

## Financial Statement- Balance Sheet

Provided by: SPI Electronic Co., Ltd.

Unit-NT\$ thousand

Accounting Title	2006/06/30		2005/06/30	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and Cash Eq	832,906.00	13.51	782,847.00	12.39
	0.00	0.00	125,808.00	1.99
Notes Receivable	14,148.00	0.22	18,326.00	0.29
Accounts Receivable	2,054,180.00	33.33	2,253,552.00	35.67
Accounts Receivable – Related Parties	497,922.00	8.08	361,635.00	5.72
Other Receivables -Related Parties	8,766.00	0.14	98,621.00	1.56
other financial assets -current	16,404.00	0.26	33,970.00	0.53
Inventories	913,318.00	14.82	805,416.00	12.74
Other Current Assets	32,592.00	0.52	16,227.00	0.25
Current Assets	4,370,236.00	70.92	4,496,402.00	71.17
Funds and Investments				
equity method investments	1,408,559.00	22.85	1,454,147.00	23.01
Long – Term Investments	1,408,559.00	22.85	1,454,147.00	23.01
Funds and Long-Term Investments	1,408,559.00	22.85	1,454,147.00	23.01
Fixed Assets				
Cost				

Land	77,274.00	1.25	69,745.00	1.10
Buildings and Structures	227,288.00	3.68	219,113.00	3.46
Machinery and Equipment	122,999.00	1.99	109,306.00	1.73
Transportation Equipment	7,631.00	0.12	7,752.00	0.12
Other Facilities	73,634.00	1.19	65,674.00	1.03
Fixed Assets Cost	508,826.00	8.25	471,590.00	7.46
Accumulated Depreciation	-162,345.00	-2.63	-132,126.00	-2.09
construction in process and prepayment for equipments	3,229.00	0.05	410.00	0.00
Fixed Assets (Net)	349,710.00	5.67	339,874.00	5.37
Intangible Assets				
Other Intangible Assets	15,000.00	0.24	0.00	0.00
Intangible Assets	15,000.00	0.24	0.00	0.00
Other Assets				
Guarantee Deposits Paid	3,389.00	0.05	3,081.00	0.04
Deferred Charges	9,252.00	0.15	18,048.00	0.28
deferred tax assets -noncurrent	5,800.00	0.09	6,118.00	0.09
Other Assets	18,441.00	0.29	27,247.00	0.43
Assets	6,161,946.00	100.00	6,317,670.00	100.00
Liabilities and Stockholders' Equity				
Liabilities				
Current Liabilities				
Short-Term Borrowings	518,252.00	8.41	215,462.00	3.41
Notes Payable	7,032.00	0.11	6,385.00	0.10

Accounts Payable	2,520,979.00	40.91	2,652,390.00	41.98
Accounts Payable – Related Parties	83,186.00	1.34	70,838.00	1.12
Income Tax Payable	7,351.00	0.11	23,560.00	0.37
Accrued Expenses	135,599.00	2.20	154,187.00	2.44
Other Payables	224,727.00	3.64	107,284.00	1.69
Other Current Liabilities	40,648.00	0.65	25,107.00	0.39
Current Liabilities	3,537,774.00	57.41	3,255,213.00	51.52
Long term Liabilities				
Bonds Payable	161,800.00	2.62	969,095.00	15.33
	161,800.00	2.62	969,095.00	15.33
Reserves				
Other Liabilities				
Pension Reserve / Accrued Pension Liability	23,202.00	0.37	24,474.00	0.38
Other Liabilities	23,202.00	0.37	24,474.00	0.38
Liabilities	3,722,776.00	60.41	4,248,782.00	67.25
Stockholders' Equity				
Capital				
Common Stock	1,284,155.00	20.84	1,005,311.00	15.91
Stock Dividend to be Distributed	178,549.00	2.89	267,928.00	4.24
Capital Surplus				
Additional Paid-In Capital	350,987.00	5.69	318,676.00	5.04
Capital Surplus	350,987.00	5.69	318,676.00	5.04
Retained Earnings				

Legal Reserve	227,375.00	3.68	181,886.00	2.87
Special Reserve	4,494.00	0.07	69,866.00	1.10
Unappropriated Retained Earnings	403,452.00	6.54	471,072.00	7.45
Retained Earnings	635,321.00	10.31	722,824.00	11.44
Stockholders' Equity and Other adjustment				
Cumulative Translation Adjustments	-9,842.00	-0.15	-81,305.00	-1.28
	-9,842.00	-0.15	-81,305.00	-1.28
Treasury Stock	0.00	0.00	-164,546.00	-2.60
Stockholders' Equity	2,439,170.00	39.58	2,068,888.00	32.74
	0.00	0.00	0.00	0.00

## Financial Statement - Income Statement

Provided by: SPI Electronic Co., Ltd.

Unit-NT\$ thousand

Accounting Title	2006/06/30		2005/06/30	
	Amount	%	Amount	%
Sales	4,624,087.00	101.03	4,263,221.00	100.90
Sales Returns	17,173.00	0.37	19,840.00	0.46
Sales Discounts and Allowances	30,269.00	0.66	18,250.00	0.43
Net Sales	4,576,645.00	100.00	4,225,131.00	100.00
Operating Revenue	4,576,645.00	100.00	4,225,131.00	100.00
Cost of Sales	4,029,039.00	88.03	3,733,941.00	88.37

Operating Costs	4,029,039.00	88.03	3,733,941.00	88.37
Gross Profit (Loss) from Operations	547,606.00	11.96	491,190.00	11.62
Unrealized Gain on Inter – Affiliate Accounts	5,688.00	0.12	0.00	0.00
Selling Expense	187,498.00	4.09	151,161.00	3.57
General and Administrative Expenses	135,619.00	2.96	76,787.00	1.81
Research and Development Expenses	102,092.00	2.23	96,544.00	2.28
Operating Expenses	425,209.00	9.29	324,492.00	7.68
Operating Income (Loss)	116,709.00	2.55	166,698.00	3.94
Non-Operating Income				
Interest Income	30,645.00	0.66	14,768.00	0.34
revenues from equity method investments	24,627.00	0.53	40,920.00	0.96
Investment Income	24,627.00	0.53	40,920.00	0.96
Gains on Sale of Fixed Assets	190.00	0.00	0.00	0.00
Gains on Sale of Investments	3.00	0.00	12,762.00	0.30
Miscellaneous Income	21,960.00	0.47	13,535.00	0.32
nonoperating revenues and gains	77,425.00	1.69	81,985.00	1.94
Non-Operating Expenses				
Interest Expense	6,889.00	0.15	10,426.00	0.24
Losses on Physical Inventory	2.00	0.00	9.00	0.00
Losses on Exchange	1,145.00	0.02	5,193.00	0.12
Losses on Inventory Valuation Loss and Obsolescence	8,614.00	0.18	4,000.00	0.09
Miscellaneous Disbursements	2,864.00	0.06	522.00	0.01
nonoperating expenses and losses	19,514.00	0.42	20,150.00	0.47

Income from Continuing Operations before Income Tax	174,620.00	3.81	228,533.00	5.40
income tax expense(benefit)	14,574.00	0.31	27,499.00	0.65
Income from Continuing Operations	160,046.00	3.49	201,034.00	4.75
Net Income (Loss)	160,046.00	3.49	201,034.00	4.75
Primary Earnings per Share				
Earnings per Share of Common stock	1.20	0.00	1.61	0.00
Diluted earnings per share				
Full-diluted Earnings per Share	1.16	0.00	1.39	0.00

## Statements of Changes in Stockholders' Equity

Provided by: SPI Electronic Co., Ltd.

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD.

### Statement of Changes in Stockholders' Equity

For the six-month period ended June 30, 2006 and 2005

(expressed in thousands of New Taiwan dollars)

	Common stock	Stock dividend distribution	Capital surplus	Retained earnings			Cumulative foreign currency translation adjustments	Treasury stock	Total
				Legal reserves	Special reserves	Unappropriated earnings			
Balance as of 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)
Bonus to employees	-	-	-	-	-	(15,351)	-	-	(15,351)
Increase in capital by distributing stock to employees	-	24,100	-	-	-	(24,100)	-	-	-
Increase in capital by distributing stock dividends to stockholders	-	243,828	-	-	-	(243,828)	-	-	-
Convertible bonds payable transfer to common stock	-	-	-	-	-	-	-	-	-
Net income for the six-month period ended June 30,2006	-	-	-	-	-	201,034	-	-	201,034
Foreign currency translation adjustment	-	-	-	-	-	-	(11,439)	-	(11,439)
Balance as of June 30, 2005	\$ 1,005,311	267,928	318,676	181,886	69,866	471,072	(81,305)	164,546	2,068,888
Balance as of January 1, 2006	\$ 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)

Bonus to employees	-	-	-	-	-	(25,256)	-	-	(25,256)
Increase in capital by distributing stock to employees	-	18,030	-	-	-	(18,030)	-	-	-
Increase in capital by distributing dividends to stockholders	-	160,519	-	-	-	(160,519)	-	-	-
Convertible bonds payable transfer to common stock	10,916	-	32,311	-	-	-	-	-	43,227
Treasury stock purchased by employee	-	-	-	-	-	(68,545)	-	164,546	96,001
Net income for the six-month period ended June 30,2006	-	-	-	-	-	160,046	-	-	160,046
Foreign currency translation adjustment	-	-	-	-	-	-	(5,348)	-	(5,348)
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Balance as of June 30, 2006	\$ 1,284,155	178,549	350,987	227,375	4,494	403,452	(9,842)	-	2,439,170
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## Statements of Cash Flows

Provided by: SPI Electronic Co., Ltd.

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD.	
Statements of Cash Flows	
For the six-month period ended June 30, 2006 and 2005	
(expressed in thousands of New Taiwan dollars)	
	2006
	2005
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Cash flows from operating activities:	

Net Income	\$	160,046	201,034
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		16,072	15,448
Amortization		7,743	6,998
Loss on obsolescence and decline in value of inventory		8,614	4,000
Increase in unrealized gain from affiliate		5,688	-
Gain on long-term equity investments under equity method		(24,627)	(40,920)
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, net		416	878
Decrease in current financial assets whose changes in fair value are recognized in earnings		-	629,903
Decrease (increase) in notes and accounts receivable (including accounts receivable affiliate)		602,443	(223,536)
Decrease (increase) in other monetary assets current		(80,312)	7,484
Decrease (increase) in inventories		284,003	(135,230)
Decrease (increase) in other current assets		(7,197)	954
Decrease in deferred income tax assets, net		3,544	3,806
Decrease in notes and accounts payable (including accounts payable affiliate)		(1,139,335)	(41,425)
Increase (decrease) in income tax payable		(52,648)	23,560
Decrease in accrued expenses and other			

current liabilities	(36)	(3,214)
Increase (decrease) in accrued bond interest premium	(6,217)	8,211
Increase (decrease) in accrued pension liability	(617)	3,799
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Net cash provided (used) by operating activities	(154,783)	461,750
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Cash flows from investing activities:		
Decrease (increase) in other receivables from affiliates	114,736	(85,052)
Increase in long-term equity investments	(9,600)	(246,956)
Sale of property, plant and equipment	190	-
Purchase of property, plant and equipment	(22,137)	(5,117)
Increase in other intangible asset	(15,000)	-
Increase in refundable deposits	(574)	(6)
Increases in other assets	(1,778)	(128)
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Net cash provided (used) by investing activities	65,837	(337,259)
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Cash flows from financing activities:		
Increase in short-term debt	480,196	147,770
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	(23,226)	(15,308)
Treasury stock purchased by employee	96,001	-
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Net cash provided (used) by financing activities	(241,550)	132,462
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Net increase (decrease) in cash and cash equivalents	(330,496)	256,953
Cash and cash equivalents at beginning of period	1,163,402	525,894

Cash and cash equivalents at end of period	\$ 832,906	782,847
Supplemental disclosures of cash flow information:		
Cash payment for interest	\$ 36,314	2,062
Cash payment for income tax	\$ 63,678	133
Investing and financing activities not affecting cash flows:		
Cumulative foreign currency translation adjustments in long-term equity investment	(\$5,348)	(11,439)
Convertible bonds payable transfer to common stock	\$ 43,227	-
Cash paid for purchase of property, plant and equipment:		
Purchase of property, plant and equipment	\$ 11,067	5,359
Add: Beginning balance of payables for property, plant and equipment	15,003	4,312
Less: Ending balance of Payables for property, plant and equipment	(3,933)	(4,554)
Cash paid	\$ 22,137	5,117
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	(10,304)	(3,988)

Ending balance of cash dividends payable	(224,727)	(107,284)
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Cash paid	\$ 23,226	15,308
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Reconciliation for cash dividends :		
Total cash dividends distribution	\$ -	-
Add: Beginning balance of cash dividends receiveable	75,044	-
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Cash paid	\$ 75,044	-
	=====	=====