

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Balance Sheets**

**2004 Q1 and 2003Q1**

**(Amounts are expressed in thousands of New Taiwan dollars)**

	<b>2004Q1</b>		<b>2003Q1</b>	
Assets	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current assets:</b>				
Cash and cash equivalents	\$ 173,816	10	80,648	5
Short-term investments	69,847	4	46,725	3
Notes Receivable	15,903	1	8,484	1
Accounts Receivable	251,502	14	176,504	11
Accounts Receivable-Related Parties	89,759	5	112,606	8
Other Receivables-Related Parties	7,164	-	6,894	-
Inventories	207,340	12	242,378	15
Other Current Assets	<u>26,453</u>	<u>2</u>	<u>34,637</u>	<u>2</u>
	<u>841,784</u>	<u>48</u>	<u>708,876</u>	<u>45</u>
<b>Long-Term Investments</b>				
Long-Term Investments in Stocks	402,356	22	371,450	23
Long-Term Investments in Bonds	<u>-</u>	<u>-</u>	<u>34,900</u>	<u>2</u>
	<u>402,356</u>	<u>22</u>	<u>406,350</u>	<u>25</u>
Other financial asset	<u>1,700</u>	<u>-</u>	<u>1,712</u>	<u>-</u>
<b>Fixed Assets</b>				
Buildings and Structures	187,175	11	194,634	12
Machinery and Equipment	522,986	29	493,599	30
Transportation Equipment	7,018	-	5,468	-
Office Equipment	7,108	-	12,377	1
Other Facilities	<u>101,120</u>	<u>6</u>	<u>104,564</u>	<u>6</u>
	825,407	46	810,642	49
Less: accumulated depreciation	(359,759)	(20)	(318,004)	(20)
Unfinished Construction and Prepayments	<u>47,713</u>	<u>3</u>	<u>1,808</u>	<u>-</u>
For Business Facilities				
	<u>513,361</u>	<u>29</u>	<u>494,446</u>	<u>29</u>
<b>Other assets:</b>				
Deferred Charges	196	-	363	-
Deferred Income Tax Assets	<u>18,655</u>	<u>1</u>	<u>8,631</u>	<u>1</u>
	<u>18,851</u>	<u>1</u>	<u>8,994</u>	<u>1</u>
<b>Total Assets</b>	<b><u>\$ 1,778,052</u></b>	<b><u>100</u></b>	<b><u>1,620,378</u></b>	<b><u>100</u></b>

	<b>2004Q1</b>		<b>2003Q1</b>	
Liabilities	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Current Liabilities :</b>				
Short-term borrowings	\$ 87,625	5	174,939	10
Other Notes Payable	19,716	1	23,097	1
Accounts Payable	79,470	4	49,944	3
Accounts Payable-Related Parties	59,406	3	73,250	5
Other Current Liabilities	<u>75,261</u>	<u>4</u>	<u>41,025</u>	<u>3</u>
	<u>321,478</u>	<u>17</u>	<u>362,255</u>	<u>22</u>
<b>Other liabilities :</b>				
Pension Reserve/Accrued Pension Liability	11,625	1	8,703	-
Deferred Credits-Gains on Inter-Affiliate Accounts	<u>10,238</u>	<u>1</u>	<u>15,651</u>	<u>1</u>
	<u>21,863</u>	<u>2</u>	<u>24,354</u>	<u>1</u>
<b>Total liabilities</b>	<u>343,341</u>	<u>19</u>	<u>386,609</u>	<u>23</u>
<b>Stockholders' Equity :</b>				
Capital Stock	<u>1,097,061</u>	<u>62</u>	<u>1,053,500</u>	<u>65</u>
Capital Surplus	<u>86,599</u>	<u>5</u>	<u>91,985</u>	<u>6</u>
<b>Retained Earnings :</b>				
Legal Reserve	41,986	2	38,505	2
Retained Earnings	<u>195,880</u>	<u>11</u>	<u>72,981</u>	<u>5</u>
	<u>237,866</u>	<u>13</u>	<u>111,486</u>	<u>7</u>
Equity Adjustments	<u>13,185</u>	<u>1</u>	<u>15,621</u>	<u>1</u>
Treasury Stock	<u>-</u>	<u>-</u>	<u>(38,823)</u>	<u>(2)</u>
<b>Total stockholders' equity</b>	1,434,711	81	1,233,769	77
<b>Total Liabilities and Stockholders' Equity</b>	<b><u>\$ 1,778,052</u></b>	<b><u>100</u></b>	<b><u>1,620,378</u></b>	<b><u>100</u></b>

# SINO-AMERICAN SILICON PRODUCTS INC.

## Income Statements

From January 1 to March 31, 2004 and 2003

(Amounts are expressed in thousands of New Taiwan dollars, except earnings per share)

	2004 Q1		2003 Q1	
	Amount	%	Amount	%
Operating Income	<u>382,121</u>	<u>100</u>	<u>323,609</u>	<u>100</u>
Sales	384,746	101	336,662	104
Less : Sales Returns and Discounts and Allowances	(7,625)	(1)	( 13,052)	(4)
Operating Costs	<u>(320,309)</u>	<u>(84)</u>	<u>(278,460)</u>	<u>(86)</u>
Gross Income from Operations	61,812	16	45,149	14
Operating expenses:	<u>(22,887)</u>	<u>(5)</u>	<u>(25,899)</u>	<u>(9)</u>
Selling expenses	(5,235)	(1)	(5,928)	(2)
General and administrative expenses	(8,785)	(2)	(8,298)	(3)
Research and development expenses	<u>(8,867)</u>	<u>(2)</u>	<u>(11,669)</u>	<u>(4)</u>
Net Operating Income	38,925	11	19,254	5
Non-Operating Income	<u>46,534</u>	<u>12</u>	<u>12,351</u>	<u>5</u>
Interest income	35	-	721	-
Gains on Sale of Investments	42,852	11	-	-
Gains on Market Price Recovery of Short-Term Investments	828	-	4,439	2
Gains on Inventory Value Recoveries	-	-	-	-
Miscellaneous Income	2,819	1	7,191	3
Non-Operating Expenses	<u>(12,819)</u>	<u>(4)</u>	<u>(4,176)</u>	<u>(1)</u>
Interest Expense	(762)	(-)	(985)	(-)
Investment Losses	-	-	(2,961)	(1)
Losses on Sale of Investments	-	-	-	-
Losses on Exchange	-	-	-	-
Losses on Inventory Valuation Loss and Obsolescence	(7,098)	(2)	-	-
Miscellaneous Disbursements	<u>(4,959)</u>	<u>(2)</u>	<u>(230)</u>	<u>-</u>
Continuing Operations' Income Before Tax	72,640	19	27,429	9
Income Tax Expense	<u>(4,526)</u>	<u>(2)</u>	<u>(6,103)</u>	<u>(2)</u>
Net Income	<u>\$ 68,114</u>	<u>17</u>	<u>21,326</u>	<u>7</u>
Earnings per share (NT dollars) before income tax	<u>\$ 0.68</u>		<u>0.26</u>	
Earnings per share (NT dollars) after income tax	<u>\$ 0.64</u>		<u>0.20</u>	
Earnings per share (NT dollars) before income tax-adj			<u>0.25</u>	
Earnings per share (NT dollars) after income tax-adj			<u>0.19</u>	

**SINO-AMERICAN SILICON PRODUCTS INC.**  
**Statements of Cash Flows**  
**From January 1 to December 31, 2003 and 2002**  
**(Amounts are expressed in thousands of New Taiwan dollars)**

	<b>2003</b>	<b>2002</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 113,801	34,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	86,307	88,354
Provision for pension reserve	2,830	2485
Loss (profit) on short-term investments	(14,130)	3,092
Losses (gains) on inventory valuation and obsolescence	7,605	3,798
Loss (profit) on long-term investments	(21,564)	-
Losses (gains) on disposal of fixed assets	-	(3,131)
Investment loss	64,488	19,849
Receivables, Notes Receivable(contain Related Parties )add	(69,983)	(44,740)
Inventories Less	27,852	10,514
Other Current Assets decrease (Increase)	(63,633)	(18,467)
Deferred Income Tax Asset decrease (Increase)	1,533	3,904
Accounts Payable, Notes Payable (contain Related Parties )less	40,097	(17,247)
Other Current Liabilities Increase	39,750	8,789
Net Deferred Credits-Gains on Inter	<u>(14,192)</u>	<u>295</u>
<b>Net cash provided by operating activities</b>	<u>200,761</u>	<u>92,303</u>
<b>Cash flows from investing activities:</b>		
Decrease in receivables-related parties	-	8,383
Buy fixed assets	(62,066)	(42,884)
Decrease (increase) in short-term investments	(11,134)	26,603
Sale of short-term investments	28,315	-
Increase in long-term equity investments	(20,223)	(166,259)
Proceeds from sale of fixed assets	3,421	7,122
Decrease in Guarantee Deposits Paid	3	(3)
Decrease (Increase) in other assets	<u>-</u>	<u>1,000</u>
<b>Net cash used in investing activities</b>	<u>(61,684)</u>	<u>(166,038)</u>
<b>Cash flows from financing activities:</b>		
Increase (Decrease) in short-term borrowings	(29,317)	82,796
Buy Treasury Stock	(56,782)	-
Sale of Treasury Stock	27,747	-
Other	<u>(684)</u>	<u>(916)</u>
<b>Net cash used in financing activities</b>	<u>(59,036)</u>	<u>(81,880)</u>
<b>Net increase in cash</b>	80,041	8,145
<b>Cash and cash equivalents at beginning of year</b>	<u>112,661</u>	<u>104,516</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 192,702</u>	<u>112,661</u>
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid, excluding capitalized interest	\$ <u>4,803</u>	<u>1,913</u>
Income tax paid	\$ <u>2,660</u>	<u>5,352</u>
<b>Activities not affecting cash flows:</b>		
Fixed assets to shift long-term investment	\$ <u>2,503</u>	<u>17,381</u>
<b>Buying Fixed asset in cash:</b>		
Fixed assets increase	\$ <u>62,066</u>	<u>42,884</u>

