

Consolidated Balance Sheet

Provided by: SPI Electronic Co., Ltd.

Financial year: Yearly

Unit: GNT\$ thousand

Accounting Title	2006/12/31		2005/12/31	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	1,523,609.00	17.53	1,773,214.00	21.46
Notes receivable - net	52,368.00	0.60	61,891.00	0.74
Accounts receivable - net	3,575,834.00	41.16	3,162,925.00	38.28
Accounts receivable - related parties - net	461,963.00	5.31	340,162.00	4.11
Other receivables - related parties	0.00	0.00	2,554.00	0.03
Other financial assets - current	39,687.00	0.45	15,617.00	0.18
Inventories	1,645,409.00	18.93	1,510,342.00	18.28
Other current assets	108,623.00	1.25	79,309.00	0.96
Current assets	7,407,493.00	85.26	6,946,014.00	84.08
Funds and Investments				
Equity investments under equity method	22,443.00	0.25	18,051.00	0.21
Investments	22,443.00	0.25	18,051.00	0.21
Funds and long-term investments	22,443.00	0.25	18,051.00	0.21
Fixed Assets				
Cost				

Land	94,901.00	1.09	94,901.00	1.14
Buildings and structures	483,283.00	5.56	413,118.00	5.00
Machinery and equipment	807,496.00	9.29	682,579.00	8.26
Transportation equipment	19,751.00	0.22	21,805.00	0.26
Leasehold improvements	51,550.00	0.59	48,648.00	0.58
Other facilities	161,097.00	1.85	130,063.00	1.57
Fixed assets cost	1,618,078.00	18.62	1,391,114.00	16.84
Accumulated depreciation	-565,963.00	-6.51	-411,192.00	-4.97
Construction in process and prepayment for equipments	17,060.00	0.19	120,770.00	1.46
Fixed assets	1,069,175.00	12.30	1,100,692.00	13.32
Intangible Assets				
Goodwill	101,931.00	1.17	101,931.00	1.23
Deferred pension cost	2,977.00	0.03	3,191.00	0.03
Other intangible assets	54,232.00	0.62	39,823.00	0.48
Intangible assets	159,140.00	1.83	144,945.00	1.75
OtherAssets				
Guarantee deposits paid	6,705.00	0.07	5,819.00	0.07
Deferred charges	17,125.00	0.19	38,676.00	0.46
Deferred income tax assets - non current	5,522.00	0.06	6,561.00	0.07
Other assets	29,352.00	0.33	51,056.00	0.61
Assets	8,687,603.00	100.00	8,260,758.00	100.00
Liabilities and Stockholders' Equity				
Liabilities				

Current Liabilities				
Short-term borrowings	558,105.00	6.42	54,373.00	0.65
Notes payable	8,297.00	0.09	7,999.00	0.09
Accounts payable	4,643,760.00	53.45	4,243,630.00	51.37
Income tax payable	1,278.00	0.01	75,348.00	0.91
Accrued expenses	267,216.00	3.07	221,124.00	2.67
Long-term liabilities - current portion	1,103.00	0.01	804,014.00	9.73
Other current liabilities	45,021.00	0.51	57,641.00	0.69
Current liabilities	5,524,780.00	63.59	5,464,129.00	66.14
Long term Liabilities				
Bonds payable	9,759.00	0.11	213,046.00	2.57
Long-term borrowings	6,652.00	0.07	24,624.00	0.29
Long-term liabilities	16,411.00	0.18	237,670.00	2.87
Reserves				
Other Liabilities				
Pension reserve / accrued pension liability	25,577.00	0.29	27,930.00	0.33
Deferred income tax liabilities	2,368.00	0.02	3,182.00	0.03
Other liabilities - other	4,929.00	0.05	6,793.00	0.08
Other liabilities	32,874.00	0.37	37,905.00	0.45
Liabilities	5,574,065.00	64.16	5,739,704.00	69.48
Stockholders' Equity				
Capital				
Common stock	1,507,613.00	17.35	1,273,239.00	15.41

Capital Surplus				
Capital surplus - additional paid-in capital	462,362.00	5.32	318,676.00	3.85
Capital surplus	462,362.00	5.32	318,676.00	3.85
Retained Earnings				
Legal reserve	227,375.00	2.61	181,886.00	2.20
Special reserve	4,494.00	0.05	69,866.00	0.84
Unappropriated retained earnings	743,779.00	8.56	724,929.00	8.77
Retained earnings	975,648.00	11.23	976,681.00	11.82
Stockholders' Equity and Other adjustmen				
Cumulative translation adjustments	25,634.00	0.29	-4,494.00	-0.05
Equity adjustments	25,634.00	0.29	-4,494.00	-0.05
Treasury stock	0.00	0.00	-164,546.00	-1.99
Minority interest	142,281.00	1.63	121,498.00	1.47
Stockholders' equity	3,113,538.00	35.83	2,521,054.00	30.51
Number of treasury stock acquired by the company and subsidiaries (unit: share)	0.00	0.00	0.00	0.00

Consolidated Income Statement

Provided by: SPI Electronic Co., Ltd.

Financial year: Yearly

Unit: GNT\$ thousand

Accounting Title	2006/12/31		2005/12/31	
	Amount	%	Amount	%
Sales	12,904,504.00	101.18	11,247,212.00	101.01

Sales returns	87,898.00	0.68	59,976.00	0.53
Sales discounts and allowances	62,704.00	0.49	53,262.00	0.47
Sales	12,753,902.00	100.00	11,133,974.00	100.00
Operating income	12,753,902.00	100.00	11,133,974.00	100.00
Cost of sales	10,808,442.00	84.74	9,532,902.00	85.61
Operating costs	10,808,442.00	84.74	9,532,902.00	85.61
Gross profit (loss) from operations	1,945,460.00	15.25	1,601,072.00	14.38
Selling expense	464,473.00	3.64	357,579.00	3.21
General and administrative expenses	585,007.00	4.58	418,077.00	3.75
Research and development expenses	268,387.00	2.10	243,660.00	2.18
Operating expenses	1,317,867.00	10.33	1,019,316.00	9.15
Operating income (loss)	627,593.00	4.92	581,756.00	5.22
Non-Operating Income				
Interest income	33,142.00	0.25	48,397.00	0.43
Investment income	4,523.00	0.03	1,592.00	0.01
Gains on disposal of fixed assets	180.00	0.00	0.00	0.00
Gains on sale of investments	3.00	0.00	12,106.00	0.10
Gains on physical inventory	11.00	0.00	2,260.00	0.02
Reversal of provision for bad debts	1,371.00	0.01	1,182.00	0.01
Miscellaneous income	68,671.00	0.53	49,011.00	0.44
Non-operating revenues and gains	107,901.00	0.84	114,548.00	1.02
Non-Operating Expenses				
Interest expense	16,702.00	0.13	22,718.00	0.20

Loss on disposal of fixed assets	0.00	0.00	1,019.00	0.00
Foreign exchange losses	12,149.00	0.09	48,324.00	0.43
Loss on inventory valuation and obsolescence	49,908.00	0.39	30,408.00	0.27
Miscellaneous disbursements	9,781.00	0.07	12,098.00	0.10
Non-operating expenses and losses	88,540.00	0.69	114,567.00	1.02
Income from continuing operations before income tax	646,954.00	5.07	581,737.00	5.22
Income tax expense (benefit)	125,619.00	0.98	113,970.00	1.02
Income from continuing operations	521,335.00	4.08	467,767.00	4.20
Income (Loss) from Discontinued Operatio				
Primary Earnings per Share				
Primary earnings per share	3.44	0.00	3.20	0.00
Full-diluted Earnings per Share				
Diluted earnings per share	3.32	0.00	2.76	0.00
Simple Earnings per Share				

Consolidated Statements of Changes in Stockholders' Equity

Provided by: SPI Electronic Co., Ltd.

Financial year: Yearly

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD. and its subsidiaries
 Statements of Changes in Stockholders' Equity
 Years ended December 31, 2006 and 2005
 (Expressed in thousands of New Taiwan dollars)

Retained earnings

Item	Retained earnings							Total
	Common Stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Foreign currency translation adjustment	Treasury stock	
Balance on January 1, 2005	\$ 1,005,311	318,676	132,884	5,042	778,372	(69,866)	(164,546)	2,005,873
Appropriation of retained earnings:								
Legal Reserve	-	-	49,002	-	(49,002)	-	-	-
Special Reserve	-	-	-	64,824	(64,824)	-	-	-
Cash dividends	-	-	-	-	(107,284)	-	-	(107,284)
Remuneration to directors and supervisors	-	-	-	-	(3,945)	-	-	(3,945)
Employee bonuses	-	-	-	-	(15,351)	-	-	(15,351)
Increase in capital by distributing stock								
to employees	241,000	-	-	-	(24,100)	-	-	-
Increase in capital by distributing stock								
dividends to stockholders	243,828	-	-	-	(243,828)	-	-	-
Net income for the year ended Dec 31, 2005	-	-	-	-	454,891	-	-	454,891
Foreign currency translation adjustment	-	-	-	-	-	65,372	-	65,372
Balance on Dec 31, 2005	\$ 1,273,239	318,676	181,886	69,866	724,929	(4,494)	(164,546)	2,399,556
Appropriation of retained earnings:								
Legal Reserve	-	-	45,489	-	(45,489)	-	-	-
Special reserve	-	-	-	(65,372)	65,372	-	-	-
Cash dividends	-	-	-	-	(224,727)	-	-	(224,727)
Remuneration to directors and supervisors	-	-	-	-	(4,329)	-	-	(4,329)

Employee bonuses	-	-	-	-	(25,256)	-	-	(25,256)
Increase in capital by distributing stock to employees	18,030	-	-	-	(18,030)	-	-	-
Increase in capital by distributing stock dividends to stockholders	160,519	-	-	-	(160,519)	-	-	-
ECB converted to common shares	5,528	143,686	-	-	-	-	-	199,511
Treasury Stock	-	-	-	-	(68,545)	-	164,546	96,001
Net income for the year ended Dec 31, 2006	-	-	-	-	500,373	-	-	500,373
Foreign currency translation adjustment	-	-	-	-	-	30,128	-	30,128
Balance on Dec 31, 2006	\$ 1,507,613	462,362	227,375	4,494	743,779	25,634	-	2,971,257

Consolidated Statements of Cash Flows

Provided by: SPI Electronic Co., Ltd.

Financial year: Yearly

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD. and its subsidiaries

Statements of Cash Flows
For the year Ended Dec. 31, 2006 and 2005
(Expressed in thousands of New Taiwan dollars)

Item	2006	2005
Cash flows from operating activities:		
Net Income	\$ 500,373	454,891

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation	32,699	30,627
Amortization	13,036	14,596
Allowance for inventory valuation and obsolescence loss	35,114	25,039
Unrealized gain increase(-affiliate)	4,523	-
Gain on long-term equity investments under equity method	(166,502)	(105,664)
Cash dividends of the Company received by its long-term investments	75,044	197,299
Loss (gain) on disposal of property, plant and equipment, net	(425)	-
Losses from redemption of bonds payable prior to maturity	2,495	-
Net change in foreign exchanges on bonds payable redeemed	(9,712)	-
Unrealized foreign exchange losses, net	7,719	53,184
Increase in financial assets at fair value through profit or loss – current	-	758,179
Decrease (increase) in notes and accounts receivable (including accounts receivable— affiliate)	(575,922)	(786,752)
Increase in other account receivable	(18,751)	(15,128)
Decreases in other monetary assets— current	(13,032)	45,446
Decrease (increase) in inventories	(152,319)	(556,788)
Decrease (increase) in other current assets	491	11,397
Decreases in deferred income tax assets, net	8,903	(19,032)
Decreases in notes and accounts payable (including accounts payable— affiliate)	524,348	989,888
Increases in income tax payable	(58,721)	59,999
Decreases in accrued expenses and other current liabilities	11,200	(17,350)
Increase in accrued bond interest premium	(3,446)	16,423
Decrease in accrued pension liability	(2,111)	3,114
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Net cash provided (used) by operating activities	215,004	1,159,368
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Cash flows from investing activities:

Decrease(increase) in other receivables from affiliates	24,543	(34,889)
Increase in long-term equity investments	(9,600)	(303,277)
Sales of property, plant and equipment	452	-
Purchases of property, plant and equipment	(20,340)	(24,688)
Increase in invisible assets	(15,000)	-
Increases in refundable deposits	(553)	260
Increases in other assets	(4,753)	(7,390)
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Net cash provided (used) by investing activities	(25,251)	(369,984)
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Cash flows from financing activities:

Increase (decrease) in short-term debt	437,570	(29,241)
Redemption on convertible bonds payable(including accrued bond interest premium)	(794,521)	-
Distribution of cash dividends, bonus to employees and remuneration to directors and supervisors	(258,257)	(122,635)
Treasury stock	96,001	-
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Net cash provided by financing activities

(519,207)	(151,876)
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Net increases in cash and cash equivalents

(329,454)	637,508
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Cash and cash equivalents at beginning of period

1,163,402	525,894
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Cash and cash equivalents at end of period

\$ 833,948	1,163,402
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Supplemental disclosures of cash flow information:

Cash payment for interest	\$ 42,324	5,451
	=====	=====

Cash payment for income tax	\$	134,968	39,784
		=====	=====
Investing and financing activities not affecting cash flows:			
Long-term debt will be due in one year	\$	-	801,461
		=====	=====
Cumulative foreign currency translation adjustments in long-term equity investment	\$	30,128	65,372
		=====	=====
ECB converted to common stocks	\$	199,511	-
		=====	=====
Cash paid for purchase of property, plant and equipment:			
Purchase of property, plant and equipment	\$	21,634	35,379
Add: Beginning balance of payables for property, plant and equipment		15,003	4,312
Less: Ending balance of payables for property, plant and equipment		(16,297)	(15,003)
		-----	-----
Cash paid	\$	20,340	24,688
		=====	=====
Reconciliation for cash dividends, bonus to employees and remunerations to directors and supervisors:			
Total distribution	\$	254,312	126,580
Add : Beginning balance of bonus to employees payable and remuneration to directors and supervisors payable		3,945	-
Less: Ending balance of bonus to employees payable and remuneration to directors and supervisors payable			
Ending balance of cash dividends payable		-	(3,945)
		-----	-----
Cash paid	\$	258,257	122,635
		=====	=====

Reconciliation for cash dividends :

Total cash dividends distribution	\$	-	272,343
Add: Beginning balance of cash dividends receivable		75,044	-
Less : Ending balance of cash dividends receivable		-	(75,044)
		=====	=====
Cash Reconciliation		75,044	179,299
	\$	=====	=====