

2016Q3 Financial Results

Consolidated revenues in 3Q2016 were NT\$567,259 thousand, up 13% quarter-on-quarter and up 18% versus same period last year.

Summary Financial Results for the Third Quarter of 2016,

- Consolidated revenues: NT\$567,259 thousand, up 18% YoY and 13% QoQ.
- Net Income before tax: NT\$ 75,356 thousand, up 218% YoY and 47% QoQ.
- Total comprehensive income: NT\$ 60,862 thousand, up 219% YoY. and 51% QoQ.
- Basic EPS: NT\$ 0.66.



2016Q3 Financial Statements

AVer Information Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2016		December 31, 2015		September 30, 2015	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 904,557	31	\$ 738,665	27	\$ 739,211	27
Financial assets at fair value through profit or loss	51,181	2	50,124	2	50,058	2
Notes receivable	2,466	-	1,282	-	2,821	-
Accounts receivable, net	245,392	8	185,541	7	215,563	8
Other receivables	9,255	-	5,952	-	6,951	-
Inventories	189,143	7	178,393	7	206,001	7
Other current assets	<u>34,993</u>	<u>1</u>	<u>31,000</u>	<u>1</u>	<u>26,355</u>	<u>1</u>
Total current assets	<u>1,436,987</u>	<u>49</u>	<u>1,190,957</u>	<u>44</u>	<u>1,246,960</u>	<u>45</u>
NONCURRENT ASSETS						
Property, plant and equipment	1,331,917	46	1,377,228	51	1,372,699	50
Investment property	71,686	3	72,321	3	72,532	3
Computer software	1,941	-	2,970	-	4,233	-
Deferred income tax assets	41,883	1	41,588	2	39,342	2
Other noncurrent assets	<u>21,258</u>	<u>1</u>	<u>7,898</u>	<u>-</u>	<u>9,494</u>	<u>-</u>
Total noncurrent assets	<u>1,468,685</u>	<u>51</u>	<u>1,502,005</u>	<u>56</u>	<u>1,498,300</u>	<u>55</u>
TOTAL	<u>\$ 2,905,672</u>	<u>100</u>	<u>\$ 2,692,962</u>	<u>100</u>	<u>\$ 2,745,260</u>	<u>100</u>



LIABILITIES AND EQUITY	September 30, 2016		December 31, 2015		September 30, 2015	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss	\$ 32	-	\$ 243	-	\$ 2,782	-
Accounts payable	184,006	7	131,979	5	193,646	7
Other payables	209,536	7	154,700	6	140,744	5
Current tax liabilities	28,305	1	56	-	141	-
Provisions-current	1,342	-	1,347	-	1,477	-
Other current liabilities	<u>5,793</u>	<u>-</u>	<u>4,465</u>	<u>-</u>	<u>3,829</u>	<u>-</u>
Total current liabilities	<u>429,014</u>	<u>15</u>	<u>292,790</u>	<u>11</u>	<u>342,619</u>	<u>12</u>
NONCURRENT LIABILITIES						
Provisions- noncurrent	16,886	1	14,305	1	13,832	1
Deferred income tax liabilities	4,001	-	4,545	-	-	-
Others	<u>5,134</u>	<u>-</u>	<u>5,955</u>	<u>-</u>	<u>5,820</u>	<u>-</u>
Total other liabilities	<u>26,021</u>	<u>1</u>	<u>24,805</u>	<u>1</u>	<u>19,652</u>	<u>1</u>
Total liabilities	<u>455,035</u>	<u>16</u>	<u>317,595</u>	<u>12</u>	<u>362,271</u>	<u>13</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	<u>974,820</u>	<u>33</u>	<u>982,370</u>	<u>36</u>	<u>982,370</u>	<u>36</u>
Capital surplus	<u>771,878</u>	<u>27</u>	<u>779,930</u>	<u>29</u>	<u>779,930</u>	<u>28</u>
Retained earnings						
Legal reserve	194,268	7	194,268	7	194,268	7
Special reserve	-	-	13,588	1	13,588	1
Unappropriated earnings	<u>586,160</u>	<u>20</u>	<u>486,749</u>	<u>18</u>	<u>494,835</u>	<u>18</u>
Total retained earnings	<u>780,428</u>	<u>27</u>	<u>694,605</u>	<u>26</u>	<u>702,691</u>	<u>26</u>
Other equity	<u>8,448</u>	<u>-</u>	<u>19,001</u>	<u>1</u>	<u>18,537</u>	<u>1</u>
Treasury stock	<u>(84,937)</u>	<u>(3)</u>	<u>(100,539)</u>	<u>(4)</u>	<u>(100,539)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	<u>2,450,637</u>	<u>84</u>	<u>2,375,367</u>	<u>88</u>	<u>2,382,989</u>	<u>87</u>
Total equity	<u>2,450,637</u>	<u>84</u>	<u>2,375,367</u>	<u>88</u>	<u>2,382,989</u>	<u>87</u>
TOTAL	<u>\$ 2,905,672</u>	<u>100</u>	<u>\$ 2,692,962</u>	<u>100</u>	<u>\$ 2,745,260</u>	<u>100</u>



AVer Information Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES	\$ 567,259	100	\$ 480,298	100	\$ 1,449,501	100	\$ 1,238,642	100
OPERATING COSTS	<u>270,134</u>	<u>48</u>	<u>271,280</u>	<u>57</u>	<u>704,196</u>	<u>48</u>	<u>666,827</u>	<u>54</u>
GROSS PROFIT	<u>297,125</u>	<u>52</u>	<u>209,018</u>	<u>43</u>	<u>745,305</u>	<u>52</u>	<u>571,815</u>	<u>46</u>
GROSS PROFIT								
Selling and marketing expenses	137,114	24	123,757	26	380,450	26	368,882	30
General and administrative expenses	21,569	4	19,224	4	60,555	4	61,280	5
Research and development expenses	<u>63,532</u>	<u>11</u>	<u>55,406</u>	<u>11</u>	<u>178,148</u>	<u>13</u>	<u>168,156</u>	<u>13</u>
Total operating expenses	<u>222,215</u>	<u>39</u>	<u>198,387</u>	<u>41</u>	<u>619,153</u>	<u>43</u>	<u>598,318</u>	<u>48</u>
OPERATING PROFIT	<u>74,910</u>	<u>13</u>	<u>10,631</u>	<u>2</u>	<u>126,152</u>	<u>9</u>	<u>(26,503)</u>	<u>(2)</u>
NONOPERATING INCOME								
Other income	3,043	-	2,991	1	9,517	-	9,250	1
Other gains and losses	<u>(2,597)</u>	<u>-</u>	<u>10,061</u>	<u>2</u>	<u>(2,608)</u>	<u>-</u>	<u>2,836</u>	<u>-</u>
Total nonoperating income	<u>446</u>	<u>-</u>	<u>13,052</u>	<u>3</u>	<u>6,909</u>	<u>-</u>	<u>12,086</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	75,356	13	23,683	5	133,061	9	(14,417)	(1)
INCOME TAX EXPENSE	<u>14,494</u>	<u>2</u>	<u>4,627</u>	<u>1</u>	<u>28,682</u>	<u>2</u>	<u>3,947</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>60,862</u>	<u>11</u>	<u>19,056</u>	<u>4</u>	<u>104,379</u>	<u>7</u>	<u>(18,364)</u>	<u>(2)</u>

(Continued)



	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>(7,432)</u>	<u>(2)</u>	<u>16,010</u>	<u>3</u>	<u>(10,553)</u>	<u>(1)</u>	<u>11,107</u>	<u>1</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(7,432)</u>	<u>(2)</u>	<u>16,010</u>	<u>3</u>	<u>(10,553)</u>	<u>(1)</u>	<u>11,107</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 53,430</u>	<u>9</u>	<u>\$ 35,066</u>	<u>7</u>	<u>\$ 93,826</u>	<u>6</u>	<u>\$ (7,257)</u>	<u>(1)</u>
NET PROFIT (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ 60,862</u>	<u>11</u>	<u>\$ 19,056</u>	<u>4</u>	<u>\$ 104,379</u>	<u>7</u>	<u>\$ (18,364)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owners of the Company	<u>\$ 53,430</u>	<u>9</u>	<u>\$ 35,066</u>	<u>7</u>	<u>\$ 93,826</u>	<u>6</u>	<u>\$ (7,257)</u>	<u>(1)</u>
EARNINGS PER SHARE								
Basic	<u>\$ 0.66</u>		<u>\$ 0.21</u>		<u>\$ 1.12</u>		<u>\$ (0.19)</u>	
Diluted	<u>\$ 0.65</u>		<u>\$ 0.21</u>		<u>\$ 1.12</u>		<u>\$ (0.19)</u>	



AVer Information Inc and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus	Retained Earnings				Others		Total
			Legal Reserve	Special Reserve	Unappropriated earnings	Total	Cumulative translation adjustment	Treasury stock	
BALANCE, JANUARY 1, 2015	\$ 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)	-	-	-	-
Revolve Special Reserve	-	-	-	(11,785)	11,785	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(38,993)	(38,993)	-	-	(38,993)
Net loss for the nine months ended September 30, 2015	-	-	-	-	(18,364)	(18,364)	-	-	(18,364)
Other comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	-	11,107	-	11,107
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	(18,364)	(18,364)	11,107	-	(7,257)
Purchase of treasury shares	-	-	-	-	-	-	-	(84,937)	(84,937)
BALANCE AT SEPTEMBER 30, 2015	\$ 982,370	\$ 779,930	\$ 194,268	\$ 13,588	\$ 494,835	\$ 702,691	\$ 18,537	\$ (100,539)	\$ 2,382,989
Appropriation of the 2015 earnings									
Revolve Special Reserve	-	-	-	(13,588)	13,588	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(18,556)	(18,556)	-	-	(18,556)
Net profit for the nine months ended September 30, 2016	-	-	-	-	104,379	104,379	-	-	104,379
Other comprehensive loss for the nine months ended September 30, 2016	-	-	-	-	-	-	(10,553)	-	(10,553)
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	104,379	104,379	(10,553)	-	93,826
Cancellation of treasury shares	(7,550)	(8,052)	-	-	-	-	-	15,602	-
BALANCE, DECEMBER 31, 2013	<u>\$ 974,820</u>	<u>\$ 771,878</u>	<u>\$ 194,268</u>	<u>\$ -</u>	<u>\$ 586,160</u>	<u>\$ 780,428</u>	<u>\$ 8,448</u>	<u>\$ (84,937)</u>	<u>\$ 2,450,637</u>

AVer Information Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 133,061	\$ (14,417)
Adjustments for :		
Depreciation expenses	64,183	64,209
Amortization expenses	1,304	3,865
Impairment loss recognized (reversal of impairment loss) on trade receivable	(396)	(1,120)
Net gain on financial assets or liabilities at fair value through profit or loss	(3,272)	(1,646)
Interest income	(2,132)	(3,573)
Loss (gain) on disposal of property, plant and equipment	326	(18)
Provision for (recovery of) loss on inventories	3,152	6,222
Loss (gain) on foreign exchange, net	2,119	(4,668)
Amortization expenses for prepayments	591	5,135
Recognition of provisions	6,995	4,028
Changes in operating assets and liabilities :		
Financial assets held for trading	2,004	5,474
Notes receivable	(1,184)	2,166
Accounts receivable	(64,877)	(57,573)
Other receivables	(4,727)	(51)
Inventories	(19,487)	13,935
Other current assets	(4,922)	(3,856)
Other noncurrent assets	(14,188)	-
Accounts payable	57,914	(19,557)
Other payables	64,083	(35,756)
Other current liabilities	1,288	(907)
Other noncurrent liabilities	(625)	(113)
Provisions	(4,451)	(1,980)
Cash generated from operations	216,759	(40,201)

(Continued)



**For the Nine Months Ended
September 30**

	2016	2015
Income tax paid	\$ (2,217)	\$ (16,868)
Net cash generated from (used in) operating activities	<u>214,542</u>	<u>(57,069)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(24,912)	(18,045)
Proceeds from disposal of property, plant and equipment	12	1,029
Decrease in refundable deposits	72	495
Acquisition of intangible assets	(263)	(709)
Interest received	<u>2,543</u>	<u>3,523</u>
Net cash used in investing activities	<u>(22,548)</u>	<u>(13,707)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of cash dividends	(18,556)	(38,993)
Purchase of treasury shares	<u>-</u>	<u>(84,937)</u>
Net cash used in financing activities	<u>(18,556)</u>	<u>(123,930)</u>
 EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(7,546)</u>	<u>5,431</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	165,892	(189,275)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>738,665</u>	<u>928,486</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 904,557</u>	<u>\$ 739,211</u>

