



# 2Q11 Investor Conference

2011/ 08/ 23



# Safe Harbor Statement

Statements in this presentation that are not strictly historical, including the statements regarding the market, economy, the Company's ePaper, LCD and other business, the Company's future product launches, the Company's positioning and expectations for 2011 and future periods, and any other statements regarding events or developments that we believe or anticipate will or may occur in the future, may be "forward-looking" statements within the meaning of thesecurities laws in Taiwan. There are a number of important factors that could cause actual events to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the uncertainty in the economy,contractions or growth rates and cyclicity of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, our ability to successfully identify, consummate and integrate appropriate acquisitions, contingent liabilities relating to acquisitions, risks relating to potential impairment of goodwill and other long-lived assets, currency exchange rates, our compliance with applicable laws and regulations and changes in applicable laws and regulations, tax audits and changes in our tax rate and income tax liabilities, litigation and other contingent liabilities including intellectual property and environmental matters, risks relating to product defects and recalls, the impact of our debt obligations on our operations, raw material costs, our ability to adjust purchases and manufacturing capacity to reflect market conditions, legislative reforms and other changes in industry, labor matters, our relationships with and the performance of our customers and partners, risks relating to man-made and natural disasters, our ability to achieve projected cost reductions and growth, and international economic, political, legal and business factors. These forward-looking statements speak only as of the date of this presentation and the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

# 2Q11 Consolidated Financial (unaudited)

(NT\$Million)	1Q11		2Q11(est.)	
<b>Net Sales</b>	10,086	100.0%	6,926	100.0%
<b>Gross Profit</b>	2,913	28.9%	2,253	32.5%
<b>Operating Expense</b>	1,058	10.5%	1,138	16.4%
<b>R&amp;D Expense</b>	398	3.9%	379	5.5%
<b>Operating Profit</b>	1,855	18.4%	1,115	16.1%
<b>Non-op items</b>	12	0.1%	132	1.9%
<b>Pre-tax Income(Loss)</b>	1,867	18.5%	1,247	18.0%
<b>Tax</b>	200	2.0%	(8)	-0.1%
<b>Net Income</b>	1,668	16.5%	1,255	18.1%
<b>E Ink Net income</b>	<b>1,677</b>	<b>16.6%</b>	<b>1,325</b>	<b>19.1%</b>
<b>EPS</b>	1.56		1.22	

# 1H11 Consolidated Financial (unaudited)

(NT\$Million)	1H10		2H10		1H11(est.)	
<b>Net Sales</b>	10,181	100.0%	14,998	100.0%	17,012	100.0%
<b>Gross Profit</b>	3,492	34.3%	4,687	31.3%	5,166	30.4%
<b>Operating Expense</b>	1,802	17.7%	2,045	13.6%	2,196	12.9%
<b>R&amp;D Expense</b>	824	8.1%	747	5.0%	777	4.6%
<b>Operating Profit</b>	1,778	17.5%	2,554	17.0%	2,970	17.5%
<b>Non-op items</b>	284	2.8%	226	1.5%	145	0.8%
<b>Pre-tax Income(Loss)</b>	1,975	19.4%	2,868	19.1%	3,114	18.3%
<b>Tax</b>	585	5.7%	344	2.3%	191	1.1%
<b>Tax Rate</b>	<i>29.6%</i>		<i>12.0%</i>		<i>6.1%</i>	
<b>Net Income</b>	1,389	13.6%	2,525	16.8%	2,923	17.2%
<b>E Ink Net income</b>	<b>1,404</b>	<b>13.8%</b>	<b>2,624</b>	<b>17.5%</b>	<b>3,002</b>	<b>17.6%</b>
<b>EPS</b>	1.35		2.46		2.78	

# 1H11 Results

- 2Q11 consolidated sales were NT\$6.93 billion, up 34% YoY; 1H11 consolidated sales were NT\$17.01 billion, up 67% YoY
- The 2nd quarter is traditionally a slow season for eReaders, but our 2Q11 EPD shipment was inline with the forecast; however, FFS sales declined from last quarter
- 2Q11's GPM was up from last quarter thanks to the product mix change; 1H11's GPM was 30.3%, inline with expectations
- 2Q11's OPM was 16%; 1H11's OPM was 17.4%, about flat from the same period last year
- 2Q11's EPS was NT\$1.22, up 88% YoY; 1H11's EPS was NT\$2.78, 為1.22元, up 106% YoY
- E Ink Triton™ display has been recognized as “Gold Display Component of the Year” for the Display of the Year Awards (DYA) presented by the Society for Information Display (SID)
- E Ink and Epson announced the joint development of a 300-dpi high-resolution electronic paper device for future applications in professional/business markets

**Thank You**