



## Management Report for Third Quarter FY2017

Hsinchu, Taiwan, 7<sup>th</sup> November, 2017 – eMemory Technology Inc. (TPE:3529) announced its results for the third quarter ended 30<sup>th</sup> September 2017.

### Results Summary

(Amounts are in thousands of NT dollars, except margins and EPS)

	Q3 2017	Q2 2017	Q3 2016	Change (QoQ)	Change (YoY)
Net Revenue	384,423	332,220	309,367	15.7%	24.3%
Gross Margin	100%	100%	100%	-	-
Operating Expenses	205,291	188,562	173,605	8.9%	18.3%
Operating Income	179,132	143,658	135,762	24.7%	31.9%
Operating Margin	46.6%	43.2%	43.9%	3.4ppts	2.7ppts
Net Income	194,062	135,610	130,299	43.1%	48.9%
Net Margin	50.5%	40.8%	42.1%	9.7ppts	8.4ppts
EPS (NT\$ per common share)	2.56	1.79	1.72	43.0%	48.8%
ROE	40.2%	29.6%	28.9%	10.6ppts	11.3ppts

### Financial Highlights

- Net revenue was NT\$384.42million, up 24.3% from a year ago and 15.7% from the previous quarter.
- Operating expenses increased 18.3% on year, and 8.9% higher sequentially, mainly due to bonus payments to employees and board members increasing in proportion to a rising income in the quarter.
- Operating income of NT\$179.13 million was up 31.9% on year and 24.7% sequentially.
- Operating margin rose to 46.6% from 43.9% a year ago and 43.2% in the previous quarter.
- Net income of NT\$194.06 million was 48.9% higher than a year ago, and grew 43.1% compared with the previous quarter. Non-operating income grew 226.9% year over year, attributed to proceeds from financial asset sales.
- Net margin rose to 50.5% from 42.1% a year ago and from 40.8% in the previous quarter.
- EPS increased to NT\$2.56 from NT\$1.72 in the same quarter last year and NT\$1.79 in the second quarter.
- Return on Equity was 40.2%, higher than 28.9% a year earlier and 29.6% in the previous quarter.

### Key Business Developments

#### Licensing

- Technology License
  - 4 licenses were signed with 2 customers on 2 products (NeoBit : 2; NeoMTP : 2) in the third quarter. A total of 17 new licenses were signed in the first nine months of 2017.



- At the end of the third quarter, technologies were being developed for 108 process nodes, ranging from 0.18um to 7nm.

#### Key Technology Development at 12-inch Processes

	7/10nm	12/14/16nm	28nm	40nm	55/65nm	80/90nm	Total
Qualified		2	9	8	14	6	39
Developing	3	3	7	6	11	6	36

- Design License
  - A total of 110 product tape-outs in the third quarter: 31 for LCD driver, 19 for MCU, 15 for PMIC, 15 for fingerprint, 8 for OLED driver, 6 for sensor-related, 4 for network IC and 12 for other applications.
  - Q3 customer product tape-outs are summarized as follows :
    - 5 tape-outs at 28nm for network IC and multimedia.
    - 12 tape-outs at 40nm for OLED driver, LCD driver and fingerprint.
    - 7 tape-outs at 55nm for OLED driver, LCD driver, network IC and MCU.
    - 5 tape-outs at 80nm/90nm for sensor-related applications and LCD driver.
    - 12 tape-outs at 0.11um/0.13um for TDDI, PMIC, LCD driver, USB, and MCU.
    - 65 tape-outs at 0.15um/0.18um for PMIC, sensor-related, MCU, fingerprint, LCD driver, speech, audio, HDMI etc.
    - 4 tape-outs at 0.25um for PMIC and fingerprint.
  - eMemory's cumulative number of design licenses has risen to 3,816 at the end of the third quarter, driven by the company's strategic expansion and diversification into a broad range of applications. The IP library is the growth engine of its royalty revenue.

#### Royalty

- Major contributors to Q3 royalty revenue :
  - Royalty from DDI grew 12.17% on year, with DDI for iOS devices up 10.30% and Android 12.54% higher. On a sequential basis, this segment grew 58.25%, with DDI for iOS growing 32.18% and Android up 64.57%. This segment, which includes TDDI, contributed 44.29% of our royalty in the third quarter.
  - Royalty from PMIC grew 23.91% year over year, with PMIC for iOS devices up 122.37% and Android down 40.90%. On a sequential basis, this segment grew 63.71%, with PMIC for iOS growing 112.90% and Android up 4.13%. This segment contributed 26.07% of total royalty in the third quarter.
  - Fingerprint recognition applications contributed 9.87% of total royalty in Q3 2017. This segment posted a sequential growth of 50.86%, and a YoY growth of 331.72%.
  - Other applications, including STB, MCU, Network IC, and sensor-related, contributed 19.77% of total royalty in Q3. Revenue from those applications grew 25.34% on year and up 1.63% on quarter.
  - 8-inch wafers accounted for 70.10% of total royalty, and 12-inch contribution was 29.90%.



## Business Outlook

Based on our current visibility, we anticipate our revenue growth will continue.

### Key drivers to licensing revenue :

- We are establishing partnerships with more foundries worldwide on various process nodes.
- Our growing IP library will boost design license revenue.

### Key drivers to royalty revenue :

#### 8-inch processes

- PMIC royalty is to pick up strongly with content increase in new smartphones, such as Type C and Wireless Charger. This segment will also grow on the change of business terms with US largest chipmaker from one-time fee to royalty-based.
- Our MTP has been adopted by a European IDM and ready for production.
- Face ID related IC has been taped out in the third quarter.
- Automotive customers have started volume production this year.

#### 12-inch processes

- The trend continues for DDI migrating to TDDI and OLED. Our 12-inch royalty will benefit from increasing TDDI and OLED applications.
- There are more tape-outs at 28nm for STB, Multimedia and Network-related applications. These products will contribute to our royalty in 2018 and beyond.
- Our NeoFuse solution will be adopted in 25nm DRAM for memory repair function and will contribute to royalty growth in the future.

### On R&D developments :

- Our NeoFuse IP has been verified successfully at 7nm process in a major foundry.
- We continue to develop 7/12/14nm and 22nm SOI with major foundries.
- We have started emerging memory development with a major US IDM.
- Our security IP NeoPUF has been proven at a major foundry and has the first customer tape-out product this year.

## Management Comments

Looking ahead, we expect our revenue will continue to grow in the next few years as our growth momentum remains strong on the solid IP portfolios we have built over the years, and more importantly on our capabilities of expanding into new areas of applications. The company will persistently increase values to our customers with continuing innovation.

## Results Review

(NT\$ Thousand)

Revenue Breakdown	Q3 2017	Q2 2017	Q3 2016	Change (QoQ)	Change (YoY)	The first 9 months 2017	The first 9 months 2016	YoY
Licensing	101,087	134,140	86,712	-24.6%	16.6%	309,373	250,403	23.6%
Royalty	283,336	198,080	222,655	43.0%	27.3%	744,519	658,829	13.0%
Total	384,423	332,220	309,367	15.7%	24.3%	1,053,892	909,232	15.9%



## Revenue

- Total revenue
  - Total revenue rose 24.3% to NT\$ 338.42 million in Q3 2017 from a year ago, and 15.7% higher sequentially.
  - Licensing contributed 26.30% of total revenue, while royalty contributed 73.70% in the third quarter.
- Licensing revenue
  - Licensing revenue was up 16.6% to NT\$ 101.09 million in Q3 2017 from a year ago, and declined 24.6% on a QoQ basis.
- Royalty revenue
  - Royalty revenue grew 27.3% to NT\$ 283.34 million in Q3 2017 from a year ago, and rose 43.0% sequentially.
  - 8-inch wafers accounted for 70.10% of Q317 royalty revenue, and 12-inch contributed 29.90%.
  - Over 80% of Q317 royalty revenue came from DDI, PMIC and fingerprint applications.

## Gross margin

Gross margin remained unchanged at 100%.

## Operating expenses and operating margin

- Operating expenses in Q3 2017 were NT\$205.29 million, representing 53% of total revenue. The OPEX increased 18.3% from a year ago, and 8.9% higher than the previous quarter.
- Over 8 percentage points of the operating expenses increase (YoY) was attributed to higher bonus payments to employees and board members in proportion to a rising income in the quarter; Around 7.6 percentage points of the increase was due to an increasing number of employees and salary adjustments; The other factors include higher amortization/depreciation expenses etc.
- Operating margin in Q3 2017 was 46.6%, higher than 43.9% in Q3 2016 and 43.2% in the Q2 2017.

## Income tax expense and earnings

- Income tax expense was NT\$ 22.71 million in Q3 2017, representing 6% of total revenue. The expense was up 33.8% YoY and 13.1% higher QoQ as a result of a rising income in the period.
- Non-operating income in the quarter was NT\$37.64 million, 226.9% higher than a year ago and up 213.1% sequentially, primarily due to over NT\$34.84 million of proceeds from financial asset sales.
- Q3 net income rose 48.9% to NT\$194.06 million from a year ago, and 43.1% higher than the previous quarter.
- Earnings per share was NT\$ 2.56 in Q3 2017, 48.8% higher than a year ago and 43.0% higher than the previous quarter.



### Balance sheet

- At the end of Q3 2017, the company held NT\$ 1,535.84 million in cash, an increase of NT\$ 216.97 million from the same quarter 2016. Total current assets were NT\$ 1,649.32 million.
- Total current liabilities were NT\$ 315.04 million at the end of Q3 2017, an increase of NT\$ 73.37 million from a year earlier. The increase was mainly due to higher bonus payable and income tax payable on rising profits.
- Net working capital was NT\$1,334.28 million, NT\$129.04 million higher than the same period last year.

### Cash flows

- Net cash generated from operating activities was NT\$ 498.00 million in the first nine months of 2017, an increase of NT\$ 112.46 million compared with the same period last year, mainly due to rising operating income.
- Net cash generated from investing activities was NT\$ 30.77 million in the first nine months ended September 30<sup>th</sup>, an increase of NT\$ 5.10 million from a year ago, with financial assets sold at higher volumes and prices in the period.
- At the end of September 2017, eMemory's cash balance was NT\$ 1,535.84 million, an increase of NT\$ 216.97 million from the same period 2016.

### Employees

- At the end of Q3 2017, eMemory had 238 full-time employees, an increase of 1.7% from the previous quarter. Among them 166 are R&D engineers.

### **Cautionary Statement**

This report contains forward-looking statements, which are subject to risk factors associated with semiconductor and intellectual property business. It is believed that the expectations reflected in these statements are reasonable. But they may be affected by a variety of variables, many of which are beyond our control. These variables could cause actual results or trends to differ materially which include, but are not limited to: wafer price fluctuation, actual demand, rapid technology change, delays or failures of customers' tape-outs into wafer production, our ability to negotiate, monitor and enforce agreements for the determination and payment of royalties, any bug or fault in our technology which leads to significant damage to our technology and reputation, actual or potential litigation, semiconductor industry cycle and general economic conditions. Except as required by law, eMemory undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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**-Financial Tables To Follow-**

## eMemory Technology Inc. and Subsidiary

### CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)		LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash	\$1,535,841	67	\$1,501,611	68	\$1,318,872	64	Other payables	\$ 86,122	4	\$ 97,315	4	\$ 79,002	4
Accounts receivable - net	72,801	3	64,820	3	51,330	3	Bonuses payable to employees, directors and supervisors	132,760	6	109,974	5	89,709	4
Accounts receivable - related parties	1,525	-	1,681	-	730	-	Payables on equipment	6,117	-	6,335	-	1,162	-
Other receivables	246	-	256	-	218	-	Current tax liabilities	58,058	3	17,064	1	50,279	3
Other receivables - related parties	73	-	44	-	145	-	Other current liabilities	31,986	1	23,920	1	21,520	1
Prepayments	35,400	2	13,712	1	73,030	4	Total current liabilities	315,043	14	254,608	11	241,672	12
Other current assets	3,436	-	1,485	-	2,584	-	<b>NON-CURRENT LIABILITIES</b>						
Total current assets	1,649,322	72	1,583,609	72	1,446,909	71	Net defined benefit liability - noncurrent	19,114	1	19,523	1	17,260	1
<b>NON-CURRENT ASSETS</b>							Guarantee deposits received	530	-	415	-	415	-
Financial assets measured at cost - noncurrent	8,406	-	11,472	1	12,129	1	Total non-current liabilities	19,644	1	19,938	1	17,675	1
Investments in debt instrument without active market - noncurrent	33,610	1	33,610	2	33,609	2	Total liabilities	334,687	15	274,546	12	259,347	13
Investment accounted for using equity method	11,836	1	6,888	-	8,451	-	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY</b>						
Property, plant and equipment	494,096	22	503,249	23	478,698	23	Ordinary shares	757,823	33	757,823	35	757,823	37
Intangible assets	61,416	3	54,796	2	49,633	2	Capital surplus	421,441	19	448,025	20	441,421	21
Deferred tax assets	2,138	-	4,748	-	4,114	-	Retained earnings						
Prepayments for equipment	15,255	1	-	-	13,041	1	Legal reserve	280,298	12	231,737	11	231,737	11
Refundable deposits	315	-	300	-	269	-	Special reserve	926	-	926	-	926	-
Total non-current assets	627,072	28	615,063	28	599,944	29	Unappropriated earnings	481,219	21	485,615	22	355,599	18
							Total retained earnings	762,443	33	718,278	33	588,262	29
							Total equity	1,941,707	85	1,924,126	88	1,787,506	87
<b>TOTAL</b>	<b>\$2,276,394</b>	<b>100</b>	<b>\$2,198,672</b>	<b>100</b>	<b>\$2,046,853</b>	<b>100</b>	<b>TOTAL</b>	<b>\$2,276,394</b>	<b>100</b>	<b>\$2,198,672</b>	<b>100</b>	<b>\$2,046,853</b>	<b>100</b>

# eMemory Technology Inc. and Subsidiary

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$384,423	100	\$309,367	100	\$1,053,892	100	\$909,232	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>384,423</u>	<u>100</u>	<u>309,367</u>	<u>100</u>	<u>1,053,892</u>	<u>100</u>	<u>909,232</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	32,391	8	27,606	9	92,811	9	82,796	9
General and administrative expenses	44,868	12	37,705	12	126,505	12	111,170	13
Research and development expenses	<u>128,032</u>	<u>33</u>	<u>108,294</u>	<u>35</u>	<u>368,140</u>	<u>35</u>	<u>320,003</u>	<u>35</u>
Total operating expenses	<u>205,291</u>	<u>53</u>	<u>173,605</u>	<u>56</u>	<u>587,456</u>	<u>56</u>	<u>513,969</u>	<u>57</u>
OPERATING REVENUE	<u>179,132</u>	<u>47</u>	<u>135,762</u>	<u>44</u>	<u>466,436</u>	<u>44</u>	<u>395,263</u>	<u>43</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	4,030	1	2,456	1	19,264	2	12,943	1
Other gains and losses	34,836	9	10,738	4	62,603	6	51,264	6
Share of loss of associates	( <u>1,229</u> )	( <u>1</u> )	( <u>1,680</u> )	( <u>1</u> )	( <u>5,062</u> )	-	( <u>5,120</u> )	-
Total non-operating income and expenses	<u>37,637</u>	<u>9</u>	<u>11,514</u>	<u>4</u>	<u>76,805</u>	<u>8</u>	<u>59,087</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	216,769	56	147,276	48	543,241	52	454,350	50
INCOME TAX EXPENSE	<u>22,707</u>	<u>6</u>	<u>16,977</u>	<u>6</u>	<u>62,191</u>	<u>6</u>	<u>51,794</u>	<u>6</u>
NET PROFIT	<u>194,062</u>	<u>50</u>	<u>130,299</u>	<u>42</u>	<u>481,050</u>	<u>46</u>	<u>402,556</u>	<u>44</u>
TOTAL COMPREHENSIVE INCOME	<u>\$194,062</u>	<u>50</u>	<u>\$130,299</u>	<u>42</u>	<u>\$481,050</u>	<u>46</u>	<u>\$402,556</u>	<u>44</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$194,062	50	\$130,299	42	\$481,050	46	\$402,556	44
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$194,062</u>	<u>50</u>	<u>\$130,299</u>	<u>42</u>	<u>\$481,050</u>	<u>46</u>	<u>\$402,556</u>	<u>44</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$194,062	50	\$130,299	42	\$481,050	46	\$402,556	44
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$194,062</u>	<u>50</u>	<u>\$130,299</u>	<u>42</u>	<u>\$481,050</u>	<u>46</u>	<u>\$402,556</u>	<u>44</u>
EARNINGS PER SHARE								
Basic	<u>\$ 2.56</u>		<u>\$ 1.72</u>		<u>\$ 6.35</u>		<u>\$ 5.31</u>	
Diluted	<u>\$ 2.55</u>		<u>\$ 1.71</u>		<u>\$ 6.32</u>		<u>\$ 5.29</u>	

**eMemory Technology Inc. and Subsidiary**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Ordinary Shares		Capital Surplus	Retained Earnings			Treasury Shares	Total Equity	
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings			Total Retained Earnings
BALANCE, JANUARY 1, 2016	76,833	\$ 768,323	\$ 455,370	\$ 184,051	\$ 926	\$ 476,861	\$ 661,838	(\$ 68,749)	\$1,816,782
Appropriations of 2015 earnings									
Legal reserve	-	-	-	47,686	-	( 47,686)	-	-	-
Cash dividends distributed by the Group	-	-	-	-	-	( 428,927)	( 428,927)	-	( 428,927)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	6,926	-	-	-	-	-	6,926
Issue of cash dividends from capital surplus	-	-	( 25,766)	-	-	-	-	-	( 25,766)
Net profit for the nine months ended September 30, 2016	-	-	-	-	-	402,556	402,556	-	402,556
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	402,556	402,556	-	402,556
Retirement of treasury share	( 1,050)	( 10,500)	( 11,044)	-	-	( 47,205)	( 47,205)	68,749	-
Share-based payments	-	-	15,935	-	-	-	-	-	15,935
BALANCE, SEPTEMBER 30, 2016	<u>75,783</u>	<u>\$ 757,823</u>	<u>\$ 441,421</u>	<u>\$ 231,737</u>	<u>\$ 926</u>	<u>\$ 355,599</u>	<u>\$ 588,262</u>	<u>\$ -</u>	<u>\$1,787,506</u>
BALANCE, JANUARY 1, 2017	75,783	\$ 757,823	\$ 448,025	\$ 231,737	\$ 926	\$ 485,615	\$ 718,278	\$ -	\$1,924,126
Appropriations of 2016 earnings									
Legal reserve	-	-	-	48,561	-	( 48,561)	-	-	-
Cash dividends distributed by the Group	-	-	-	-	-	( 436,885)	( 436,885)	-	( 436,885)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	10,010	-	-	-	-	-	10,010
Issue of cash dividends from capital surplus	-	-	( 55,700)	-	-	-	-	-	( 55,700)
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	481,050	481,050	-	481,050
Total comprehensive income for the nine months ended September 30, 2017	-	-	-	-	-	481,050	481,050	-	481,050
Share-based payments	-	-	19,106	-	-	-	-	-	19,106
BALANCE, SEPTEMBER 30, 2017	<u>75,783</u>	<u>\$ 757,823</u>	<u>\$ 421,441</u>	<u>\$ 280,298</u>	<u>\$ 926</u>	<u>\$ 481,219</u>	<u>\$ 762,443</u>	<u>\$ -</u>	<u>\$1,941,707</u>



## eMemory Technology Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 543,241	\$ 454,350
Adjustments for:		
Depreciation expenses	23,308	19,800
Amortization expenses	8,203	6,785
Bad debt expense on accounts receivable	639	31
Interest income	( 7,543 )	( 8,914 )
Dividend income	( 1,589 )	( 2,000 )
Share-based payments	19,106	15,935
Share of loss of associates	5,062	5,120
Loss on disposal of property, plant and equipment	-	6
Gain on disposal of investments	( 70,563 )	( 59,497 )
Impairment losses on financial assets	-	794
Net loss on foreign currency exchange	4,363	4,504
Changes in operating assets and liabilities		
Accounts receivable	( 10,990 )	3,994
Accounts receivable - related parties	166	( 730 )
Other receivables	-	130
Other receivables - related parties	( 29 )	( 88 )
Prepayments	( 11,356 )	( 9,929 )
Other current assets	( 1,951 )	1,788
Other payables	( 11,145 )	( 1,453 )
Other current liabilities	8,066	814
Net defined benefit liability	( 409 )	( 331 )
Bonuses payable to employees, directors and supervisors	<u>22,786</u>	<u>11,810</u>
Cash generated from operations	519,365	442,919
Interest received	7,553	9,197
Income tax paid	( <u>28,919</u> )	( <u>66,580</u> )
Net cash generated from operating activities	<u>497,999</u>	<u>385,536</u>

(Continued)

## eMemory Technology Inc. and Subsidiary

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of available-for-sale financial assets	(\$ 10,000)	(\$ 495,000)
Proceeds from disposal of available-for-sale financial assets	10,001	495,079
Proceeds from disposal of financial assets measured at cost	73,628	61,995
Acquisition of property, plant and equipment	( 14,356)	( 11,826)
Increase in refundable deposits	( 15)	( 4)
Acquisition of intangible assets	( 14,823)	( 13,533)
Increase in prepayments for equipment	( 15,255)	( 13,041)
Dividend received	1,589	2,000
Net cash generated from investing activities	<u>30,769</u>	<u>25,670</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	( 492,585)	( 454,693)
Increase in guarantee deposits received	115	-
Decrease in guarantee deposits received	-	( 425)
Net cash used in financing activities	<u>( 492,470)</u>	<u>( 455,118)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	( 2,068)	( 4,235)
<b>NET INCREASE IN CASH</b>	34,230	( 48,147)
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>1,501,611</u>	<u>1,367,019</u>
<b>CASH AT THE END OF THE PERIOD</b>	<u>\$ 1,535,841</u>	<u>\$ 1,318,872</u>

(Concluded)

### Notice to Readers

The above consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the previously mentioned consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail. For the complete consolidated financial statements in Chinese version, please refer to MOPS: <http://mops.twse.com.tw/mops/web/index>