



# Investor Conference

2013/ 05/ 14



# 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 2013 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 cyclicalilty 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.

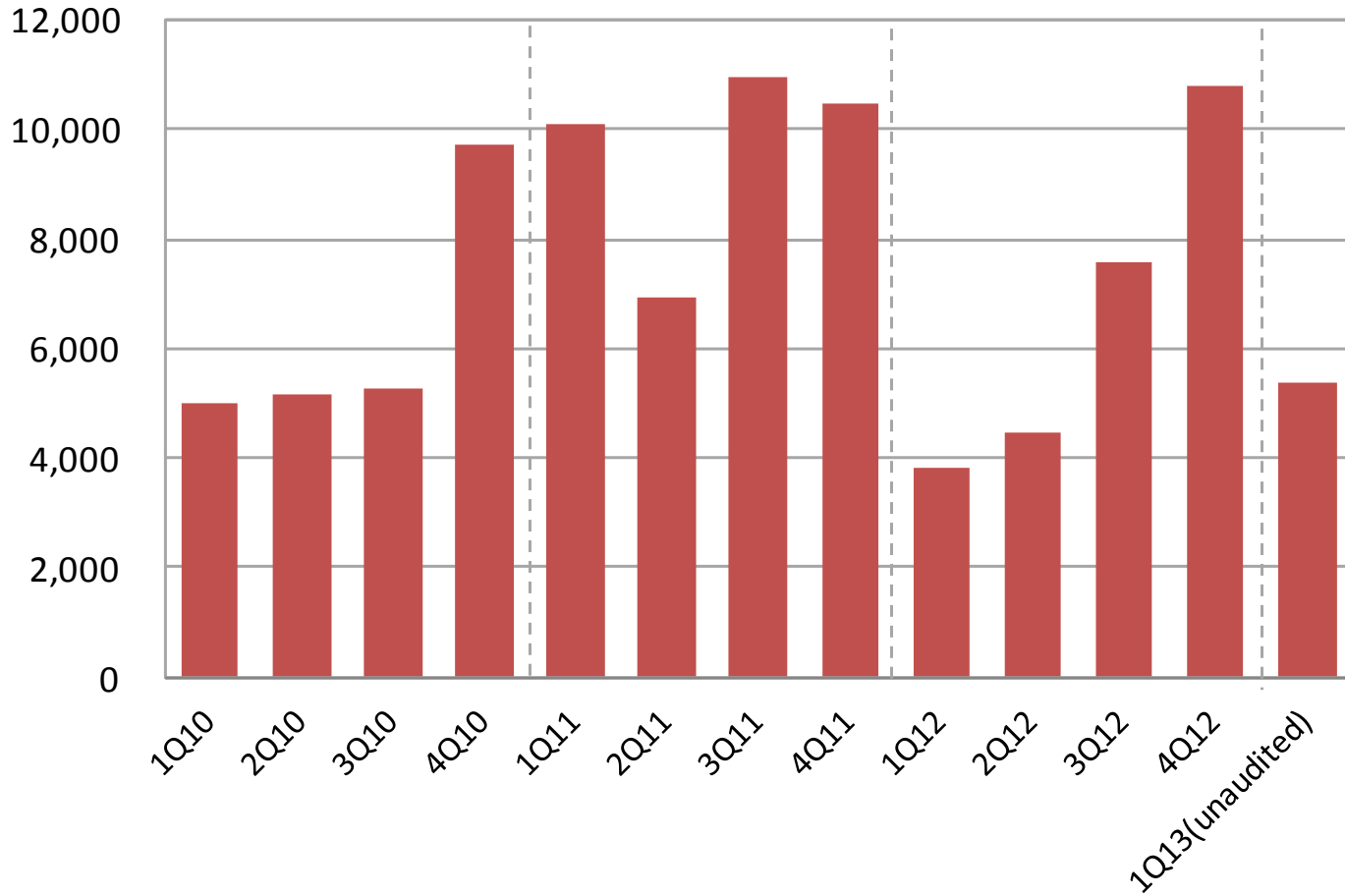
# 1Q13 Consolidated Financials

(NT\$ million)	1Q12		4Q12		1Q13 (unaudited)	
<b>Net Sales</b>	3,836	100.0%	10,796	100.0%	5,378	100.0%
<b>Gross Profit</b>	39	1.0%	2,355	21.8%	268	5.0%
<b>Operating Expense</b>	924	24.1%	1,279	11.8%	1,028	19.1%
<b>R&amp;D Expense</b>	354	9.2%	491	4.5%	344	6.4%
<b>Operating Profit</b>	(885)	-23.1%	1,076	10.0%	(760)	-14.1%
<b>Non-op items</b>	86	2.2%	295	2.7%	226	4.2%
<b>Pre-tax Income</b>	(799)	-20.8%	1,371	12.7%	(534)	-9.9%
<b>Tax</b>	39	1.0%	361	3.3%	50	0.9%
<b>Minority Interest</b>	(51)	-1.3%	(79)	-0.7%	(92)	-1.7%
<b>E Ink Net Income</b>	(787)	-20.5%	1,089	10.1%	(492)	-9.1%
<b>EPS (after-tax)*</b>	(0.73)		1.01		(0.46)	

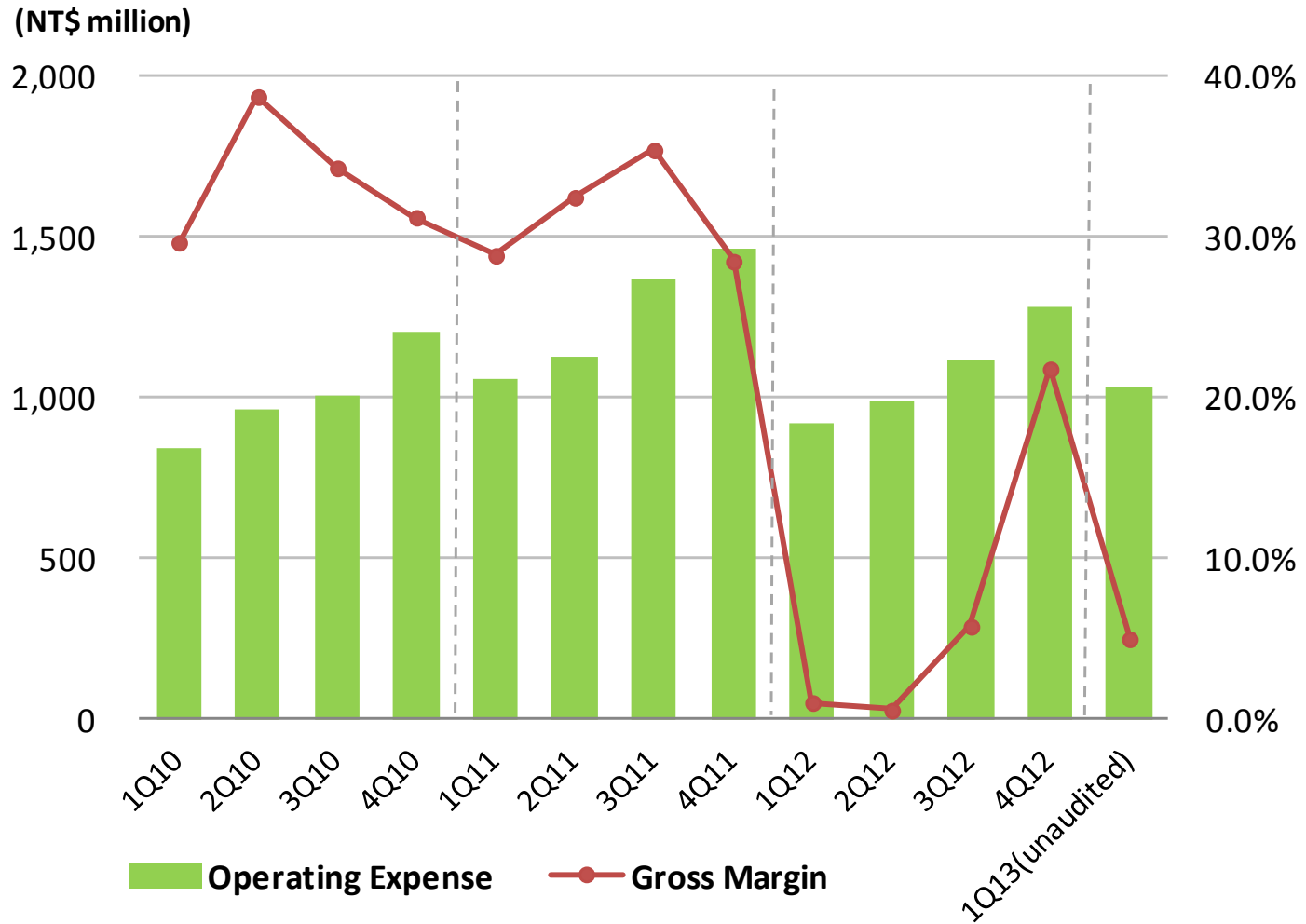
\*based on average outstanding shares

# Consolidated Revenue Trend

(NT\$ million)



# Operational Efficiency Trend



# 1Q13 Consolidated Financials

(NT\$ million)	4Q12	1Q13 (unaudited)
Cash	6,890	7,577
Inventory (Net)	3,399	3,044
Fixed Assets	10,194	10,252
Intangible Assets	10,267	10,160
<b>Total Assets</b>	<b>45,916</b>	<b>41,535</b>
Short-term Debt	6,995	5,157
Long-term Debt	6,136	6,104
<b>Total Liabilities</b>	<b>22,133</b>	<b>17,667</b>
<b>Total Equity</b>	<b>23,842</b>	<b>24,016</b>

# 1Q13 Results

- 1Q13 consolidated sales was NT\$ 5.38 billion, up 40% YoY
- 1Q13 GPM was 5.0%
- 1Q13 consolidated operating expense was NT\$1.03 billion, down 20% QoQ
- 1Q13 consolidated operating loss was NT\$0.76 billion
- 1Q13 consolidated profit before tax was NT\$0.53 billion, improved by 33% YoY
- 1Q13 loss after tax was NT\$0.49 billion, loss per share was NT\$0.46

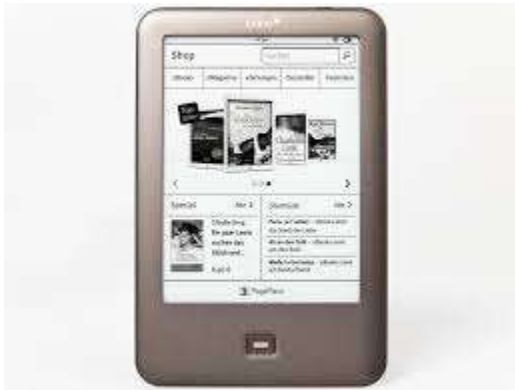
# eBook Market Trend

- **eBook and eReader Keeps Growing**
  - According to a full-year report released by the Association of American Publishers (AAP) in April, ebooks accounted for 22.55% of U.S. book publishers' sales in 2012, up from the 16.98% in 2011.
  - The Publishers Association Statistics Yearbook 2012 shows that total digital sales have risen by 66%, reaching £411 million, in 2012.
  - According to Chinese Academy of Press and Publication's research, the average numbers of eBook read per person in 2012 was up 65% from year 2011.
- **Customers have been releasing New Products in New Markets**



# eReader :New Markets, New Products

## Tolino Shine



- Deutsche Telekom: released on 3/07
- Spec: 6" + Touch + Front Light  
1024 x 758 pixel
- Work with German publishers/book sellers  
Provide 300,000 German eBooks
- Price: €99 (USD 128)
- Market: Germany

## Kobo Aura HD



- Kobo: released on 4/15
- Spec: 6.8" + Touch + Front Light  
1440 x 1080 pixel (265ppi)
- Highest resolution in the market  
Recognized by WSJ as the best eReader
- Price: USD 169.99
- Market: Canada, UK

# eReader :New Markets, New Products

## BookPlace Mono



- Toshiba: released on 4/16
- Spec: 6" + Touch  
1024 x 758 pixel
- Text-to-speech function
- Price: USD 100
- Market: Japan

## Pocketbook Color Lux



- PocketBook: released on 4/24
- Spec: 8" + Touch + Front Light  
800 x 600 pixel
- E Ink Triton 2 Color ePaper
- Price: USD 317
- Market: Russia

## PocketBook Touch 2



- PocketBook: released on 4/24
- Spec: 6" + Touch + Front Light  
1024 x 768 pixel
- E Ink ePaper with Paperwhite quality
- Price: USD 220
- Market: Russia

# E Ink Mobius :

## New Large-format Flexible EPD Technology

- E Ink Mobius: the first **flexible display technology** that will go into **mass production** for a **large format digital paper** product based on flexible Thin Film Transistor (TFT) technology developed by Sony.
- A 13.3" Mobius display weighs only 60g, **less than 50%** of an equivalent glass based TFT display
- The **ruggedness and lightweight** characteristics of Mobius are due to the TFT being constructed on a plastic substrate, developed by SONY specifically for use with EPDs in cooperation with E Ink. SONY has now transferred the technology to E Ink for mass production.
- SONY announced a Mobius Digital Paper Product on May 13. This device is equipped with 13.3" (about A4 size) E Ink Mobius Display, pen-touch, weighs 358g, and measures 6.8mm thick.
- SONY is testing this Digital Paper Device with 3 major universities in Japan, and they plan to mass produce this device in 2013.



# New York Times: E Ink Watch, CST-01

The New York Times

April 24, 2013

## World's Thinnest Wristwatch Finds Backers on the Net

By ARTHUR TOUCHOT

Watchmakers enjoy racing each other in search of new extremes of ingenuity and refinement. Earlier this year, Jaeger-LeCoultre introduced its Master Ultra Thin Jubilee model, which it claims is the “flattest manually winding mechanical wristwatch in the world.”

Elegant and slender as the Jubilee may be, it is still five times as fat as the watch that claims to be the world’s thinnest, which was introduced by a duo of American designers in February.

That watch is called the CST-01, and it measures just 0.8 millimeters, or 0.031 inch from back to face, compared with the 4.05 millimeters of the Jaeger-LeCoultre design.

The idea for the CST-01 emerged in December 2011, when the designer Dave Vondle taped an electrophoretic, or e-ink, display sheet — the kind of thin-film screen used in e-readers like the Kindle — around his wrist.

Mr. Vondle and a longtime colleague, Jerry O’Leary, who had been working with electronic ink for the global design and innovation consulting firm IDEO, thought the technology’s potential had not yet been fully explored.

“There were plenty of projects that started with a design and later added e-ink into the display. None of the devices showcased the thinness and flexibility,” Mr. O’Leary said.

The two teamed up with E Ink, a manufacturer of electrophoretic displays that was spun off the Taiwan. Working backward, they derived the CST-01 from the display technology.

Finding backers for the unconventional project was a challenge — solved by suitably unconventional Kickstarter online platform Jan. 8, giving themselves six weeks to raise \$200,000.

They reached their funding target in less than two days. By their target deadline, more than 7,000 people had pledged \$1,000 or more to be part of the beta test group.

Most backers chose to pledge the watch’s proposed retail price, \$129, against a promise of a black leather strap.

Carleton Torpin, a regular Kickstarter backer, pledged a token \$1 toward the project to keep tabs on the progress. “I think there seems that there is a large demand for wearable tech these days, and this was a nice entry into the market,” he said.

Mr. Torpin, who has backed several projects at the \$1 level, said he was “interested in it enough to want to see it succeed.”

The CST-01 is assembled by laminating an e-ink display, a micro-energy cell, and a Seiko Epson piece of flexible stainless steel.

The result is a 12-gram, or 0.4-ounce, strip the thickness of a credit card that looks like a 1990s-era wristwatch.

The design does away with bulky time-setting buttons and knobs. Instead, its external dock is used to set the time and date once a month.



**Thank You**