

## Financial Statement- Balance Sheet

Provided by: SPI Electronic Co., Ltd.

Unit NT\$ thousand

Accounting Title	2006/09/30		2005/09/30	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	633,628.00	8.83	798,085.00	11.16
Financial assets measured at fair value through profit or loss - current	0.00	0.00	132,060.00	1.84
Notes receivable - net	27,899.00	0.38	21,137.00	0.29
Accounts receivable - net	2,736,427.00	38.17	2,639,601.00	36.91
Accounts receivable - related parties - net	532,122.00	7.42	370,351.00	5.17
Other receivables - related parties	13,983.00	0.19	50,986.00	0.71
Other financial assets - current	55,841.00	0.77	34,178.00	0.47
Inventories	1,235,161.00	17.23	1,106,428.00	15.47
Other current assets	25,088.00	0.34	33,603.00	0.46
Current assets	5,260,149.00	73.38	5,186,429.00	72.53
Funds and Investments				
Equity investments under equity method	1,528,869.00	21.32	1,598,779.00	22.36
Investments	1,528,869.00	21.32	1,598,779.00	22.36
Funds and long-term investments	1,528,869.00	21.32	1,598,779.00	22.36
Fixed Assets				
Cost				
Land	77,274.00	1.07	69,745.00	0.97
Buildings and structures	227,538.00	3.17	219,113.00	3.06
Machinery and equipment	126,157.00	1.75	109,636.00	1.53
Transportation equipment	7,631.00	0.10	7,752.00	0.10
Other facilities	75,155.00	1.04	65,968.00	0.92
Fixed assets cost	513,755.00	7.16	472,214.00	6.60
Accumulated depreciation	-170,625.00	-2.38	-139,615.00	-1.95
Construction in process and prepayment for equipments	2,744.00	0.03	1,612.00	0.02

Fixed assets	345,874.00	4.82	334,211.00	4.67
Intangible Assets				
Other intangible assets	14,670.00	0.20	0.00	0.00
Intangible assets	14,670.00	0.20	0.00	0.00
Other Assets				
Guarantee deposits paid	3,368.00	0.04	3,707.00	0.05
Deferred charges	9,699.00	0.13	20,805.00	0.29
Deferred income tax assets - non current	5,660.00	0.07	6,107.00	0.08
Other assets	18,727.00	0.26	30,619.00	0.42
Assets	7,168,289.00	100.00	7,150,038.00	100.00
Liabilities and Stockholders' Equity				
Liabilities				
Current Liabilities				
Short-term borrowings	503,073.00	7.01	156,904.00	2.19
Notes payable	25,432.00	0.35	6,111.00	0.08
Accounts payable	3,472,013.00	48.43	3,371,372.00	47.15
Accounts payable - related parties	126,084.00	1.75	105,214.00	1.47
Income tax payable	0.00	0.00	18,275.00	0.25
Accrued expenses	137,672.00	1.92	132,338.00	1.85
Other current liabilities	39,534.00	0.55	30,135.00	0.42
Current liabilities	4,303,808.00	60.03	3,820,349.00	53.43
Long term Liabilities				
Bonds payable	165,400.00	2.30	1,020,302.00	14.26
Long-term liabilities	165,400.00	2.30	1,020,302.00	14.26
Reserves				
Other Liabilities				
Pension reserve / accrued pension liability	22,640.00	0.31	24,430.00	0.34
Other liabilities	22,640.00	0.31	24,430.00	0.34
Liabilities	4,491,848.00	62.66	4,865,081.00	68.04
Stockholders' Equity				
Capital				
Common stock	1,462,704.00	20.40	1,273,239.00	17.80

Capital Surplus				
Capital surplus - additional paid-in capital	350,987.00	4.89	318,676.00	4.45
Capital surplus	350,987.00	4.89	318,676.00	4.45
Retained Earnings				
Legal reserve	227,375.00	3.17	181,886.00	2.54
Special reserve	4,494.00	0.06	69,866.00	0.97
Unappropriated retained earnings	599,527.00	8.36	594,741.00	8.31
Retained earnings	831,396.00	11.59	846,493.00	11.83
Stockholders' Equity and Other adjustment				
Cumulative translation adjustments	31,354.00	0.43	11,095.00	0.15
Equity adjustments	31,354.00	0.43	11,095.00	0.15
Treasury stock	0.00	0.00	-164,546.00	-2.30
Stockholders' equity	2,676,441.00	37.33	2,284,957.00	31.95
Number of treasury stock acquired by the company and subsidiaries (unit: share)	0.00	0.00	0.00	0.00

## Financial Statement- Income Statement

Provided by: SPI Electronic Co., Ltd.

Unit NT\$ thousand

Accounting Title	2006/09/30		2005/09/30	
	Amount	%	Amount	%
Sales	7,628,941.00	101.08	6,765,599.00	100.93
Sales returns	42,246.00	0.55	26,315.00	0.39
Sales discounts and allowances	39,936.00	0.52	36,078.00	0.53
Sales	7,546,759.00	100.00	6,703,206.00	100.00
Operating income	7,546,759.00	100.00	6,703,206.00	100.00
Cost of sales	6,596,350.00	87.40	5,883,589.00	87.77
Operating costs	6,596,350.00	87.40	5,883,589.00	87.77
Gross profit (loss) from operations	950,409.00	12.59	819,617.00	12.22
Unrealized gains on intercompany transactions	4,523.00	0.05	0.00	0.00
Selling expense	304,106.00	4.02	235,159.00	3.50

General and administrative expenses	215,407.00	2.85	119,457.00	1.78
Research and development expenses	156,806.00	2.07	146,867.00	2.19
Operating expenses	676,319.00	8.96	501,483.00	7.48
Operating income (loss)	269,567.00	3.57	318,134.00	4.74
Non-Operating Income				
Interest income	13,945.00	0.18	6,937.00	0.10
Income from long-term equity investments under the equity method	103,741.00	1.37	77,162.00	1.15
Investment income	103,741.00	1.37	77,162.00	1.15
Gains on disposal of fixed assets	190.00	0.00	0.00	0.00
Gains on sale of investments	3.00	0.00	13,633.00	0.20
Foreign exchange gains	3,039.00	0.04	0.00	0.00
Miscellaneous income	37,919.00	0.50	20,099.00	0.29
Non-operating revenues and gains	158,837.00	2.10	117,831.00	1.75
Non-Operating Expenses				
Interest expense	10,137.00	0.13	16,652.00	0.24
Loss on physical inventory	2.00	0.00	9.00	0.00
Foreign exchange losses	0.00	0.00	43,863.00	0.65
Loss on inventory valuation and obsolescence	15,114.00	0.20	4,000.00	0.05
Miscellaneous disbursements	2,919.00	0.03	782.00	0.01
Non-operating expenses and losses	28,172.00	0.37	65,306.00	0.97
Income from continuing operations before income tax	400,232.00	5.30	370,659.00	5.52
Income tax expense (benefit)	44,111.00	0.58	45,956.00	0.68
Income from continuing operations	356,121.00	4.71	324,703.00	4.84
Net income (loss)	356,121.00	4.71	324,703.00	4.84
Primary Earnings per Share				
Primary earnings per share	2.75	0.00	2.61	0.00
Diluted earnings per share				
Diluted earnings per share	2.66	0.00	2.25	0.00

**Statements of Cash Flows**

Provided by: SPI Electronic Co., Ltd.

Unit : NT\$ thousand

**SPI ELECTRONIC CO., LTD.**  
**Statements of Cash Flows**  
For the nine-month periods ended September 30, 2006 and 2005  
(expressed in thousands of New Taiwan dollars)

	2,006	2,005
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Cash flows from operating activities:		
Net Income	356,121	324,703
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	24,369	22,937
Amortization	10,216	10,496
Loss on obsolescence and decline in value of inventory	15,114	4,000
Increase in unrealized gain from affiliate	4,523	-
Gain on long-term equity investments under equity method	(103,741)	(77,162)
Distribution of cash dividends	75,044	-
Gain on disposal of fixed assets	(190)	-
Loss on early redemption of convertible bonds payable	2,495	-
Translation adjustment from early redemption of convertible bonds payable	(9,712)	-
Unrealized foreign exchange losses(gain), net	(96,607)	65,587
Decrease in current financial assets whose changes in fair value are recognized in earnings	-	629,904
Decrease in notes and accounts receivable (including accounts receivable-affiliate)	(93,841)	(528,825)
Increase in other monetary assets-current	(44,705)	7,276
Increase in inventories	(44,340)	(436,242)
Increase in other current assets	(3,986)	(764)
Decrease(increase) in deferred income tax assets-net	7,978	(11,841)
Decrease(increase) in notes and accounts payable		

(including accounts payable-affiliate)	(61,228)	597,926
Increase (decrease) in income tax payable	(59,999)	18,275
Decrease in accrued expenses and other current liabilities	(218,037)	(28,162)
Increase (decrease) in accrued bond interest premium	(3,446)	12,318
Increase (decrease) in accrued pension liability	(1,179)	3,755
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Net cash provided (used) by operating activities	(245,151)	614,181
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Cash flows from investing activities:		
Decrease (increase) in other receivables from affiliates	34,475	(37,417)
Increase in long-term equity investments	(9,600)	(262,946)
Sale of property, plant and equipment	190	-
Purchase of property, plant and equipment	(26,316)	(1,345)
Increase in other intangible Assets	(15,000)	-
Increase in guarantee deposits paid	(553)	(632)
Increases in other assets	(4,368)	(6,383)
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Net cash used by investing activities	(21,172)	(308,723)
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Cash flows from financing activities:		
Increase in short-term debt	464,083	89,325
Redemption of convertible bonds payable (including accrued bond interest premium)	(794,521)	-
Distribution of cash dividends, bonus to employees and remuneration to directors and supervisors	(29,014)	(122,592)
Treasury stock purchased by employee	96,001	-
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Net cash used by financing activities	(263,451)	(33,267)
Net increase (decrease) in cash and cash equivalents	(529,774)	272,191
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	633,628	798,085
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Supplemental disclosures of cash flow information:		
Cash payment for interest	39,590	29,721
	=====	=====
Cash payment for income tax	134,551	39,522
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Investing and financing activities not affecting cash flows:		

Cumulative foreign currency translation adjustments in long-term equity investment	(35,848)	80,961
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Cash paid for purchase of property, plant and equipment:		
Purchase of property, plant and equipment	15,528	7,185
Add: Beginning balance of payables for property, plant and equipment	(4,215)	4,312
Less: Ending balance of Payables for property, plant and equipment	15,003	(10,152)
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Cash paid	26,316	1,345
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Reconciliation for cash dividends, bonus to employees and remunerations to directors and supervisors:		
Total distribution	254,312	126,580
Add: Beginning balance of cash dividends payable	(3,945)	-
Less: Ending balance of bonus to employees and remuneration to directors and supervisors	4,516	(3,988)
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Cash paid	254,883	122,592
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Reconciliation for cash dividends :		
Total cash dividends distribution	75,044	-
Add: Beginning balance of cash dividends receivable	-	-
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Cash received	75,044	-
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