



Management Report for Third Quarter Fiscal 2018

Hsinchu, Taiwan, November 12, 2018 – eMemory Technology Inc. (TPE : 3529) reported financial results for its fiscal quarter ended September 30, 2018.

Executive Summary

- Revenue and operating income of Q3 2018 hit record high, with revenue increased 30.2% quarter-on-quarter and 2.3% year-over-year. Operating income up 59.6% quarter-on-quarter and 5.4% year-over-year. EPS was NT\$ 2.23 grew 50.7% quarter-on-quarter, while declined -12.9% year-over-year due to non-operating income from investment disposal in Q3 2017.
- Mix changes continue to improve with royalty revenue from 12 inch wafer accounting for 41.2% compared to 29.9% last year. Royalty revenue from NeoFuse (OTP technology for 12 inch advance node) grew 460.8%, specifically.
- October revenue grew 24% year-over-year reflecting our increased tape out activities over the past three years. We expect the growth momentum to continue as our new technologies, NeoFuse, NeoEE, and NeoMTP, have all crossed the chasms. The scale up of revenue contributions can be expected.
- We continue to develop new technologies and IPs, such as NeoPUF based security IP and emerging memory for AI applications.

Financial Results

(Amounts in thousands of NT dollars)

	Q3 2018	Q2 2018	Q3 2017	Change (QoQ)	Change (YoY)
Net Revenue	393,225	302,073	384,423	30.2%	2.3%
Gross Margin	100%	100%	100%	-	-
Operating Expenses	204,342	183,706	205,291	11.2%	-0.5%
Operating Income	188,883	118,367	179,132	59.6%	5.4%
Operating Margin	48.0%	39.2%	46.6%	8.8ppts	1.4ppts
Net Income	168,572	112,193	194,062	50.3%	-13.1%
Net Profit Margin	42.9%	37.1%	50.5%	5.8ppts	-7.6ppts
EPS (NT\$ per common share)	2.23	1.48	2.56	50.7%	-12.9%
ROE	34.8%	23.2%	40.2%	11.6ppts	-5.4ppts

- Net income for the quarter increased 50.3% sequentially, but decreased 13.1% from the comparable quarter last year due to disposal of investment in Q3 2017.

Revenue Analysis

(NT \$ Thousand)

	Q3 2018	Q2 2018	Q3 2017	Change (QoQ)	Change (YoY)	Q1-Q3 2018	Q1-Q3 2017	Change (YoY)
Licensing	109,257	101,283	101,087	7.9%	8.1%	325,080	309,373	5.1%
Royalty	283,968	200,790	283,336	41.4%	0.2%	744,684	744,519	0.0%
Total	393,225	302,073	384,423	30.2%	2.3%	1,069,764	1,053,892	1.5%



(US \$ Thousand)

	Q3 2018	Q2 2018	Q3 2017	Change (QoQ)	Change (YoY)	Q1-Q3 2018	Q1-Q3 2017	Change (YoY)
Licensing	3,581	3,409	3,340	5.0%	7.2%	10,888	10,167	7.1%
Royalty	9,301	6,844	9,341	35.9%	-0.4%	24,973	24,245	3.0%
Total	12,882	10,253	12,681	25.6%	1.6%	35,861	34,412	4.2%

Royalty revenue analysis by wafer size (8 inch vs 12 inch)

Wafer Size	Q3 2018			Q1-Q3 2018	
	% of Q3	Change (QoQ)	Change (YoY)	% of Q1-Q3 2018	Change (YoY)
8 inch	58.8%	9.4%	-16.0%	67.1%	-5.5%
12 inch	41.2%	142.2%	38.3%	32.9%	13.6%

- Royalty contribution from 12 inch increased mainly due to growing product tape-out activities from advance nodes (55nm, 40nm, and 28nm) over the prior years in mass production.

Revenue analysis by technology

Technology	Q3 2018								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q3 Revenue	Change (QoQ)	Change (YoY)	% of Q3 Licensing	Change (QoQ)	Change (YoY)	% of Q3 Royalty	Change (QoQ)	Change (YoY)
NeoBit	67.1%	38.8%	-10.1%	33.6%	10.5%	28.7%	80.0%	44.8%	-14.3%
NeoFuse	18.8%	12.3%	67.9%	34.9%	-11%	1.5%	12.6%	56.2%	460.8%
NeoEE	9.1%	11.8%	59.5%	14.9%	28.7%	26.3%	6.9%	0.8%	104.3%
NeoMTP	5.0%	39.1%	-19.4%	16.6%	44.7%	-18.0%	0.5%	-5.5%	-33.1%

Technology	Q1-Q3 2018					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of Revenue	Change (YoY)	% of Licensing	Change (YoY)	% of Royalty	Change (YoY)
NeoBit	67.1%	-11.3%	32.7%	-17.0%	82.1%	-10.2%
NeoFuse	19.1%	79.3%	41.0%	45.1%	9.6%	219.4%
NeoEE	9.1%	22.0%	12.5%	-12.2%	7.6%	69.7%
NeoMTP	4.7%	-1.5%	13.8%	3.9%	0.7%	-31.3%

- NeoBit : OTP technology covers from 0.35um to 55nm. Applications : DDI, PMIC, fingerprint, sensors, MCU, and etc.

- NeoFuse : OTP technology covers mainly from 55nm to 7nm. Application : DRAM, AP, game console, FPGA, DTV, OLED driver, set-top Box, surveillance, CIS, SSD controller, Connectivity IC, auto sensors, and etc.
- NeoEE : MTP technology covers from 0.3um to 0.11um, allowing up to 100K rewritable times with zero additional masking layers. Applications : Fingerprint, MCU, P-gamma, OIS, RFID, and etc.
- NeoMTP : MTP technology covers from 0.18um to 55nm, offering high density memory with 1K rewritable times with zero additional masking layers. Applications : Wireless chargers, type c, smart PMIC, MCU, touch panel controller, gauge IC, and etc.

Key Business Developments

Licensing

- Technology License
 - 7 licensing contracts were signed with five different foundries (2 NeoBit, 2 NeoFuse, 1 NeoEE, and 2 NeoMTP) during the quarter.
 - As of September 30, 2018, we have technologies under development for adoption on 98 different process platforms, ranging from 0.18um to 7nm.

Development of Key Technology on 12-inch Nodes

	7/10nm	12/14/16nm	28nm	40nm	55/65nm	80/90nm	Total
Qualified	-	2	12	10	19	8	51
Developing	2	4	15	7	12	9	49

- Design License
 - A total of 121 product tape-outs in the third quarter of 2018.
 - 1 tape-out at 14nm for multimedia
 - 3 tape-outs at 22nm/28nm for DTV, SSD controller, and surveillance.
 - 8 tape-outs at 40nm for OLED driver, LCD driver, blue tooth, SSD controller, smart grid, and etc.
 - 4 tape-outs at 55nm for TDDI driver, blue tooth, and Network IC.
 - 14 tape-outs at 80nm/90nm for OLED driver, LCD driver, and TDDI.
 - 22 tape-outs at 0.11um/0.13um for PMIC, MCU, LCD driver, sensor-related, TDDI, multimedia, and etc.
 - 64 tape-outs at 0.15um/0.18um for PMIC, LCD driver, MCU, fingerprint, sensor-related, motor driver, network IC, and etc.
 - 5 tape-outs under 0.25um for PMIC, fingerprint, and sensor-related.
 - As of September 30, 2018, eMemory's cumulative number of design licenses increased to 4,231, a direct result of our ongoing effort in expanding and diversifying our technologies for adoption in a wide range of applications.

Future growth drivers

Security IP – NeoPUF

- NeoPUF IP is a hardware security technology that creates unique silicon fingerprints for



chips, which can then be used to create unclonable cryptographic keys for IoT security applications. Hardware based security solutions are fundamentally more secure than software based security solutions in IoT market and we are currently engaging early adapters.

Emerging NVM

- We are collaborating with an IDM company in developing emerging NVM technologies for AI applications. We believe emerging NVM technologies will propel future advancements in deep learning.

Collaboration with the world's leading IP vendor

- The largest IP vendor is working with us to deploy NeoFuse and NeoPUF in their security IP solutions.

Financial Review

Gross margin

Gross margin remained the same at 100%.

Operating expenses and operating margin

- Total operating expenses for the quarter was NT\$ 204.34 million and represented 52.0% of total revenue, down from 53.4% of total revenue in the prior year.
- Operating expenses increased 11.2% sequentially, and remained relatively flat year-over-year. The sequential increase was mainly due to increase in R&D expenses. Although R&D expenses for the quarter increased by NT\$ 11.95 million from Q2 2018, R&D expenses for the first nine months of 2018 remained relatively flat, at approximately 34.5% of total revenue, as compared to R&D expenses for nine-months ended September 30, 2017.
- Operating margin for the quarter was 48.0%, up 8.8 percentage points from the prior quarter and 1.4 percentage points year-over year.

Non-operating income and income tax expense

- Non-operating income for the quarter decreased 91.1% from the comparable quarter last year because the Company realized a \$35.5 million gain on disposal of investments in the prior year. Non-operating income also decreased 66.0% sequentially to NT\$ 3.33 million. The reason is that the Company realized losses of NT\$ 0.04 million on foreign exchange during Q3 2018 but realized gains of NT\$ 7.20 million on foreign exchange during Q2 2018.
- The third quarter effective tax rate of 12.3% was 1.8 percentage points higher than prior year.

Net Income and EPS

- Net income for the quarter was NT\$ 168.57 million, increased 50.3% sequentially and decreased 13.1% year-over-year.
- Earnings per share was NT\$ 2.23.



Current assets and current liabilities

- As of September 30, 2018, cash decreased NT\$ 294.82 million from December 31, 2017 to NT\$ 1,368.87 million. Total current assets including cash was NT\$ 1,538.82 million.
- Total current liabilities increased NT\$ 13.55 million from December 31, 2017.
- Net working capital was NT\$1,209.13 million and current ratio was 4.7x.

Cash flows

- During the first nine months the year, net cash generated from operating activities totaled NT\$ 425.99 million, including NT\$ 511.47 million from income before income tax, NT \$37.83 million from depreciation and amortization, and NT\$ 123.31 million used in other operating activities, which included tax payment of NT\$ 72.46 million.
- Net cash used in investing activities was NT\$ 20.30 million for the first nine months of the year, primarily relate to capital expenditures and acquisition of intangible assets.
- Net cash used in financing activities was NT\$ 700.63 million for the first nine months of the year, mainly attributable to dividend payments and share repurchases.
- As a result, cash decreased by NT\$ 294.82 million to NT\$ 1,368.87 million from December 31, 2017 to September 30, 2018.

Employee

- As of September 30, 2018, eMemory had 249 full-time employees, which included 174 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 Statements To Follow-

eMemory Technology Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)		LIABILITIES AND SHAREHOLDERS' EQUITY	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$1,368,867	63	\$1,663,684	69	\$1,535,841	67	Contract liabilities - current	\$ 38,308	2	\$ -	-	\$ -	-
Accounts receivable - net	126,356	6	82,457	4	72,801	3	Other payables	95,204	4	80,927	3	86,122	4
Accounts receivable - related parties	-	-	-	-	1,525	-	Bonuses payable to employees, directors and supervisors	132,651	6	133,625	6	132,760	6
Other receivables	210	-	238	-	246	-	Payables on equipment	120	-	5,189	-	6,117	-
Other receivables - related parties	276	-	577	-	73	-	Current tax liabilities	61,834	3	61,476	3	58,058	3
Prepayments	40,049	2	17,998	1	35,400	2	Other current liabilities	1,572	-	34,922	1	31,986	1
Other current assets	3,065	-	2,023	-	3,436	-	Total current liabilities	329,689	15	316,139	13	315,043	14
Total current assets	1,538,823	71	1,766,977	74	1,649,322	72	NON-CURRENT LIABILITIES						
NON-CURRENT ASSETS							Net defined benefit liability - noncurrent	18,824	1	19,242	1	19,114	1
Financial assets at fair value through other comprehensive income - noncurrent	20,416	1	-	-	-	-	Guarantee deposits received	530	-	530	-	530	-
Financial assets at amortized cost - noncurrent	33,611	2	-	-	-	-	Total non-current liabilities	19,354	1	19,772	1	19,644	1
Financial assets measured at cost - noncurrent	-	-	8,406	-	8,406	-	Total liabilities	349,043	16	335,911	14	334,687	15
Investments in debt instrument without active market - noncurrent	-	-	33,611	1	33,610	1	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY						
Investment accounted for using equity method	6,869	-	10,393	-	11,836	1	Ordinary shares	757,908	35	757,823	31	757,823	33
Property, plant and equipment	493,423	23	505,337	21	494,096	22	Capital surplus	412,837	19	427,496	18	421,441	19
Intangible assets	64,242	3	62,430	3	61,416	3	Retained earnings						
Deferred tax assets	2,367	-	2,108	-	2,138	-	Legal reserve	340,160	16	280,298	12	280,298	12
Prepayments for equipment	-	-	11,493	1	15,255	1	Special reserve	926	-	926	-	926	-
Refundable deposits	331	-	315	-	315	-	Unappropriated earnings	522,219	24	598,616	25	481,219	21
Total non-current assets	621,259	29	634,093	26	627,072	28	Total retained earnings	863,305	40	879,840	37	762,443	33
TOTAL	\$2,160,082	100	\$2,401,070	100	\$2,276,394	100	Other equity	(60,696)	(3)	-	-	-	-
							Treasury shares	(162,315)	(7)	-	-	-	-
							Total equity	1,811,039	84	2,065,159	86	1,941,707	85
							TOTAL	\$2,160,082	100	\$2,401,070	100	\$2,276,394	100

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			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$393,225	100	\$384,423	100	\$1,069,764	100	\$1,053,892	100
OPERATING COSTS	-	-	-	-	-	-	-	-
GROSS PROFIT	<u>393,225</u>	<u>100</u>	<u>384,423</u>	<u>100</u>	<u>1,069,764</u>	<u>100</u>	<u>1,053,892</u>	<u>100</u>
OPERATING EXPENSES								
Selling and marketing expenses	31,336	8	32,391	8	86,414	8	92,811	9
General and administrative expenses	42,705	11	44,868	12	122,982	12	126,505	12
Research and development expenses	128,106	33	128,032	33	369,049	34	368,140	35
Expected credit loss	<u>2,195</u>	-	-	-	<u>2,804</u>	-	-	-
Total operating expenses	<u>204,342</u>	<u>52</u>	<u>205,291</u>	<u>53</u>	<u>581,249</u>	<u>54</u>	<u>587,456</u>	<u>56</u>
OPERATING INCOME	<u>188,883</u>	<u>48</u>	<u>179,132</u>	<u>47</u>	<u>488,515</u>	<u>46</u>	<u>466,436</u>	<u>44</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	4,358	1	4,030	1	22,006	2	19,264	2
Other gains and losses	46	-	34,836	9	4,481	-	62,603	6
Share of loss of associates	(<u>1,072</u>)	-	(<u>1,229</u>)	(<u>1</u>)	(<u>3,531</u>)	-	(<u>5,062</u>)	-
Total non-operating income and expenses	<u>3,332</u>	<u>1</u>	<u>37,637</u>	<u>9</u>	<u>22,956</u>	<u>2</u>	<u>76,805</u>	<u>8</u>
PROFIT BEFORE INCOME TAX	192,215	49	216,769	56	511,471	48	543,241	52
INCOME TAX EXPENSE	<u>23,643</u>	<u>6</u>	<u>22,707</u>	<u>6</u>	<u>61,976</u>	<u>6</u>	<u>62,191</u>	<u>6</u>
NET PROFIT	168,572	43	194,062	50	449,495	42	481,050	46
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(<u>2,794</u>)	(<u>1</u>)	-	-	<u>2,296</u>	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>\$165,778</u>	<u>42</u>	<u>\$194,062</u>	<u>50</u>	<u>\$451,791</u>	<u>42</u>	<u>\$481,050</u>	<u>46</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$168,572	43	\$194,062	50	\$449,495	42	\$481,050	46
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$168,572</u>	<u>43</u>	<u>\$194,062</u>	<u>50</u>	<u>\$449,495</u>	<u>42</u>	<u>\$481,050</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$165,778	42	\$194,062	50	\$451,791	42	\$481,050	46
Non-controlling interests	-	-	-	-	-	-	-	-
	<u>\$165,778</u>	<u>42</u>	<u>\$194,062</u>	<u>50</u>	<u>\$451,791</u>	<u>42</u>	<u>\$481,050</u>	<u>46</u>
EARNINGS PER SHARE								
Basic	<u>\$ 2.23</u>		<u>\$ 2.56</u>		<u>\$ 5.93</u>		<u>\$ 6.35</u>	
Diluted	<u>\$ 2.22</u>		<u>\$ 2.55</u>		<u>\$ 5.90</u>		<u>\$ 6.32</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	Legal Reserve	Retained Earnings			Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury shares	Total Equity
	Shares (In Thousands)	Amount			Special Reserve	Unappropriated Earnings	Total Retained Earnings			
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>\$ -</u>	<u>\$ 1,941,707</u>
BALANCE, JANUARY 1, 2018	75,783	\$ 757,823	\$ 427,496	\$ 280,298	\$ 926	\$ 598,616	\$ 879,840	\$ -	\$ -	\$ 2,065,159
Effects of retrospective application and retrospective restatement	-	-	-	-	-	72,706	72,706	(62,992)	-	9,714
Equity at beginning of period after adjustments	75,783	757,823	427,496	280,298	926	671,322	952,546	(62,992)	-	2,074,873
Appropriations of 2017 earnings										
Legal reserve	-	-	-	59,862	-	(59,862)	-	-	-	-
Cash dividends distributed by the Group	-	-	-	-	-	(538,736)	(538,736)	-	-	(538,736)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	7	-	-	-	-	-	-	7
Issue of cash dividends from capital surplus	-	-	(29,631)	-	-	-	-	-	-	(29,631)
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	449,495	449,495	-	-	449,495
Other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	-	-	2,296	-	2,296
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	449,495	449,495	2,296	-	451,791
Issuance of ordinary shares under employee share options	8	85	2,794	-	-	-	-	-	-	2,879
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	(162,315)	(162,315)
Share-based payments	-	-	12,171	-	-	-	-	-	-	12,171
BALANCE, SEPTEMBER 30, 2018	<u>75,791</u>	<u>\$ 757,908</u>	<u>\$ 412,837</u>	<u>\$ 340,160</u>	<u>\$ 926</u>	<u>\$ 522,219</u>	<u>\$ 863,305</u>	<u>(\$ 60,696)</u>	<u>(\$ 162,315)</u>	<u>\$ 1,811,039</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	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 511,471	\$ 543,241
Adjustments for:		
Depreciation expenses	28,084	23,308
Amortization expenses	9,741	8,203
Expected credit loss / Provision for bad debt expense	2,804	639
Interest income	(8,493)	(7,543)
Dividend income	(943)	(1,589)
Share-based payments	12,171	19,106
Share of loss of associates	3,531	5,062
Gain on disposal of investments	(79)	(70,563)
Net (gain) loss on foreign currency exchange	(544)	4,363
Changes in operating assets and liabilities		
Accounts receivable	(46,291)	(10,990)
Accounts receivable - related parties	-	166
Other receivables - related parties	301	(29)
Prepayments	(11,472)	(11,356)
Other current assets	(1,042)	(1,951)
Contract liabilities	4,837	-
Other payables	(12,882)	(11,145)
Other current liabilities	121	8,066
Net defined benefit liability	(418)	(409)
Bonuses payable to employees, directors and supervisors	(974)	22,786
Cash generated from operations	489,923	519,365
Interest received	8,521	7,553
Income tax paid	(72,456)	(28,919)
Net cash generated from operating activities	<u>425,988</u>	<u>497,999</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	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated at fair value through profit or loss	(\$ 600,000)	\$ -
Proceeds from disposal of financial assets designated at fair value through profit or loss	600,079	-
Purchase of available-for-sale financial assets	-	(10,000)
Proceeds from disposal of available-for-sale financial assets	-	10,001
Proceeds from disposal of financial assets measured at cost	-	73,628
Acquisition of property, plant and equipment	(9,750)	(14,356)
Increase in refundable deposits	(16)	(15)
Acquisition of intangible assets	(11,553)	(14,823)
Increase in prepayments for equipment	-	(15,255)
Dividend received	<u>943</u>	<u>1,589</u>
Net cash (used in) generated from investing activities	(<u>20,297</u>)	<u>30,769</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits received	-	115
Dividend paid	(568,353)	(492,585)
Exercise of employee share options	2,879	-
Payments for buy-back of ordinary shares	(<u>135,160</u>)	<u>-</u>
Net cash used in financing activities	(<u>700,634</u>)	(<u>492,470</u>)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>126</u>	(<u>2,068</u>)
NET (DECREASE) INCREASE IN CASH	(294,817)	34,230
CASH AT THE BEGINNING OF THE PERIOD	<u>1,663,684</u>	<u>1,501,611</u>
CASH AT THE END OF THE PERIOD	<u>\$ 1,368,867</u>	<u>\$ 1,535,841</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>