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Zacks Small-Cap Research

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O2Micro International Ltd (NASDAQ: OIIM)

Despite Customers' Challenges O2Micro Reports Another Record Quarter and 23% Growth

Using an industry average value to trailing 12-month sales of 10.9 times and OIIM's $100 m trailing 12-month revenue, we would calculate an enterprise value of $1 billion, a market cap of $1.1 billion and a price of **$36.80 per share**.

Current Price (10/29/21)	$6.14
Valuation	**$36.80**

OUTLOOK

O_2Micro International is a fabless semiconductor firm that designs, develops and markets high performance integrated circuits primarily for power management and battery management for TV backlighting, LED lighting, and portable tools, appliances and ebikes. It is profitable with an EBITDA margin of 18.1% YTD and trades at an **enterprise value of $140 million well below its peers**. The surge in demand for high end TVs and battery-operated devices is accelerating its growth and producing higher margins with only customer woes currently throttling sales.

SUMMARY DATA

52-Week High	**$10.60**
52-Week Low	**$5.18**
One-Year Return (%)	**-4.4**
Beta	**0.7**
Average Daily Volume (sh)	**69,623**
ADS Outstanding (mil)	**28.5**
Market Capitalization ($mil)	**$175**
Short Interest Ratio (days)	**1.8**
Institutional Ownership (%)	**44**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**9.8**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**13.0**
P/E using 2021 Estimate	**14.3**
P/E using 2022 Estimate	**10.4**

Risk Level	**Above Average**
Type of Stock	**Small-Blend**
Industry	**Elec Comp-Semis**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	12.8 A	14.3 A	16.0 A	17.9 A	61 A
2020	15.6 A	17.3 A	22.2 A	23.2 A	78 A
2021	23.2 A	26.2 A	27.3 A	26.0 E	103 E
2022					118 E

Earnings Per ADS
(non-GAAP EPS before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-$0.13 A	-$0.08 A	-$0.02 A	$0.05 A	-$0.18 A
2020	-$0.00 A	$0.03 A	$0.12 A	$0.13 A	$0.29 A
2021	$0.09 A	$0.12 A	$0.13 A	$0.09 E	$0.43 E
2022					$0.59 E

Zacks Projected EPS Growth Rate - Next 5 Years % **15**

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WHAT'S NEW

Q3 Revenues Hit Another Record with Growth of 23% and Margin Expansion

If nothing else, Q3 results and Q4 projections for O2Micro proves we live in interesting times. This has also led to much lower visibility for the company. Product demand at O2Micro has been hit by a myriad of issues, which has mostly affected its customer base. Like everyone else worldwide, the supply chain has been hit by shortages, delivery problems, and COVID shutdowns. TV demand may have softened at Chinese manufacturers as they lose market share, but in general the issues are supply. This quarter the company was affected by plant shutdowns due to COVID from TV manufacturing customers in Malaysia and Viet Nam. It was also hit by capacity constraints at assembly plants in China that have been affected by a lack of electricity which may have been caused by a lack of coal which may have been caused by poor planning as well as shipping chaos. Despite this partial implementation of Murphy's Law, O2Micro reported a record quarter.

Considering management has no idea when plants in other countries will reopen, coal will show up, or other people's components will be delivered to its customers, it has given lower sequential guidance as it goes into its seasonally soft fourth quarter which is typically impacted by a slow down in garden and power tool demand.

Friday O2Micro announced another quarterly revenue record at $27.3 million. Revenue has now been growing sequentially since Q1 of 2020, all through the pandemic. The company is now solidly profitable with EBITDA at over an 18% margin and this should continue for the foreseeable future as demand for its products outstrips supply. The company continues to invest in capacity to meet this demand by adding testing capabilities and second and third source fabs causing an unusually high level of cap ex this year. The company expects to reap the benefit of that investment in 2022 through higher margins.

For 2022 we are still expecting revenues of $118 million with non GAAP ADSPS of $0.59 resulting in a current 2022 PE of 10.4xs. This company trades at EV/trailing 12-month sales of 1.9 times. Fabless semiconductor peers are trading at 10.9 times EV/12 month trailing sales.

For Q4 2021, O2Micro expects revenues between $25.5 million and $26.5 million or a midpoint of $26.0 million, which would be growth of 12% year over year. Battery management revenues increased approximately 104% in Q2, but were only up 54% in Q3. Sales to TV manufactures were down slightly year over year with certain customer shutdowns.

Revenues by end market break out:

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Revenues	**$15.6**	**$17.3**	**$22.2**	**$23.2**	**$23.2**	**$26.2**	**$27.3**
Consumer	7.0	8.3	9.6	9.8	8.6	9.4	9.0
Computer	0.9	1.0	1.3	0.7	0.7	0.5	0.5
Industrial	7.6	8.0	11.3	12.5	14.2	16.2	17.5
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Industrial, which is battery management, now has revenues almost double those coming from backlighting, formerly the company's major business. It was between 63% and 65% of sales this quarter and is growing much faster that the rest of the company. If this continues, which at this point we have no reason to think it would not, the total revenue growth of the company should continue to accelerate by virtue of simple math. In the near future, the company will show ramping sales on mini-LED technology. O2Micro started by booking sales to tablet and monitor manufacturers and then this technology moved to

the TV business. Ultimately all monitors and TVs will be built using mini-LEDs. O2Micro is the leader in this and is currently working with Japanese and Korean pioneers on even more designs.

In contrast to Q2, sales to TV manufacturers were down compared to last year, lowering overall growth. If plants reopen in Q4 or early Q1, O2Micro may be able to have a stronger than usual Q1 in 2022 due to catch up. Longer term the company is working with car battery manufactures to enter the EV market. It has not yet worked out what the economics would be but products built for this market would most certainly be at higher ASPs and probably higher margins despite lower unit volumes.

The company has invested heavily in R&D over the years. This year's focus has been to increase capacity by investing in testing equipment and qualifying more fabs to be second and third sources, as the company needs to produce more to meet demand. This quarter it spent $998,000 down (from $3.5 million in Q2) on cap ex which includes expensive wafer starts that produce more volume six to nine months later and testing equipment. In 2022, the company will need to spend much less, which should also increase cash generation and increase operating margins.

Q3 Results

Revenues were $27.3 million compared with $22.2 million in Q3 2020, up 23%. For Q3, the gross margin was 52.0% compared to 51.8% a year ago and 51.5% in Q2 2021 at the high end of its range. The company said to expect the Q4 2021 gross margin to again be in the range of 50-52%.

Reported total operating expenses were $10.6 million in the quarter compared to $8.4 million a year ago and up from $10.2 in Q2 2021. The company went from 370 employees in Q1 to 289 in Q2, 298 in Q3 303 in Q4, 327 in Q1 2021, 341 in Q2 and is now at 344. R&D expense increased to $5.1 million up from $4.1 million in 2020. SG&A was $5.4 million up from $4.3 million in Q3 2020. The company initiated several expansion projects this year, which incurred additional expenses for a few quarters. These include: implementing a ISO26262 SGS quality program, 2nd source foundries qualification tape out, and expanding the packaging and test facilities supply chain to ensure on time delivery. The company expects these investments will lead to higher margins in 2022.

Operating income in Q3 was $3.6 million versus $3.1 million last year. Adding back depreciation and amortization ($1.1 million) and stock-based compensation ($443,000,) and adding the rental income, the adjusted **EBITDA looks to be $5.3 million** (or 19.3%) compared to $4.6 million in Q3 2020.

Total other income was $342,000 versus $68,000 last year. Last year included a $171,000 unrealized loss on the company's holding in Excelliance MOS. In Q4 O2Micro sold all of its remaining shares of Excelliance MOS stock.

The company reported a GAAP net income of $3.7 million versus last year's $2.9 million. This yielded a fully diluted GAAP EPS of $0.12 versus $0.10 a year ago. Non-GAAP income was $4.1 million, versus $3.4 million last year. This yielded a **non-GAAP EPS of $0.13, versus $0.12 last year**. ADS outstanding were 28.4 million and fully diluted they stood at 31.1 million compared with 28.9 million a year ago, up 7%.

Balance Sheet

On September 30, 2021, the company had $50.7 million in cash and equivalents (or $1.78 per ADS), up $3.4 million sequentially. Net cash generated by operating activities in the quarter was $4.3 million up from $3.6 million in Q2 2021. Capital expenditures were $998,000 versus $3.5 million in Q2 2021. Depreciation and amortization was $1.1 million yielding EBITDA of $5.3 million or 19.3% of sales.

Revenue Percentages By Market

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Consumer	44-46	47-49	42-44	41-43	36-38	35-37	32-34
Computer	5-7	5-7	5-7	2-4	2-4	1-3	1-3
Industrial	48-50	45-47	50-52	53-55	60-62	61-63	63-65
Communications	0	0	0	0	0	0	0

During the quarter O2Micro announced two patent grants:

A patent for dual input power management method and system

O_2Micro was issued 18 claims under Japan Patent No. 6894287 on June 7, 2021. The invention monitors multiple power sources as regulator inputs and prioritizes some power supply input to generate regulator output to power the system. This invention helps prolong battery pack running times by minimizing any unnecessary power dissipation through prioritizing the power source to power the battery pack controller. This technology supports battery control management and increased running times in consumer and industrial applications including electric vehicles, bikes and scooters, uninterruptible power supplies (UPS), solar and wind storage, cordless power tools, cordless vacuum cleaners and other cordless applications for home and commercial markets.

A patent for auto-detecting battery cells disconnection utilizing Resistor/Capacitor Circuit (RC) analysis methodology.

O_2Micro was issued 14 claims under US patent US 11,038,356 B2 on Jun 15, 2021, for the invention of for auto-detecting battery cells disconnection with RC analysis methodology. The invention quickly detects the battery cell disconnection failures in the battery management system, and efficiently avoids the battery failure and hazard situations. This invention provides a reliable and effective solution to perform battery cell tap connection checks by reliably and accurately measuring cell voltages in the battery pack. This is essential to prevent both over-charging and over-discharging and can effectively enhance battery package safety in high power applications such as, electric vehicles, bikes and scooters, uninterruptible power supplies (UPS), solar and wind storage, cordless power tools, cordless vacuum cleaners and other high capacity, high current battery applications for home and industry.

VALUATION

Company Has Significant Upside As Operating Margins Improve

The company trades at a fully diluted **enterprise value of $140 million** and is generating cash. At the end of Q3 2021, the company had $50.7 million (or $1.78 per ADS) in cash and equivalents, no debt, and valuable real estate in China and California. In California it owns a 37,180 square foot building where it has its USA operations, which was bought for $4.6 million in May 2004 and believe it is now easily worth more than $10 million. Plus it also owns other real estate in China and Taiwan.

Were we to use the current average enterprise value to trailing twelve-month sales of 10.9 times and apply it to OIIM's trailing 12-month $100 million revenues, we would calculate an enterprise value of $1.09 billion. Adding to it $50.7 million in cash and equivalents gives us a market cap of $1.14 billion or **$36.80 per share** using fully diluted shares.

	Competitors	EV	TTM Sales	EV/Sales
Monolithic Power Systems	**MPWR**	22,749	1,040	21.9
Microchip Technology	**MCHP**	48,887	5,700	8.6
Texas Instruments	**TXN**	171,103	16,760	10.2
Cirrus Logic	**CRUS**	4,330	1,400	3.1
	Average			10.9

As it is now generating profits, we can also look at the stock on a PE basis. It currently trades at 10.4 times 2022 estimated EPS and we expect 39% EPS growth from 2021 to 2022 or a PE to growth of 0.3 times. At only a 20 multiple that is double where it is now. Even on an EBITDA basis it is undervalued. This year it could generate an EBITDA of $18 million. At 10xs EBITDA its market value would be $230 million.

Looking at O2 Micro from an M&A prospective we can look at other fabless semiconductor transactions.

On August 26th, Analog Devices closed the acquisition of Maxim Integrated Products for an enterprise value of $68 billion. With trailing revenues of $2.63 billion that is a multiple of 25.9 times.

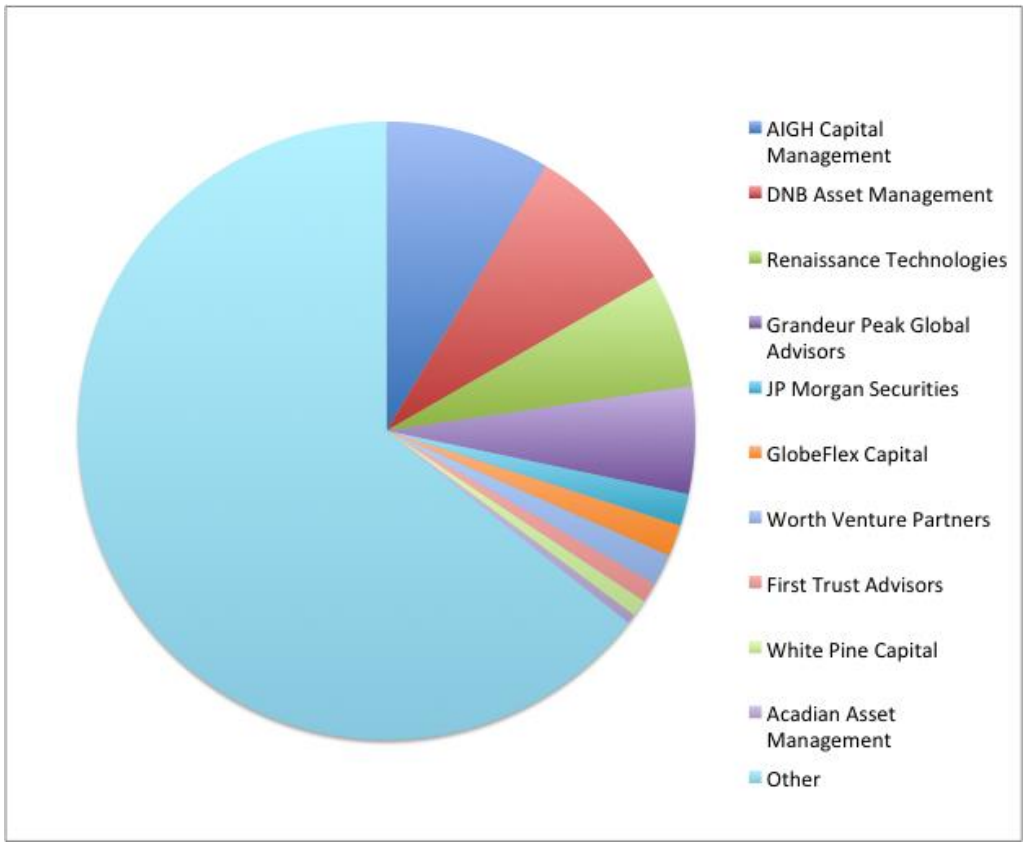
On February 8, 2021, Japan's Renesas Electronics bought Dialog Semiconductor for €4.9 billion ($5.9 billion) in cash. In its last 12 months it generated $1.4 billion in sales making that 4.2 times sales. Last year Dialog bought Adesto for $500 enterprise value when it was expected to report FY2019 sales of $118 million, also at 4.2 times sales.

This year, AMD plans to buy Xilinx for $35 billion in stock. In its most recent four quarters is did $3.47 billion in sales making this 10.1 times sales.

In May 2018, Microchip Technology bought Microsemi for $10.15 billion, which was a valuation of 5.5 times its trailing twelve-month revenues of $1.845 billion. Two other comparable companies we had been using, Intersil and Linear Technology, were acquired at very high valuations. Intersil was acquired by Renesas for $3.2 billion at a valuation of 5.9xs the company's trailing $542.1 million in revenue. Analog Devices acquired linear Technology for $14.8 billion. This was 9.9 times its trailing four quarters of revenue of $1.5 billion.

OWNERSHIP

As of December 31, 2020, the aggregate number of ordinary shares beneficially owned by directors and management was 269,445,850 (5,388,917 ADS). This number includes options to purchase 94,339,350 ordinary shares (1,886,787 ADS) under the 2005 Share Option Plan and 2015 Share Incentive Plan exercisable within 60 days of December 31, 2020.



RISKS

- O_2Micro has high exposure to the global demand for TVs, particularly those sold in China. It is dependent on free dimming and high power LED lighting, 4K and 8K and other high end TVs and monitors, lithium ion battery powered tools and appliances, and IoT to give it revenue and margin growth.

- In 2020, two customers accounted for 25% of revenues and their loss could cause a meaningful decline in revenues. 90% of revenues were from China.

- The company is still somewhat affected by the proliferation of the coronavirus in China as their production and most of their customers are located in China and sell to the Chinese market. As China reopens for business is affected by supply chain issues as well as electrical blackouts both inhibiting production.

- Recently the company has been affected by business shutdowns in Malaysia and Viet Nam due to the pandemic where it has TV manufacturer customers.

- There are chip shortages in throughout the industry, which could affect O2Micro's customers' ability to complete building products, which could suppress orders for O2Micro's products.

- Given its large number of patents, litigation risk is a possibility as the company enforces its patents.

INCOME STATEMENT

	March Q1 20	June Q2 20	Sept Q3 20	Dec Q4 20	March Q1 21	June Q2 21	Sept Q3 21	Dec Q4 21E	2019	2020	2021E	2022E
REVENUE												
Net Revenue	15.6	17.3	22.2	23.2	23.2	26.2	27.3	26.0	60.9	78.3	102.7	118.1
Yr-to-yr Gr.	22%	21%	39%	30%	49%	52%	23%	12%		29%	31%	15%
OPERATING EXPENSES												
Cost of goods sold	7.5	8.4	10.7	11.3	11.2	12.7	13.1	12.7	29.0	38.0	49.8	57.8
Gross Margin	8.1	8.9	11.5	11.9	12.0	13.5	14.2	13.3	32.0	40.4	52.9	60.4
% of Sales	51.9%	51.2%	51.8%	51.3%	51.6%	51.5%	52.0%	51.1%	52.5%	51.6%	51.5%	51.1%
R&D	4.1	4.1	4.1	3.9	4.6	4.7	5.1	5.3	19.1	16.2	19.7	20.0
SG&A	4.5	4.3	4.3	4.4	5.1	5.5	5.4	5.8	19.3	17.5	21.7	22.9
One-time expenses & Adj.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tot Operating Exp.	8.7	8.4	8.4	8.3	9.6	10.2	10.6	11.1	38.4	33.7	41.4	42.9
Operating Income	(0.6)	0.5	3.1	3.7	2.4	3.3	3.6	2.2	(6.4)	6.7	11.5	17.5
Operating margin	-4%	3%	14%	16%	10%	13%	13%	9%	-10%	9%	11%	15%
Interest income	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.5	0.5	0.2	0.2
Net gain recognized on LT investments	(1.1)	1.1	(0.2)	0.1	0.0	0.0	0.0	0.0	0.8	(0.1)	0.0	0.0
Foreign exchange loss	0.0	(0.1)	(0.1)	(0.1)	0.0	(0.1)	0.1	0.0	(0.2)	(0.2)	0.0	0.0
Gain on sale of real estate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0
Government grants	0.0	0.0	0.0	0.7	0.1	0.0	0.1	0.0	0.2	0.8	0.3	0.0
Other (rent) - net	0.1	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.6	0.5	0.4	0.4
One-time charge	0.0	(1.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.2)	0.0	0.0
Total other Income	(0.764)	0.2	0.1	0.9	0.4	0.1	0.3	0.1	2.5	0.4	1.0	0.6
Pretax Income	(1.3)	0.6	3.2	4.6	2.7	3.4	4.0	2.4	(3.9)	7.1	12.5	18.1
Pretax margin	-8.6%	3.7%	14.3%	19.7%	11.7%	13.0%	14.5%	9.2%	-6.3%	9.0%	12.2%	15.3%
Taxes	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.3	1.2	0.9	1.0	1.2
Tax Rate	-15.4%	40.8%	8.0%	4.7%	9.0%	7.4%	7.1%	11.3%	-30.3%	13.3%	8.4%	6.6%
GAAP Net Income	(1.5)	0.4	2.9	4.4	2.5	3.2	3.7	2.1	(5.0)	6.1	11.4	16.9
Non-GAAP Net Income	(0.0)	0.8	3.4	4.0	2.9	3.6	4.1	2.7	(4.8)	8.2	13.3	18.4
GAAP ADSPS-Basic	($0.06)	$0.01	$0.11	$0.16	$0.09	$0.11	$0.13	$0.07	($0.19)	$0.23	$0.40	$0.59
GAAP ADSPS-Fully dil.	($0.06)	$0.01	$0.10	$0.14	$0.08	$0.10	$0.12	$0.07	($0.19)	$0.21	$0.37	$0.55
Non-GAAP	**($0.00)**	**$0.03**	**$0.12**	**$0.13**	**$0.09**	**$0.12**	**$0.13**	**$0.09**	**($0.18)**	**$0.29**	**$0.43**	**$0.59**
Yr-to-yr Gr.	-99%	-135%	-677%	148%	-5813%	299%	12%	-33%	-1%	-255%	50%	39%
ADS Out	26.7	27.0	27.0	27.2	28.0	28.4	28.5	28.5	26.3	27.0	28.3	28.8
Fully diluted ADS	26.7	27.7	28.9	30.7	31.4	31.1	31.0	31.0	26.3	28.7	31.1	31.0
Yr-to-yr Gr.	-1%	5%	10%	13%	18%	12%	7%	1%	-1%	9%	8%	0%
Net cash generated	(4.52)	(1.40)	(1.10)	$5.60	1.10	3.60	4.30	$2.00	(4.32)	(1.42)	11.00	
EBITDA	$0.45	$1.83	$4.63	$5.10	$3.87	$4.76	$5.26	$4.04	($3.53)	$12.01	17.93	$24.73
Margin	2.9%	10.6%	20.8%	22.0%	16.7%	18.2%	19.3%	15.5%	-5.8%	15.3%	17.5%	20.9%

BALANCE SHEET

	Sept 30, 2021	June 30, 2021	Qtr-to-Qtr % Change	Sept 30, 2020	Yr-to-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	$22,073	$21,856	1.0%	$11,032	100.1%
Restricted cash	38	38	0.0%	36	5.6%
Short-term investments	28,661	25,497	12.4%	29,732	-3.6%
Accounts receivable, net	16,693	16,555	0.8%	16,797	-0.6%
Inventories	18,001	16,005	12.5%	12,919	39.3%
Prepaid expenses and other current assets	3,423	4,229	-19.1%	1,666	105.5%
Total current assets	**88,889**	**84,180**	5.6%	**72,182**	23.1%
LONG-TERM INVESTMENTS	992	992	0.0%	2,507	-60.4%
PROPERTY AND EQUIPMENT, NET	22,407	22,113	1.3%	15,888	41.0%
OTHER ASSETS	3,858	4,397	-12.3%	4,975	-22.5%
Total other assets	27,257	27,502	-0.9%	23,370	16.6%
TOTAL ASSETS	116,146	111,682	4.0%	95,552	21.6%
CURRENT LIABILITIES					
Notes and accounts payable	10,295	10,132	1.6%	7,935	29.7%
Income tax payable	376	220	70.9%	421	-10.7%
Lease liabilities	977	1,018	-4.0%	692	41.2%
Accrued expenses and other current liabilities	5,355	5,317	0.7%	5,414	-1.1%
Total current liabilities	17,003	16,687	1.9%	14,462	17.6%
OTHER LONG-TERM LIABILITIES					
Accrued pension liabilities	144	152	-5.3%	191	-24.6%
Deferred tax liabilities	690	651	6.0%	689	0.1%
Lease liabilities	1,965	1,979	-0.7%	1,772	10.9%
Other liabilities	69	69	0.0%	67	3.0%
Total long-term liabilities	2,868	2,851	0.6%	2,719	5.5%
Total liabilities	19,871	19,538	1.7%	17,181	15.7%
SHAREHOLDERS EQUITY					
Ordinary shares	33	33	0.0%	33	0.0%
Additional paid-in capital	142,974	142,569	0.3%	143,213	-0.2%
Accumulated deficits	(37,951)	(41,628)	-8.8%	(51,101)	-25.7%
Accumulated other comprehensive income	5,777	5,925	-2.5%	5,149	12.2%
Treasury stock	(14,558)	(14,755)	-1.3%	(18,923)	-23.1%
Total shareholders equity	96,275	92,144	4.5%	78,371	22.8%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	116,146	111,682	4.0%	95,552	21.6%
Cash and equivalents	$50,734	$47,353	7.1%	$40,764	24.5%
Change in cash and equivalents	3,381	(277)	-1320.6%	(596)	-667.3%
DSO	55	58	-5.2%	58	-5.2%
Inventory Days	117	109	7.3%	106	10.4%

ANNUAL CASH FLOW

	2020	2019	2018	2017
OPERATING ACTIVITIES				
Net loss	$ 6,127	$ (5,039)	$ 2,088	$ (6,145)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	3,225	1,780	1,641	1,667
Stock-based compensation	1,414	1,462	1,421	1,589
Other income - government grants	(817)			
Loss on asset write-off		0	0	0
Inventory write-downs	405	1,359	1,328	642
Net gain recognized on LT investments	79	(788)	(9,916)	0
Gain on sale of long-term investments	0	(500)	0	(20)
Impairment loss on long-term investments	0	0	0	0
Gain on disposal of property & eqt, net	(189)	2	(6)	(137)
Deferred income taxes	(5)	(133)	(155)	40
Other, net	0	0	0	0
Changes in operating assets and liabilities:				
Accounts receivable, net	(6,095)	1,053	(2,204)	(1,979)
Inventories	(4,197)	133	(2,286)	(697)
Prepaid expenses and other current assets	(1,276)	981	(1,031)	(139)
Deferred charges	(3,836)	(571)	(983)	(553)
Operating lease right of use assets	(169)	(1,477)	0	0
Notes and accounts payable	3,128	285	2,122	(1,869)
Income tax payable	(339)	198	72	161
Government grants	817			
Accrued expenses and other current liabilities	808	661	(105)	186
Operating lease liabilities	197	1,494	0	0
Accrued pension liabilities	(33)	(42)	(20)	13
Other liabilities	3	3	(1)	3
Net cash used in operating activities	(753)	861	(8,035)	(7,238)
Acquisition of:				
Short-term investments	(4,491)	(34,649)	(11,197)	(8,505)
Long-term investments	0	0	0	0
Property and equipment	(2,476)	(1,672)	(1,272)	(704)
Decrease (increase) in:				
Restricted assets	0	0	0	0
Restricted cash	0	0	0	0
Other assets	(47)	6	(12)	22
Proceeds from:				
Sale of short-term investments	11,418	4,953	22,540	12,635
Sale of long-term investments	3,124	7,061	2,582	0
Return of capital from LT investment	0	0	0	1,163
Sale of real estate	0	2,169	0	
Disposal of property and equipment	331	1	16	145
Net cash provided by investing activities	7,859	(22,131)	12,657	4,756
FINANCING ACTIVITIES				
Acquisition of treasury stock	(146)	(510)	(451)	(708)
Proceeds from:				
Exercise of stock options	476	7	10	29
Issuance of ordinary shares under the ESP Plan	77	109	86	84
Net cash used in financing activities	407	(394)	(355)	(595)
EFFECTS OF CHANGES IN FOREIGN EX RATE	545	(53)	(374)	268
NET CHANGE IN CASH AND CASH EQUIV.	8,058	(21,717)	3,893	(2,809)
CASH & CASH EQUIV. AT BEGINNING OF YR	10,731	32,448	28,555	31,364
CASH & CASH EQUIVALENTS AT END OF YR	18,789	10,731	32,448	28,555
Cash paid for tax	$ 1,223	$ 1,171	$ 1,218	$ 818
Cash Flow	10,239	(1,857)	(3,599)	(2,364)
Free cash flow	8,094	(3,528)	(4,855)	(3,068)

HISTORICAL STOCK PRICE



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