42)
Non-controlling interests	<u>(3,198)</u>	<u>-</u>	<u>(531)</u>	<u>-</u>	<u>(7,968)</u>	<u>-</u>	<u>(2,519)</u>	<u>-</u>
	<u>\$ (77,506)</u>	<u>(4)</u>	<u>\$ 211,173</u>	<u>14</u>	<u>\$ (499,891)</u>	<u>(13)</u>	<u>\$ (1,037,304)</u>	<u>(42)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO								

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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			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Owners of the parent	\$ (128,836)	(7)	\$ 247,337	17	\$ (510,947)	(14)	\$ (976,874)	(40)
Non-controlling interests	<u>(3,198)</u>	<u>-</u>	<u>(531)</u>	<u>-</u>	<u>(7,968)</u>	<u>-</u>	<u>(2,519)</u>	<u>-</u>
	<u>\$ (132,034)</u>	<u>(7)</u>	<u>\$ 246,806</u>	<u>17</u>	<u>\$ (518,915)</u>	<u>(14)</u>	<u>\$ (979,393)</u>	<u>(40)</u>
(LOSS) EARNINGS PER SHARE								
Basic	<u>\$ (0.15)</u>		<u>\$ 0.43</u>		<u>\$ (1.00)</u>		<u>\$ (2.10)</u>	

(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 Interests	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, 2013	\$ 4,933,034	\$ -	\$ (526,331)	\$ (82,112)	\$ 34,644	\$ 4,359,235	\$ 307,627	\$ 4,666,862
Net loss for the six months ended June 30, 2013	-	-	(1,034,785)	-	-	(1,034,785)	(2,519)	(1,037,304)
Other comprehensive income and loss for the six months ended June 30, 2013	-	-	-	65,733	(7,822)	57,911	-	57,911
Total comprehensive income and 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>
BALANCE, JANUARY 1, 2014	\$ 4,933,034	\$ 384	\$ (1,811,718)	\$ (8,146)	\$ 21,667	\$ 3,135,221	\$ 274,971	\$ 3,410,192
Net loss for the six months ended June 30, 2014	-	-	(491,923)	-	-	(491,923)	(7,968)	(499,891)
Other comprehensive income and loss for the six months ended June 30, 2014	-	-	-	(25,153)	6,129	(19,024)	-	(19,024)
Total comprehensive income and loss for the six months ended June 30, 2014	-	-	(491,923)	(25,153)	6,129	(510,947)	(7,968)	(518,915)
BALANCE, JUNE 30, 2014	<u>\$ 4,933,034</u>	<u>\$ 384</u>	<u>\$ (2,303,641)</u>	<u>\$ (33,299)</u>	<u>\$ 27,796</u>	<u>\$ 2,624,274</u>	<u>\$ 267,003</u>	<u>\$ 2,891,277</u>

VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (456,346)	\$ (1,003,931)
Adjustments for:		
Depreciation (including investment properties)	90,578	84,444
Amortization	98,459	88,062
Amortization of prepayments for lease	1,158	1,127
Finance costs	41,729	28,220
Interests income	(14,284)	(8,257)
Dividend income	(648)	-
Loss on disposal of property, plant and equipment	2,393	4,256
Gain on disposal of intangible assets	(66,858)	-
Gain on disposal of investments	(28,549)	(949,154)
Share of the loss of associates	449,457	281,741
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(267,378)	246,698
Notes receivable	2,925	587
Trade receivables	12,781	(28,810)
Trade receivables - related parties	147,638	(612,746)
Other receivables	(50,970)	(8,924)
Inventories	165,455	2,015
Prepaid pension cost	-	(1,732)
Other current assets	(22,948)	(50,061)
Financial liabilities at fair value through profit or loss	-	(885)
Notes payable	765	(438)
Trade payables	105,504	42,573
Trade payables - related parties	(45)	198
Other payables	(165,234)	(114,196)
Temporary receipts	1,019,277	(9,211)
Provisions	(14,255)	(33,252)
Accrued pension liabilities	(1,247)	127
Other current liabilities	7,061	31,484
Cash provided by (used in) operations	1,056,418	(2,010,065)
Dividend received	648	-
Interest received	14,592	8,592
Interest paid	(39,229)	(27,826)
Income tax paid	(86,141)	(7,637)
Net cash provided by (used in) operating activities	946,288	(2,036,936)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of available-for-sale financial assets	-	(445)
Purchase of debt investments with no active market	(144,974)	(186,800)
Proceeds on sale of debt investments with no active market	120,109	545,368

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VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Six Months Ended June 30	
	2014	2013
Payments for investments accounted for using the equity method	(1,388,066)	-
Disposal of investments accounted for using the equity method	-	7,269
Payments for property, plant and equipment	(53,655)	(46,599)
Proceeds from disposal of property, plant and equipment	3,180	2,853
Increase in refundable deposits	(5,809)	(1,973)
Decrease in refundable deposits	6,078	4,322
Increase in other financial assets	-	(90,000)
Payments for intangible assets	(20,478)	(389,539)
Proceeds from disposal of intangible assets	489,285	-
Payments for investment properties	(80)	-
Net cash used in investing activities	(994,410)	(155,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term bills payables	3,116,263	499,475
Decrease in long-term bills payables	(3,200,000)	-
Proceeds from long-term borrowings	540,000	2,700,000
Repayments of long-term borrowings	(660,410)	(1,214,093)
Decrease in other payables - related parties	(42,873)	-
Decrease in guarantee deposits	(1,529)	(1,321)
Net cash (used in) provided by financing activities	(248,549)	1,984,061
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	17,061	6,850
NET DECREASE IN CASH AND CASH EQUIVALENTS	(279,610)	(201,569)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,884,537	1,790,437
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,604,927	\$ 1,588,868

(Concluded)