

## 2016 Financial Statements

### AVer Information Inc. and Subsidiaries

#### CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 999,968	34	\$ 738,665	27
Financial assets at fair value through profit or loss	50,635	2	50,124	2
Notes receivable	1,645	-	1,282	-
Accounts receivable, net	184,143	6	185,541	7
Other receivables	5,504	-	5,952	-
Current tax assets	20,506	1	20,930	1
Inventories	200,646	7	178,393	7
Other current assets	<u>8,649</u>	<u>-</u>	<u>10,070</u>	<u>-</u>
<b>Total current assets</b>	<u>1,471,696</u>	<u>50</u>	<u>1,190,957</u>	<u>44</u>
<b>NONCURRENT ASSETS</b>				
Property, plant and equipment	1,322,207	45	1,377,228	51
Investment property	71,475	2	72,321	3
Intangible assets	1,896	-	2,970	-
Deferred income tax assets	44,549	2	41,588	2
Other noncurrent assets	<u>21,602</u>	<u>1</u>	<u>7,898</u>	<u>-</u>
<b>Total noncurrent assets</b>	<u>1,461,729</u>	<u>50</u>	<u>1,502,005</u>	<u>56</u>
<b>TOTAL</b>	<u><b>\$ 2,933,425</b></u>	<u><b>100</b></u>	<u><b>\$ 2,692,962</b></u>	<u><b>100</b></u>



LIABILITIES AND EQUITY	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Financial liabilities at fair value through profit or loss	\$ 1,803	-	\$ 243	-
Accounts payable	148,986	5	131,979	5
Other payables	248,810	8	154,700	6
Current tax liabilities	21,332	1	56	-
Provisions-current	1,276	-	1,347	-
Other current liabilities	<u>3,362</u>	<u>-</u>	<u>4,465</u>	<u>-</u>
<b>Total current liabilities</b>	<u>425,569</u>	<u>14</u>	<u>292,790</u>	<u>11</u>
<b>NONCURRENT LIABILITIES</b>				
Provisions- noncurrent	19,496	1	14,305	1
Deferred income tax liabilities	3,268	-	4,545	-
Other noncurrent liabilities	<u>5,559</u>	<u>-</u>	<u>5,955</u>	<u>-</u>
<b>Total noncurrent liabilities</b>	<u>28,323</u>	<u>1</u>	<u>24,805</u>	<u>1</u>
<b>Total liabilities</b>	<u>453,892</u>	<u>15</u>	<u>317,595</u>	<u>12</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital	<u>974,820</u>	<u>33</u>	<u>982,370</u>	<u>36</u>
Capital surplus	<u>771,878</u>	<u>26</u>	<u>779,930</u>	<u>29</u>
Retained earnings				
Legal reserve	194,268	7	194,268	7
Special reserve	-	-	13,588	1
Unappropriated earnings	<u>608,159</u>	<u>21</u>	<u>486,749</u>	<u>18</u>
Total retained earnings	<u>802,427</u>	<u>28</u>	<u>694,605</u>	<u>26</u>
Other equity	<u>15,345</u>	<u>1</u>	<u>19,001</u>	<u>1</u>
Treasury stock	<u>(84,937)</u>	<u>(3)</u>	<u>(100,539)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	<u>2,479,533</u>	<u>85</u>	<u>2,375,367</u>	<u>88</u>
<b>Total equity</b>	<u>2,479,533</u>	<u>85</u>	<u>2,375,367</u>	<u>88</u>
<b>TOTAL</b>	<u><b>\$ 2,933,425</b></u>	<u><b>100</b></u>	<u><b>\$ 2,692,962</b></u>	<u><b>100</b></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)

	2016		2015	
	Amount	%	Amount	%
<b>OPERATING REVENUES</b>	\$ 1,899,480	100	\$ 1,622,087	100
<b>OPERATING COSTS</b>	<u>915,862</u>	<u>48</u>	<u>872,652</u>	<u>54</u>
<b>GROSS PROFIT</b>	<u>983,618</u>	<u>52</u>	<u>749,435</u>	<u>46</u>
<b>OPERATING EXPENSES</b>				
Selling and marketing expenses	522,369	28	487,477	30
General and administrative expenses	84,783	4	81,233	5
Research and development expenses	<u>239,498</u>	<u>13</u>	<u>221,720</u>	<u>14</u>
Total operating expenses	<u>846,650</u>	<u>45</u>	<u>790,430</u>	<u>49</u>
<b>OPERATING PROFIT</b>	<u>136,968</u>	<u>7</u>	<u>(40,995)</u>	<u>(3)</u>
<b>NONOPERATING INCOME AND EXPENSES</b>				
Other income	12,804	-	12,959	1
Other gains and losses	<u>(4,430)</u>	<u>-</u>	<u>2,497</u>	<u>-</u>
Total non-operating income and expenses	<u>8,374</u>	<u>-</u>	<u>15,456</u>	<u>1</u>
<b>PROFIT BEFORE INCOME TAX</b>	145,342	7	<u>(25,539)</u>	<u>(2)</u>
<b>INCOME TAX EXPENSE</b>	<u>18,964</u>	<u>1</u>	<u>911</u>	<u>-</u>
<b>NET PROFIT FOR THE PERIOD</b>	<u>126,378</u>	<u>6</u>	<u>(26,450)</u>	<u>(2)</u>

(Continued)



	2016		2015	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (3,656)	-	\$ 11,571	1
Other comprehensive income (loss) for the period, net of income tax	(3,656)	-	11,571	1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 122,722</u>	<u>6</u>	<u>\$ (14,879)</u>	<u>(1)</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	<u>\$ 126,378</u>	<u>7</u>	<u>\$ (26,450)</u>	<u>(2)</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>				
Owners of the Company	<u>\$ 122,722</u>	<u>6</u>	<u>\$ (14,879)</u>	<u>(1)</u>
<b>EARNINGS PER SHARE</b>				
Basic	<u>\$ 1.36</u>		<u>\$ (0.28)</u>	
Diluted	<u>\$ 1.35</u>		<u>\$ (0.28)</u>	

(Concluded)



**AVer Information Inc and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(In Thousands of New Taiwan Dollars)**

	Retained Earnings						Others		Total
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Total	Cumulative translation adjustment	Treasury stock	
<b>BALANCE, JANUARY 1, 2015</b>	\$ 982,370	\$ 779,930	\$ 192,167	\$ 25,373	\$ 542,508	\$ 760,048	\$ 7,430	\$ (15,602)	\$ 2,514,716
Appropriation of the 2014 earnings									
Legal Reserve	-	-	2,101	-	(2,101)	-	-	-	-
Revolue Special Reserve	-	-	-	(11,785)	11,785	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(38,993)	(38,993)	-	-	(38,993)
Net profit for the year ended December 31, 2015	-	-	-	-	(26,450)	(26,450)	-	-	(26,450)
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	-	-	11,571	-	11,571
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	(26,450)	(26,450)	11,571	-	(14,879)
Purchase of treasury shares	-	-	-	-	-	-	-	(84,937)	(84,937)
<b>BALANCE AT DECEMBER 31, 2015</b>	\$ 982,370	\$ 779,930	\$ 194,268	\$ 13,588	\$ 486,749	\$ 694,605	\$ 19,001	\$ (100,539)	\$ 2,375,367
Appropriation of the 2015 earnings									
Revolue Special Reserve	-	-	-	(13,588)	13,588	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(18,556)	(18,556)	-	-	(18,556)
Net profit for the year ended December 31, 2016	-	-	-	-	126,378	126,378	-	-	126,378
Other comprehensive income for year ended December 31, 2016, net of income tax	-	-	-	-	-	-	(3,656)	-	(3,656)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	126,378	126,378	(3,656)	-	122,722
Cancellation of treasury shares	(7,550)	(8,052)	-	-	-	-	-	15,602	-
<b>BALANCE AT DECEMBER 31, 2016</b>	<u>\$ 974,820</u>	<u>\$ 771,878</u>	<u>\$ 194,268</u>	<u>\$ -</u>	<u>\$ 608,159</u>	<u>\$ 802,427</u>	<u>\$ 15,345</u>	<u>\$ (84,937)</u>	<u>\$ 2,479,533</u>

**AVer Information Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
(In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 145,342	\$ (25,539)
Adjustments for :		
Depreciation expenses	85,091	85,811
Amortization expenses	1,644	5,128
Impairment loss recognized (reversal of impairment loss) on trade receivable	(416)	(822)
Net gain on financial assets or liabilities at fair value through profit or loss	(2,543)	(3,824)
Interest income	(3,439)	(4,690)
Loss (gain) on disposal of property, plant and equipment	321	(832)
Provision for (recovery of) loss on inventories	(143)	(2,460)
Loss (gain) on foreign exchange, net	1,184	(2,938)
Amortization expenses for prepayments	1,181	6,771
Recognition of provisions	6,835	4,961
<b>Changes in operating assets and liabilities :</b>		
Financial assets held for trading	3,592	5,047
Notes receivable	(363)	3,705
Accounts receivable	722	(38,713)
Other receivables	(834)	2,723
Inventories	(25,023)	48,958
Other current assets	1,300	(2,225)
Other noncurrent assets	(14,188)	-
Accounts payable	20,543	(70,592)
Other payables	102,132	(22,900)
Provisions	(1,718)	(2,528)
Other current liabilities	(1,078)	(240)
Other noncurrent liabilities	(311)	(304)
Cash generated from operations	319,881	(15,503)

(Continued)



	2016	2015
Income tax paid	\$ (2,228)	\$ (16,952)
<b>Net cash generated from (used in) operating activities</b>	<u>317,653</u>	<u>(32,455)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(36,641)	(43,967)
Proceeds from disposal of property, plant and equipment	12	1,984
Increase in refundable deposits	(985)	-
Decrease in refundable deposits	-	418
Acquisition of intangible assets	(558)	(709)
Interest received	<u>3,473</u>	<u>4,647</u>
<b>Net cash used in investing activities</b>	<u>(34,699)</u>	<u>(37,627)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of cash dividends	(18,556)	(38,993)
Purchase of treasury shares	<u>-</u>	<u>(84,937)</u>
<b>Net cash used in financing activities</b>	<u>(18,556)</u>	<u>(123,930)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(3,095)</u>	<u>4,191</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	261,303	(189,821)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>738,665</u>	<u>928,486</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 999,968</u>	<u>\$ 738,665</u>

(Concluded)

