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	<u>3Q14</u>	<u>2Q14</u>	<u>3Q13</u>	<u>QoQ</u>	<u>YoY</u>
EPS(NT\$ per common share)	1.64	1.09	0.96	50.46%	70.83%
Net Revenue	274,829	224,929	205,352	22.18%	33.83%
Gross Profit	274,829	224,929	205,352	22.18%	33.83%
<i>Gross Margin</i>	100.0%	100.0%	100.0%		
Operating Expenses	135,695	129,406	117,183	4.86%	15.80%
Operating Income	139,134	95,523	88,169	45.65%	57.80%
<i>Operating Margin</i>	50.6%	42.5%	42.9%		
Non-Operating Income and Expenses	1,852	(1,078)	(3,400)		
Net Income	124,352	82,385	71,651	50.94%	73.55%
<i>Net Profit Margin</i>	45.2%	36.6%	34.9%		

Financial Highlights:

3Q 2014

- Net revenues of 3Q14 were NT\$274.83 million, representing a 22.18% increase from NT\$224.93 million in 2Q14 and a 33.83% increase from NT\$205.35 million in 3Q13.
- Gross margin of 3Q14 was 100.0% equal to 2Q14 and 3Q13.
- Operating margin of 3Q14 was 50.6%, up 8.1 percentage points from 2Q14 and up 7.7 percentage points from 3Q13.
- Net income of 3Q14 was NT\$124.35 million, up 50.94% from 2Q14 and up 73.55% from 3Q13.
- Net profit margin of 3Q14 was 45.2%. EPS was NT\$1.64.

I. Revenue Analysis

I. Revenue Analysis

(NT\$ thousands)	3Q14	2Q14	3Q13
Licensing	61,981	57,198	57,055
Royalty	212,848	167,731	148,297
Total	274,829	224,929	205,352

Revenue Analysis:

The revenues for 3Q14 totaled NT\$274.83 million, representing an increase of 22.18% compared to 2Q14 and an increase of 33.83% over the same period of last year.

The licensing revenues this quarter were NT\$61.98 million, representing a 8.36% increase compared to 2Q14 and an increase of 8.63% over the same period of last year. Due to tight capacity in foundries, technology licensing project scheduling and new tape outs were influenced. But, the situation is getting relieved.

The royalty revenues in 3Q14 totaled NT\$212.85 million, representing an increase of 26.90% compared to 2Q14, and a significant increase of 43.53% over the same period of last year. For royalty, the income was contributed primarily by the rising demand of LCD driver ICs, power management ICs, microcontrollers and sensor ICs.

Looking ahead, royalty revenues will keep benefiting from the release of new smart phone models containing an increasing number of eMemory IP, and our IP penetration into IoT (internet of things) application chips will also continue to expand.

II. Liquidity Analysis

II - Liquidity Analysis (Balance Sheet Items)			
(In NT\$ thousands)	3Q14	2Q14	3Q13
Cash & Marketable Securities	1,165,554	1,378,831	1,043,130
Accounts Receivable	47,208	56,687	55,000
Inventories	0	0	0
Other Current Assets	49,405	21,287	16,670
Total Current Assets	1,262,167	1,456,805	1,114,800
Short-term Loans	0	0	0
Accounts Payable	0	0	0
Accrued Liabilities and Others	160,126	486,196	112,289
Total Current Liabilities	160,126	486,196	112,289
Current Ratio (x)	7.9	3.0	9.9
Net Working Capital	1,102,041	970,609	1,002,511

III. Cash Flow Analysis

III. Cash Flow Analysis			
(In NT\$ thousands)	3Q14	2Q14	3Q13
Income before Income Tax	360,941	219,955	234,545
Depreciation & Amortization	28,208	19,098	30,394
Other Operating Sources/(Uses)	(76,939)	(24,083)	(24,933)
Total Operating Sources/(Uses)	312,210	214,970	240,006
Capital Expenditure	(26,287)	(17,481)	(19,980)
Marketable Financial Instruments	(31,619)	(47,210)	2,310
Other Investing Sources/(Uses)	5,726	5,753	1,438
Net Investing Sources/(Uses)	(52,180)	(58,938)	(16,232)
Short-term Loans	0	0	0
Cash Dividends	(303,129)	0	(201,912)
Other Financing Sources/(Uses)	28	18	36,285
Net Financing Sources/(Uses)	(303,101)	18	(165,627)
Exchange Rate Changes	238	(730)	116
Net Cash Position Changes	(42,833)	155,320	58,263
Ending Cash Balance	1,165,554	1,363,707	1,043,130

Liquidity Analysis:

At the end of 3Q14, cash and marketable securities totaled NT\$1,165.55 million, decreased by NT\$213.28 million from 2Q14.

Total current liabilities were NT\$160.13 million, decreased by NT\$326.07 million from 2Q14.

Net working capital was NT\$1,102.04 million and current ratio was 7.9x.

Cash Flow Analysis:

Cash generated from operating activities totaled NT\$312.21 million at the end of 3Q14, representing an increase of NT\$72.20 million from 3Q13.

Net cash used in investing activities was NT\$52.18 million, NT\$35.95 million higher than that in 3Q13.

At the end of 3Q14, eMemory's cash balance was NT\$1,165.55 million.

Consolidated Statements of Comprehensive Income:

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(In NT\$ thousands, except EPS in NT\$)	<u>1Q-3Q2014</u>	<u>1Q-3Q2013</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net revenue	745,818	577,704	808,258	611,235	644,071	843,167
Gross profit	745,818	577,704	808,258	610,540	520,496	628,099
Operating expenses	391,820	343,813	468,574	397,084	357,302	391,146
Operating income	353,998	233,891	339,684	213,456	163,194	236,953
Non-operating income and expenses	6,943	654	2,474	(19,386)	17,636	2,284
Net income from continuing operations before tax	360,941	234,545	342,158	194,070	180,830	239,237
Tax expense	43,268	35,173	51,518	31,147	27,701	12,709
Net income	317,673	199,372	290,640	162,923	153,129	226,528
Comprehensive income	317,673	199,372	292,536	167,567	N/A	N/A
Net income (loss), attributable to owners of parent	317,673	199,372	290,640	162,923	153,129	226,528
Net income (loss), attributable to non-controlling interests	0	0	0	0	0	0
Comprehensive income, attributable to owners of parent	317,673	199,372	292,536	167,567	N/A	N/A
Comprehensive income, attributable to non-controlling interests	0	0	0	0	0	0
Basic earnings per share	4.19	2.66	3.87	2.15	2.03	3.48

* Note 1. After adopting IFRSs: 2014, 2013, 2012

* Note 2. Before adopting IFRSs: 2011, 2010

* Note 3. Since August 2011, eMemory has been focused on embedded non-volatile memory (eNVM) silicon intellectual property (SIP) license business. From 2013, eMemory sales activities do not consist of turnkey service.