



Management Report for Fourth Quarter and Full-Year 2017

Hsinchu, Taiwan, 14th February, 2018 – eMemory Technology Inc. (TPE:3529) announced its results for the fourth quarter and full-year ended 31 December 2017.

Results Summary

Financial Income Statement (Amounts are in thousands of NT dollars, except margins/ EPS/ ROE)

Q4 2017 Unaudited Financial Summary	Q4 2017	Q3 2017	Q4 2016	Change (QoQ)	Change (YoY)
Net Revenue	321,866	384,423	306,227	-16.3%	5.1%
Gross Margin	100%	100%	100%	-	-
Operating Expenses	185,484	205,291	171,681	-9.6%	8.0%
Operating Income	136,382	179,132	134,546	-23.9%	1.4%
Operating Margin	42.4%	46.6%	43.9%	-4.2ppts	-1.5ppts
Net Income	117,659	194,062	132,361	-39.4%	-11.1%
Net Margin	36.6%	50.5%	43.2%	-13.9ppts	-6.6ppts
EPS (NT\$ per common share)	1.55	2.56	1.75	-39.5%	-11.4%
ROE	23.6%	40.2%	28.3%	-16.6ppts	-4.7ppts

FY 2017 - Unaudited Financial Summary (Unit: NT\$ thousands)	FY 2017	FY 2016	% Change
Net Revenue	1,375,758	1,215,459	13.2%
Gross Margin	100%	100%	-
Operating Expenses	772,940	685,650	12.7%
Operating Income	602,818	529,809	13.8%
Operating Margin	43.8%	43.6%	0.2ppts
Net Income	598,709	534,917	11.9%
Net Margin	43.5%	44.0%	-0.5ppts
EPS (NT\$ per common share)	7.90	7.06	11.9%
ROE	30.0%	28.6%	1.4ppts

Financial Highlights

- Net revenue was NT\$ 321.87 million, up 5.1% from a year ago but down 16.3% from the previous quarter. Full-year revenue was NT\$ 1,375.76 million, up 13.2% year-on-year.
- Operating expenses increased 8.0% on year, but down 9.6% quarter on quarter. Full-year operating expenses was up 12.7% year-on-year. The increase is mainly due to bonus payments to employees increasing in proportion to a rising income in the quarter.
- Operating income of NT\$ 136.38 million was up 1.4% on year but down 23.9% sequentially. Full-year operating income was up 13.8% year-on-year.
- Operating margin decline to 42.4% from 43.9% a year ago and 46.6% in the previous quarter. Full-year operating margin was up 0.2 percentage point year-on-year.
- Net income of NT\$ 117.66 million was 11.1% lower than a year ago, and down 39.4% compared with the previous quarter. Full-year net income was up 11.9% year-on-year.
- Net margin decline to 36.6% from 43.2% a year ago and from 50.5% in the previous quarter. Full-year net margin was down 0.5 percentage point year-on-year.

- EPS in Q4 2017 was NT\$ 1.55, down 11.4% over the same period of last year. Full-year EPS was NT\$ 7.90, up 11.9% year-on-year.
- Return on Equity was 23.6%, lower than 28.3% a year earlier and 40.2% in the previous quarter. Full-year Return on Equity was 30%, up 1.4 percentage point year-on-year.

Key Business Developments

Licensing

- Technology License
 - 3 licenses were signed with 2 customers on NeoFuse technology in the fourth quarter. A total of 20 new licenses were signed in the full year of 2017.
 - At the end of the fourth quarter, technologies were being developed for 106 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	10	10	15	7	54
Developing	3	3	11	5	13	6	43

- Design License
 - A total of 93 product tape-outs in the fourth quarter: 23 for LCD driver, 17 for PMIC, 14 for IoT related, 7 for fingerprint, 7 for sensor-related, 6 for OLED driver, 4 for Audio and 15 for other applications.
 - Q4 customer product tape-outs are summarized as follows :
 - 3 tape-outs at 28nm for network IC and multimedia.
 - 7 tape-outs at 40nm for OLED driver and sensor-related.
 - 9 tape-outs at 55nm for LCD driver and network IC.
 - 9 tape-outs at 80nm/90nm for LCD driver, OLED driver and TDDI.
 - 18 tape-outs at 0.11um/0.13um for PMIC, LCD driver, OLED driver, IoT related, Audio, HDMI and sensor-related.
 - 41 tape-outs at 0.15um/0.18um for PMIC, IoT related, sensor-related, fingerprint, audio, USB, speech, audio etc.
 - 6 tape-outs at 0.25um/0.28um/0.5um for PMIC, IoT related, sensor-related and fingerprint.
 - eMemory's cumulative number of design licenses has risen to 3,902 at the end of 2017, 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 Q4 revenue :
 - Royalty from DDI grew 29.8% on year, with DDI for iOS devices up 233.3% and Android 6.4% higher. On a sequential basis, this segment dropped 24.5%, with DDI for iOS growing 22.7% but Android down 33.6%. This segment contributed 39.0% of total royalty in the fourth quarter.

In 2017, royalty from DDI grew 11.3% year-on-year and contributed 43.8% of total royalty revenue.

- In Q4 2017, royalty from PMIC dropped 8.8% year over year, with PMIC for iOS devices up 20.1% and Android down 44.8%. On a sequential basis, this segment grew 6.3%, with PMIC for iOS growing 9.1% but Android down 0.4%. It contributed 32.3% of total royalty in the fourth quarter.

In the year of 2017, royalty from PMIC dropped 11.1% year-on-year, the decline is mainly due to android customer's production shift to other foundry and we anticipate its royalty contribution from other foundry in the future. This segment contributed 25.6% of total royalty revenue in 2017.

- Fingerprint recognition applications contributed 7.4% of total royalty in Q4 2017. This segment posted a sequential decrease of 35.4%, and a YoY growth of 155.0%.

In 2017, this segment contributed 8.4% of total royalty revenue.

- Other applications, including STB, IoT related, Network IC, and sensor-related, contributed 21.3% of total royalty in Q4. Revenue from those applications decrease 14.4% on year and down 7.8% on quarter. The decline of other applications, is attribute to one single customer's product line change. This customer has expanded the usage of our IP to overall 28nm product lines and will contribute to our royalty revenue in the future.

At the end of 2017, this segment contributed 22.2% of total royalty revenue.

- 8-inch wafers accounted for 77.8% of total royalty, and 12-inch contribution was 22.2% in Q4 2017.

In the year of 2017, 72.8% royalty revenue contributed from 8-inch wafer production, and 27.2% contributed from 12-inch wafer production.

Business Outlook

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

Key drivers to licensing revenue :

- Establishing partnerships with more foundries worldwide on various process nodes, and have extended our technology cooperation with the largest Korea foundry this year.
- Our growing IP library will boost design license revenue.

Key drivers to royalty revenue :

8-inch processes

- Royalty from PMIC royalty will grow due to the change of business terms with US largest chipmaker from one-time fee to royalty-based, and expected to mass production this year.
- The US second largest IC Design Company has embedded our IP into its wireless charger and will contribute royalty growth in the future.
- Our MTP has been adopted by a European IDM and ready for production.
- We continue to expand our market share in Fingerprint application by new customers and new applications.

12-inch processes

- The trend continues for DDI migrating to TDDI and OLED and will benefit our average sales price increase.
- More tape-outs at 28nm for STB, multimedia, SSD controllers, high performance



interface and network-related applications. Major Asia design houses have adopted our IP into their 28nm products and will contribute to our royalty in 2018 and beyond.

- Successfully designed into DRAM IDM for memory repair function and will contribute to royalty growth in the future.

On R&D developments :

- We continue to develop 7/12/14nm and 22nm SOI with major foundries.
- We have started emerging memory development with a major US IDM.
- NeoPUF has one customer taped out and is adopting into more applications including payment and security related.

Management Comments

Looking ahead, we expect our revenue will continue to benefit from several big trends in the next few 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	Q4 2017	Q3 2017	Q4 2016	Change (QoQ)	Change (YoY)	2017	2016	YoY
Licensing	78,811	101,087	79,684	-22.0%	-1.1%	388,184	330,087	17.6%
Royalty	243,055	283,336	226,543	-14.2%	7.3%	987,574	885,372	11.5%
Total	321,866	384,423	306,227	-16.3%	5.1%	1,375,758	1,215,459	13.2%

(US\$ Thousand)

Revenue Breakdown	Q4 2017	Q3 2017	Q4 2016	Change (QoQ)	Change (YoY)	2017	2016	YoY
Licensing	2,620	3,340	2,515	-21.6%	4.2%	12,787	10,256	24.7%
Royalty	8,066	9,341	7,170	-13.6%	12.5%	32,311	27,422	17.8%
Total	10,686	12,681	9,685	-15.7%	10.3%	45,098	37,678	19.7%

Revenue

- Total revenue
 - Total revenue rose 5.1% to NT\$ 321.87 million in Q4 2017 from a year ago, and 16.3% lower sequentially. Full year total revenue was NT\$ 1,375.76 million, up 13.2% as compare to 2016.
 - Licensing revenue contributed 24.5% of total revenue, while royalty revenue contributed 75.5% in the fourth quarter.
 - In 2017, 28.2 % of total revenue contributed from licensing revenue, and 71.8% contributed from royalty revenue.
- Licensing revenue
 - Licensing revenue was down 1.1% to NT\$ 78.81 million in Q4 2017 from a year ago, and declined 22.0% on a QoQ basis.
 - Full-year 2017 licensing revenue amounted to NT\$ 388.18 million, up 17.6% versus 2016.

- Royalty revenue
 - Royalty revenue grew 7.3% to NT\$ 243.06 million in Q4 2017 from a year ago, and declined 14.2% sequentially. The decline is mainly attribute to semiannual royalty recognition from one foundry customer in the first and third quarters. The impact is 11% difference of royalty compared to third quarter.
 - Full-year 2017 royalty revenue was NT\$ 987.57 million, up 11.5% year-on-year.
 - 8-inch wafers accounted for 77.8% of Q417 royalty revenue, and 12-inch contributed 22.2%.
 - Over 78.8% of Q417 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 Q4 2017 were NT\$185.48 million, representing 57.6% of total revenue. The OPEX increased 8.0% from a year ago, and 9.6% lower than the previous quarter.
- Full-year 2017 operating expenses was NT\$ 772.94 million, up 12.7% than full-year 2016.
- Around 6 percentage point of the operating expenses increase (YoY) was attributed to higher bonus payments to employees and board members in proportion to a rising income in 2017; around 4 percentage points of the increase was due to an increasing number of employees and salary adjustments; over 1 percentage point of the increase was due to investing on design and testing tool; the other factors include higher amortization/depreciation expenses etc.
- Operating margin in Q4 2017 was 42.4%, lower than 43.9% in Q4 2016 and 46.6% in the Q3 2017.
- Full-year 2017 operation margin was 43.8%, higher than 43.6% in 2016.

Income tax expense and earnings

- Income tax expense was NT\$ 18.90 million in Q4 2017, representing 5.9% of total revenue. The expense was down 12.2% YoY and 16.8% lower QoQ.
- Non-operating income in the quarter was NT\$ 0.18 million, 99.1% lower than a year ago and down 99.5% sequentially, the decline in Q4 2017 is primarily due to disposal financial assets in previous seasons.
- Q4 net income down 11.1% to NT\$ 117.66 million from a year ago, and 39.4% lower than the previous quarter. Full-year 2017 net income was NT\$ 598.71 million, up 11.9% as compared to 2016.
- Earnings per share was NT\$ 1.55 in Q4 2017, 11.4% lower than a year ago and 39.5% lower than the previous quarter. Full-year 2017 earnings per share was NT\$ 7.90, up 11.9% from NT\$ 7.06 in 2016.

Balance sheet

- At the end of Q4 2017, the company held NT\$ 1,663.68 million in cash, an increase of NT\$ 162.07 million from the same quarter 2016. Total current assets were NT\$ 1,766.98 million.



- Total current liabilities were NT\$ 316.14 million at the end of Q4 2017, an increase of NT\$ 61.53 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\$1,450.84 million, NT\$121.84 million higher than the same period last year.

Cash flows

- Net cash generated from operating activities was NT\$ 646.78 million in 2017, an increase of NT\$ 75.08 million as compared to 2016, mainly due to rising net income.
- Net cash generated from investing activities was NT\$ 10.28 million, a decrease of NT\$ 10.57 million from a year ago, with the acquisition of equipment.
- At the end of 2017, eMemory's cash balance was NT\$ 1,663.68 million, an increase of NT\$ 162.07 million as compared to 2016.

Employees

- At 31 December 2017, eMemory had 238 full-time employees, among them 165 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 (UNAUDITED)

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2017		December 31, 2016		LIABILITIES AND SHAREHOLDERS' EQUITY	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$1,663,684	69	\$1,501,611	68	Other payables	\$ 80,927	3	\$ 97,315	4
Accounts receivable - net	82,457	4	64,820	3	Bonuses payable to employees, directors and supervisors	133,625	6	109,974	5
Accounts receivable - related parties	-	-	1,681	-	Payables on equipment	5,189	-	6,335	-
Other receivables	238	-	256	-	Current tax liabilities	61,476	3	17,064	1
Other receivables - related parties	577	-	44	-	Other current liabilities	34,922	1	23,920	1
Prepayments	17,998	1	13,712	1	Total current liabilities	316,139	13	254,608	11
Other current assets	2,023	-	1,485	-	NON-CURRENT LIABILITIES				
Total current assets	1,766,977	74	1,583,609	72	Net defined benefit liability - noncurrent	19,242	1	19,523	1
NON-CURRENT ASSETS					Guarantee deposits received	530	-	415	-
Financial assets measured at cost - noncurrent	8,406	-	11,472	1	Total non-current liabilities	19,772	1	19,938	1
Investments in debt instrument without active market - noncurrent	33,611	1	33,610	2	Total liabilities	335,911	14	274,546	12
Investment accounted for using equity method	10,393	-	6,888	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Property, plant and equipment	505,337	21	503,249	23	Ordinary shares	757,823	31	757,823	35
Intangible assets	62,430	3	54,796	2	Capital surplus	427,496	18	448,025	20
Deferred tax assets	2,108	-	4,748	-	Retained earnings				
Prepayments for equipment	11,493	1	-	-	Legal reserve	280,298	12	231,737	11
Refundable deposits	315	-	300	-	Special reserve	926	-	926	-
Total non-current assets	634,093	26	615,063	28	Unappropriated earnings	598,616	25	485,615	22
					Total retained earnings	879,840	37	718,278	33
					Total equity	2,065,159	86	1,924,126	88
TOTAL	\$2,401,070	100	\$2,198,672	100	TOTAL	\$2,401,070	100	\$2,198,672	100

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 1,375,758	100	\$ 1,215,459	100
OPERATING COSTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>1,375,758</u>	<u>100</u>	<u>1,215,459</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	120,479	9	110,284	9
General and administrative expenses	166,764	12	147,539	12
Research and development expenses	<u>485,697</u>	<u>35</u>	<u>427,827</u>	<u>35</u>
Total operating expenses	<u>772,940</u>	<u>56</u>	<u>685,650</u>	<u>56</u>
OPERATING REVENUE	<u>602,818</u>	<u>44</u>	<u>529,809</u>	<u>44</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	22,259	2	15,605	1
Other gains and losses	61,230	4	69,514	6
Share of loss of associates	(<u>6,507</u>)	<u>-</u>	(<u>6,686</u>)	(<u>1</u>)
Total non-operating income and expenses	<u>76,982</u>	<u>6</u>	<u>78,433</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	679,800	50	608,242	50
INCOME TAX EXPENSE	<u>81,091</u>	<u>6</u>	<u>73,325</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>598,709</u>	<u>44</u>	<u>534,917</u>	<u>44</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(<u>262</u>)	<u>-</u>	(<u>2,345</u>)	<u>-</u>
Other comprehensive income (loss) for the year	(<u>262</u>)	<u>-</u>	(<u>2,345</u>)	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 598,447</u>	<u>44</u>	<u>\$ 532,572</u>	<u>44</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 598,709	44	\$ 534,917	44
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 598,709</u>	<u>44</u>	<u>\$ 534,917</u>	<u>44</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 598,447	44	\$ 532,572	44
Non-controlling interests	-	-	-	-
	<u>\$ 598,447</u>	<u>44</u>	<u>\$ 532,572</u>	<u>44</u>
EARNINGS PER SHARE				
Basic	<u>\$ 7.90</u>		<u>\$ 7.06</u>	
Diluted	<u>\$ 7.86</u>		<u>\$ 7.03</u>	

(Concluded)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	Ordinary Shares		Capital Surplus	Retained Earnings			Total Retained Earnings	Treasury Shares	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated 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	-	-	6,929	-	-	-	-	-	6,929
Issue of cash dividends from capital surplus	-	-	(25,766)	-	-	-	-	-	(25,766)
Net profit for the year ended December 31, 2016	-	-	-	-	-	534,917	534,917	-	534,917
Other comprehensive income for the year ended December 31, 2016	-	-	-	-	-	(2,345)	(2,345)	-	(2,345)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	532,572	532,572	-	532,572
Retirement of treasury share	(1,050)	(10,500)	(11,044)	-	-	(47,205)	(47,205)	68,749	-
Share-based payments	-	-	22,536	-	-	-	-	-	22,536
BALANCE, DECEMBER 31, 2016	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	-	-	10,012	-	-	-	-	-	10,012
Issue of cash dividends from capital surplus	-	-	(55,700)	-	-	-	-	-	(55,700)
Net profit for the year ended December 31, 2017	-	-	-	-	-	598,709	598,709	-	598,709
Other comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(262)	(262)	-	(262)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	598,447	598,447	-	598,447
Share-based payments	-	-	25,159	-	-	-	-	-	25,159
BALANCE, DECEMBER 31, 2017	75,783	\$ 757,823	\$ 427,496	\$ 280,298	\$ 926	\$ 598,616	\$ 879,840	\$ -	\$ 2,065,159

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 679,800	\$ 608,242
Adjustments for:		
Depreciation expenses	31,383	26,182
Amortization expenses	11,183	9,173
Bad debt expense on accounts receivable	1,587	201
Interest income	(9,976)	(11,143)
Dividend income	(1,589)	(2,000)
Share-based payments	25,159	22,536
Share of loss of associates	6,507	6,686
Loss on disposal of property, plant and equipment	-	6
Gain on disposal of investments	(70,568)	(74,321)
Impairment losses on financial assets	-	794
Net loss on foreign currency exchange	5,945	1,440
Changes in operating assets and liabilities		
Accounts receivable	(22,703)	(8,026)
Accounts receivable - related parties	1,683	(1,655)
Other receivables	-	130
Other receivables - related parties	(533)	13
Prepayments	(4,326)	(2,047)
Other current assets	(538)	2,887
Other payables	(16,339)	16,859
Other current liabilities	11,002	3,214
Net defined benefit liability	(543)	(413)
Bonuses payable to employees, directors and supervisors	23,651	32,075
Cash generated from operations	670,785	630,833
Interest received	9,994	11,388
Income tax paid	(33,999)	(70,524)
Net cash generated from operating activities	646,780	571,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(40,000)	(495,000)
Proceeds from disposal of available-for-sale financial assets	40,006	495,079
Acquisition of investments in debt instrument without active market	(1)	(1)
Proceeds from disposal of financial assets measured at cost	73,628	77,476
Acquisition of property, plant and equipment	(34,616)	(37,583)
Increase in refundable deposits	(15)	(35)
Acquisition of intangible assets	(18,817)	(21,084)
Increase in prepayments for equipment	(11,493)	-
Dividend received	1,589	2,000
Net cash generated from investing activities	10,281	20,852

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eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(\$ 492,585)	(\$ 454,693)
Increase in guarantee deposits received	115	-
Decrease in guarantee deposits received	-	(425)
Net cash used in financing activities	(492,470)	(455,118)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,518)	(2,839)
NET INCREASE IN CASH	162,073	134,592
CASH AT THE BEGINNING OF THE YEAR	1,501,611	1,367,019
CASH AT THE END OF THE YEAR	\$ 1,663,684	\$ 1,501,611

(Concluded)