



Financial Statement ? Balance Sheet

Provided by: GENESYSLOGIC, INC.
 Financial year: Yearly
 Unit: NT\$ thousand

Accounting Title	2006/12/31		2005/12/31	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	297,393.00	16.46	421,092.00	24.88
Financial assets measured at fair value through profit or loss - current	297,142.00	16.45	70,550.00	4.16
Notes receivable - net	0.00	0.00	7,216.00	0.42
Accounts receivable - net	266,122.00	14.73	232,254.00	13.72
Accounts receivable - related parties - net	0.00	0.00	4,092.00	0.24
Other financial assets - current	3,726.00	0.20	5,700.00	0.33
Inventories	138,563.00	7.67	142,735.00	8.43
Other current assets	62,455.00	3.45	50,575.00	2.98
Current assets	1,065,401.00	58.98	934,214.00	55.21
Funds and Investments				
Financial assets carried at cost - non current	12,500.00	0.69	15,000.00	0.88
Equity investments under equity method	69,286.00	3.83	49,365.00	2.91
Investments	69,286.00	3.83	49,365.00	2.91
Funds and long-term investments	81,786.00	4.52	64,365.00	3.80
Fixed Assets				
Cost				
Land	248,513.00	13.75	248,513.00	14.68
Buildings and structures	307,023.00	16.99	306,709.00	18.12
Computer and telecommunication equipment	52,149.00	2.88	49,357.00	2.91
Testing equipment	65,083.00	3.60	50,302.00	2.97
Office equipment	8,793.00	0.48	8,524.00	0.50
Fixed assets cost	681,561.00	37.73	663,405.00	39.20
Accumulated depreciation	-122,564.00	-6.78	-97,966.00	-5.79
Construction in process and prepayment for equipments	0.00	0.00	16.00	0.00
Fixed assets	558,997.00	30.95	565,455.00	33.42
Intangible Assets				
Other Assets				
Guarantee deposits paid	30,183.00	1.67	31,198.00	1.84
Deferred charges	29,264.00	1.62	46,146.00	2.72
Long-term notes and accounts receivable	0.00	0.00	0.00	0.00
Deferred income tax assets - non current	40,446.00	2.23	50,555.00	2.98
Other assets	99,893.00	5.53	127,899.00	7.55
Assets	1,806,077.00	100.00	1,691,933.00	100.00
Liabilities and Stockholders' Equity				
Liabilities				
Current Liabilities				
Notes payable	51,683.00	2.86	57,340.00	3.38
Accounts payable	133,248.00	7.37	141,044.00	8.33
Accounts payable - related parties	53,627.00	2.96	50,692.00	2.99
Accrued expenses	65,802.00	3.64	65,486.00	3.87
Other current liabilities	2,085.00	0.11	2,796.00	0.16
Current liabilities	306,445.00	16.96	317,358.00	18.75

Long term Liabilities				
Reserves				
Other Liabilities				
Pension reserve / accrued pension liability	42,790.00	2.36	43,086.00	2.54
Other liabilities	42,790.00	2.36	43,086.00	2.54
Liabilities	349,235.00	19.33	360,444.00	21.30
Stockholders' Equity				
Capital				
Common stock	759,137.00	42.03	712,643.00	42.12
Advance receipts for common stock	9,545.00	0.52	905.00	0.05
Capital Surplus				
Capital surplus - additional paid-in capital	536,710.00	29.71	551,569.00	32.59
Capital surplus - treasury stock transactions	838.00	0.04	944.00	0.05
Capital surplus - employee stock option	32,925.00	1.82	0.00	0.00
Capital surplus	570,473.00	31.58	552,513.00	32.65
Retained Earnings				
Legal reserve	86,284.00	4.77	77,672.00	4.59
Special reserve	2,744.00	0.15	4,542.00	0.26
Unappropriated retained earnings	93,129.00	5.15	86,114.00	5.08
Retained earnings	182,157.00	10.08	168,328.00	9.94
Stockholders' Equity and Other adjustmen				
Cumulative translation adjustments	-3,336.00	-0.18	-2,744.00	-0.16
Equity adjustments	-3,336.00	-0.18	-2,744.00	-0.16
Treasury stock	-61,134.00	-3.38	-100,156.00	-5.91
Stockholders' equity	1,456,842.00	80.66	1,331,489.00	78.69
Number of treasury stock acquired by the company and subsidiaries (unit: share)	3,156,000.00	174.74	5,194,000.00	306.98



Financial Statement ? Income Statement

Provided by: GENESYSLOGIC, INC.
 Financial year: Yearly
 Unit: NT\$ thousand

Accounting Title	2006/12/31		2005/12/31	
	Amount	%	Amount	%
Sales	1,453,423.00	97.28	1,420,747.00	96.13
Sales returns	9,806.00	0.65	7,755.00	0.52
Sales discounts and allowances	714.00	0.04	759.00	0.05
Sales	1,442,903.00	96.58	1,412,233.00	95.55
Service revenue	22,513.00	1.50	36,580.00	2.47
Other service revenue	197.00	0.01	0.00	0.00
Service revenue	22,710.00	1.52	36,580.00	2.47
Other operating revenue	28,376.00	1.89	29,119.00	1.97
Operating income	1,493,989.00	100.00	1,477,932.00	100.00
Cost of sales	972,878.00	65.11	944,653.00	63.91
Operating costs	972,878.00	65.11	944,653.00	63.91
Gross profit (loss) from operations	521,111.00	34.88	533,279.00	36.08
Selling expense	73,359.00	4.91	64,847.00	4.38
General and administrative expenses	78,818.00	5.27	74,520.00	5.04
Research and development expenses	278,229.00	18.62	284,424.00	19.24
Operating expenses	430,406.00	28.80	423,791.00	28.67
Operating income (loss)	90,705.00	6.07	109,488.00	7.40
Non-Operating Income				
Interest income	9,368.00	0.62	2,790.00	0.18
Gains on sale of investments	6,360.00	0.42	3,232.00	0.21
Foreign exchange gains	0.00	0.00	7,294.00	0.49
Revaluation gain on financial assets	15,390.00	1.03	0.00	0.00
Miscellaneous income	8,568.00	0.57	8,750.00	0.59
Non-operating revenues and gains	39,686.00	2.65	22,066.00	1.49
Non-Operating Expenses				
Losses from long-term equity investments under the equity method	5,646.00	0.37	5,870.00	0.39
Investment loss	5,646.00	0.37	5,870.00	0.39
Loss on inventory valuation and obsolescence	22,893.00	1.53	25,421.00	1.72
Impairment loss on assets	2,500.00	0.16	0.00	0.00
Miscellaneous disbursements	3,292.00	0.22	4,875.00	0.32
Non-operating expenses and losses	34,331.00	2.29	36,166.00	2.44
Income from continuing operations before income tax	96,060.00	6.42	95,388.00	6.45
Income tax expense (benefit)	3,392.00	0.22	9,274.00	0.62
Income from continuing operations	92,668.00	6.20	86,114.00	5.82
Cumulative effect of changes in accounting principle	461.00	0.03	0.00	0.00
Net income (loss)	93,129.00	6.23	86,114.00	5.82
Primary Earnings per Share				
Primary earnings per share	1.30	0.00	1.31	0.00
Diluted earnings per share				
Diluted earnings per share	1.25	0.00	1.31	0.00



Statements of Changes in Stockholders' Equity

Provided by: GENESYSLOGIC, INC.
Financial year: Yearly
Unit : NT\$ thousand

Genesyslogic, Inc. Statements of Changes in Stockholders' Equity Years ended December 31, 2005 and 2006 (Expressed in thousands of New Taiwan dollars)									
Item	Common stock	Capital collected in advance	Capital surplus	-----Retained earnings----- Legal Reserve Special Reserve Inappropriate Reserve Reserve earning (Accumulated deficit)			Foreign currency translation adjustment	Treasury Stock	Total
Balance on January 1, 2005	\$703,476	-	551,569	75,175	645	24,971	(4,542)	(39,984)	1,311,310
Appropriation of 2004 earnings:									
Legal Reserve	-	-	-	2,497	-	(2,497)	-	-	-
Special reserve	-	-	-	-	3,897	(3,897)	-	-	-
Stockholder dividends (Stock and Cash)	8,259	-	-	-	-	(16,518)	-	-	(8,259)
Employee bonuses (Stock and Cash)	908	-	-	-	-	(1,816)	-	-	(908)
Remuneration to directors and supervisors	-	-	-	-	-	(243)	-	-	(243)
Employee stock option transferred to Common stock	-	905	-	-	-	-	-	-	905
Increase in treasury stock	-	-	-	-	-	-	-	(87,600)	(87,600)
Treasury stock transferred	-	-	944	-	-	-	-	27,428	28,372
Net income for the year ended December 31, 2005	-	-	-	-	-	86,114	-	-	86,114
Foreign currency translation adjustment	-	-	-	-	-	-	1,798	-	1,798
Balance on December 31, 2005	\$712,643	905	552,513	77,672	4,542	86,114	(2,744)	(100,156)	1,331,489
Appropriation of 2005 earnings:									
Legal Reserve	-	-	-	8,612	-	(8,612)	-	-	-
Special Reserve	-	-	-	-	(1,798)	1,798	-	-	-
Stockholder dividends (Stock nad Cash)	33,475	-	-	-	-	(66,950)	-	-	(33,475)
Employee bonuses (Stock nad Cash)	5,449	-	-	-	-	(10,898)	-	-	(5,449)
Remuneration to directors and supervisors	-	-	-	-	-	(1,452)	-	-	(1,452)
Employee stock option transferred to Common stock	7,570	8,640	18,066	-	-	-	-	-	34,276
Treasury stock transferred	-	-	(106)	-	-	-	-	39,022	38,916
Net income for the year ended December 31, 2006	-	-	-	-	-	93,129	-	-	93,129
Foreign currency translation adjustment	-	-	-	-	-	-	(592)	-	(592)
Balance on December 31, 2006	\$759,137	9,545	570,473	86,284	2,744	93,129	(3,336)	(61,134)	1,456,842



Statements of Cash Flows

Provided by: GENESYSLOGIC, INC.
 Financial year: Yearly
 Unit : NT\$ thousand

Genesyslogic, Inc. Statements of Cash Flows For the years ended December 31, 2005 and 2006 (Expressed in thousands of New Taiwan dollars)		
	2006	2005
Cash flows from operating activities:		
Net income	\$ 93,129	86,114
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	47,298	54,293
Gain on appraisal of financial assets	15,390	-
Equity in loss of affiliates, net	5,646	5,870
Loss on fair Value of Financial assets devaluation	2,500	-
Deferred income tax expense (benefit)	7,413	-
Net decrease of Financial assets held for trading (net increase)	(241,981)	5,267
Increase in notes and accounts receivable (including related parties)	(22,560)	(63,611)
Decrease in inventories	4,172	713
Decrease (increase) other current assets	(7,568)	3,386
Increase (decrease) in notes and accounts payable (including related parties)	(10,517)	29,751
Increase (decrease) in accrued expenses and other current liabilities	(394)	3,144
Increase (decrease) in pension liabilities	(296)	5,845
Others	(106)	589
Cash provided by (used in) operating activities	(107,874)	131,361
Cash flows from investing activities:		
Increase in long-term investments under the equity method	(26,160)	-
Increase in Financial assets under the cost method	-	(15,000)
Additions to property, plant and equipment	(19,326)	(6,509)
Increase in deferred expenses	(4,661)	(2,644)
Decrease in refundable deposits	1,015	108
Others	491	-
Cash provided by investing activities	(48,641)	(24,045)
Cash flows from financing activities :		
Treasury stock transferred	38,916	-
Increase in treasury stock	-	(59,228)
Employee stock option transferred to common stock	34,276	905
Cash dividends paid and Employees' bonuses	(38,924)	(9,167)
Directors' remuneration	(1,452)	(243)
Cash provided by (used in) financing activities	32,816	(67,733)
Net increase (decrease) in cash	(123,699)	39,583
Cash at beginning of year	421,092	381,509
Cash at end of year	\$ 297,393	421,092
Supplemental disclosures of cash flow information:		
Income taxes	4,741	3,080



Independent Auditors' Report

Provided by: GENESYSLOGIC, INC.
Financial year: Yearly

Provided by: Genesyslogic, Inc.
Independent Auditors' Report
2006, the fourth quarter

Name of CPA office: KPMG Certified Public Accountants
Name of CPA(1): Chung-Cheng Chien
Name of CPA(2): Chung-Hwa Wei
Date of audit or review report: March 13, 2007

Independent Auditors' Report

The Board of Directors
Genesys Logic, Inc.:

We have audited the accompanying balance sheets of Genesys Logic, Inc. as of December 31, 2005 and 2006, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. The compilation and preparation of these financial statements are the Company management's responsibility. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Genesys Logic America, Inc. and Eclat Holding Ltd., both are the Company's wholly-owned unconsolidated subsidiaries. The Company's investment in Genesys Logic America, Inc. and Eclat Holding Ltd., at December 31, 2005 and 2006, was NT\$49,365 and NT\$69,286 thousand, respectively, and its equity in losses of Genesys Logic America, Inc. and Eclat Holding Ltd. was NT\$5,870 and NT\$5,646 thousand, respectively. The financial statements of Genesys Logic America, Inc. and Eclat Holding Ltd. were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Genesys Logic America, Inc. and Eclat Holding Ltd., is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based upon our audits and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Genesys Logic, Inc. as of December 31, 2005 and 2006, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.

KPMG Certified Public Accountants

Taipei, Taiwan (the Republic of China)
March 13, 2007