

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2017 and 2016 and  
Independent Auditor's Report**

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,827,187	23	\$ 2,258,833	23
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	307,594	4	155,329	2
Available-for-sale financial assets - current (Notes 4 and 8)	1,866	-	1,873	-
Debt investments with no active market - current (Notes 4 and 9)	97,086	1	290,114	3
Accounts receivable, net (Notes 4, 5 and 10)	233,106	3	298,180	3
Accounts receivable - related parties (Notes 4, 5, 10 and 36)	7,147	-	16,412	-
Other receivables (Notes 4, 10 and 36)	89,196	1	134,611	1
Inventories (Notes 4, 5 and 11)	587,288	7	420,781	4
Other current assets (Notes 19 and 36)	<u>133,614</u>	<u>2</u>	<u>260,800</u>	<u>3</u>
Total current assets	<u>3,284,084</u>	<u>41</u>	<u>3,836,933</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 37)	-	-	173,800	2
Financial assets measured at cost - non-current (Notes 4, 5 and 12)	97,477	1	111,220	1
Investments accounted for using equity method (Notes 4 and 14)	306,366	4	1,219,654	12
Property, plant and equipment (Notes 4, 15 and 37)	2,182,438	27	2,257,860	23
Investment properties, net (Notes 4, 16 and 37)	1,886,782	24	1,908,029	20
Intangible assets (Notes 4 and 17)	101,102	1	124,698	1
Deferred tax assets (Notes 4 and 28)	8,687	-	5,349	-
Refundable deposits (Note 19)	33,304	1	33,770	-
Defined benefit assets (Notes 4 and 24)	-	-	45,932	1
Long-term prepayments for lease (Notes 18 and 37)	86,383	1	90,369	1
Other non-current assets (Note 19)	<u>577</u>	<u>-</u>	<u>577</u>	<u>-</u>
Total non-current assets	<u>4,703,116</u>	<u>59</u>	<u>5,971,258</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 7,987,200</u>	<u>100</u>	<u>\$ 9,808,191</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	\$ 1,119	-	\$ -	-
Notes payable (Note 21)	3,418	-	2,118	-
Accounts payable (Note 21)	298,399	4	430,461	5
Accounts payable - related parties (Notes 21 and 36)	35,394	-	2,377	-
Other payables (Notes 22 and 36)	947,545	12	1,165,672	12
Current tax liabilities (Notes 4 and 28)	3,078	-	32,719	1
Provisions - current (Notes 4 and 23)	4,947	-	21,684	-
Current portion of long-term borrowings (Note 20)	-	-	1,006,000	10
Temporary receipts	4,954	-	21,361	-
Other current liabilities (Notes 22 and 36)	<u>222,630</u>	<u>3</u>	<u>310,767</u>	<u>3</u>
Total current liabilities	<u>1,521,484</u>	<u>19</u>	<u>2,993,159</u>	<u>31</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 20)	1,002,000	12	1,215,000	12
Long-term bills payable (Note 20)	769,943	10	378,572	4
Deferred tax liabilities (Notes 4 and 28)	193,138	2	190,013	2
Long-term borrowings - related parties (Note 36)	293,233	4	299,280	3
Defined benefit liabilities (Notes 4 and 24)	228,052	3	184,087	2
Credit balance of investments accounted for using equity method (Notes 14 and 22)	172,476	2	684,577	7
Other non-current liabilities (Note 22)	<u>6,038</u>	<u>-</u>	<u>4,421</u>	<u>-</u>
Total non-current liabilities	<u>2,664,880</u>	<u>33</u>	<u>2,955,950</u>	<u>30</u>
Total liabilities	<u>4,186,364</u>	<u>52</u>	<u>5,949,109</u>	<u>61</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)</b>				
Share capital	<u>4,933,034</u>	<u>62</u>	<u>4,933,034</u>	<u>50</u>
Capital surplus	<u>3,459</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated deficits	<u>(1,207,275)</u>	<u>(15)</u>	<u>(1,216,894)</u>	<u>(12)</u>
Other equity				
Exchange differences on translating foreign operations	(239,453)	(3)	(49,913)	(1)
Unrealized gain or loss on available-for-sale financial assets	<u>(3,899)</u>	<u>-</u>	<u>(3,892)</u>	<u>-</u>
Total other equity	<u>(243,352)</u>	<u>(3)</u>	<u>(53,805)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	3,485,866	44	3,662,335	37
<b>NON-CONTROLLING INTERESTS (Note 25)</b>	<u>314,970</u>	<u>4</u>	<u>196,747</u>	<u>2</u>
Total equity	<u>3,800,836</u>	<u>48</u>	<u>3,859,082</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 7,987,200</u>	<u>100</u>	<u>\$ 9,808,191</u>	<u>100</u>

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

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 26 and 36)	\$ 4,511,868	100	\$ 4,925,843	100
OPERATING COSTS (Notes 11, 24, 27 and 36)	<u>3,209,881</u>	<u>71</u>	<u>3,481,890</u>	<u>71</u>
GROSS PROFIT	<u>1,301,987</u>	<u>29</u>	<u>1,443,953</u>	<u>29</u>
OPERATING EXPENSES (Notes 24, 27 and 36)				
Selling and marketing expenses	794,852	18	858,077	17
General and administrative expenses	538,781	12	477,511	10
Research and development expenses	<u>1,311,562</u>	<u>29</u>	<u>1,401,817</u>	<u>28</u>
Total operating expenses	<u>2,645,195</u>	<u>59</u>	<u>2,737,405</u>	<u>55</u>
LOSS FROM OPERATIONS	<u>(1,343,208)</u>	<u>(30)</u>	<u>(1,293,452)</u>	<u>(26)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 27 and 36)				
Other income	853,377	19	389,448	8
Other gains and losses	252,705	6	217,959	4
Finance costs	(42,131)	(1)	(45,486)	(1)
Share of profit or loss of associates	<u>304,105</u>	<u>7</u>	<u>908,675</u>	<u>19</u>
Total non-operating income and expenses	<u>1,368,056</u>	<u>31</u>	<u>1,470,596</u>	<u>30</u>
PROFIT BEFORE INCOME TAX	24,848	1	177,144	4
INCOME TAX BENEFIT (Notes 4 and 28)	<u>11,662</u>	<u>-</u>	<u>3,676</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>36,510</u>	<u>1</u>	<u>180,820</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME AND LOSS (Notes 24 and 25)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(40,378)	(1)	(50,535)	(1)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(220,989)	(5)	(208,157)	(4)
Share of the other comprehensive income of associates	30,786	1	292	-

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# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Unrealized losses on available-for-sale financial assets	\$ (7)	-	\$ (11,372)	(1)
Other comprehensive loss for the year, net of income tax	(230,588)	(5)	(269,772)	(6)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	<b>\$ (194,078)</b>	<b>(4)</b>	<b>\$ (88,952)</b>	<b>(2)</b>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 50,033	1	\$ 200,561	4
Non-controlling interests	(13,523)	-	(19,741)	-
	<u>\$ 36,510</u>	<u>1</u>	<u>\$ 180,820</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ (179,892)	(4)	\$ (65,268)	(1)
Non-controlling interests	(14,186)	-	(23,684)	(1)
	<u>\$ (194,078)</u>	<u>(4)</u>	<u>\$ (88,952)</u>	<u>(2)</u>
<b>EARNINGS PER SHARE (Note 29)</b>				
From continuing operations				
Basic	<u>\$ 0.10</u>		<u>\$ 0.41</u>	

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

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# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							
				Other Equity				
	Share Capital	Capital Surplus	Accumulated Deficits	Exchange Differences on Translating Foreign Operations	Unrealized Gain or Loss on Available-for-sale Financial Assets	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2016	\$ 4,933,034	\$ 2,302	\$ (1,361,826)	\$ 157,952	\$ 3,747	\$ 3,735,209	\$ 220,431	\$ 3,955,640
Net profit for the year ended December 31, 2016	-	-	200,561	-	-	200,561	(19,741)	180,820
Other comprehensive income and loss for the year ended December 31, 2016	-	-	(50,325)	(207,865)	(7,639)	(265,829)	(3,943)	(269,772)
Total comprehensive income and loss for the year ended December 31, 2016	-	-	150,236	(207,865)	(7,639)	(65,268)	(23,684)	(88,952)
Change in capital surplus from investments in associates	-	(2,302)	(5,304)	-	-	(7,606)	-	(7,606)
BALANCE, DECEMBER 31, 2016	4,933,034	-	(1,216,894)	(49,913)	(3,892)	3,662,335	196,747	3,859,082
Net profit for the year ended December 31, 2017	-	-	50,033	-	-	50,033	(13,523)	36,510
Other comprehensive income and loss for the year ended December 31, 2017	-	-	(40,378)	(189,540)	(7)	(229,925)	(663)	(230,588)
Total comprehensive income and loss for the year ended December 31, 2017	-	-	9,655	(189,540)	(7)	(179,892)	(14,186)	(194,078)
Change in percentage of ownership interests in the subsidiary (Note 31)	-	591	-	-	-	591	132,409	133,000
Recognition of employee share options issued by the subsidiary (Note 30)	-	2,545	-	-	-	2,545	-	2,545
Change in capital surplus from investments in associates	-	323	(36)	-	-	287	-	287
BALANCE, DECEMBER 31, 2017	\$ 4,933,034	\$ 3,459	\$ (1,207,275)	\$ (239,453)	\$ (3,899)	\$ 3,485,866	\$ 314,970	\$ 3,800,836

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

# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 24,848	\$ 177,144
Adjustments for:		
Depreciation	163,611	165,805
Amortization	75,528	81,119
Impairment loss on financial assets measured at cost	3,561	276
Amortization of prepayments for lease	2,136	2,304
Finance costs	42,131	45,486
Interest income	(15,699)	(10,607)
Dividend income	(1,960)	(1,954)
Compensation costs of employee share options	2,545	-
Loss on disposal of property, plant and equipment	7,257	1,785
Gain on disposal of intangible assets	(186,639)	(192,820)
Gain on sale of investments	-	(12,017)
Gain on disposal of financial assets measured at cost	(95,088)	-
Share of profit of associates	(304,105)	(908,675)
Gain on changes in fair value of investment properties	(12,580)	(26,044)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	21,535	193,865
Notes receivable	-	1,354
Accounts receivable	65,074	(12,558)
Accounts receivable - related parties	9,265	1,051
Other receivables	(20,277)	(14,546)
Inventories	(166,507)	(26,106)
Defined benefit assets	45,932	(18)
Other current assets	81,642	(49,318)
Financial liabilities at fair value through profit or loss	1,119	-
Notes payable	1,300	1,915
Accounts payable	(132,062)	14,555
Accounts payable - related parties	33,017	2,156
Other payables	(208,096)	(148,910)
Temporary receipts	(16,407)	(1,505)
Provisions	(16,737)	(3,249)
Defined benefit liabilities	3,587	695
Other current liabilities	(88,137)	(48,047)
Cash used in operations	(680,206)	(766,864)
Interest received	15,714	10,771
Dividend received	1,960	1,954
Interest paid	(45,065)	(42,699)
Income tax received (paid)	30,741	(27,931)
Net cash used in operating activities	(676,856)	(824,769)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of available-for-sale financial assets	-	21,730

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# VIA TECHNOLOGIES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Purchase of debt investments with no active market	\$ (266,648)	\$ (235,082)
Proceeds from sale of debt investments with no active market	459,676	146,316
Proceeds from sale of financial assets measured at cost	160,765	-
Proceeds from capital reduction of financial assets measured at cost	7,194	-
Acquisition of investments accounted for using equity method	(1,131,133)	-
Proceeds from capital reduction of investments accounted for using equity method	688,422	1,045,481
Payments for property, plant and equipment	(141,740)	(187,134)
Proceeds from disposal of property, plant and equipment	10,298	5,514
Increase in refundable deposits	(1,535)	(21,433)
Decrease in refundable deposits	733	135,992
Payments for intangible assets	(46,090)	(33,596)
Proceeds from disposal of intangible assets	5,937	137,512
Payments for investment properties	-	(2,486)
Dividend received from the associate	<u>1,365,716</u>	<u>809,494</u>
Net cash provided by investing activities	<u>1,111,595</u>	<u>1,822,308</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in long-term bills payable	331,000	159,000
Proceeds from long-term borrowings	892,000	875,000
Repayments of long-term borrowings	(2,051,000)	(505,491)
Decrease in other payables - related parties	-	(1,538,890)
Increase in guarantee deposits	2,877	2,505
Decrease in guarantee deposits	(1,255)	(3,184)
Partial disposal of interests in the subsidiary without a loss of control (Note 31)	<u>133,000</u>	<u>-</u>
Net cash used in financing activities	<u>(693,378)</u>	<u>(1,011,060)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(173,007)</u>	<u>(12,735)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(431,646)	(26,256)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,258,833</u>	<u>2,285,089</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,827,187</u>	<u>\$ 2,258,833</u>

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

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