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Stock Code 6231

Insyde Software Corp.

Handbook for the 2016 Annual Shareholders Meeting

Meeting Time: 9:00 a.m. on June 14, 2016

Place: 350 Sung Chiang Road, Taipei, 104, Taiwan, R.O.C.

(Importers and Exporters Association of Taipei)

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Insyde Software Corp.
Agenda for the 2016 Annual Shareholders Meeting

Call the Meeting to Order

Chairperson Remarks

Discussion Item (I)

Report Items

Ratification Items

Discussion Item (II)

Election Matters

Other Matters

Questions and Motions

Adjourn

Insyde Software Corp.

Agenda of 2016 Annual Shareholders Meeting

Time : 9:00 a.m. June 14 (Tuesday), 2016

Place : 350 Sung Chiang Road, Taipei, 104, Taiwan, R.O.C. (Importers and Exporters Association of Taipei)

Call the Meeting to Order

Chairperson Remarks

Discussion Item (I) :

1. Amendment to the Company's Corporate Charter.

Report Items :

1. 2015 Business Report.
2. Supervisors' Review Report of the 2015 Financial Statements.
3. 2015 Employee and Directors and Supervisors' remunerations Report.
4. Domestic Private Placement of Convertible Bonds Report.

Ratification Items :

1. Adoption of 2015 Annual Business Report and Financial Statements.
2. Adoption of the Proposal for the Distribution of 2015 Profits.

Discussion Item (II) :

1. Proposal to Issue a new Private Placement of Convertible Bonds.

Election Matters :

1. The 7th Election of Directors and Supervisors.

Other Matters :

1. Proposal to Release the Prohibition on Directors and Representatives from Participating in Competitive Businesses.

Questions and Motions

Adjourn

Discussion Item (I)

Proposal: (Proposed by the Board of Directors)

Amendment to the Company's Corporate Charter.

Explanation:

- (1) Because the Ministry of Economic Affairs has added article 235-1 to the Company Act and has amended Article 235, the Company hereby proposes to amend the Corporate Charter.
- (2) The original Corporate Charter is as pp. 27-30, Appendix 5. The comparison table shows the changes proposed.

Insyde Software Corporation

Comparison of Current and Amended Rules and Procedures of Company's Corporate Charter

Current Provisions	Proposed Amendments
Article 28 : After paying taxes, covering losses for the previous year and setting aside legal and special reserves. The Company is profitable, it shall set aside 10-15% as employee compensation and less than 3% as Director compensation.	Article 28 : In each year if the Company has earnings, before paying any bonus to employees or directors, funds shall be appropriated in this order, first: income taxes shall be paid, deficits from previous years shall be reimbursed, appropriation of 10% as a mandatory reserve shall be funded, unless the amount of mandatory reserve is already equivalent to the paid-in capital of The Company. And finally, appropriation or reversal of special reserves as required by Securities and Exchange Act 41 or the competent authority distributed on a record. If the Company is profitable, it shall set aside 10-15% as employee compensation and 3% as Director compensation. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.
Article 28-1 : Any earnings after the Company's fiscal year final settlement shall be allotted to each item in the following order: 1. Payment of taxes and duties. 2. Offsetting previous periods' deficits and losses. 3. Setting aside 10% for the statutory surplus reserve, unless the statutory surplus reserve has reached the amount of the total capital. 4. Setting aside or funding special reserves. 5. Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.	Added.
These Article were formulated on September 15, 1998 ; 1 st amendment on November 20, 1998; 2 nd amendment on July 20, 1999 ; 3 rd amendment on December 10, 1999; 4 th amendment on June 29, 2000; 5 th amendment on June 10, 2001; 6 th amendment on June 18, 2001;	These Article were formulated on September 15, 1998 ; 1 st amendment on November 20, 1998; 2 nd amendment on July 20, 1999 ; 3 rd amendment on December 10, 1999; 4 th amendment on June 29, 2000; 5 th amendment on June 10, 2001; 6 th amendment on June 18, 2001; 7 th amendment on

<p>7th amendment on June 28, 2002; 8th amendment on June 20, 2003; 9th amendment on June 17, 2005; 10th amendment on June 14, 2006; 11th amendment on June 25, 2008; 12th amendment on June 26, 2009; 13th amendment on June 15, 2010; 14th amendment on July 21, 2012; 15th amendment on June 17, 2013; <u>16th amendment on June 14, 2016</u></p>	<p>June 28, 2002; 8th amendment on June 20, 2003; 9th amendment on June 17, 2005; 10th amendment on June 14, 2006; 11th amendment on June 25, 2008; 12th amendment on June 26, 2009; 13th amendment on June 15, 2010; 14th amendment on July 21, 2012; 15th amendment on June 17, 2013</p>
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(3) Please resolve.

Resolution:

Report Items

Report No.1 : 2015 Business Report.

Explanation : The 2015 Business Report is attached as pp. 11-14, Appendix 1.

Report No.2 : Supervisor's Review Report of the 2015 Financial Statements.

Explanation : The 2015 Financial Statements audited by independent auditors KPMG Certified Public Accountants, and have been examined by the Supervisors of the Company. The 2015 Supervisor's Review Report is attached as pp. 25, Appendix 3.

Report No.3 : The 2015 Employee and Directors and Supervisors' remunerations Report.

Explanation : According to Article 235-1 of the Company Act, the Company's Articles of Incorporation shall clearly state a set amount or proportion of the Company's annual profits to be distributed as employee compensation. It shall set aside 10-15% as employee compensation and 3% as Director compensation.

According to the percentages in the amendments of the Company's Articles of Incorporation and the Company's business performance in 2015 and as approved by the Remuneration Committee and the Board of Directors, the Company proposes to distribute, in cash, NT\$ 7,271,718 as 2015 employees' compensation and NT\$1,454,344 as directors' compensation.

Report No.4 : Domestic Private Placement of Convertible Bonds Report.

Explanation :

2011 - The 2nd Domestic Private Placement of Convertible Bonds.

- 1) The Company applied the all capital from the Convertible Bond as planned, and as scheduled, by the end of the second quarter of 2013.
- 2) The Convertible Bond term was modified to "not to exceed 7 years" based on the approval of shareholders in a meeting on May 15, 2015. (The convertible bond issued to Intel Corporation had a term of "not to exceed 5 years" and was due on November 21, 2016.)
- 3) The Convertible Bond purchaser, Intel Corporation, requested to redeem an amount equal to NT\$ 270,000,000 plus interest on May 19, 2015. The Company paid NT\$ 270,000,000 plus interest of 1% (NT\$ 1,412,877) on June 1, 2015.
- 4) The Company has paid a total interest amount of NT\$ 10,712,877 (based on a 1% rate) through November 2015.
- 5) The outstanding balance of the Convertible Bond is NT\$ 30,000,000 now. The CB purchaser, Intel Corporation, has not requested to convert the bond.
- 6) The conversion price is NT\$ 100.8, after the Company paid the shareholders a cash dividend in 2013.
- 7) Please refer to page 26 (attachment 4) based on the Securities and Exchange Act (SEC rule) 43-6.

2015 - The 1st Domestic Private Placement of Convertible Bonds.

- 1) Has not been issued
- 2) Based SEC rule 43-6, the Convertible Bond can be issued within a one-year period after the shareholder meeting. As of now, the Convertible Bond cannot be issued, which protects the rights of all shareholders.

Ratification Items

1. (Proposed by the Board)

Proposal : Adoption of the 2015 Business Report and Financial Statements.

Explanation :

1. Insyde Software' Financial Statements , including the balance sheet, income statement, statement of changes in shareholders' equity, and statement of cash flows, were audited by independent auditors, Charles Chen and Jeff Chen of KPMG Certified Public Accountants. Also The Business Report and Financial Statements have been approved by the Board and examined by the Supervisors of the Company.
2. The 2015 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached to the Meeting Agenda, pp.11-24.(Appendix 1 and 2)

Resolution :

2. (Proposed by the Board)

Proposal : Adoption of the Proposal for Distribution of 2015 Profits.

Explanation :

1. The Board has adopted a Proposal for Distribution of 2015 Profits in accordance with the Corporate Charter.
2. Distribution of 2015 Profits, after setting aside the legal reserve, the proposed dividend to shareholders is NT\$ 32,336,965.
3. The 2015 Profit Allocation Proposal as the following.

Insyde Software Corp.
PROFIT DISTRIBUTION TABLE
Year 2015

	Unit: NTD \$ Amount
Retained earnings of prior years	\$ 73,293,652
Less : adjustments	(2,158,314)
After adjustments retained earnings	71,135,338
Add : 2015 retained earnings	43,222,683
Less : 10% Legal reserve	(4,322,268)
Distributable net profit	110,035,753
Distributable items:	
Cash dividend(0.85/Share)	(32,336,965)
Unappropriated retained earnings	\$ 77,698,788

Responsible person :

Manager :

Chief Accountant :

4. The cash dividend distribution will be calculated to the nearest NT dollar, the remainder will be transferred into the shareholders equity account.

5. Subject to the approval of the regular shareholders' meeting, the ex-dividend date for the cash dividend distributions would be decided by the Board.
If the number of total shares outstanding, prior to the ex-dividend date for the distribution, has changed due to the repurchasing of shares by the Company, or the transfer of treasury shares to employees, or the conversion of shares from domestic convertible bonds, etc., such that the ratios of the stock dividends and cash dividends are affected and must be adjusted, the Board is authorized to make such adjustments.
6. The Board is authorized to make any necessary amendments to the due to the needs of actual practices or by the instructions of the competent authority.

Resolution :

Discussion Item (II)

Proposal: (Proposed by the Board of Directors)

Proposal to Issue a new Private Placement of Convertible Bonds.

Explanation :

The new Private Placement of Convertible Bonds is attached as pp. 36-38, Appendix 7 and pp. 39-43, Appendix 8.

Resolution:

Election

Proposal : (Proposed by the Board of Directors)

Election of directors and supervisors of the Company.

Explanation :

1. The three-year term of the 7 directors and 3 supervisors of the 6th Board will end on June 16, 2016. Accordingly, the company proposes to duly elect new Board members at this year's Annual Shareholders Meeting. The new directors will hold office upon election for three years from June 15, 2016 to June 14, 2018.
2. The shareholders' meeting shall elect 7 directors (including 2 independent directors) and 3 supervisors. Independent directors shall not be less than 2. Reelection of the directors shall follow the candidate nomination rules under relevant laws.
3. All directors and supervisors have been reviewed at the Board meeting on April 21, 2016. Personal information is attached as pp. 47-48, Appendix 10 and pp. 49, Appendix 11.

Voting Results

Other Matters

Proposal: (Proposed by the Board)

Proposal to Release the Prohibition on Directors and Representatives from Participating in Competitive Business.

Explanation:

1. According to Article 209 of the Company Act, if any of the new directors acts for himself or on behalf of another person, and whose act falls within the scope of the Company's business, such new director shall explain at the meeting of the shareholders the essential details of such act and obtain approval at the meeting of the shareholders.
2. As all the directors of the Company will be reelected this year, it is proposed that the new directors (including the representatives appointed by juristic persons) to be permitted to act for themselves or on behalf of another person whenever such act falls within the scope of the Company's business.

Resolution:

Questions and Motions

在各位股東支持及全體同仁辛勤奉獻與努力下，本公司 2015 年度集團營業額為新台幣 8.30 億元，較 2014 年 8.65 億元減少 4%，稅前淨利 5,386 萬元，稅後淨利 4,284 萬元，每股稅後盈餘 1.14 元。即便受到去年全球筆記型電腦出貨減少影響，公司整體營業額衰退，惟公司有效地擷節費用及成本控制之下，去年獲利仍較前年明顯改善。

近年來由於傳統 PC 出貨量下滑，及因應大數據物聯網時代來臨，系微除努力提高 InsydeH2O 在各領域的市佔外，旗下伺服器 Supervyse 系統管理平台解決方案提供雲端伺服器穩固的系統管理基礎，可實現外部遠端平台管理。此外結合 Intel Innovation Engine 之新處理器以及 I/O 次系統，並鎖定資料中心平台商機，進而帶給系統製造商多樣性的創意開發和產品差異化價值。系微 Supervyse 的加入，提升了系微在伺服器解決方案的完整性，將有助於此領域市佔率穩定成長。

有鑒於產業發展瞬息萬變，產品與技術日新月異，系微除不遺餘力從內部發展新事業、新技術與強化組織能力外，也不排除透過購併與結盟等方式，以更快速進入市場滿足客戶需求，故公司在股東會提出私募可轉換公司債的議案，以保留尋找購併、結盟及技術性策略伙伴的可能性與契機。

展望今（2016）年，本公司將持續努力在各項產品如平板、筆記型、桌上型電腦、伺服器、工業電腦及嵌入式裝置提高 BIOS/UEFI 市佔率之外。系微旗艦產品 BIOS 及 Supervyse 結合 Innovation Engine 亦可望迎接「物聯網」（Internet of Things, IoT）的龐大商機。最後，感謝各位股東對系微公司的厚愛與支持，全體同仁將更加努力以厚植實力，來創造最大利潤與全體股東分享，敬祝各位股東與全體同仁身體健康萬事如意。

董事長：王志高

一〇四年度（前一年度）營業結果

一、營業計劃實施成果

單位：新台幣仟元

項目	104 年實際	103 年實際	增（減）%
營業收入	830,114	864,733	(4)
營業成本	143,070	181,247	(21)
營業毛利	687,044	683,486	1
營業費用	652,231	666,725	(2)
營業利益	34,813	16,761	108
營業外收入(支出)	19,048	3,656	421
稅前淨利	53,861	20,417	164
稅後淨利	42,840	20,965	104

本期營運結果為稅後淨利 42,840 仟元，營業額較上期小幅下降 4%，惟在有效運用較少的人力資源且樽節支出之下，本期成本及營運費用較上期減少 52,671 仟元，業外主因本期迴轉過去認列金融負債之評價損失共 8,894 仟元至業外收入，故業外收支顯較上期為佳，最終以每股盈餘 1.14 元與全體股東分享之。

二、預算執行情形：本公司民國一〇四年度營業結果因受 PC 產業整體大環境之影響，與內部經營團隊原擬定之預算目標尚有努力的空間。

三、財務收支及獲利能力分析

單位：新台幣仟元

	項目	104 年度	103 年度
財務收支	利息收入	6,254	8,417
	利息支出	2,619	5,521
獲利能力	資產報酬率(%)	4.17	2.11
	股東權益報酬率(%)	6.33	3.15
	稅前純益佔實收資本額比率(%)	14.16	5.37
	純益率(%)	5.21	2.42
	每股盈餘(元)	1.14	0.55

四、研究發展狀況

本公司產品 InsydeH2O 的開發，與 Intel、AMD、Google 和 Microsoft 等相關 PC 大廠有著密切的關係，持續搭配硬體開發時間表推出新產品，研發計畫亦因應 PC 大廠產品規劃而隨時調整，彈性化的 InsydeH2O 設計架構，也是業界首創、支援跨平台的第一個量產的 UEFI BIOS 產品，可同時支援 Windows、Android 及 Linux 等作業系統，目前 InsydeH2O 已經成為 PC 市場中，主要搭載於筆記型電腦、2-in-1 device 及平板電腦的 UEFI BIOS，本公司今年亦將持續投入資源在伺服器及嵌入式系統 UEFI BIOS 的開發，並掌握初期開發的時機與 CPU 及 Chipset 公司合作，以爭取時效來獲得客戶的支持及更多業績成長空間，進而擴充營運規模。

本公司持續與 Intel 合作，開發同時支援 Windows 及 Android 作業系統的 InsydeH2O 版本，並進一步強化 InsydeQ2S 雙系統解決方案，以帶給終端用戶最佳的使用經驗，第二代 InsydeQ2S 也已成功導入 Intel CTE (China Technical Ecosystem) 客戶的 Broadwell 2-in-1 裝置，並於 2015 年第三季正式推出。

近年來由於雲端服務以及應用的普及，各國電信商及內容服務商無不積極地擴建自有的伺服器機房或是大型資料中心，以作為新雲端服務及搶占市場之必要業務平台。如此潛在龐大的伺服器需求，帶起了台灣在伺服器產業上新的產業供應鏈與動能。本公司為因應相關伺服器管理系統需求，研發出新型產品 Supervyse 作為市場開發與拓展之重要平台與工具。

一〇五年度（本年度）營業計劃概要

一、 經營方針

- (一) 積極穩固 ODM 和 OEM 筆記型電腦製造商持續使用 InsydeH2O。
- (二) 開發 BIOS 自動測試系統，進一步提高經營效率及產品品質，使客戶滿意且認同 InsydeH2O 所帶給雙方之利益，橫向擴展於各大廠產品線的廣度，持續擴大市場佔有率。
- (三) 全力支援伺服器及嵌入式系統 BIOS 及 BIOS 外其他相關軟體，提供最完整且全面的服務。

經過過去多年的努力，UEFI 架構於筆記型電腦之領域已取代傳統 Legacy BIOS，在全球各大知名筆電公司合作並導入量產，伴隨著本公司將有更完備的產品技術規劃，InsydeH2O 韌體技術擴大運用至支援伺服器、工業電腦及嵌入式系統，以因應更廣大客戶的需求。

二、 預期銷售數量及其依據

本公司提供客戶專用母版及授權標籤，依量計費外，尚有一次收取專用母版之授權費，由客戶於一定期間內，自行複製使用之數量，除此型態之銷貨收入外，尚有提供原始程式碼及專業技術服務之業務收入，故本公司提供預期銷售數量較不具意義。

三、 重要之產銷政策

(一) 銷售政策

1. 進行新產品研發並強化自我品牌形象，以擴大市場規模及佔有率。
2. 積極擴充行銷通路，並先後透過經銷商將產品打入日本、中國大陸、歐洲等地市場，未來將持續導入新產品，以建立完整行銷通路之運籌。

(二) 產品研發策略

1. 未來將持續掌握新一代的晶片組和微處理器及新一代的作業系統之發展方向為藍圖，以發展出符合主流產業標準之產品與技術。
2. BIOS 延伸產品之開發。

未來公司發展策略

本公司產品 InsydeH2O 經過過去數年的努力，已逐漸導入主要筆記型電腦品牌大廠之產品，於筆記型電腦之產業地位已與其他同業不分軒輊。

目前本公司正努力穩固於 BIOS 產業在筆記型電腦之全球市佔率外，並積極切入伺服器及嵌入式系統 BIOS 及 BIOS 外其他相關軟體開發領域，期望自身未來目標成為提供軟韌體完整解決方案之國際級軟體公司。

受到外部競爭環境、法規環境及總體經營環境之影響

目前各國政府無不致力於科技創新政策的制定，協助中小企業的技術發展與存續。軟體研究開發因為需投入大量金錢及人力，人才培養與智財權保護的不易，屬於一種高難度與高風險之高科技產業，因此軟體開發產業公司普遍面臨擴展營運資金短缺，以及研究人才招募不易之問題。以本公司所從事 BIOS 業為例，目前 BIOS 研發人才培養不易，相關產業更是求才若渴，因此本公司將以自行培養及尋找外部人才雙軌並行，以解決目前研發人才短缺的困境。

董事長：王志高

經理人：王志高

會計主管：徐心吾

To the Board of Directors and Shareholders
of Insyde Software Corporation

We have audited the accompanying balance sheets of Insyde Software Corporation (the "Company") as of December 31, 2015 and 2014 and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Insyde Software Corporation as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years ended December 31, 2015 and 2014, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

24-Mar-16

Insyde Software Corp.

Balance Sheet

December 31, 2015 and 2014

(Expressed in thousands of New Taiwan Dollars)

Assets		<u>2015.12.31</u>		<u>2014.12.31</u>		Liabilities and Equity		<u>2015.12.31</u>		<u>2014.12.31</u>	
Current assets :		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Current liabilities :		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1100	Cash and cash equivalents	\$ 468,168	50	715,575	60	2123	Current Financial liabilities at fair value through profit or loss	\$ -	-	8,894	1
1170	Accounts receivables, net	30,029	3	51,335	4	2150	Notes payable	19	-	19	-
1210	Other receivables - related parties	7,738	1	8,114	1	2200	Other payables	137,365	15	147,474	13
1410	Prepayments	27,165	3	22,578	2	2313	Deferred revenue	41,451	4	34,739	3
1470	Other current assets	<u>11,701</u>	<u>1</u>	<u>11,907</u>	<u>1</u>	2321	Bonds payable, current portion	30,000	3	298,798	25
	Total current assets	<u>544,801</u>	<u>58</u>	<u>809,509</u>	<u>68</u>	2399	Other current liabilities	<u>1,857</u>	<u>-</u>	<u>3,452</u>	<u>-</u>
	Non-current assets :						Total current liabilities	<u>210,692</u>	<u>22</u>	<u>493,376</u>	<u>42</u>
1551	Equity investments under equity method	167,029	18	143,680	12		Non-current liabilities :				
1600	Property, plant and equipment, net	3,629	-	8,447	1	2551	Non-current provisions for employee benefits	15,813	2	14,173	1
1780	Intangible assets	198,403	21	199,630	17	2570	Deferred tax liabilities	8,906	1	7,104	1
1840	Deferred tax assets	15,167	2	11,047	1	2630	Long-term deferred revenue	<u>7,580</u>	<u>1</u>	<u>785</u>	<u>-</u>
1920	Refundable deposits	<u>10,463</u>	<u>1</u>	<u>10,458</u>	<u>1</u>		Total non-current liabilities	<u>32,299</u>	<u>4</u>	<u>22,062</u>	<u>2</u>
	Total non-current assets	394,691	42	373,262	32		Total liabilities	<u>242,991</u>	<u>26</u>	<u>515,438</u>	<u>44</u>
							Equity attributable to shareholders of the parent				
						3110	Share Capital				
							Common stock	380,435	41	380,435	32
							Capital surplus				
						3211	Capital surplus, additional paid-in capital arising from ordinary share	48,769	5	48,769	4
						3260	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	317	-	317	-
						3272	Capital surplus, share options	-	-	9,758	1
						3280	Capital surplus, others	<u>18,407</u>	<u>2</u>	<u>8,649</u>	<u>1</u>
								<u>67,493</u>	<u>7</u>	<u>67,493</u>	<u>6</u>
							Retained earnings :				
						3310	Legal reserve	115,238	12	113,142	9
						3320	Special reserve	10,537	1	10,537	1
						3351	Undistributed earnings	<u>114,359</u>	<u>12</u>	<u>90,607</u>	<u>8</u>
								<u>240,134</u>	<u>25</u>	<u>214,286</u>	<u>18</u>
							Other equity :				
						3490	Other equity—Other	<u>8,439</u>	<u>1</u>	<u>5,119</u>	<u>-</u>
							Total equity	<u>696,501</u>	<u>74</u>	<u>667,333</u>	<u>56</u>
	Total assets	<u>\$ 939,492</u>	<u>100</u>	<u>1,182,771</u>	<u>100</u>		Total liabilities and equity	<u>\$ 939,492</u>	<u>100</u>	<u>1,182,771</u>	<u>100</u>

Chairman :

C.E.O. :

Accounting Manager :

C.E.

Insyde Software Corp.

Comprehensive Income Statement

**For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)**

		<u>2015</u>		<u>2014</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Sales revenue	\$ 693,988	100	746,058	101
4170	Less : sales return	-	-	2,399	-
4190	sales discounts and allowances	27	-	6,336	1
	Net sales	<u>693,961</u>	<u>100</u>	<u>737,323</u>	<u>100</u>
5000	Operating costs	<u>132,143</u>	<u>19</u>	<u>161,551</u>	<u>22</u>
	Gross profit	<u>561,818</u>	<u>81</u>	<u>575,772</u>	<u>78</u>
	Operating expenses				
6100	Selling expenses	62,479	9	72,374	10
6200	Administrative expenses	132,110	19	136,225	18
6300	Research and development expenses	<u>320,094</u>	<u>46</u>	<u>330,481</u>	<u>45</u>
		<u>514,683</u>	<u>74</u>	<u>539,080</u>	<u>73</u>
	Operating income	<u>47,135</u>	<u>7</u>	<u>36,692</u>	<u>5</u>
	Non-operating income and expenses				
7010	Other income	5,289	1	8,335	1
7020	Other gains and losses	14,667	2	1,532	-
7050	Finance costs	(2,619)	(1)	(5,521)	-
7070	Share of profit of subsidiaries, associates and joint venture accounted for using equity method	<u>(12,600)</u>	<u>(2)</u>	<u>(20,621)</u>	<u>(3)</u>
	Total non-operating income and expenses	<u>4,737</u>	<u>-</u>	<u>(16,275)</u>	<u>(2)</u>
7900	Profit (loss) from continuing operations before tax	<u>51,872</u>	<u>7</u>	<u>20,417</u>	<u>3</u>
7951	Less: Income tax expense	<u>8,649</u>	<u>1</u>	<u>(548)</u>	<u>-</u>
	Net profit for this year	<u>43,223</u>	<u>6</u>	<u>20,965</u>	<u>3</u>
8300	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(2,158)	-	(2,623)	-

Chairman :
C.E.O. :

Manager :

Accounting

8349	Income tax relating to item that will not be reclassified subsequently to profit or loss	-	-	-	-
		(2,158)	-	(2,623)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operation	3,320	-	7,439	1
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	-	-	-	-
		3,320	-	7,439	1
8300	Other comprehensive income (loss)for the year, net of income tax	1,162	-	4,816	1
	Total comprehensive income for the year	\$ 44,385	6	25,781	4
	Earnings per share(NTD)				
9750	Basic Earnings Per Share	\$ 1.1		0.55	
		4			
9850	Diluted Earnings Per Share	\$ 1.1		0.55	
		3			

Chairman :
C.E.O. :

Manager :

Accounting

Insyde Software Corp.
Statement of Stockholders' Equity
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	Share stock		Retained earnings				Other equity	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange difference on translation of foreign operations	
Balance - January 1, 2014	\$ 380,435	67,176	110,360	10,537	95,971	216,868	(2,320)	662,159
Net profit for the year ended December 31, 2014	-	-	-	-	20,965	20,965	-	20,965
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(2,623)	(2,623)	7,439	4,816
Total comprehensive income	-	-	-	-	18,342	18,342	7,439	25,781
Appropriation and distribution of 2013 earnings: :								
Legal reserve	-	-	2,782	-	(2,782)	-	-	-
Cash dividends to shareholders	-	-	-	-	(20,924)	(20,924)	-	(20,924)
Changes in percentage interests in subsidiaries	-	317	-	-	-	-	-	317
Balance - December 31, 2014	380,435	67,493	113,142	10,537	90,607	214,286	5,119	667,333
Net profit for the year ended December 31, 2015	-	-	-	-	43,223	43,223	-	43,223
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(2,158)	(2,158)	3,320	1,162
Total comprehensive income (loss)	-	-	-	-	41,065	41,065	3,320	44,385
Appropriation and distribution of 2014 earnings:								
Legal reserve Legal reserve appropriated	-	-	2,096	-	(2,096)	-	-	-
Cash dividends to shareholders	-	-	-	-	(15,217)	(15,217)	-	(15,217)
Balance - December 31, 2015	\$ 380,435	67,493	115,238	10,537	114,359	240,134	8,439	696,501

Chairman :

C.E.O. :

Accounting Manager :

Insyde Software Corp.
Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 51,872	20,417
Adjustments for :		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,277	8,666
Amortization expense	29,655	33,522
Interest expense	2,619	5,521
Interest income	(5,289)	(8,335)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	12,600	20,621
Loss on disposal of property, plant and equipment	75	2
Gain on financial liabilities at fair value through profit or loss	(8,894)	-
Total adjustments to reconcile profit (loss) before income tax	36,043	59,997
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease in accounts receivable	21,306	52,022
Decrease (increase) in other receivables - related parties	376	(3,284)
Increase in prepayments	(28,223)	(5,855)
Decrease in other current assets	88	236
Total changes in operating assets	(6,453)	43,119
Changes in operating liabilities :		
Decrease in notes payable	-	(23)
Decrease in other payable	(15,447)	(20,109)
(Decrease) increase in other current liabilities	(1,595)	599
Decrease in accrued pension liabilities	(518)	(1,701)
Increase (decrease) in deferred credits	13,507	(35,826)
Total changes in operating liabilities	(4,053)	(57,060)
Total changes in operating assets and liabilities	(10,506)	(13,941)
Cash generated from operations	77,409	66,473
Interest received	5,407	8,310
Interest paid	(1,713)	(3,000)
Income taxes paid	(5,332)	(4,975)
Net cash generated from operating activities	75,771	66,808
Cash flows from investing activities :		
Increase in Equity investments under equity method	(32,630)	(23,987)
Acquisition of property, plant and equipment	(586)	(297)
Proceeds from disposal of property, plant and equipment	52	240
(Increase) decrease in refundable deposits	(5)	1,488
Acquisition of intangible assets	(4,792)	(1,366)
Net cash used in investing activities	(37,961)	(23,922)
Cash flows from financing activities :		
Repayments of bonds	(270,000)	-
Cash dividends paid	(15,217)	(20,924)
Net cash used in financing activities	(285,217)	(20,924)
Net increase (decrease) in cash and cash equivalents	(247,407)	21,962
Cash and cash equivalents, beginning of the year	715,575	693,613
Cash and cash equivalents, end of the year	\$ 468,168	715,575

Chairman :

C.E.O. :

Accounting Manager :

Independent Auditors' Report

To the Board of Directors and Shareholders
of Insyde Software Corporation

We have audited the accompanying consolidated balance sheets of Insyde Software Corporation and its subsidiaries (the Consolidated Company) as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Insyde Software Corporation and its subsidiaries as of December 31, 2015 and 2014, and the results of their consolidated operations and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation as endorsed by the Financial Supervisory Commission of the Republic of China with the effective dates.

We have audited and expressed an unqualified opinion on the parent company only financial statements of Insyde Software Corporation the years ended December 31, 2015 and 2014.

24-Mar-16

Insyde Software Corp.
Consolidated Balance Sheet
December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

Assets		<u>2015.12.31</u>		<u>2014.12.31</u>		Liabilities and Equity		<u>2015.12.31</u>		<u>2014.12.31</u>	
Current assets :		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	Current liabilities :		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1100	Cash and cash equivalents	\$ 606,202	63	825,328	68	2123	Current financial liabilities at fair value through profit or loss	\$ -	-	8,894	1
1170	Accounts receivables, net	55,702	6	81,311	7	2150	Notes payable	19	-	19	-
1410	Prepayments	28,322	3	25,464	2	2200	Other payables	150,810	16	157,945	13
1470	Other current assets	11,855	1	12,266	1	2313	Deferred revenue	52,740	5	49,581	4
	Total current assets	<u>702,081</u>		944,369	78	2321	Bonds payable, current portion	30,000	3	298,798	25
	Non-current assets :					2399	Other current liabilities	<u>1,944</u>	-	<u>6,002</u>	-
1600	Property, plant and equipment, net	4,237	-	9,269	1		Total current liabilities	<u>235,513</u>	24	<u>521,239</u>	43
1780	Intangible assets	231,732	24	235,581	19		Non-current liabilities :				
1840	Deferred tax assets	15,167	2	11,047	1	2551	Non-current provisions for employee benefits	15,813	2	14,173	1
1920	Refundable deposits	11,416	1	11,071	1	2570	Deferred tax liabilities	8,906	1	7,104	1
	Total non-current assets	<u>262,552</u>	27	<u>266,968</u>	22	2630	Long-term deferred revenue	<u>7,580</u>	-	<u>785</u>	-
							Total non-current liabilities	<u>32,299</u>	4	<u>22,062</u>	2
							Total liabilities	<u>267,812</u>	28	<u>543,301</u>	45
							Equity attributable to shareholders of the parent				
							Share Capital				
						3110	Common stock	380,435	39	380,435	31
							Capital surplus				
						3211	Capital surplus, additional paid-in	48,769	5	48,769	4

				capital arising from ordinary share				
	3260	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	317	-	317	-		
	3272	Capital surplus, share options	-	-	9,758	1		
	3280	Capital surplus, others	18,407	2	8,649	1		
			67,493	7	67,493	6		
		Retained earnings :						
	3310	Legal reserve	115,238	12	113,142	9		
	3320	Special reserve	10,537	1	10,537	1		
	3351	Undistributed earnings	114,359	12	90,607	8		
			240,134	25	214,286	18		
		Other equity :						
	3490	Other equity – Other	8,439	1	5,119	-		
		Total equity attributable to owners of parent	696,501	72	667,333	55		
	3180	Non-controlling interests	320	-	703	-		
		Total equity	696,821	72	668,036	55		
Total assets			<u>\$ 964,633</u>	<u>100</u>	<u>1,211,337</u>	<u>100</u>		
		Total liabilities and equity	<u>\$ 964,633</u>	<u>100</u>	<u>1,211,337</u>	<u>100</u>		

Insyde Software Corp.
Consolidated Comprehensive Income Statement
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

		<u>2015</u>		<u>2014</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Sales revenue	\$ 830,141	100	873,468	101
4170	Less : sales return	-	-	2,399	-
4190	sales discounts and allowances	27	-	6,336	1
	Net sales	<u>830,114</u>	<u>100</u>	<u>864,733</u>	<u>100</u>
5000	Operating costs	<u>143,070</u>	<u>17</u>	<u>181,247</u>	<u>21</u>
	Gross profit	<u>687,044</u>	<u>83</u>	<u>683,486</u>	<u>79</u>
	Operating expenses				
6100	Selling expenses	81,434	10	93,035	11
6200	Administrative expenses	158,414	19	163,239	19
6300	Research and development expenses	412,383	50	410,451	47
		<u>652,231</u>	<u>79</u>	<u>666,725</u>	<u>77</u>
	Operating income	<u>34,813</u>	<u>4</u>	<u>16,761</u>	<u>2</u>
	Non-operating income and expenses				
7010	Other income	6,254	1	8,417	1
7020	Other gains and losses	15,413	2	760	-
7050	Finance costs	(2,619)	(1)	(5,521)	(1)
	Total non-operating income and expenses	<u>19,048</u>	<u>2</u>	<u>3,656</u>	<u>-</u>
7900	Profit from continuing operations before tax	53,861	6	20,417	2
7951	Less: Income tax expense	11,021	1	(548)	-
8200	Net profit for this year	<u>42,840</u>	<u>5</u>	<u>20,965</u>	<u>2</u>
8300	Other comprehensive income (loss) :				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	(2,158)	-	(2,623)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-
		<u>(2,158)</u>	<u>-</u>	<u>(2,623)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating foreign operations	3,320	-	7,439	1
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	-	-	-	-
		<u>3,320</u>	<u>-</u>	<u>7,439</u>	<u>1</u>
	Other comprehensive income (loss) for the year, net of income tax	<u>1,162</u>	<u>-</u>	<u>4,816</u>	<u>1</u>
8500	Total comprehensive income for the year	<u>\$ 44,002</u>	<u>5</u>	<u>25,781</u>	<u>3</u>
	Net profit attributable to:				
8610	Owners of the Company	\$ 43,223	5	20,965	2
8620	Non-controlling interests	(383)	-	-	-
		<u>\$ 42,840</u>	<u>5</u>	<u>20,965</u>	<u>2</u>
	Total comprehensive income attributable to :				
8710	Owners of Company	\$ 44,385	5	25,781	3
8720	Non-controlling interests	(383)	-	-	-
		<u>\$ 44,002</u>	<u>5</u>	<u>25,781</u>	<u>3</u>
	Earnings per share (NTD)				
9750	Basic Earnings Per Share	<u>\$ 1.14</u>		<u>0.55</u>	
9850	Diluted Earnings Per Share	<u>\$ 1.13</u>		<u>0.55</u>	

Chairman :

C.E.O. :

Accounting Manager :

Insyde Software Corp.
Consolidated Statement of Stockholders' Equity
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

Total equity attributable to shareholders of parent

	Share stock		Retained earnings			Total retained earnings	Exchange difference on translation of foreign operations	Total	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings					
Balance-January 1, 2014	\$ 380,435	67,176	110,360	10,537	95,971	216,868	(2,320)	662,159	-	662,159
Net profit for the year ended December 31, 2014	-	-	-	-	20,965	20,965	-	20,965	-	20,965
Other comprehensive income (loss) for the ended December 31, 2014	-	-	-	-	(2,623)	(2,623)	7,439	4,816	-	4,816
Total comprehensive income	-	-	-	-	18,342	18,342	7,439	25,781	-	25,781
Appropriation and distribution of 2013 earnings: :										
Legal reserve	-	-	2,782	-	(2,782)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(20,924)	(20,924)	-	(20,924)	-	(20,924)
Changes in percentage interests in subsidiaries	-	317	-	-	-	-	-	317	-	317
Changes in non-controlling interests	-	-	-	-	-	-	-	-	703	703
Balance-December 31, 2014	380,435	67,493	113,142	10,537	90,607	214,286	5,119	667,333	703	668,036
Net profit for the year ended December 31, 2015	-	-	-	-	43,223	43,223	-	43,223	(383)	42,840
Other comprehensive income(loss) for the year ended December 31, 2015	-	-	-	-	(2,158)	(2,158)	3,320	1,162	-	1,162
Total comprehensive income	-	-	-	-	41,065	41,065	3,320	44,385	(383)	44,002
Appropriation and distribution of 2014 earnings: :										
Legal reserve	-	-	2,096	-	(2,096)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(15,217)	(15,217)	-	(15,217)	-	(15,217)
	-	-	2,096	-	(17,313)	(15,217)	-	(15,217)	-	(15,217)
Balance-December 31, 2015	\$ 380,435	67,493	115,238	10,537	114,359	240,134	8,439	696,501	320	696,821

Chairman :

C.E.O. :

Accounting Manager :

Insyde Software Corp.
Consolidated Statements of Cash Flows
For the years ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan Dollars)

	2015	2014
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 53,861	20,417
Adjustments for :		
Adjustments to reconcile profit (loss)		
Depreciation expense	5,763	9,058
Amortization expense	35,297	38,819
Interest expense	2,619	5,521
Interest income	(6,254)	(8,417)
Loss on disposal of property, plant and equipment	75	4
Gain on financial liabilities at fair value through profit or loss	(8,894)	-
Total adjustments to reconcile profit (loss) before income tax	28,606	44,985
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease in accounts receivable	25,609	45,823
Increase in prepayments	(28,096)	(6,222)
Decrease(increase) in other current assets	293	(18)
Total changes in operating assets	(2,194)	39,583
Changes in operating liabilities :		
Decrease in notes payable	-	(23)
Decrease in other payable	(19,984)	(17,200)
Decrease (increase) in other current liabilities	(4,058)	2,229
Decrease in accrued pension liabilities	(518)	(1,701)
Increase (decrease) in deferred credits	9,954	(34,400)
Total changes in operating liabilities	(14,606)	(51,095)
Total changes in operating assets and liabilities	(16,800)	(11,512)
Cash generated from operations	65,667	53,890
Interest received	6,372	8,392
Interest paid	(1,713)	(3,000)
Income taxes refund (paid)	1,408	(4,299)
Net cash generated from operating activities	71,734	54,983
Cash flows from investing activities :		
Acquisition of property, plant and equipment	(857)	(924)
Proceeds from disposal of property, plant and equipment	52	240
Increase (decrease) in refundable deposits	(345)	1,452
Acquisition of intangible assets	(4,792)	(1,366)
Net cash used in investing activities	(5,942)	(598)
Cash flows from financing activities :		
Repayments of bonds	(270,000)	-
Cash dividends paid	(15,217)	(20,924)
Chairman :	C.E.O. :	Accounting Manager :

Proceeds from issuing shares	-	317
Change in non-controlling interests	-	703
Net cash flows used in financing activities	<u>(285,217)</u>	<u>(19,904)</u>
Effect of exchange rate changes on cash and cash equivalents	299	5,204
Net increase (decrease) in cash and cash equivalents	(219,126)	39,685
Cash and cash equivalents, beginning of the year	<u>825,328</u>	<u>785,643</u>
Cash and cash equivalents, end of the year	<u>\$ 606,202</u>	<u>825,328</u>

Chairman :

C.E.O. :

Accounting Manager :