

CHILISIN ELECTRONICS CORP.  
Consolidated Balance Sheets  
2<sup>nd</sup>Q of Year 2004 and 2003

Unit: In Thousands of Taiwan Dollars and  
U.S. Dollars Except Number of Shares Par Value

Assets		2 <sup>nd</sup> Q of Year 2004		2 <sup>nd</sup> Q of Year 2003	
		Amount	%	Amount	%
<b>Current Assets</b>					
1100	Cash and Cash Equivalents	\$ 26,075	1	\$ 154,884	7
1110	Short-Term Investments	491,169	19	367,761	16
1120	Notes Receivable	59,540	2	56,717	3
1140	Accounts Receivable—Allowance for 2003 uncollectible accounts NTD 7,886 Thousand on year 2004, NTD9,386 Thousand on year 2003	189,904	8	148,261	7
1150	Receivable to Related Parties	64,827	3	54,837	2
1190	Other Assets Banking	55,505	2	54,010	2
1210	Inventories-Net	238,267	9	228,925	10
1286	Deferred Income Tax Assets	37,496	2	9,677	1
1298	Other Current Assets	7,931	-	9,122	-
11XX	Total Current Assets	<u>1,170,714</u>	<u>46</u>	<u>1,084,194</u>	<u>48</u>
<b>Long-Term Equity Investments</b>					
142101	Long-Term Equity Investments Recognized Under Equity Method	612,803	24	506,863	22
142102	Long-Term Equity Investments Recognized Under Equity Method	8,250	-	8,407	1
14XX	Total Long-Term Equity Investment	<u>621,053</u>	<u>24</u>	<u>515,270</u>	<u>23</u>
<b>Property, Plant, and Equipment</b>					
Cost					
1501	Land Improvements	27,195	1	25,395	1
1521	Buildings and Equipment	116,437	4	113,915	5
1531	Machinery and Equipment	683,556	27	575,379	25
1544	Instrument and Equipment	22,338	1	18,734	1
1551	Transportation and Other Equipment	25,045	1	23,381	1
15X1		874,571	34	756,804	33
15X9	Loss: Accumulated Depreciation	343,243	13	297,609	13
		531,328	21	459,195	20
1670	Construction in Progress and Prepayment for Equipment	186,168	7	156,007	7
15XX	Property, Plant and Equipment-net	<u>717,496</u>	<u>28</u>	<u>615,202</u>	<u>27</u>
<b>Intangible Assets</b>					
1720	Patents	699	-	136	-
1770	Deferred Pension Costs	12,833	1	10,198	-
17XX	Total Intangible Assets	<u>13,532</u>	<u>1</u>	<u>10,334</u>	<u>-</u>
<b>Total Assets</b>					
1820	Refundable Deposit	87	-	92	-
1830	Deferred Costs	8,433	1	12,055	1
1860	Deferred Income Tax Assets	6,683	-	33,096	1
18XX	Total Other Assets	<u>15,203</u>	<u>1</u>	<u>45,243</u>	<u>2</u>
1XXX	Total Assets	<u>\$ 2,537,998</u>	<u>100</u>	<u>\$ 2,270,243</u>	<u>100</u>
<b>Liabilities and Stockholders' Equity</b>		Amount	%	Amount	%

	<b>Current Liabilities</b>				
2100	Short-Term Borrowings (Debt)	\$ 49,520	2	\$ 45,748	2
2110	Short-Term Notes and Bills Payable	79,845	3	39,913	2
2120	Notes Payable	167,564	7	108,596	5
2140	Account Payable	37,258	1	25,219	1
2150	Account Payable-Related Parties	32,050	1	57,604	3
2160	Income Tax Payable	4,424	-	-	-
2170	Accrued Expenses	42,559	2	28,897	1
2216	Current portion of Deferred Income	79,056	3	78,929	3
2260	Short-Term Borrowings (Debt)	16,177	1	13,005	1
2270	Long-term corporate bonds	639,269	25	-	-
2280	Other Current Liabilities	<u>15,758</u>	<u>1</u>	<u>8,843</u>	<u>-</u>
21XX	Total Current Liabilities	<u>1,163,480</u>	<u>46</u>	<u>406,754</u>	<u>18</u>
	<b>Long-Term Liabilities</b>				
2410	Corporate Bonds Payable	-	-	635,198	28
2420	Long-Term Loan Payable	<u>130,000</u>	<u>5</u>	<u>-</u>	<u>-</u>
24XX	Total Long-Term Liabilities	<u>130,000</u>	<u>5</u>	<u>635,198</u>	<u>28</u>
	<b>Other Liabilities</b>				
2810	Accrued Pension Liabilities	27,201	1	21,307	1
2820	Guarantee Deposit Received	42	-	42	-
2880	Income	<u>10,013</u>	<u>-</u>	<u>11,833</u>	<u>-</u>
28XX	Total Other Liabilities	<u>37,256</u>	<u>1</u>	<u>33,182</u>	<u>1</u>
2XXX	Total Liabilities	<u>1,330,736</u>	<u>52</u>	<u>1,075,134</u>	<u>47</u>
	<b>Stockholders' Equity</b>				
	Capital Stock-NT\$ 10 par Value Authorized-245,800 Thousand Shares for 2004, Issued-NT\$ 102,325 Thousand Shares for 2003, NT\$ 101,680 Thousand Shares for 2002	<u>1,026,248</u>	<u>41</u>	<u>1,016,800</u>	<u>45</u>
3150	Increase Capital Preparation Additional Paid-in Capital	<u>31,811</u>	<u>1</u>	<u>9,090</u>	<u>-</u>
3211	Paid-in Capital in Excess of Par	16,322	1	16,322	1
3213	CB	702	-	-	-
3220	Treasury Stock	1,998	-	-	-
3260	From Long-Term Stock Investments	<u>-</u>	<u>-</u>	<u>53</u>	<u>-</u>
32XX		<u>19,022</u>	<u>1</u>	<u>16,375</u>	<u>1</u>
	Retained Earning				
3310	Legal Reserve	76,062	3	62,676	3
	Other Appropriated Vetained Earnings	173	-	173	-
3350	Retained Earnings-Unappropriated	<u>147,208</u>	<u>6</u>	<u>120,693</u>	<u>5</u>
33XX	Total Retained Earning	<u>223,443</u>	<u>9</u>	<u>183,542</u>	<u>8</u>
	Unrealized Loss on Market Value Decline of Long-Term Equity Investments	-	-	( 1,371 )	-
3420	Cumulative Translation Adjustment	<u>6,790</u>	<u>-</u>	<u>19,242</u>	<u>1</u>
34XX	Total Other Stockholders' Equity	<u>6,790</u>	<u>-</u>	<u>17,871</u>	<u>1</u>
	Treasury Stock (Ordinary Stock)-4,520 Thousands Shares in 2004, 3,019 Thousands Shares in 2003	( <u>100,052</u> )	( <u>4</u> )	( <u>48,569</u> )	( <u>2</u> )
3510	Stockholders' Equity	<u>1,207,262</u>	<u>48</u>	<u>1,195,109</u>	<u>53</u>
3XXX	Total Liabilities and Stockholder's Equality	<u>\$ 2,537,998</u>	<u>100</u>	<u>\$ 2,270,243</u>	<u>100</u>

CHILISIN ELECTRONICS CORP.  
Consolidated Statements of Income  
2<sup>nd</sup>Q of Year 2004 and 2003

Unit: In Thousands of Taiwan Dollars and U.S. Dollars.  
Except Number of Shares Par Value

	2 <sup>nd</sup> Q of Year 2004		2 <sup>nd</sup> Q of Year 2003	
	Amount	%	Amount	%
4110 Sales Revenue	\$ 532,743	101	\$ 423,545	101
4170 Loss: Sales Return and Allowances	<u>5,915</u>	<u>1</u>	<u>5,144</u>	<u>1</u>
4100 Sales Revenue-Net	526,828	100	418,401	100
5110 Cost of Goods Sold	<u>392,862</u>	<u>75</u>	<u>341,111</u>	<u>82</u>
Additional (Loss) Receivable of Sales Gross Profit from Related Parties	133,966	25	77,290	18
5930 Receivable of Sales Gross Profit from Related Parties	( <u>1,416</u> )	<u>-</u>	<u>2,218</u>	<u>1</u>
5910 Gross Profit	<u>132,550</u>	<u>25</u>	<u>79,508</u>	<u>19</u>
Operating Expenses				
6100 Selling Expenses	30,646	6	27,020	6
6200 General and Administrative Expenses	23,205	4	23,196	6
6300 Research and Development Expenses	<u>19,752</u>	<u>4</u>	<u>15,543</u>	<u>4</u>
6000 Total Operating Expenses	<u>73,603</u>	<u>14</u>	<u>65,759</u>	<u>16</u>
6900 Sales Profit	<u>58,947</u>	<u>11</u>	<u>13,749</u>	<u>3</u>
Non-Operating Expenses and Loss				
7121 Investment Profit Recognized Under Equity Method	30,552	6	17,163	4
7140 Gain on Disposal of Investments	13,652	3	23,742	6
7110 Interest Income	5,872	1	10,193	3
7260 Inventories	1,216	-	-	-
7480 Other	<u>4,389</u>	<u>1</u>	<u>5,219</u>	<u>1</u>
7100 Total	<u>55,681</u>	<u>11</u>	<u>56,317</u>	<u>14</u>
Non-Operating Expenses and Loss				
7510 Interest Expense	\$ 15,380	3	\$ 13,299	3
7570 Loss for Market Price Decline of Inventories	11,216	2	-	-
7880 Other	<u>2,642</u>	<u>1</u>	<u>2,793</u>	<u>1</u>
7500 Total	<u>29,238</u>	<u>6</u>	<u>16,092</u>	<u>4</u>
7900 Benefit Before Income Tax	85,390	16	53,974	13
8110 Income Tax Expense	<u>284</u>	<u>-</u>	( <u>13,015</u> )	( <u>3</u> )
9600 Net Income	<u>\$ 85,106</u>	<u>16</u>	<u>\$ 66,989</u>	<u>16</u>
Profit of Stock	Before Tax	After Tax	Before Tax	After Tax
9750 Primary EPS	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.54</u>	<u>\$ 0.67</u>
9850 Fully diluted EPS	<u>\$ 0.79</u>	<u>\$ 0.76</u>	<u>\$ 0.54</u>	<u>\$ 0.67</u>

