

Financial Statement - 2004/09/30 Balance Sheet

Unit : NT\$ thousand

Accounting Title	2004/09/30		2003/09/30	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and Cash Equivalents	292,423	5.05	689,046	17.00
Short-Term Investments	853,763	14.75	124,960	3.08
Notes Receivable	16,381	0.28	41,984	1.03
Accounts Receivable	1,898,831	32.80	1,450,713	35.80
Accounts Receivable – Related Parties	270,975	4.68	296,460	7.31
Other Receivables-Related Parties	83,871	1.44	9,714	0.23
other financial assets-current	23,360	0.40	8,974	0.22
Inventories	757,011	13.07	599,234	14.78
Other Current Assets	39,566	0.68	13,924	0.34
Current Assets	4,236,181	73.19	3,235,009	79.84
Funds and Long-Term Investments				
Long –Term Investments in Stocks	1,158,850	20.02	455,338	11.23
Long – Term Investments	1,158,850	20.02	455,338	11.23
Fixed Assets				
Cost				
Land	69,745	1.20	69,745	1.72
Buildings and Structures	218,799	3.78	218,799	5.40

Machinery and Equipment	106,615	1.84	65,867	1.62
Transportation Equipment	7,752	0.13	7,752	0.19
Other Facilities	63,478	1.09	48,670	1.20
Fixed Assets Cost	466,389	8.05	410,833	10.13
Accumulated Depreciation	-107,971	-1.86	-75,288	-1.85
construction in process and prepayment for equipments	0	0.00	2,034	0.05
Fixed Assets (Net)	358,418	6.19	337,579	8.33
Intangible Assets				
Other Assets				
Guarantee Deposits Paid	3,075	0.05	1,397	0.03
Deferred Charges	26,278	0.45	18,898	0.46
deferred tax assets-noncurrent	4,889	0.08	3,493	0.08
Other Assets	34,242	0.59	23,788	0.58
Assets	5,787,691	100.00	4,051,714	100.00
Liabilities and Stockholders' Equity				
Current Liabilities				
Short-Term Borrowings	74,722	1.29	137,754	3.39
Notes Payable	9,969	0.17	13,399	0.33
Accounts Payable	2,425,587	41.90	1,874,428	46.26
Accounts Payable – Related Parties	96,245	1.66	61,647	1.52
Income Tax Payable	0	0.00	15,638	0.38
Accrued Expenses	106,407	1.83	83,338	2.05
Other Current Liabilities	77,502	1.33	20,463	0.50

Current Liabilities	2,790,432	48.21	2,206,667	54.46
Long-Term Liabilities				
Bonds Payable	1,027,878	17.75	0	0.00
noncurrent interest-bearing liabilities	1,027,878	17.75	0	0.00
Reserves				
Other Liabilities				
Pension Reserve / Accrued Pension Liability	19,554	0.33	13,973	0.34
Other Liabilities	19,554	0.33	13,973	0.34
Liabilities	3,837,864	66.31	2,220,640	54.80
Stockholders' Equity				
Common Stock	1,005,311	17.36	861,140	21.25
Capital Surplus				
Additional Paid-In Capital	318,676	5.50	318,676	7.86
Capital Surplus	318,676	5.50	318,676	7.86
Retained Earnings				
Legal Reserve	132,884	2.29	88,621	2.18
Special Reserve	5,042	0.08	0	0.00
Unappropriated Retained Earnings	651,207	11.25	569,117	14.04
Retained Earnings	789,133	13.63	657,738	16.23
Cumulative Translation Adjustments	1,259	0.02	-6,480	-0.15
Treasury Stock	-164,552	-2.84	0	0.00
Stockholders' Equity	1,949,827	33.68	1,831,074	45.19

Financial Statement - 2004/Q3 Income Statement

Unit : NT\$ thousand

Accounting Title	2004/01/01 ~ 2004/09/30		2003/01/01 ~ 2003/09/30	
	Amount	%	Amount	%
Sales	5,725,609.00	100.83	4,436,854.00	100.86
Sales Returns	21,595.00	0.38	20,518.00	0.46
Sales Discounts and Allowances	26,039.00	0.45	17,516.00	0.39
Sales	5,677,975.00	100.00	4,398,820.00	100.00
Operating Income	5,677,975.00	100.00	4,398,820.00	100.00
Cost of Sales	4,995,215.00	87.97	3,721,573.00	84.60
Operating Costs	4,995,215.00	87.97	3,721,573.00	84.60
Gross Profit (Loss) from Operations	682,760.00	12.02	677,247.00	15.39
Selling Expense	228,721.00	4.02	171,493.00	3.89
General and Administrative Expenses	98,213.00	1.72	87,053.00	1.97
Research and Development Expenses	141,092.00	2.48	105,117.00	2.38
Operating Expenses	468,026.00	8.24	363,663.00	8.26
Operating Income (Loss)	214,734.00	3.78	313,584.00	7.12
Non-Operating Income				
Interest Income	19,141.00	0.33	9,768.00	0.22
Investment Income	136,672.00	2.40	65,615.00	1.49
Gains on Sale of Investments	6,692.00	0.11	189.00	0.00
Gains on Physical Inventory	0.00	0.00	1.00	0.00
Gains on Exchange	3,174.00	0.05	0.00	0.00

Gains on Inventory Value Recoveries	0.00	0.00	7,000.00	0.15
Miscellaneous Income	17,502.00	0.30	18,325.00	0.41
nonoperating revenues and gains	183,181.00	3.22	100,898.00	2.29
Non-Operating Expenses				
Interest Expense	10,566.00	0.18	1,844.00	0.04
Losses on Sale of Fixed Assets	0.00	0.00	19.00	0.00
Losses on Exchange	0.00	0.00	27,433.00	0.62
Losses on Inventory Valuation Loss and Obsolescence	7,000.00	0.12	0.00	0.00
Miscellaneous Disbursements	567.00	0.00	0.00	0.00
nonoperating expenses and losses	18,133.00	0.31	29,296.00	0.66
Income from Continuing Operations before Income Tax	379,782.00	6.68	385,186.00	8.75
income tax expense(benefit)	16,929.00	0.29	73,937.00	1.68
Income from Continuing Operations	362,853.00	6.39	311,249.00	7.07
Income (Loss) from Discontinued Operatio				
Net Income (Loss)	362,853.00	6.39	311,249.00	7.07
Primary Earnings per Share				
Earnings per Share of Common stock	3.65	0.00	3.34	0.00
Full-diluted Earnings per Share				
Full-diluted Earnings per Share	3.21	0.00	0.00	0.00
Simple Earnings per Share				

SPI ELECTRONIC CO., LTD.

Statements of Cash Flows

For the Nine-month Periods Ended September 30, 2004 and 2003

(Expressed in thousands of New Taiwan dollars)

Item	2004	2003

Cash flows from operating activities:		
Net income	\$ 362,853	311,249
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,034	19,170
Amortization	9,441	5,401
Allowance for(recovery of) inventory valuation and obsolescence loss	7,000	(7,000)
Gain on long-term equity investments under equity method	(136,672)	(65,615)
Gain on disposal of short-term investments, net	(6,692)	(189)
Property, plant and equipment transferred to other expense	347	-
Loss on disposal of property, plant and equipment, net	-	19
Unrealized foreign exchange loss, net	23,024	6,739
Increase in notes receivable and accounts receivable (including accounts receivable -related parties)	(291,092)	(426,137)
Decrease(increase) in other accounts receivable -related parties	(28,655)	17,796
Decrease(increase) in inventories	16,681	(143,289)
Decrease(increase) in other monetary assets	(16,652)	15,501
Increase in other current assets	(23,492)	(2,661)

Increase in deferred income tax assets	(8,030)	(1,862)
Increase (decrease) in notes payable and accounts payable (including accounts payable-related parties)	(99,854)	875,838
Decrease in income tax payable	(22,715)	(52,476)
Decrease in accrued expenses and other current liabilities	(22,542)	(2,294)
Interest payable refunded from convertible bond	9,078	-
Increase in pension liabilities	4,901	3,360
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Cash provided by(used in) operating activities	(197,037)	553,550
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Cash flows from investing activities:		
Acquisition of short-term investments	(57,647)	(124,771)
Acquisition of long-term equity investments	(324,055)	(206,240)
Additions to property, plant and equipment	(15,217)	(14,012)
Increase in refundable deposits	(1,708)	-
Increase in other assets	(9,145)	(12,892)
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Cash used in investing activities	(407,772)	(357,915)
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Cash flows from financing activities:		
Increase (decrease) in short-term loans	(64,601)	127,405
Decrease in long-term loans	-	(105,000)
Distribution of cash dividends, employees' bonuses and directors' remuneration	(205,686)	(117,883)
Increase in bonds payable	997,560	-
Increase in treasury stock	(164,552)	-
Issuance of common stock for cash	-	293,986
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Cash provided by financing activities	562,721	198,508
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Net increase (decrease) in cash and cash equivalents	(42,088)	394,143
Cash and cash equivalents at beginning of year	334,511	294,903
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Cash and cash equivalents at end of year	\$ 292,423	689,046
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Supplemental disclosures of cash flow information:		
Cash payment of interest	\$ 1,457	1,886
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Cash payment of income tax	\$ 60,356	128,275
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Investing and financing activities not affecting cash flows:		
Cumulative foreign currency translation adjustments in long-term investments	\$ 6,301	10,084
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Cash paid for purchase of property, plant and equipment:		
Purchase of property, plant and equipment	\$ 16,222	12,934
Add: Payables for property, plant and equipment at beginning of year	42,248	5,629
Less: Payables for property, plant and equipment at end of year	(43,253)	(4,551)
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Cash paid	\$ 15,217	14,012
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Reconciliation for cash dividends, employees bonus and remunerations to directors and supervisors:		
Total distribution	\$ 218,668	119,062

Add: beginning balance of cash dividends, employees' bonuses and directors' remuneration	-	1,123
Less: ending balance of cash dividends, employees' bonuses and directors' remuneration	(12,982)	(2,302)
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Cash paid	\$ 205,686	117,883
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