

2017Q3 Financial Results

Operating revenues in 2017Q3 were NT\$578,957 thousand, a QoQ growth of 19% and a YoY growth of 2% versus same period last year.

Summary Financial Results for the Third Quarter of 2017,

Operating revenues: NT\$578,957 thousand, 19% QoQ and 2% YoY.

Gross profit: NT\$306,010 thousand, 27% QoQ and 3% YoY.

Operating profit: NT\$49,150 thousand, 278% QoQ and -34% YoY.

Profit before income tax: NT\$51,597 thousand, 130% QoQ and -32% YoY.

Net profit for the period: NT\$44,303 thousand, 229% QoQ and -27% YoY.

EPS: NT\$ 0.48, 220% QoQ and -26% YoY.

Quarterly Revenue Comparison (Consolidated)

Unit: NT\$ thousand

	2017Q3	2017Q2	2016Q3	QoQ	YoY	2017,Q1~Q3	2016,Q1~Q3	YoY
Operating revenues	578,957	486,616	567,259	19%	2%	1,487,268	1,449,501	3%
Operating costs	272,947	244,947	270,134	11%	1%	713,978	704,196	1%
Gross profit	306,010	241,669	297,125	27%	3%	773,290	745,305	4%
Total operating expenses	256,860	228,670	222,215	12%	16%	703,591	619,153	14%
Operating profit	49,150	12,999	74,910	278%	-34%	69,699	126,152	-45%
Profit before income tax	51,597	22,421	75,356	130%	-32%	80,341	133,061	-40%
Net profit for the period	44,303	13,484	60,862	229%	-27%	61,338	104,379	-41%
Earnings per share	0.48	0.15	0.66	220%	-26%	0.66	1.12	-41%



2017Q3 Financial Statements

AVer Information Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2017		December 31, 2016		September 30, 2016	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 771,053	27	\$ 999,968	34	\$ 904,557	31
Financial assets at fair value through profit or loss	51,094	2	50,635	2	51,181	2
Notes receivable	1,415	-	1,645	-	2,466	-
Accounts receivable, net	275,377	10	184,143	6	245,392	8
Other receivables	4,883	-	5,504	-	9,255	-
Inventories	266,947	9	200,646	7	189,143	7
Other current assets	<u>38,145</u>	<u>2</u>	<u>29,155</u>	<u>1</u>	<u>34,993</u>	<u>1</u>
Total current assets	<u>1,408,914</u>	<u>50</u>	<u>1,471,696</u>	<u>50</u>	<u>1,436,987</u>	<u>49</u>
NONCURRENT ASSETS						
Property, plant and equipment	1,293,136	45	1,322,207	45	1,331,917	46
Investment property	70,840	2	71,475	2	71,686	3
Computer software	972	-	1,896	-	1,941	-
Deferred income tax assets	43,573	2	44,549	2	41,883	1
Other noncurrent assets	<u>25,383</u>	<u>1</u>	<u>21,602</u>	<u>1</u>	<u>21,258</u>	<u>1</u>
Total noncurrent assets	<u>1,433,904</u>	<u>50</u>	<u>1,461,729</u>	<u>50</u>	<u>1,468,685</u>	<u>51</u>
TOTAL	<u>\$ 2,842,818</u>	<u>100</u>	<u>\$ 2,933,425</u>	<u>100</u>	<u>\$ 2,905,672</u>	<u>100</u>



LIABILITIES AND EQUITY	September 30, 2017		December 31, 2016		September 30, 2016	
	Amount	%	Amount	%	Amount	%
CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss	\$ 2,415	-	\$ 1,803	-	\$ 32	-
Accounts payable	150,634	5	148,986	5	184,006	7
Other payables	209,402	8	248,810	8	209,536	7
Current tax liabilities	5,157	-	21,332	1	28,305	1
Provisions-current	1,864	-	1,276	-	1,342	-
Other current liabilities	2,940	-	3,362	-	5,793	-
Total current liabilities	372,412	13	425,569	14	429,014	15
NONCURRENT LIABILITIES						
Provisions- noncurrent	20,388	1	19,496	1	16,886	1
Deferred income tax liabilities	3,807	-	3,268	-	4,001	-
Others	5,736	-	5,559	-	5,134	-
Total other liabilities	29,931	1	28,323	1	26,021	1
Total liabilities	402,343	14	453,892	15	455,035	16
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	974,820	34	974,820	33	974,820	33
Capital surplus	771,878	27	771,878	26	771,878	27
Retained earnings						
Legal reserve	206,906	8	194,268	7	194,268	7
Unappropriated earnings	575,211	20	608,159	21	586,160	20
Total retained earnings	782,117	28	802,427	28	780,428	27
Other equity	(3,403)	-	15,345	1	8,448	-
Treasury stock	(84,937)	(3)	(84,937)	(3)	(84,937)	(3)
Total equity attributable to owners of the Company	2,440,475	86	2,479,533	85	2,450,637	84
Total equity	2,440,475	86	2,479,533	85	2,450,637	84
TOTAL	\$ 2,842,818	100	\$ 2,933,425	100	\$ 2,905,672	100



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			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES	\$ 578,957	100	\$ 567,259	100	\$ 1,487,268	100	\$ 1,449,501	100
OPERATING COSTS	272,947	47	270,134	48	713,978	48	704,196	48
GROSS PROFIT	306,010	53	297,125	52	773,290	52	745,305	52
GROSS PROFIT								
Selling and marketing expenses	156,979	27	137,114	24	442,594	30	380,450	26
General and administrative expenses	20,772	3	21,569	4	60,637	4	60,555	4
Research and development expenses	79,109	14	63,532	11	200,360	14	178,148	13
Total operating expenses	256,860	44	222,215	39	703,591	48	619,153	43
OPERATING PROFIT	49,150	9	74,910	13	69,699	4	126,152	9
NONOPERATING INCOME								
Other income	2,548	-	3,043	-	9,782	1	9,517	-
Other gains and losses	(101)	-	(2,597)	-	860	-	(2,608)	-
Total nonoperating income	2,447	-	446	3	10,642	-	6,909	1
PROFIT BEFORE INCOME TAX	51,597	9	75,356	13	80,341	5	133,061	9
INCOME TAX EXPENSE	7,294	1	14,494	2	19,003	1	28,682	2
NET PROFIT FOR THE PERIOD	44,303	8	60,862	11	61,338	4	104,379	7

(Continued)



	For the Three Months Ended September 30				For the Nine Months Ended September 30				
	2017		2016		2017		2016		
	Amount	%	Amount	%	Amount	%	Amount	%	
OTHER COMPREHENSIVE INCOME (LOSS)									
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations	(2,151)	(1)	(7,432)	(2)	(18,748)	(1)	(10,553)	(1)	
Other comprehensive income (loss) for the period, net of income tax	(2,151)	(1)	(7,432)	(2)	(18,748)	(1)	(10,553)	(1)	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 42,152</u>	<u>7</u>	<u>\$ 53,430</u>	<u>9</u>	<u>\$ 42,590</u>	<u>3</u>	<u>\$ 93,826</u>	<u>6</u>	
NET PROFIT (LOSS)									
ATTRIBUTABLE TO:									
Owners of the Company	<u>\$ 44,303</u>	<u>8</u>	<u>\$ 60,862</u>	<u>11</u>	<u>\$ 61,338</u>	<u>4</u>	<u>\$ 104,379</u>	<u>7</u>	
TOTAL COMPREHENSIVE INCOME (LOSS)									
ATTRIBUTABLE TO:									
Owners of the Company	<u>\$ 42,152</u>	<u>7</u>	<u>\$ 53,430</u>	<u>9</u>	<u>\$ 42,590</u>	<u>3</u>	<u>\$ 93,826</u>	<u>6</u>	
EARNINGS PER SHARE									
Basic	<u>\$ 0.48</u>		<u>\$ 0.66</u>		<u>\$ 0.66</u>		<u>\$ 1.12</u>		
Diluted	<u>\$ 0.48</u>		<u>\$ 0.65</u>		<u>\$ 0.66</u>		<u>\$ 1.12</u>		

(Concluded)

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



(02)

AVer Information Inc and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In Thousands of New Taiwan Dollars)

	Retained Earnings					Others			
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Total	Cumulative translation adjustment	Treasury stock	Total
BALANCE, JANUARY 1, 2016	\$ 982,370	\$ 779,930	\$ 194,268	\$ 13,588	\$ 486,749	\$ 694,605	\$ 19,001	\$ (100,539)	\$ 2,375,367
Appropriation of the 2015 earnings									
Revolve Special Reserve	-	-	-	(13,588)	13,588	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(18,556)	(18,556)	-	-	(18,556)
Net loss for the nine months ended September 30, 2016	-	-	-	-	104,379	104,379	-	-	104,379
Other comprehensive income 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	(9,550)	(8,052)	-	-	-	-	-	15,602	-
BALANCE AT SEPTEMBER 30, 2016	<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>
Appropriation of the 2017 earnings									
Legal Reserve	-	-	12,638	-	(12,638)	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(81,648)	(81,648)	-	-	(81,648)
Net profit for the nine months ended September 30, 2017	-	-	-	-	61,338	61,338	-	-	61,338
Other comprehensive loss for the nine months ended September 30, 2017	-	-	-	-	-	-	(18,748)	-	(18,748)
Total comprehensive income for the nine months ended September 30, 2017	-	-	-	-	61,338	61,338	(18,748)	-	42,590
BALANCE AT SEPTEMBER 30, 2017	<u>\$ 974,820</u>	<u>\$ 771,878</u>	<u>\$ 206,906</u>	<u>\$ -</u>	<u>\$ 575,211</u>	<u>\$ 782,117</u>	<u>(\$ 3,403)</u>	<u>\$ (84,937)</u>	<u>\$ 2,440,475</u>

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

AVer Information Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended	
	September 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 80,341	\$ 133,061
Adjustments for :		
Depreciation expenses	64,734	64,183
Amortization expenses	1,061	1,304
Impairment loss recognized (reversal of impairment loss) on trade receivable	673	(396)
Net gain on financial assets or liabilities at fair value through profit or loss	(7,167)	(3,272)
Interest income	(2,591)	(2,132)
Loss (gain) on disposal of property, plant and equipment	770	326
Provision for (recovery of) loss on inventories	5,522	3,152
Loss (gain) on foreign exchange, net	(4,435)	2,119
Amortization expenses for prepayments	1,774	591
Recognition of provisions	8,207	6,995
Changes in operating assets and liabilities :		
Financial assets held for trading	7,320	2,004
Notes receivable	230	(1,184)
Accounts receivable	(94,627)	(64,877)
Other receivables	2,381	(4,727)
Inventories	(80,805)	(19,487)
Other current assets	(9,787)	(4,922)
Other noncurrent assets	-	(14,188)
Accounts payable	8,328	57,914
Other payables	(38,308)	64,083
Other current liabilities	(427)	1,288
Other noncurrent liabilities	424	(625)
Provisions	(6,731)	(4,451)
Cash generated from operations	(63,113)	216,759

(Continued)



**For the Nine Months Ended
September 30**

	2017	2016
Income tax paid	\$ (36,230)	\$ (2,217)
Net cash generated from (used in) operating activities	(99,343)	214,542
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(31,985)	(24,912)
Proceeds from disposal of property, plant and equipment	119	12
Increase in refundable deposits	(59)	-
Decrease in refundable deposits	-	72
Increase in other noncurrent assets	(5,531)	-
Acquisition of intangible assets	(27)	(263)
Interest received	2,611	2,543
Net cash used in investing activities	(34,872)	(22,548)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	36	-
Payment of cash dividends	(81,648)	(18,556)
Net cash used in financing activities	(81,612)	(18,556)
 EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	(13,088)	(7,546)
 NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(228,915)	165,892
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	999,968	738,665
 CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	\$ 771,053	\$ 904,557

(Concluded)

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

