

TSE: 4906

Gemtek Technology Co., Ltd.

Annual Financial Reports  
2008

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Gemtek Technology Co., Ltd.

Balance Sheet  
December 31 of 2008 & 2007  
(Reviewed but Un-audited)

Unit: NT\$'000

Code	Assets	Dec. 31, 2008		Dec. 31, 2007		Code	Liabilities & Stockholders' Equity	Dec. 31, 2008		Dec. 31, 2007	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>Current Assets</b>						<b>Current Liabilities</b>				
1100	Cash & Cash Equivalents	\$ 3,205,868	23	\$ 2,838,293	23	2120	Notes Payable	\$ 134,692	1	\$ 96,216	1
1310	Assets Adjusted Fair Value					2140	Accounts Payable	3,825,598	27	3,045,204	24
		41,899	-	91,103	1	2160	Income Tax Payable	114,584	1	186,220	1
1320	Marketable Securities	-	-	293,660	2	2170	Expense Payable	469,739	3	244,792	2
1120	Note Receivable (Net)	57,195	1	87	-	2270	Long-term liabilities—current portion	548,080	4	-	-
1140	Account Receivable (Net)	4,288,652	30	3,386,767	27	2298	Other Current Liabilities	368,541	2	323,965	3
1160	Notes Receivable-Related Parties					21XX	Total Current Liabilities	5,461,234	38	3,896,397	31
		48,194	-	56,887	-						
1210	Inventory	1,399,073	10	1,691,982	14		<b>Long-Term liabilities</b>				
1298	Other Current Assets	320,161	2	221,014	2	2410	Bonds Payable	936,942	7	741,564	6
11XX	Total Current Assets	9,361,042	66	8,579,793	69						
	<b>Funds &amp; Long-term Investments</b>					28XX	Other Liabilities	295,846	2	99,653	1
1430	Financial assets designated as at fair value through profit or loss	62,862	1	-	-	2XXX	Total Liabilities	6,694,022	47	4,737,614	38
1450	Purchase of sellable financial assets (non-current)	20,373	-	-	-		<b>Stockholders' Equity</b>				
1480	Long-term investments under cost method	50,512	-	170,775	1		Capital				
1421	Long-term investment under equity method	653,803	5	563,788	5	3110	Common Stock	2,563,412	18	2,411,851	19
14XX	Total Funds & long-term investments	787,550	6	734,563	6	3140	Capital collected in advance	19,023	-	-	-
						32XX	Capital Reserve	4,124,011	29	3,877,320	31
							Retained Earnings				
	<b>Property, plant &amp; Equipment Cost</b>					3310	Legal Reserve	456,159	3	355,322	3
						3351	Un-appropriated Earnings	1,066,041	8	1,015,168	8
1501	Land	328,168	2	328,168	3		Adjusting Items in stockholders' equity				
						3450	Financial Product pending gain/loss	( 38,311 )	-	4,170	-
1521	Buildings	1,232,974	9	1,188,043	9		Cumulative translation adjustments	262,619	2	94,301	1
1531	Machinery & Equipment	2,233,961	16	1,830,250	15	3510	Treasury Stock	( 1,075,812 )	( 8 )	( 112,421 )	( 1 )
	Other Equipment						Total Owner Equity of Mother Company	7,377,142	52	7,645,711	61
1681		699,675	5	537,604	4						
15X1	Total at Cost	4,494,778	32	3,884,065	31	3610	Minority Interest	69,720	1	83,846	1
15X9	Less: Accumulated Depreciation	( 1,248,465 )	( 9 )	( 921,552 )	( 7 )						
1670	Add: Construction in progress & prepayments	555,805	4	6,916	-						
15XX	Property, plant & Equipment Net	3,802,118	27	2,969,429	24	3XXX	Total Stockholders' Equity	7,446,862	53	7,729,557	62
18XX	Other Assets	190,174	1	183,386	1						
1XXX	Total Assets	\$ 14,140,884	100	\$ 12,467,171	100		Total Liabilities & Stockholders' equity	\$ 14,140,884	100	\$ 12,467,171	100

Chairman : Chen, Hung Wen

Executive: Chen, Hung Wen

Accounting Officer : Lin, Chih Hung

Gemtek Technology Co., Ltd

Income Statement

For the year ended December 31 of 2008 and 2007

( Reviewed but Un-audited )

Unit: NT\$'000, EPS in NT\$1

Code		2 0 0 8		2 0 0 7	
		A m o u n t	%	A m o u n t	%
4000	Sales Revenue	\$21,534,698	100	\$17,492,342	100
5000	Operating Cost	( 18,676,911 )	( 87 )	( 15,427,518 )	( 88 )
5910	Gross Profit	2,857,787	13	2,064,824	12
5920	Unrealized profit between subsidiaries	( 1,795 )	-	-	-
	Realized gross profit	<u>2,855,992</u>	<u>13</u>	<u>2,064,824</u>	<u>12</u>
	Operating Expenses				
6100	Sales & marketing expense	( 289,782 )	( 1 )	( 171,783 )	( 1 )
6200	Administration Expense	( 317,813 )	( 1 )	( 265,567 )	( 2 )
6300	R&D Expense	( 751,475 )	( 4 )	( 542,061 )	( 3 )
6000	Sub Total	( 1,359,070 )	( 6 )	( 979,411 )	( 6 )
6900	Operating Income	<u>1,496,922</u>	<u>7</u>	<u>1,085,413</u>	<u>6</u>
	Non-Operating Income				
7110	Interest Revenue	44,630	-	44,636	-
7122	Dividend income	3,530	-	-	-
7130	Gains from Disposal of Fixed Assets	301	-	4,552	-
7140	Gain on disposal of investments	136,278	1	240,194	2
7150	Gain on Physical Inventory	5,296	-	9,043	-
7160	Foreign exchange gain	152,566	1	151,948	1
7480	Other Income	<u>55,717</u>	<u>-</u>	<u>42,189</u>	<u>-</u>
7100	Sub Total	<u>398,318</u>	<u>2</u>	<u>492,562</u>	<u>3</u>

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Code	2 0 0 8		2 0 0 7	
	A m o u n t	%	A m o u n t	%
	Non-Operating Expenses			
7510	(\$ 51,531)	-	(\$ 40,971)	-
7521	( 123,361)	( 1)	( 94,840)	( 1)
7522	( 2,749)	-	( 17,208)	-
7530	( 12,174)	-	( 1,459)	-
7570	( 80,607)	( 1)	( 127,511)	( 1)
7650	( 37,195)	-	( 1,708)	-
7880	( 36,188)	-	( 5,451)	-
7500	( 343,805)	( 2)	( 289,148)	( 2)
7900	1,551,435	7	1,288,827	7
8110	( 385,007)	( 2)	( 186,233)	( 1)
9600	<u>\$ 1,166,428</u>	<u>5</u>	<u>\$ 1,102,594</u>	<u>6</u>
	Attributed from:			
9601	\$ 1,136,552	5	\$ 1,008,371	6
9602	<u>29,876</u>	<u>-</u>	<u>94,223</u>	<u>-</u>
	<u>\$ 1,166,428</u>	<u>5</u>	<u>\$ 1,102,594</u>	<u>6</u>
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
	Consolidated Net Profit per Share			
9750	<u>\$ 5.98</u>	<u>\$ 4.83</u>	<u>\$ 4.64</u>	<u>\$ 4.02</u>
9850	<u>\$ 5.25</u>	<u>\$ 4.23</u>	<u>\$ 4.38</u>	<u>\$ 3.78</u>

Chairman: Chen, Hung Wen    Executive: Chen Hung Wen    Accounting Officer : C.H Lin

## Gemtek Technology Co., Ltd

## Consolidated Statement of Changes in Equity

Period from Jan. 1 to Dec. 31 of 2008 &amp; 2007

	<u>C a p i t a l</u>			<u>R e t a i n e d E a r n i n g s</u>		<u>O t h e r I t e m s o f O w n e r s ' E q u i t y</u>				<u>Total</u>
	<u>Share Capital</u>	<u>Capital Collected in Advance</u>	<u>Capital Reserves</u>	<u>Legal Reserves</u>	<u>Profit to be Distributed</u>	<u>Unrealized Financial Products Gain/Loss</u>	<u>Accumulated Conversion Adjustments</u>	<u>Treasury Stock</u>	<u>Minority Interests</u>	
Balance on Jan. 1 <sup>st</sup> 2007	\$ 2,137,357	\$ -	\$ 3,557,688	\$ 269,208	\$ 888,270	\$ -	\$ 21,979	\$ -	\$ 96,023	\$ 6,970,525
Earnings Distribution of 2006										
Legal Retained Earning Reserves	-	-	-	86,114	( 86,114 )	-	-	-	-	-
Cash Dividends	-	-	-	-	( 552,994 )	-	-	-	-	( 552,994 )
Stock Dividends	110,599	-	-	-	( 110,599 )	-	-	-	-	-
Bonus for Employees	-	-	-	-	( 66,073 )	-	-	-	-	( 66,073 )
Employee Stock Bonuses	50,180	-	-	-	( 50,180 )	-	-	-	-	-
BOD remuneration	-	-	-	-	( 15,500 )	-	-	-	-	( 15,500 )
Bonds Conversion	113,715	-	432,485	-	-	-	-	-	-	546,200
Valuation of compound financial products' equity factors	-	-	( 112,853 )	-	-	-	-	-	-	( 112,853 )
Net Profit of 2007	-	-	-	-	1,008,371	-	-	-	94,223	1,102,594
Change of unrealized profit of sellable financial products	-	-	-	-	-	4,170	-	-	-	4,170
Accumulated Conversion Adjustments	-	-	-	-	-	-	72,322	-	-	72,322
Buy back Treasury Stock —5,077,000 shares	-	-	-	-	-	-	-	( 344,781 )	-	( 344,781 )
Disposal of Treasury Stock—3,005,000 shares	-	-	-	-	( 13 )	-	-	232,360	-	232,347
Change of Minority Interests	-	-	-	-	-	-	-	-	( 106,400 )	( 106,400 )
Balance on Dec. 31 <sup>st</sup> 2007	2,411,851	-	3,877,320	355,322	1,015,168	4,170	94,301	( 112,421 )	83,846	7,729,557
Earnings Distribution of 2007										
Legal Retained Earning Reserve	-	-	-	100,837	( 100,837 )	-	-	-	-	-
Cash Dividends	-	-	-	-	( 705,562 )	-	-	-	-	( 705,562 )
Stock Dividends	44,098	-	-	-	( 44,098 )	-	-	-	-	-
Bonus for Employees	-	-	-	-	( 63,980 )	-	-	-	-	( 63,980 )
Employee Stock Bonuses	72,150	-	-	-	( 72,150 )	-	-	-	-	-
BOD remuneration	-	-	-	-	( 18,151 )	-	-	-	-	( 18,151 )
Bonds Conversion	47,853	18,783	197,966	-	-	-	-	-	-	264,602
Adjustment of change of long-term equity holding ratio	-	-	10,748	-	-	-	-	-	-	10,748
Valuation of compound financial products' equity factors	-	-	53,727	-	-	-	-	-	-	53,727
Transfer of options to new issuance of stock	9,640	240	21,186	-	-	-	-	-	-	31,066
Net Profit of 2008	-	-	-	-	1,136,552	-	-	-	29,876	1,166,428
Change of unrealized profit of sellable financial products	-	-	-	-	-	( 42,481 )	-	-	-	( 42,481 )
Accumulated Conversion Adjustments	-	-	-	-	-	-	168,318	-	-	168,318
Buy back Treasury Stock —21,146,000 shares	-	-	-	-	-	-	-	( 1,103,408 )	-	( 1,103,408 )
Disposal of Treasury Stock—2,218,000 shares	( 22,180 )	-	( 36,936 )	-	( 80,901 )	-	-	140,017	-	-
Change of Minority Interests	-	-	-	-	-	-	-	-	( 44,002 )	( 44,002 )
Balance on Dec. 31 <sup>st</sup> 2008	\$ 2,563,412	\$ 19,023	\$ 4,124,011	\$ 456,159	\$ 1,066,041	( \$ 38,311 )	\$ 262,619	( \$ 1,075,812 )	\$ 69,720	\$ 7,446,862

Gemtek Technology Co., Ltd  
Statement of Cash Flows  
For the year ended December 31 of 2008 and 2007  
( Reviewed, but Un-Audited )

Unit: NT\$'000

	2 0 0 8	2 0 0 7
Cash flows from operating activities		
Net income	\$ 1,166,428	\$ 1,102,594
Bad Debt Expense	15,672	-
Depreciation	436,513	372,252
Loss of Inventory Write Off	80,607	127,511
Other Investment Loss	2,749	17,208
Investment Gain under equity Method	123,361	94,840
Gains from Disposal of Investment	( 136,278)	( 240,194)
Gains from Disposal of Fixed Assets	11,873	( 3,093)
Financial Product appropriated loss	( 35,620)	( 960)
Interest Subsidies	51,531	38,148
Deferred Income Tax Asset	112,555	28,851
Unrealized sales profits	1,795	-
Changes in assets & Liabilities		
Accounts Receivable	( 952,235)	197,280
Other receivables—related parties	8,693	( 56,255)
Inventory	212,302	414,566
Other current assets	( 6,332)	36,097
Notes Payable	818,867	58,634
Expense Payable	224,947	71,319
Tax Payable	( 71,636)	93,608
Other current liabilities	( 70,577)	63,022
Others	<u>34,736</u>	<u>( 99,973)</u>
Net cash from Operating Activities	<u>2,029,951</u>	<u>2,315,455</u>
Cash flows from investing activities		
Purchase of sellable financial assets	-	( 1,060,000)
Gain/Loss from disposal of sellable financial assets	295,618	776,191
Acquisition of financial assets designated as at fair value through profit or loss	( 40,000)	( 277,005)

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Disposal of financial assets designated as at fair value through profit or loss	85,241	283,762
Purchase of long-term investment	( 250,583)	( 370,576)
Gain/Loss from disposal of long-term investment	234,882	403,815
Purchase of fixed assets	(\$ 834,203)	(\$ 272,058)
Sales of fixed assets	7,176	23,551
Other increase assets	( 64,383)	( 56,604)
Increase of constrained assets	( 40,432)	-
Others	9,669	-
Net Cash used in Investing activities	( 597,015)	( 548,924)
Cash flows from financing activities		
Issuance of Payable Bonds	995,000	-
Decrease of bonds payable	( 15,680)	-
Decrease of short-term debt	-	( 171,646)
Change in minority stock	( 121,082)	( 106,400)
Cost of Treasury Stock Buyback	( 1,103,408)	( 344,781)
Gains from Treasury Stock Sale	-	232,347
Cash Dividend	( 705,562)	( 552,994)
BOD remuneration & Bonus for Employees	( 82,131)	( 81,573)
New issuance of stock of employee' option	31,066	-
Cash flow in(out) from financing Activities	( 1,001,797)	( 1,025,047)
Currency Influence	( 63,564)	( 11,042)
Net increase in cash and cash equivalents	367,575	730,442
Cash & Cash equivalent at beginning of year	2,838,293	2,107,851
Cash & Cash equivalent at end of year	\$ 3,205,868	\$ 2,838,293
Supplement disclosure of Cash flow information		
Cash paid for interest ( excluding capitalized interests )	\$ -	\$ -
Income Tax	\$ 319,061	\$ 63,774
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Investing & financing activities not  
affecting cash flows

Bonds Conversion	\$ 212,704	\$ 433,347
Payable Bonds due within one year	\$ 548,080	\$ -

Chairman: Chen Hung Wen Executive: Chen Hung Wen

Accounting Officer: Lin Chih Hu