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Zacks Small-Cap Research

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O2Micro International Ltd (NASDAQ: OIIM)

Chinese Lockdowns Dampen Demand and Cause Further Supply Chain Problems Making 2022 Growth Challenging; Takeover Proposal Still Being Evaluated

Using an industry average value to trailing 12-month sales of 8.7 times and OIIM's $100 m trailing 12-month revenue, we would calculate an enterprise value of $866 million, a market cap of $914 million and a price of approximately **$30.00 per share**.

Current Price (5/6/22)	$3.20
Valuation	**$30.00**

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 and generated a 2021 EBITDA margin of 18.2%, and trades at an **enterprise value of $50 million-- well below its peers**. The lockdown in China is dampening demand for TVs while making supply chains issues a daily challenge. The company is still evaluating a take-out offer of $5.50 a share in cash.

SUMMARY DATA

52-Week High	**$7.77**
52-Week Low	**$2.98**
One-Year Return (%)	**-55.9**
Beta	**0.9**
Average Daily Volume (sh)	**48,463**
ADS Outstanding (mil)	**29.0**
Market Capitalization ($mil)	**$92.8**
Short Interest Ratio (days)	**0.7**
Institutional Ownership (%)	**39**
Insider Ownership (%)	**1.4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**12.7**
Earnings Per Share (%)	**47.1**
Dividend (%)	**N/A**
P/E using TTM EPS	**9.4**
P/E using 2022 Estimate	**7.8**
P/E using 2023 Estimate	**5.4**

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

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	24.4 A	101 A
2022	21.6 A	21.6 E	27.8 E	29.0 E	100 E
2023					115 E

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	$0.11 A	$0.45 A
2022	$0.06 A	$0.04 E	$0.15 E	$0.16 E	$0.41 E
2023					$0.59 E

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

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WHAT'S NEW

Company Receives a Preliminary Letter to Take O2Micro Private at $5.50 Per Share in Cash

O2Micro's Board has received preliminary nonbinding proposal letter, dated March 14th, 2022, from FNOF Precious Honor Limited to acquire all of the outstanding shares of the company for a purchase price of $5.50 per ADS ($0.11 per ordinary share) in cash. The only comment the company has made is that in response, it formed a special committee of independent directors to evaluate and consider the proposal and proposed transaction and the committee has engaged its own financial and legal advisers. It is reviewing and evaluating the proposal and proposed transaction and has not made any decisions. The proposal constitutes only a preliminary indication of interest, and does not constitute any binding commitment. This offer is well below our valuation, but as it is a preliminary price, we believe that perhaps the price could be raised to be acceptable by the independent committee. Despite returning to profitability and cash generation, the public markets have not rewarded the company with a valuation closer to its public company peers and management may believe that the costs of being a public may not be a good use of company resources. Certainly $5.50 is a higher price than the current $3.20 stock price.

Chinese Lockdowns Exacerbate Supply Chain and Demand Issues in Q1 2022

In other news, the company reported Q1 results showing year over year revenue decline. Q1 brought new challenges to O2Micro as the Chinese government locked down Shanghai and other locations with its zero COVID policy. Each city now has its own COVID rules, restricting travel and making citizens get tested regulary just to leave their houses even where there are no lockdowns. This has not only made supply chain issues worse, it has now started to dampen demand for TVs and other products in China as it is a hassle even to shop. We expect once lockdowns end, there will be pent up demand. So, while O2Micro cannot get enough intelligent lighting product made, there is an inventory buildup of battery related inventory as demand slows. This first needs to be flushed out at customers before orders come back to normal. With these two issues, O2Micro has given guidance to expect somewhere near flat sequential revenues in Q2. With two weak quarters to start 2022 with, it may be almost impossible to show growth for all of 2022.

On the other hand, the company is commanding higher margins than last year and expects that trend to continue as it released more complex, higher margin, and higher ASP products. In addition, it will have much lower capital expenditure needs in 2022 compared to 2021 when it spent $8.8 million. In 2021 it should spend less than $4 million, a help to generating free cash flow.

As a reminder in the later part of Q4, Q2Micro had production problems at its wafer supplier. The company got its wafers late, and supply has been affected since then. Management expects that it will be until Q3 for its backlighting products volume to ramp. The company can still sell all the product it can get for backlighting. O2Micro is also bringing on a new supplier and new lines in Q2. However, it is expected to take until Q3 until it fully ramps. We believe gross margins should continue to expand as the company focuses on higher margin and high-performance proprietary analog IC.

In Q1 2022, revenue was $21.6 million, down sequentially from $27.3 million in Q4 due to the wafer issue and battery management overstock, and down 7% from a year ago. This is the second sequentially down quarter. Battery management (industrial), the biggest contributor and highest grower, had revenues decline year over year. This is after growing approximately 19% year over year in Q4, increasing 54% in Q3 and increasing 104% in Q2 2021. Backlighting continued to decline due to the production issues (consumer).

Approximate revenues by end market:

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Yr-Yr Growth
Revenues	**$15.6**	**$17.3**	**$22.2**	**$23.2**	**$23.2**	**$26.2**	**$27.3**	**$24.4**	**$21.6**	-6.9%
Consumer	7.0	8.3	9.6	9.8	8.6	9.4	9.0	9.0	8.0	-6.9%
Computer	0.9	1.0	1.3	0.7	0.7	0.5	0.5	0.7	0.6	-6.9%
Industrial	7.6	8.0	11.3	12.5	14.2	16.2	17.5	14.9	13.2	-6.9%
Communications	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%

For Q2 2022, O2Micro expects revenues between $20.5 million and $21.7 million or a midpoint of $21.6, which is flat sequentially, and a decline of 18% year over year. It expects gross margins between 51% and 53%. For 2022 we are again reducing revenues We now forecast $101 million in revenues with non GAAP ADSPS of $0.41 resulting in a 2022 PE of 7.8xs. This company trades at EV/2022 sales of 0.5 times. Fabless semiconductor peers are trading at 8.7 times EV/12-month trailing sales.

Q1 2022 Results

Revenues were $21.6 million compared with $23.2 million in Q1 2021, down 7%. For Q1, the gross margin was 52.6% compared to 51.6% a year ago. The company said to expect the Q2 2022 gross margin to be in the range of 51-53%.

Reported total operating expenses were $10.4 million in the quarter compared to $9.6 million a year ago. The company went from 315 employees in Q4 2021 to 319 today. R&D expense increased to $5.0 million up from $4.6 million in Q1 2021. SG&A was $5.4 million up from $5.1 million in Q1 2021. Included in Q1 2022 was a one-time charge of $136,000 from expenses by the committee to evaluation the acquisition proposal. We expect another such charge in Q2.

Operating income in Q1 2022 was $1.0 million versus $2.4 million last year. Adding back depreciation and amortization ($1.3 million), stock-based compensation ($574,000), and the one-time charge ($136,000) and adding the rental income, the adjusted **EBITDA looks to be $3.1 million** (or 14.3%) compared to $3.9 million in Q1 2021. Total other income was $286,000 versus $358,000 last year.

The company reported a GAAP net income of $1.1 million versus last year's $2.5 million. This yielded a fully diluted GAAP EPS of $0.03 versus $0.08 a year ago. Non-GAAP income was $1.9 million, versus $2.9 million last year. This yielded a **non-GAAP EPS of $0.06, versus $0.09 last year**. ADS outstanding were 29.0 million and fully diluted they stood at 30.6 million compared with 31.4 million a year ago, down 3%.

Balance Sheet

On March 31, 2022, the company had $48.2 million in cash and equivalents (or $1.65 per ADS), down $1.8 million sequentially. Net cash usage by operating activities in the quarter was $1.2 million compared to cash generation of $1.1 million in Q1 2021. Capital expenditures were $728,000 compared to $2.4 million in Q1 2021. This yielded free cash flow of a negative $1.9 million. Depreciation and amortization was $1.3 million and adjusted EBITDA was $3.0 million or 13.7% of sales. During the quarter the company repurchased 110,924 ADS units for $463,000.

Cap Ex was $728,000 this quarter compared with $2.5 million last year. That number is could even decline in the following quarters and the company should experience free cash flow improvement from far less cap ex spending in 2022 than in 2021.

During the quarter O2Micro was issued 17 claims under China Patent No. ZL201910054748.2 for the invention of **system and methods for managing a battery pack**. This invention provides an effective solution for battery pack management with more than one load while at the same time delivering advanced safety protections. A battery controller includes a first driving pin, a second driving pin, and a third driving pin. The first driving pin is coupled to a charge switch and is operable for turning on the charge switch to enable a battery pack to be charged by a power source. The second driving pin is coupled to a first discharge switch and is operable for turning on the first discharge switch to enable the battery pack to power a first load. The third driving pin is coupled to a second discharge switch and is operable for turning on the second discharge switch to enable the battery pack to power a second load.

VALUATION

Company Has Significant Upside As Operating Margins Improve

The company trades at a fully diluted **enterprise value of $50 million**, is profitable, and is generating cash. At the end of Q1 2022, the company had $48.2 million (or $1.65 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 $15 million. In October 2005, it purchased a 30,448 square foot facility in Shanghai, China for approximately $7.1 million. It also owns real estate in Taiwan.

Comparable enterprise value to trailing twelve-month sales is 8.7 times for the industry. Applying that to OIIM's trailing 12-month of $99.5 million revenues, calculates an enterprise value of $866 million. Adding to it $48.2 million in cash and equivalents gives us a market cap of $914 million or **$29.85 per share** using fully diluted shares.

	Competitors	EV	TTM Sales	EV/Sales
Monolithic Power Systems	**MPWR**	20,330	1,210	16.8
Microchip Technology	**MCHP**	45,450	6,440	7.1
Texas Instruments	**TXN**	154,930	18,960	8.2
Cirrus Logic	**CRUS**	4,578	1,590	2.9
	Average			8.7

As it is now generating profits, we can also look at the stock on a PE basis. It currently trades at 7.8 times 2022 estimated non-GAAP EPS. Even on an EBITDA basis it is undervalued. In the 2022 year we predict EBITDA of $18 million. At 10xs EBITDA its market value would be $228 million or $7.45 per ADS, more than double its current price.

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.

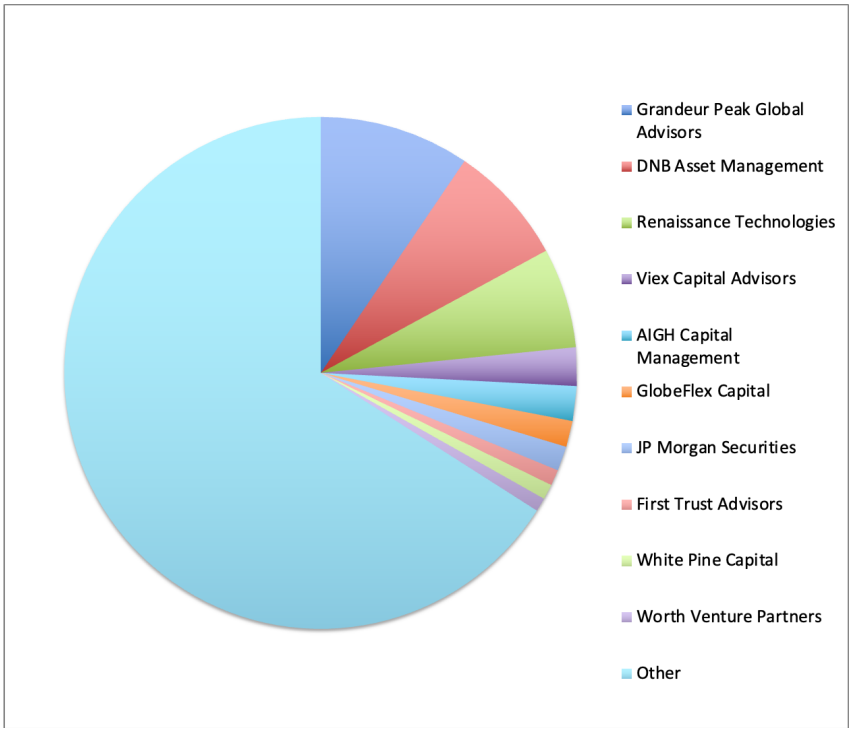
On February 8, 2021, Japan's Renesas Electronics bought Dialog Semiconductor for €4.9 billion ($5.9 billion) in cash. In its last 12 months it generated $1.4 billion in sales making that 4.2 times sales. Last

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.

AMD bought Xilinx on February 14th for 1.7234 shares of AMD per share of Xylinx or $49 billion with its $114.27 price on that day. In its last reported four quarters it did $3.68 billion in sales making this 13.1 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



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 2021, one customer accounted for 10% or more of revenues and their loss could cause a meaningful decline in revenues. 87% 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 opens and closes for business, O2Micro is affected by supply chain issues as well as other issues such as electrical blackouts both inhibiting production and delivery.

- Recently the company had also 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 21	June Q2 21	Sept Q3 21	Dec Q4 21	March Q1 22	June Q2 22E	Sept Q3 22E	Dec Q4 22E	2020	2021	2022E	2023E
REVENUE												
Net Revenue	23.2	26.2	27.3	24.4	21.6	21.7	27.8	29.0	78.3	101.1	100.1	115.1
Yr-to-yr Gr.	49%	52%	23%	5%	-7%	-17%	2%	19%	29%	29%	-1%	15%
OPERATING EXPENSES												
Cost of goods sold	11.2	12.7	13.1	11.1	10.3	10.3	13.1	13.6	38.0	48.2	47.3	53.9
Gross Margin	12.0	13.5	14.2	13.2	11.4	11.4	14.7	15.4	40.4	52.9	52.8	61.3
% of Sales	51.6%	51.5%	52.0%	54.3%	52.6%	52.7%	52.7%	53.0%	51.6%	52.3%	52.8%	53.2%
R&D	4.6	4.7	5.1	5.0	5.0	5.3	5.3	5.3	16.2	19.4	20.0	21.4
SG&A	5.1	5.5	5.4	5.7	5.4	5.6	5.6	5.8	17.5	21.6	22.7	23.5
One-time expenses & Adj.	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Tot Operating Exp.	9.6	10.2	10.6	10.6	10.4	11.0	10.8	11.0	33.7	41.0	42.7	44.9
Operating Income	2.4	3.3	3.6	2.6	1.0	0.5	3.8	4.3	6.7	11.9	10.1	16.4
Operating margin	10%	13%	13%	11%	4%	2%	14%	15%	9%	12%	10%	14%
Interest income	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.5	0.2	0.3	0.3
Net gain recognized on LT investment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	0.0	0.0
Foreign exchange loss	0.0	(0.1)	0.1	0.1	0.1	0.0	0.0	0.0	(0.2)	0.1	0.1	0.0
Gain on sale of real estate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government grants	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.8	0.4	0.3	0.3
Other (rent) - net	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.4	0.4
One-time charge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(1.2)	0.0	0.0	0.0
Total other Income	0.4	0.1	0.3	0.4	0.3	0.2	0.3	0.3	0.4	1.2	1.1	1.0
Pretax Income	2.7	3.4	4.0	3.0	1.3	0.7	4.1	4.6	7.1	13.1	11.3	17.4
Pretax margin	11.7%	13.0%	14.5%	12.3%	5.8%	3.1%	14.9%	16.0%	9.0%	12.9%	11.2%	15.1%
Taxes	0.2	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.9	1.0	0.9	1.5
Tax Rate	9.0%	7.4%	7.1%	6.6%	16.2%	30.1%	6.0%	5.4%	13.3%	7.4%	8.0%	8.6%
GAAP Net Income	2.5	3.2	3.7	2.8	1.1	0.5	3.9	4.4	6.1	12.1	10.4	15.9
Non-GAAP Net Income	2.9	3.6	4.1	3.4	1.9	1.3	4.5	5.0	8.2	14.0	12.7	18.3
GAAP ADSPS-Basic	$0.09	$0.11	$0.13	$0.10	$0.04	$0.02	$0.13	$0.15	$0.23	$0.43	$0.36	$0.55
GAAP ADSPS-Fully dil.	$0.08	$0.10	$0.12	$0.09	$0.03	$0.02	$0.13	$0.14	$0.21	$0.39	$0.34	$0.52
Non-GAAP	**$0.09**	**$0.12**	**$0.13**	**$0.11**	**$0.06**	**$0.04**	**$0.15**	**$0.16**	**$0.29**	**$0.45**	**$0.41**	**$0.59**
Yr-to-yr Gr.	-5813%	299%	12%	-16%	-33%	-62%	10%	47%	-255%	58%	-8%	43%
ADS Out	28.0	28.4	28.5	28.5	29.0	29.0	29.0	29.0	27.0	28.4	29.0	29.0
Fully diluted ADS	31.4	31.1	31.0	30.8	30.6	30.6	30.6	30.8	28.7	31.1	30.7	30.8
Yr-to-yr Gr.	18%	12%	7%	1%	-3%	-1%	-1%	0%	9%	8%	-1%	1%
Net cash generated	1.10	3.60	4.30	$1.30	(1.20)	-	-	-	(1.42)	10.30		
EBITDA	$3.87	$4.76	$5.26	$4.49	$3.09	$2.59	$5.80	$6.32	$12.01	18.38	$18.12	$23.60
Margin	16.7%	18.2%	19.3%	18.4%	14.3%	11.9%	20.9%	21.8%	15.3%	18.2%	18.1%	20.5%
Cap Ex	2.4	3.5	1.0	1.9	0.7	1.0	1.0	1.0	2.45	8.80	4.0	4.0

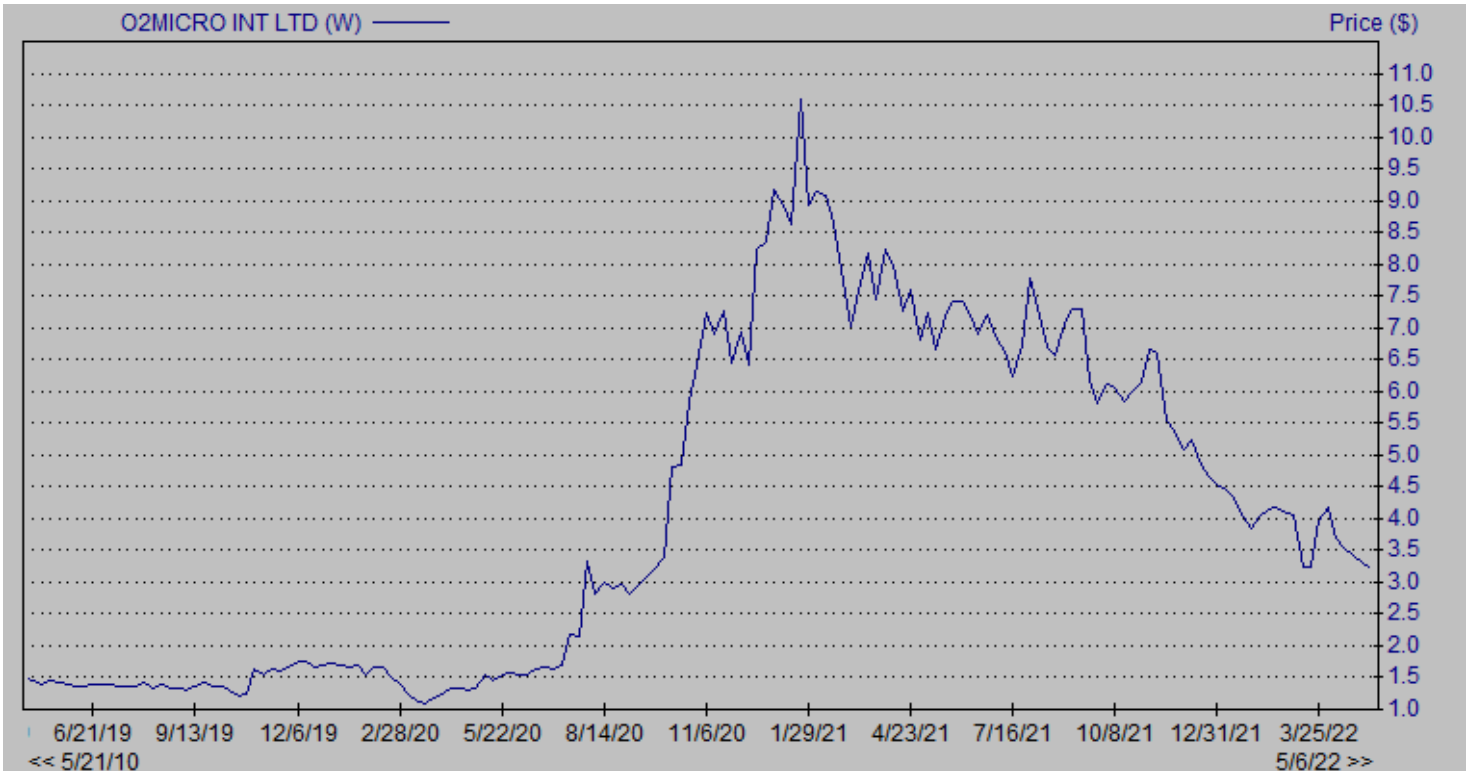
BALANCE SHEET

	March 31, 2022	Dec 31, 2021	Qtr-to-Qtr % Change	March 31, 2021	Yr-to-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$18,484**	**$20,780**	-11.0%	**$20,105**	-8.1%
Restricted cash	38	39	-2.6%	37	2.7%
Short-term investments	**29,693**	**29,186**	1.7%	**27,525**	7.9%
Accounts receivable, net	16,157	18,784	-14.0%	17,436	-7.3%
Inventories	21,815	19,523	11.7%	14,748	47.9%
Prepaid expenses and other current assets	2,509	2,087	20.2%	3,292	-23.8%
Total current assets	88,696	90,399	-1.9%	83,143	6.7%
LONG-TERM INVESTMENTS	992	992	0.0%	992	0.0%
PROPERTY AND EQUIPMENT, NET	23,864	23,611	1.1%	19,456	22.7%
OTHER ASSETS	4,747	3,340	42.1%	3,918	21.2%
Total other assets	29,603	27,943	5.9%	24,366	21.5%
TOTAL ASSETS	118,299	118,342	0.0%	107,509	10.0%
CURRENT LIABILITIES					
Notes and accounts payable	8,532	9,175	-7.0%	9,850	-13.4%
Income tax payable	380	307	23.8%	360	5.6%
Lease liabilities	1,274	1,076	18.4%	1,047	21.7%
Accrued expenses and other current liabilities	4,294	5,773	-25.6%	5,167	-16.9%
Total current liabilities	14,480	16,331	-11.3%	16,424	-11.8%
OTHER LONG-TERM LIABILITIES					
Accrued pension liabilities	135	147	-8.2%	169	-20.1%
Deferred tax liabilities	616	537	14.7%	634	-2.8%
Lease liabilities	1,952	1,775	10.0%	2,149	-9.2%
Other liabilities	67	68	-1.5%	67	0.0%
Total long-term liabilities	2,770	2,527	9.6%	3,019	-8.2%
Total liabilities	17,250	18,858	-8.5%	19,443	-11.3%
SHAREHOLDERS EQUITY					
Ordinary shares	33	33	0.0%	33	0.0%
Additional paid-in capital	142,803	143,540	-0.5%	142,342	0.3%
Accumulated deficits	(34,479)	(35,158)	-1.9%	(44,579)	-22.7%
Accumulated other comprehensive income	5,661	5,873	-3.6%	5,540	2.2%
Treasury stock	(12,969)	(14,804)	-12.4%	(15,270)	-15.1%
Total shareholders equity	101,049	99,484	1.6%	88,066	14.7%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	118,299	118,342	0.0%	107,509	10.0%
Cash and equivalents	$48,177	$49,966	-3.6%	$47,630	1.1%
Current Ratio	6.1	5.5	10.7%	5.1	21.0%
Quick Ratio	4.6	4.3	6.4%	4.2	10.9%
Change in cash and equivalents	(1,789)	(768)	132.9%	(176)	916.5%
DSO	73	65	12.3%	66	10.6%
Inventory Days	181	152	19.1%	109	66.1%

ANNUAL CASH FLOW

	2021	2020	2019	2018	2017
OPERATING ACTIVITIES					
Net loss	$ 12,113	$ 6,127	$ (5,039)	$ 2,088	$ (6,145)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	4,349	3,225	1,780	1,641	1,667
Stock-based compensation	1,878	1,414	1,462	1,421	1,589
Other income - government grants	(391)	(817)			
Loss on asset write-off			0	0	0
Inventory write-downs	800	405	1,359	1,328	642
Net gain recognized on LT investments	0	79	(788)	(9,916)	0
Gain on sale of long-term investments	0	0	(500)	0	(20)
Impairment loss on long-term investments	0	0	0	0	0
Gain on disposal of property & eqt, net	22	(189)	2	(6)	(137)
Deferred income taxes	(6)	(5)	(133)	(155)	40
Other, net	0	0	0	0	0
Changes in operating assets and liabilities:					
Accounts receivable, net	(2,354)	(6,095)	1,053	(2,204)	(1,979)
Inventories	(7,735)	(4,197)	133	(2,286)	(697)
Prepaid expenses and other current assets	461	(1,276)	981	(1,031)	(139)
Deferred charges	(393)	(3,836)	(571)	(983)	(553)
Operating lease right of use assets	98	(169)	(1,477)	0	0
Notes and accounts payable	1,180	3,128	285	2,122	(1,869)
Income tax payable	35	(339)	198	72	161
Government grants	391	817			
Accrued expenses and other current liabilities	117	808	661	(105)	186
Operating lease liabilities	(105)	197	1,494	0	0
Accrued pension liabilities	(46)	(33)	(42)	(20)	13
Other liabilities	0	3	3	(1)	3
Net cash used in operating activities	10,414	(753)	861	(8,035)	(7,238)
Acquisition of:					
Short-term investments	(10,404)	(4,491)	(34,649)	(11,197)	(8,505)
Long-term investments	0	0	0	0	0
Property and equipment	(8,806)	(2,476)	(1,672)	(1,272)	(704)
Decrease (increase) in:					
Restricted assets	0	0	0	0	0
Restricted cash	0	0	0	0	0
Other assets	(816)	(47)	6	(12)	22
Proceeds from:					
Sale of short-term investments	10,453	11,418	4,953	22,540	12,635
Sale of long-term investments	0	3,124	7,061	2,582	0
Return of capital from LT investment	0	0	0	0	1,163
Sale of real estate	0	0	2,169	0	
Disposal of property and equipment	137	331	1	16	145
Net cash provided by investing activities	(9,436)	7,859	(22,131)	12,657	4,756
FINANCING ACTIVITIES					
Acquisition of treasury stock	(482)	(146)	(510)	(451)	(708)
Proceeds from:					
Exercise of stock options	1,627	476	7	10	29
Issuance of ordinary shares under the ESP Plan	126	77	109	86	84
Net cash used in financing activities	1,271	407	(394)	(355)	(595)
EFFECTS OF CHANGES IN FOREIGN EX RATE	(219)	545	(53)	(374)	268
NET CHANGE IN CASH AND CASH EQUIV.	2,030	8,058	(21,717)	3,893	(2,809)
CASH & CASH EQUIV. AT BEGINNING OF YR	18,789	10,731	32,448	28,555	31,364
CASH & CASH EQUIVALENTS AT END OF YR	20,819	18,789	10,731	32,448	28,555
Cash paid for tax	$ 942	$ 1,223	$ 1,171	$ 1,218	$ 818
Cash Flow	18,765	10,239	(1,857)	(3,599)	(2,364)
Free cash flow	10,096	8,094	(3,528)	(4,855)	(3,068)

HISTORICAL STOCK PRICE



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