

2015 Operational Performance

1. 2015 operational performance and financial highlights

AVer's consolidated revenue of 2015 was NTD 1,622,087 thousand, net loss before tax was NTD 25,539 thousand, total comprehensive loss was NTD26,450 thousand, earnings per share was NTD-0.28, the consolidated gross margin ratio was 46.2%. AVer is an export-oriented maker, therefore under the influence of the economic recovery of some developed countries such as Europe and Japan. It makes the consolidated revenue of 2015 a 11% decrease compared with year of 2014. 2015 is the time of flipped education and IoT (Internet of Things), which makes AVer put in effort on finding solutions for software and hardware services in order to offer our clients a more convenient, smart and satisfying service.

2. Financial statement and profit analysis

AVer runs business in solid and stable steps, which reflects in finance operational pattern.

Financial structure, solvency and profitability analysis listed as below for reference:

Description		2015	2014
Financial structure (%)	Ratio of liabilities to assets	11.79%	14.13%
	Ratio of long-term capital to fixed assets	174.28%	178.76%
Solvency (%)	Current Ratio	406.76%	348.12%
	Quick Ratio	342.49%	289.30%
Profitability	Ratio of return on total assets	(0.94%)	0.72%
	Ratio of return on total stockholders' equity	(1.08%)	0.84%
	Profit Ratio	(1.63%)	1.15%
	Earnings per share (\$)	(0.28)	0.20



2015 Financial Statements

AVer Information Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

ASSETS	2015.12.31		2014.12.31	
	Amount	%	Amount	%
CURRENT ASSETS :				
Cash and cash equivalents	\$ 738,665	27	\$ 928,486	32
Financial assets at fair value through profit or loss	50,124	2	51,285	2
Notes receivable	1,282	-	4,987	-
Accounts receivable, net	185,541	7	142,390	5
Other receivables	5,952	-	7,363	-
Inventories	178,393	7	223,472	7
Other current assets	31,000	1	19,849	1
Total current assets	1,190,957	44	1,377,832	47
Property, plant and equipment	1,377,228	51	1,416,466	48
Investment property	72,321	3	73,167	3
Computer software	2,970	-	7,387	-
Deferred income tax assets	41,588	2	38,079	1
Other noncurrent assets	7,898	-	14,972	1
Total noncurrent assets	1,502,005	56	1,550,071	53
Total	\$ 2,692,962	100	\$ 2,927,903	100



LIABILITIES AND SHAREHOLDERS' EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES :				
Financial liabilities at fair value through profit or loss	\$ 243	-	\$ 181	-
Accounts payable	131,979	5	205,020	7
Income tax payable	56	-	9,818	-
Provisions-current	1,347	-	1,399	-
Other payables	154,700	6	174,623	6
Current portion of long-term bank loans	-	-	-	-
Other current liabilities	4,465	-	4,751	-
Total current liabilities	<u>292,790</u>	<u>11</u>	<u>395,792</u>	<u>13</u>
OTHER LIABILITIES :				
Provisions- noncurrent	14,305	1	11,835	1
Deferred income tax liabilities	4,545	-	-	-
Others	5,955	-	6,100	-
Total other liabilities	<u>24,805</u>	<u>1</u>	<u>17,935</u>	<u>-</u>
Total liabilities	<u>317,595</u>	<u>12</u>	<u>413,727</u>	<u>14</u>
AVER'S EQUITY :				
Capital stock	982,370	36	982,370	34
Capital surplus	779,930	29	779,930	27
Retained earnings :				
Legal reserve	194,268	7	192,167	7
Special reserve	13,588	1	25,373	1
Unappropriated Retained Earnings	486,749	18	542,508	18
Total Retained earnings	<u>694,605</u>	<u>26</u>	<u>760,048</u>	<u>26</u>
Others	19,001	1	7,430	-
Treasury stock	(100,539)	(4)	(15,602)	(1)
Total shareholders' equity	<u>2,375,367</u>	<u>88</u>	<u>2,514,176</u>	<u>86</u>
Total equity	<u>2,375,367</u>	<u>88</u>	<u>2,514,176</u>	<u>86</u>
Total	<u>\$ 2,692,962</u>	<u>100</u>	<u>2,927,903</u>	<u>100</u>

AVer Information Inc. and Subsidiaries



CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earning Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUES	\$ 1,622,087	100	1,825,611	100
OPERATING COSTS	872,652	54	924,586	51
GROSS PROFIT	749,435	46	901,025	49
OPERATING EXPENSES :				
Marketing	487,477	30	555,302	30
General and administrative	81,233	5	80,978	5
Research and development	221,720	14	237,701	13
	790,430	49	873,981	48
INCOME FROM OPERATIONS	(40,995)	(3)	27,044	1
NON-OPERATING INCOME AND EXPENSES :				
Other income	12,959	1	11,554	1
Other gains and losses	2,497	-	(1,431)	-
Finance costs	-	-	16	-
Total non-operating income and expenses	15,456	1	10,107	1
INCOME BEFORE INCOME TAX	(25,539)	(2)	37,151	2
INCOME TAX EXPENSE	911	-	16,141	1
NET INCOME	<u>\$ (26,450)</u>	<u>(2)</u>	<u>\$ 21,010</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences arising on translation of foreign operations	11,571	1	19,215	1
Income tax benefit (expense) related to components of other comprehensive income	-	-	-	-
Other comprehensive income (loss) for the period, net of income tax	11,571	1	19,215	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ (14,879)</u>	<u>1</u>	<u>\$ 40,225</u>	<u>2</u>
NET INCOME (LOSS) ATTRIBUTABLE TO Shareholders of the parent	<u>\$ (26,450)</u>	<u>2</u>	<u>\$ 21,010</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO Shareholders of the parent	<u>\$ (14,879)</u>	<u>1</u>	<u>\$ 40,225</u>	<u>2</u>
Basic earnings per share	<u>(\$ 0.28)</u>		<u>0.2</u>	
Diluted earnings per share	<u>(\$ 0.28)</u>		<u>0.2</u>	

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





AVer Information Inc and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus	Retained Earnings			Total	Others		Total
			Legal Reserve	Special Reserve	Unappropriated earnings		Cumulative translation adjustment	Treasury stock	
BALANCE, JANUARY 1, 2014	\$ 982,370	776,642	192,167	30,107	536,160	758,434	(11,785)	(25,964)	2,479,697
Appropriations of prior year's earnings									
Legal Reserve	-	-	-	-	-	-	-	-	-
Revoke Special Reserve	-	-	-	(4,734)	4,734	-	-	-	-
Cash dividends	-	-	-	-	(19,396)	(19,396)	-	-	(19,396)
Net income in 2014	-	-	-	-	21,010	21,010	-	-	21,010
Other comprehensive income in 2014, net of income tax	-	-	-	-	-	-	19,215	-	19,215
Total comprehensive income in 2014	-	-	-	-	21,010	21,010	19,215	-	40,225
Share-based Payment	-	3,270	-	-	-	-	-	-	3,270
Treasury stock	-	18	-	-	-	-	-	10,362	10,380
BALANCE, DECEMBER 31, 2014	982,370	779,930	192,167	25,373	542,508	760,048	7,430	(15,602)	2,514,176
Appropriations of prior year's earnings									
Legal Reserve	-	-	2,101	-	(2,101)	-	-	-	-
Revoke Special Reserve	-	-	-	(11,785)	11,785	-	-	-	-
Cash dividends	-	-	-	-	(38,993)	(38,993)	-	-	(38,993)
Net income in 2015	-	-	-	-	(26,450)	(26,450)	-	-	(26,450)
Other comprehensive income in 2015, net of income tax	-	-	-	-	-	-	11,571	-	11,571
Total comprehensive income in 2015	-	-	-	-	(26,450)	(26,450)	11,571	-	(14,879)
Treasury stock	-	-	-	-	-	-	-	(84,937)	(84,937)
BALANCE, DECEMBER 31, 2013	\$ 982,370	779,930	194,268	13,588	486,749	694,605	19,001	(100,539)	2,375,367

AVer Information Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES :		
Income before income tax	(25,539)	37,151
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation	85,811	88,418
Amortization	11,899	12,315
Provision for (recovery of) loss on inventories	(2,460)	5,874
Loss (gain) on foreign exchange, net	(2,938)	6,354
Interest income	(4,690)	(4,838)
Provision for (recovery of) doubtful accounts	(822)	(770)
Finance costs	-	16
Share-based Payment	-	3,270
Provision (revolve) Provisions	4,961	4,877
Loss on disposal of assets, net	(832)	(322)
Net changes in operating assets and liabilities :		
Available-for-sale financial assets	1,223	(439)
Notes receivable	3,705	(394)
Accounts receivable	(38,713)	10,470
Other receivables	2,723	1,724
Inventories	48,958	(23,216)
Other current assets	(2,225)	4,618
Accounts payable	(70,592)	8,845
Other payable	(22,900)	5,614
Other current liabilities	(240)	(1,057)
Other noncurrent liabilities	(304)	351
Other liabilities	(2,528)	(2,557)
Cash generated from operations	(15,503)	156,304
Income taxes paid	(16,952)	(25,619)
Net cash generated by operating activities	(32,455)	130,685

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES :		
Acquisition of property, plant and equipment	(43,967)	(18,460)
Proceeds from Disposal of Property, Plant and Equipment	1,984	417
Decrease(increase) in refundable deposits	418	294
Increase in deferred charges	4,647	4,795
Acquisition of intangible assets	(709)	(5,971)
Net cash used in investing activities	(37,627)	(18,925)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Cash dividends	(38,993)	(19,396)
Increase in treasury stock	(84,937)	-
Interest paid	-	(16)
Treasury stock	-	10,380
Net cash (used in) provided by financing activities	(123,930)	(9,032)
Effect of exchange rate changes	4,191	10,251
NET (DECREASE)INCREASE IN CASH	(189,821)	112,979
CASH,BEGINNING OF YEAR	928,486	815,507
CASH,END OF YEAR	738,665	928,486

