

Consolidated 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	1,446,984.00	20.71	1,391,326.00	19.96
	0.00	0.00	125,808.00	1.80
Notes Receivable	56,544.00	0.80	49,530.00	0.71
Accounts Receivable	2,517,598.00	36.04	2,708,136.00	38.86
Accounts Receivable – Related Parties	357,097.00	5.11	335,849.00	4.81
other financial assets -current	27,321.00	0.39	41,880.00	0.60
Inventories	1,199,317.00	17.17	992,965.00	14.25
Other Current Assets	88,465.00	1.26	45,438.00	0.65
Current Assets	5,693,326.00	81.51	5,690,932.00	81.67
Funds and Investments				
equity method investments	20,121.00	0.28	16,046.00	0.23
Long – Term Investments	20,121.00	0.28	16,046.00	0.23
Funds and Long-Term Investments	20,121.00	0.28	16,046.00	0.23
Fixed Assets				
Cost				
Land	94,901.00	1.35	87,372.00	1.25

Buildings and Structures	475,567.00	6.80	394,532.00	5.66
Machinery and Equipment	758,154.00	10.85	541,251.00	7.76
Transportation Equipment	20,725.00	0.29	20,928.00	0.30
Leasehold Improvements	48,735.00	0.69	42,727.00	0.61
Other Facilities	138,036.00	1.97	146,259.00	2.09
Fixed Assets Cost	1,536,118.00	21.99	1,233,069.00	17.69
Accumulated Depreciation	-479,876.00	-6.87	-341,778.00	-4.90
construction in process and prepayment for equipments	13,911.00	0.19	166,537.00	2.38
Fixed Assets (Net)	1,070,153.00	15.32	1,057,828.00	15.18
Intangible Assets				
Goodwill	101,931.00	1.45	113,734.00	1.63
Deferred Pension Cost	3,191.00	0.04	4,128.00	0.05
Other Intangible Assets	54,287.00	0.77	37,764.00	0.54
Intangible Assets	159,409.00	2.28	155,626.00	2.23
Other Assets				
Guarantee Deposits Paid	6,407.00	0.09	5,362.00	0.07
Deferred Charges	28,277.00	0.40	36,212.00	0.51
deferred tax assets -noncurrent	6,429.00	0.09	6,118.00	0.08
Other Assets	41,113.00	0.58	47,692.00	0.68
Assets	6,984,122.00	100.00	6,968,124.00	100.00
Liabilities and Stockholders' Equity				
Liabilities				
Current Liabilities				

Short-Term Borrowings	583,147.00	8.34	215,462.00	3.09
Short-Term Notes and Bills Payable	0.00	0.00	15,000.00	0.21
Notes Payable	7,066.00	0.10	18,273.00	0.26
Accounts Payable	3,076,954.00	44.05	3,090,097.00	44.34
Income Tax Payable	28,784.00	0.41	31,754.00	0.45
Accrued Expenses	211,398.00	3.02	227,710.00	3.26
Other Payables	224,727.00	3.21	107,284.00	1.53
Long-Term Liabilities – Current Portion	2,617.00	0.03	1,569.00	0.02
Other Current Liabilities	54,031.00	0.77	46,144.00	0.66
Current Liabilities	4,188,724.00	59.97	3,753,293.00	53.86
Long term Liabilities				
Bonds Payable	161,800.00	2.31	969,095.00	13.90
Long-Term Borrowings	23,616.00	0.33	25,224.00	0.36
	185,416.00	2.65	994,319.00	14.26
Reserves				
Other Liabilities				
Pension Reserve / Accrued Pension Liability	27,344.00	0.39	29,478.00	0.42
Deferred Income Tax	2,384.00	0.03	1,490.00	0.02
Other Liabilities – Other	5,773.00	0.08	7,307.00	0.10
Other Liabilities	35,501.00	0.50	38,275.00	0.54
Liabilities	4,409,641.00	63.13	4,785,887.00	68.68
Stockholders' Equity				
Capital				

Common Stock	1,284,155.00	18.38	1,005,311.00	14.42
Stock Dividend to be Distributed	178,549.00	2.55	267,928.00	3.84
Capital Surplus				
Additional Paid-In Capital	350,987.00	5.02	318,676.00	4.57
Capital Surplus	350,987.00	5.02	318,676.00	4.57
Retained Earnings				
Legal Reserve	227,375.00	3.25	181,886.00	2.61
Special Reserve	4,494.00	0.06	69,866.00	1.00
Unappropriated Retained Earnings	403,452.00	5.77	471,072.00	6.76
Retained Earnings	635,321.00	9.09	722,824.00	10.37
Stockholders' Equity and Other adjustment				
Cumulative Translation Adjustments	-9,842.00	-0.14	-81,305.00	-1.16
	-9,842.00	-0.14	-81,305.00	-1.16
Treasury Stock	0.00	0.00	-164,546.00	-2.36
Minority Interest	135,311.00	1.93	113,349.00	1.62
Stockholders' Equity	2,574,481.00	36.86	2,182,237.00	31.31

Consolidated Income Statement

Provided by: SPI Electronic Co., Ltd.

Unit-NT\$ thousand

Accounting Title	2006/06/30		2005/06/30	
	Amount	%	Amount	%

Sales	5,466,550.00	101.05	4,940,781.00	100.96
Sales Returns	26,618.00	0.49	29,000.00	0.59
Sales Discounts and Allowances	30,350.00	0.56	18,250.00	0.37
Net Sales	5,409,582.00	100.00	4,893,531.00	100.00
Operating Revenue	5,409,582.00	100.00	4,893,531.00	100.00
Cost of Sales	4,625,421.00	85.50	4,245,089.00	86.74
Operating Costs	4,625,421.00	85.50	4,245,089.00	86.74
Gross Profit (Loss) from Operations	784,161.00	14.49	648,442.00	13.25
Selling Expense	199,634.00	3.69	152,267.00	3.11
General and Administrative Expenses	263,745.00	4.87	174,344.00	3.56
Research and Development Expenses	130,593.00	2.41	111,348.00	2.27
Operating Expenses	593,972.00	10.97	437,959.00	8.94
Operating Income (Loss)	190,189.00	3.51	210,483.00	4.30
Non-Operating Income				
Interest Income	36,393.00	0.67	17,648.00	0.36
Investment Income	2,308.00	0.04	236.00	0.00
Gains on Sale of Fixed Assets	171.00	0.00	14.00	0.00
Gains on Sale of Investments	3.00	0.00	12,762.00	0.26
Gains on Bad Debt Recoveries	1,706.00	0.03	599.00	0.01
Miscellaneous Income	42,275.00	0.78	26,723.00	0.54
nonoperating revenues and gains	82,856.00	1.53	57,982.00	1.18
Non-Operating Expenses				
Interest Expense	8,093.00	0.14	10,917.00	0.22

Losses on Physical Inventory	2.00	0.00	9.00	0.00
Losses on Exchange	4,249.00	0.07	5,743.00	0.11
Losses on Inventory Valuation Loss and Obsolescence	17,855.00	0.33	6,284.00	0.12
Miscellaneous Disbursements	6,200.00	0.11	1,458.00	0.02
nonoperating expenses and losses	36,399.00	0.67	24,411.00	0.49
Income from Continuing Operations before Income Tax	236,646.00	4.37	244,054.00	4.98
income tax expense(benefit)	62,315.00	1.15	36,972.00	0.75
Income from Continuing Operations	174,331.00	3.22	207,082.00	4.23
Income (Loss) from Discontinued Operatio				
Primary Earnings per Share				
Earnings per Share of Common stock	1.20	0.00	1.61	0.00
Full-diluted Earnings per Share				
Full-diluted Earnings per Share	1.16	0.00	1.39	0.00
Simple Earnings per Share				

Consolidated Statements of Changes in Stockholders' Equity

Provided by: SPI Electronic Co., Ltd.

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD. AND ITS SUBSIDIARIES
 Consolidated Statement of Changes in Stockholders' Equity
 For the six-month period ended June 30, 2006 and 2005
 (expressed in thousands of New Taiwan dollars)

			Retained earnings				Cumulative foreign			Total
	Common	Stock dividend	Capital	Legal	Special	Unappropriated	currency translation	Treasury	Minority	
	Stock	distribution	surplus	reserves	reserves	earnings	adjustments	stock	interest	
Balance as of January 1, 2005	\$1,005,311	-	318,676	132,884	5,042	778,372	(69,866)	(164,546)	641	2,006,514
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)	-	-	-	-
Consolidated net income for the six-month										
period ended June 30,2006	-	-	-	-	-	201,034	-	-	6,408	207,082
Changes in minority interest	-	-	-	-	-	-	-	-	106,087	106,087
Foreign currency translation adjustment	-	-	-	-	-	-	(11,439)	-	573	(10,866)
Balance as of June 30, 2005	\$1,005,311	267,928	318,676	181,886	69,866	471,072	(81,305)	(164,546)	113,349	2,182,237
Balance as of January 1, 2006	\$ 1,273,239	-	318,676	181,886	69,866	724,929	(4,494)	(164,546)	121,498	2,521,054
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 stock 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
Consolidated net income for the six-month Period ended June 30,2006	-	-	-	-	-	160,046	-	-	14,285	174,331
Foreign currency translation adjustment	-	-	-	-	-	-	(5,348)	-	(472)	(5,820)
Balance as of June 30, 2006	\$ 1,284,155	178,549	350,987	227,375	4,494	403,452	(9,842)	-	135,311	2,574,481

Consolidated Statements of Cash Flows

Provided by: SPI Electronic Co., Ltd.

Unit : NT\$ thousand

SPI ELECTRONIC CO., LTD. AND ITS SUBSIDIARIES
Consolidated 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:		
Consolidated net Income	\$ 174,331	207,082
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	72,968	57,080
Amortization	11,186	16,723
Loss on obsolescence and decline in value of inventory	17,855	6,284
Gain on long-term equity investments under equity method	(2,308)	(236)
Transferal of property, plant and equipments to other expenses	58	530
Transferal of other assets to other expenses	-	1,421
Gain on disposal of fixed assets	(171)	(14)
Loss on early redemption of convertible bonds payable	2,495	-
Translation adjustment from early redemption of convertible bonds payable	(9,712)	-
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)	646,238	(454,504)
Increase in other monetary assets current	(11,707)	(3,723)
Decrease (increase) in inventories	293,170	(222,463)
Increase in other current assets	(15,765)	(9,528)
Decrease (increase) in deferred income tax assets, net	5,950	(9,994)
Increase (decrease) in notes and accounts payable (including accounts payable affiliate)	(1,178,502)	147,571
Increase (decrease) in income tax payable	(46,564)	31,754
Increase (decrease) in accrued expenses and other		

current liabilities	(6,540)	22,820
Increase (decrease) in accrued bond interest premium	(6,217)	8,211
Increase (decrease) in accrued pension liability	(586)	4,675
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Net cash provided (used) by operating activities	(53,821)	433,592
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Cash flows from investing activities:		
Decrease in other receivables from affiliates	2,554	-
Sale of property, plant and equipment	190	797
Purchase of property, plant and equipment	(58,672)	(199,909)
Increase in goodwill	-	(121,858)
Increase in other intangible asset	(15,000)	-
Increases in other assets	(2,990)	(17,548)
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Net cash provided by investing activities	(73,918)	(338,518)
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Cash flows from financing activities:		
Increase in short-term debt	528,645	147,770
Increase in Commercial paper payable	-	15,000
Repayments in long-term debt	(2,553)	(880)
Increase in long-term debt	1,609	18,683
Redemption of convertible bonds payable (include accrued bond interest premium)	(794,521)	-
Distribution of cash dividends, bonus to employees and remuneration to directors and supervisors	(23,225)	(15,308)
Treasury stock purchased by employee	96,001	-
Decrease in deferred credits	(1,020)	(1,011)
Increase in minority interest	-	106,087
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Net cash provided (used) by financing activities	(195,064)	270,341
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Effects of first-time inclusion of certain subsidiaries to the consolidated financial statements	-	46,788
Effects of foreign currency translation	(3,427)	(3,566)
Net increase (decrease) in cash and cash equivalents	(326,230)	408,637
Cash and cash equivalents at beginning of period	1,773,214	982,689
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Cash and cash equivalents at end of period	\$ 1,446,984	1,391,326
	=====	=====
Supplemental disclosures of cash flow information:		
Cash payment for interest	\$ 37,492	2,553
	=====	=====
Cash payment for income tax	\$ 104,536	25,053
	=====	=====
Investing and financing activities not affecting cash flows:		
Current portion of long-term debts	\$ 2,617	1,569
	=====	=====
Increase in deferred pension cost	\$ -	4,128
	=====	=====
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	\$ 47,602	196,601
Add: Beginning balance of payables for property, plant and equipment	15,003	15,564

Less: Ending balance of Payables for property, plant and equipment	(3,933)	(12,256)
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Cash paid	\$ 58,672	199,909
	=====	=====
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	(10,305)	(3,988)
Ending balance of cash dividends payable	(224,727)	(107,284)
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Cash paid	\$ 23,225	\$ 15,308
	=====	=====