

## Financial Statement-Balance Sheet

Provided by: SPI Electronic Co., Ltd.

Financial year: Yearly

Units NT\$ thousand

Accounting Title	2006/12/31		2005/12/31	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	833,948.00	10.56	1,163,402.00	15.61
Notes receivable - net	26,259.00	0.33	11,928.00	0.16
Accounts receivable - net	3,023,978.00	38.31	2,772,286.00	37.21
Accounts receivable - related parties - net	638,519.00	8.08	371,980.00	4.99
Other receivables	23,505.00	0.29	4,754.00	0.06
Other receivables - related parties	23,915.00	0.30	123,502.00	1.65
Other financial assets - current	19,414.00	0.24	6,382.00	0.08
Inventories	1,323,140.00	16.76	1,205,935.00	16.18
Other current assets	19,824.00	0.25	28,793.00	0.38
Current assets	5,932,502.00	75.16	5,688,962.00	76.36
Funds and Investments				
Equity investments under equity method	1,585,910.00	20.09	1,379,680.00	18.51
Investments	1,585,910.00	20.09	1,379,680.00	18.51
Funds and long-term investments	1,585,910.00	20.09	1,379,680.00	18.51
Fixed Assets				

Cost				
Land	77,274.00	0.97	77,274.00	1.03
Buildings and structures	227,538.00	2.88	227,018.00	3.04
Machinery and equipment	128,689.00	1.63	119,409.00	1.60
Transportation equipment	5,121.00	0.06	8,652.00	0.11
Other facilities	78,661.00	0.99	67,022.00	0.89
Fixed assets cost	517,283.00	6.55	499,375.00	6.70
Accumulated depreciation	-176,472.00	-2.23	-147,305.00	-1.97
Construction in process and prepayment for equipments	2,812.00	0.03	2,645.00	0.03
Fixed assets	343,623.00	4.35	354,715.00	4.76
Intangible Assets				
Other intangible assets	14,176.00	0.17	0.00	0.00
Intangible assets	14,176.00	0.17	0.00	0.00
Other Assets				
Guarantee deposits paid	3,368.00	0.04	2,815.00	0.03
Deferred charges	7,758.00	0.09	17,712.00	0.23
Deferred income tax assets - non current	5,522.00	0.06	5,947.00	0.07
Other assets	16,648.00	0.21	26,474.00	0.35
Assets	7,892,859.00	100.00	7,449,831.00	100.00
Liabilities and Stockholders' Equity				
Liabilities				
Current Liabilities				
Short-term borrowings	475,391.00	6.02	37,927.00	0.50

Notes payable	8,253.00	0.10	7,909.00	0.10
Accounts payable	4,098,302.00	51.92	3,644,854.00	48.92
Accounts payable - related parties	119,018.00	1.50	85,967.00	1.15
Income tax payable	1,278.00	0.01	59,999.00	0.80
Accrued expenses	148,796.00	1.88	134,425.00	1.80
Long-term liabilities - current portion	0.00	0.00	801,461.00	10.75
Other current liabilities	39,127.00	0.49	40,898.00	0.54
Current liabilities	4,890,165.00	61.95	4,813,440.00	64.61
Long term Liabilities				
Bonds payable	9,759.00	0.12	213,046.00	2.85
Long-term liabilities	9,759.00	0.12	213,046.00	2.85
Reserves				
Other Liabilities				
Pension reserve / accrued pension liability	21,678.00	0.27	23,789.00	0.31
Other liabilities	21,678.00	0.27	23,789.00	0.31
Liabilities	4,921,602.00	62.35	5,050,275.00	67.79
Stockholders' Equity				
Capital				
Common stock	1,507,613.00	19.10	1,273,239.00	17.09
Capital Surplus				
Capital surplus - additional paid-in capital	462,362.00	5.85	318,676.00	4.27
Capital surplus	462,362.00	5.85	318,676.00	4.27
Retained Earnings				

Legal reserve	227,375.00	2.88	181,886.00	2.44
Special reserve	4,494.00	0.05	69,866.00	0.93
Unappropriated retained earnings	743,779.00	9.42	724,929.00	9.73
Retained earnings	975,648.00	12.36	976,681.00	13.11
Stockholders' Equity and Other adjustment				
Cumulative translation adjustments	25,634.00	0.32	-4,494.00	-0.06
Equity adjustments	25,634.00	0.32	-4,494.00	-0.06
Treasury stock	0.00	0.00	-164,546.00	-2.20
Stockholders' equity	2,971,257.00	37.64	2,399,556.00	32.20
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.

Financial year: Yearly

Units NT\$ thousand

Accounting Title	2006/12/31		2005/12/31	
	Amount	%	Amount	%
Sales	11,045,116.00	101.05	9,633,453.00	100.91
Sales returns	53,512.00	0.48	34,589.00	0.36
Sales discounts and allowances	61,275.00	0.56	53,221.00	0.55
Sales	10,930,329.00	100.00	9,545,643.00	100.00
Operating income	10,930,329.00	100.00	9,545,643.00	100.00
Cost of sales	9,601,910.00	87.84	8,354,830.00	87.52

Operating costs	9,601,910.00	87.84	8,354,830.00	87.52
Gross profit (loss) from operations	1,328,419.00	12.15	1,190,813.00	12.47
Unrealized gains on intercompany transactions	4,523.00	0.04	0.00	0.00
Selling expense	440,610.00	4.03	333,159.00	3.49
General and administrative expenses	289,729.00	2.65	186,856.00	1.95
Research and development expenses	217,915.00	1.99	203,779.00	2.13
Operating expenses	948,254.00	8.67	723,794.00	7.58
Operating income (loss)	375,642.00	3.43	467,019.00	4.89
Non-Operating Income				
Interest income	19,488.00	0.17	17,656.00	0.18
Income from long-term equity investments under the equity method	166,502.00	1.52	105,664.00	1.10
Investment income	166,502.00	1.52	105,664.00	1.10
Gains on disposal of fixed assets	425.00	0.00	0.00	0.00
Gains on sale of investments	3.00	0.00	12,106.00	0.12
Gains on physical inventory	11.00	0.00	0.00	0.00
Miscellaneous income	59,709.00	0.54	28,234.00	0.29
Non-operating revenues and gains	246,138.00	2.25	163,660.00	1.71
Non-Operating Expenses				
Interest expense	13,076.00	0.11	21,867.00	0.22
Loss on physical inventory	0.00	0.00	29.00	0.00
Foreign exchange losses	3,076.00	0.02	39,345.00	0.41
Loss on inventory valuation and obsolescence	35,114.00	0.32	25,039.00	0.26
Miscellaneous disbursements	3,742.00	0.03	1,043.00	0.01



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

## Statements of Cash Flows

Provided by: SPI Electronic Co., Ltd.

Financial year: Yearly

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD.		
Statements of Cash Flows		
For the year Ended Dec. 31, 2006 and 2005		
(Expressed in thousands of New Taiwan dollars)		
Item	2006	2005
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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
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
	=====	=====
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	197,299

