

TSE: 4906

Gemtek Technology Co., Ltd.

Annual Financial Report
2007

Address: No. 1 Jenai Road, Hsinchu Industrial Park, Hukou, Hsinchu, Taiwan

Tel: +886 3 598 5535

Balance Sheet
December 31 of 2006 & 2007
(Reviewed but Un-audited)

Unit: NT\$'000

Code	Assets	D e c . 3 1 , 2 0 0 7		D e c . 3 1 , 2 0 0 6		Code	Liabilities & Stockholders' Equity	D e c . 3 1 , 2 0 0 7		D e c . 3 1 , 2 0 0 6	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current Assets						Current Liabilities				
1100	Cash & Cash Equivalents	\$ 2,838,293	23	\$ 2,107,851	18	2100	Short-term Loans	\$ -	-	\$ 171,646	1
1310	Assets Adjusted Fair Value	90,623	1	87,545	1	2120	Notes Payable	96,216	1	435,722	4
1320	Marketable Securities	293,660	2	-	-	2140	Accounts Payable	3,045,204	24	2,647,064	22
1120	Note Receivable (Net)	87	-	33,704	-	2160	Income Tax Payable	186,220	1	92,612	1
1140	Account Receivable (Net)	3,386,767	27	3,550,430	29	2170	Expense Payable	244,792	2	172,351	1
1160	Notes Receivable-Related Parties	56,887	-	632	-	2270	Long-term liabilities—current portion	-	-	3,685	-
1210	Inventory	1,691,982	14	2,184,070	18	2298	Other Current Liabilities	323,965	3	261,036	2
1298	Other Current Assets	221,494	2	277,608	2	21XX	Total Current Liabilities	3,896,397	31	3,784,116	31
11XX	Total Current Assets	8,579,793	69	8,241,840	68		Long-Term liabilities				
	Funds & Long-term Investments					2410	Bonds Payable	741,564	6	1,134,195	9
1421	Long-term investment accounted for under equity method	563,788	5	426,126	3	28XX	Other Liabilities	99,653	1	217,739	2
1480	Long-term investments accounted for under cost method	170,775	1	233,177	2	2XXX	Total Liabilities	4,737,614	38	5,136,050	42
14XX	Total Funds & long-term investments	734,563	6	659,303	5		Stockholders' Equity				
	Property, plant & Equipment					3110	Capital				
	Cost					32XX	Common Stock	2,411,851	19	2,137,357	18
1501	Land	328,168	3	328,168	3	3310	Capital Reserve	3,877,320	31	3,557,688	29
1521	Buildings	1,188,043	9	1,148,367	10	3351	Retained Earnings				
1531	Machinery & Equipment	1,830,250	15	1,745,562	14		Legal Reserve	355,322	3	269,208	2
1681	Other Equipment	537,604	4	388,332	3		Un-appropriated Earnings	1,015,168	8	888,270	8
15X1	Total at Cost	3,884,065	31	3,610,429	30		Adjusting Items in stockholders' equity				
15X9	Less: Accumulated Depreciation	(921,552)	(7)	(613,488)	(5)	3450	Financial Product pending gain/loss	4,170	-	-	-
1670	Add: Construction in progress & prepayments	6,916	-	3,322	-	3420	Cumulative translation adjustments	94,301	1	21,979	-
15XX	Property, plant & Equipment Net	2,969,429	24	3,000,263	25	3510	Treasury Stock	(112,421)	(1)	-	-
18XX	Other Assets	183,386	1	205,169	2		Total Owner Equity of Mother Company	7,645,711	61	6,874,502	57
1XXX	Total Assets	\$ 12,467,171	100	\$ 12,106,575	100	3610	Minority Interest	83,846	1	96,023	1
						3XXX	Total Stockholders' Equity	7,729,557	62	6,970,525	58
							Total Liabilities & Stockholders' equity	\$ 12,467,171	100	\$ 12,106,575	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 2007 and 2006

(Reviewed but Un-audited)

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

Code		2007	%	2006	%
		A m o u n t	%	A m o u n t	%
4000	Sales Revenue	\$17,492,342	100	\$16,419,360	100
5000	Operating Cost	(15,427,518)	(88)	(14,506,255)	(89)
5910	Gross Profit	<u>2,064,824</u>	<u>12</u>	<u>1,913,105</u>	<u>11</u>
	Operating Expenses				
6100	Sales & marketing expense	(171,783)	(1)	(197,331)	(1)
6200	Administration Expense	(265,567)	(2)	(217,630)	(1)
6300	R&D Expense	(542,061)	(3)	(424,246)	(3)
6000	Sub Total	<u>(979,411)</u>	<u>(6)</u>	<u>(839,207)</u>	<u>(5)</u>
6900	Operating Income	<u>1,085,413</u>	<u>6</u>	<u>1,073,898</u>	<u>6</u>
	Non-Operating Income				
7110	Interest Revenue	44,636	-	32,263	-
7121	Investment income recognized under equity method	-	-	49,156	1
7130	Gains from Disposal of Fixed Assets	4,552	-	4,398	-
7140	Gain on disposal of investments	240,194	2	513	-
7150	Gain on Physical Inventory	9,043	-	9,909	-
7160	Foreign exchange gain	151,948	1	23,972	-
7310	Gains from Financial Assets Adjustments	-	-	3,208	-
7480	Other Income	<u>42,189</u>	<u>-</u>	<u>13,310</u>	<u>-</u>
7100	Sub Total	<u>492,562</u>	<u>3</u>	<u>136,729</u>	<u>1</u>

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Code		2 0 0 7		2 0 0 6	
		A m o u n t	%	A m o u n t	%
	Non-Operating Expenses				
7510	Interest expense	(\$ 40,971)	-	(\$ 60,851)	(1)
7521	Investment loss by Equity Method	(94,840)	(1)	-	-
7522	Other Investment Losses	(17,208)	-	(31,836)	-
7530	Loss from Disposal of Fixed Assets	(1,459)	-	(3,057)	-
7570	Loss for market price decline and obsolete and slow-moving inventories	(127,511)	(1)	(37,345)	-
7650	Financial Product Appropriated Loss	(1,708)	-	-	-
7880	Other Expenses	(5,451)	-	(835)	-
7500	Sub Total	(289,148)	(2)	(133,924)	(1)
7900	Net Profit Before Tax	1,288,827	7	1,076,703	6
8110	Tax gains (expense)	(186,233)	(1)	(189,026)	(1)
9600	Net Profit after Tax	<u>\$ 1,102,594</u>	<u>6</u>	<u>\$ 887,677</u>	<u>5</u>
	Attributed from:				
9601	Mother Company	\$ 1,008,371	6	\$ 861,134	5
9602	Minority Interest	<u>94,223</u>	<u>-</u>	<u>26,543</u>	<u>-</u>
		<u>\$ 1,102,594</u>	<u>6</u>	<u>\$ 887,677</u>	<u>5</u>
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
	Consolidated Net Profit per Share				
9750	Base EPS	<u>\$ 4.89</u>	<u>\$ 4.24</u>	<u>\$ 4.75</u>	<u>\$ 3.89</u>
9850	Diluted EPS	<u>\$ 4.59</u>	<u>\$ 3.97</u>	<u>\$ 4.55</u>	<u>\$ 3.73</u>

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

Gemtek Technology Co., Ltd
Statement of Cash Flows
For the year ended December 31 of 2007 and 2006
(Reviewed, but Un-Audited)

Unit: NT\$'000

	2 0 0 7	2 0 0 6
Cash flows from operating activities		
Net income	\$ 1,102,594	\$ 887,677
Bad Debt Expense	-	16,500
Depreciation	372,252	351,447
Loss of Inventory Write Off	127,511	37,345
Investment Gain under equity Method	17,208	31,836
Gains from Disposal of Inventory	94,840	(49,156)
Gains from Disposal of Fixed Assets	(240,194)	(513)
Other Investment Loss	(3,093)	-
Interest Subsidies	(960)	(3,208)
Financial Product appropriated loss	38,148	23,574
Deferred Income Tax Asset	28,851	83,571
Changes in assets & Liabilities	-	(1,714)
Net income		
Accounts Receivable	197,280	(343,218)
Other receivables—related parties	(56,255)	23,869
Inventory	414,566	(276,554)
Other current assets	36,097	107,093
Notes Payable	58,634	506,449
Expense Payable	71,319	67,647
Notes Payable	93,608	30,183
Other current liabilities	63,022	195,428
Others	(<u>99,973</u>)	(<u>3,569</u>)
Net cash from Operating Activities	<u>2,315,455</u>	<u>1,684,687</u>
Cash flows from investing activities		
Decrease(Increase) Marketable Securities	(1,060,000)	(280,000)
Decrease(Increase) Other Financial Assets	776,191	280,513
Acquisition of Long Term Investments	(277,005)	(160,012)
Disposal of Long Term Investments	283,762	85,069

Acquisition of property, plant & equipments	(370,576)	(339,800)
Proceeds from disposal of fix assets	403,815	39,775
	<hr/>	<hr/>
Purchase of fixed assets	(\$ 272,058)	(\$ 418,218)
Sales of fixed assets	23,551	9,495
Other increase assets	(<u>56,604</u>)	(<u>62,186</u>)
Net Cash used in Investing activities	(<u>548,924</u>)	(<u>845,364</u>)
Cash flows from financing activities		
Issuance of Payable Bonds	-	1,637,565
Increase(decrease) short-term loan	(171,646)	(1,725,895)
Change in minority stock	(106,400)	-
Cost of Treasury Stock Buyback	(344,781)	-
Gains from Treasury Stock Sale	232,347	-
Cash Dividend	(552,994)	(222,162)
Bonus for Employees	(66,073)	(20,050)
BOD remuneration	(<u>15,500</u>)	(<u>8,674</u>)
Cash flow in(out) from financing Activities	(<u>1,025,047</u>)	(<u>339,216</u>)
Currency Influence	(<u>11,042</u>)	(<u>34,361</u>)
Net decrease in cash and cash equivalents	730,442	465,746
Cash & Cash equivalent at beginning of year	<u>2,107,851</u>	<u>1,642,105</u>
Cash & Cash equivalent at end of year	<u>\$ 2,838,293</u>	<u>\$ 2,107,851</u>
Supplement disclosure of Cash flow information		
Cash paid for interest (excluding capitalized interests)	<u>\$ -</u>	<u>\$ 37,840</u>
Income Tax	<u>\$ 63,774</u>	<u>\$ 37,692</u>
Investing & financing activities not affecting cash flows		
CB converting to common stock	<u>\$ 433,347</u>	<u>\$ 267,836</u>
Payable Bonds due within one year	<u>\$ -</u>	<u>\$ 3,685</u>

Chairman: Chen Hung Wen
Executive: Chen Hung Wen
Accounting Officer: Lin Chih Hu