

English Translation of Financial Statements Originally Issued in Chinese

**SILITECH TECHNOLOGY CORPORATION**

**BALANCE SHEET**

**For the Year Ended March 31, 2006 and 2005**

( Reviewed , Non-audited )

UNIT : KNTD

<b>ASSETS</b>	<b>YR2006 / 03 / 31</b>		<b>YR2005 / 03 / 31</b>		<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>YR2006 / 03 / 31</b>		<b>YR2005 / 03 / 31</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash	\$ 1,285,898	31	\$ 1,046,270	35	Notes payable	\$ -	-	\$ 750	-
Notes receivable - net	465	-	4,405	-	Accounts payable	241,190	6	281,414	9
Accounts receivable - net	818,642	19	378,959	13	Payable to related parties	471,696	11	158,419	5
Account Receivable from related parties	15,838	1	51,409	2	Income tax payable	53,207	1	65,101	2
Tax Refund Receivable	4,910	-	10,356	-	Accrued expenses	79,607	2	54,901	2
Other receivable	160,323	4	8,187	-	Financial liabilities at fair value through profit or loss - current	-	-	3,026	-
Other receivable from related parties	2,206	-	5,475	-	Other payables to related parties	44,065	1	35,713	1
Inventories-net	244,426	6	104,446	3	Other payables	53,810	1	71,356	3
Prepaid expenses	14,114	-	17,419	1	Other current liabilities	939	-	13,407	1
Deferred income tax assets - current	11,720	-	1,957	-	<b>Total Current Liabilities</b>	<b>944,514</b>	<b>22</b>	<b>684,087</b>	<b>23</b>
<b>Total Current Assets</b>	<b>2,558,542</b>	<b>61</b>	<b>1,628,883</b>	<b>54</b>					
					<b>LONG-TERM LIABILITIES</b>				
<b>LONG-TERM INVESTMENTS</b>					Long-term bank loans	97,380	2	-	-
Long-term investment recognized under the equity method	1,406,662	33	1,110,317	37	<b>PROVISION</b>				
Financial commodity assets carried at cost - non_current	14,517	1	15,057	-	Provision for land increment tax	9,477	-	9,477	-
<b>Total Long-Term Investments</b>	<b>1,421,179</b>	<b>34</b>	<b>1,125,374</b>	<b>37</b>					
					<b>OTHER LIABILITIES</b>				
<b>FIXED ASSETS</b>					Accrued pension costs	17,137	1	15,264	-
Land	9,789	-	9,789	-	Deferred income tax liabilities - noncurrent	170,853	4	142,985	5
Buildings	170,421	4	168,273	6	Deferred Credits - unrealized profit from affiliated companies	1,004	-	651	-
Machinery and equipment	272,471	7	235,243	8	<b>Total Other Liabilities</b>	<b>188,994</b>	<b>5</b>	<b>158,900</b>	<b>5</b>
Testing equipment	28,810	1	25,652	1					
Transportation equipment	4,302	-	5,702	-	<b>TOTAL LIABILITIES</b>	<b>1,240,365</b>	<b>29</b>	<b>852,464</b>	<b>28</b>
Office and Miscellaneous equipment	12,790	-	10,570	-					
Subttl for properties	498,583	12	455,229	15	<b>SHAREHOLDERS' EQUITY</b>				
Less: Accumulated depreciation	(269,948)	(7)	(229,656)	(8)	Capital stock - \$10 par value				
Add: Advance payment on fixed assets	2,805	-	14,474	1	Authorized - 120,000 thousand shares				
<b>Total Fixed Assets - net</b>	<b>231,440</b>	<b>5</b>	<b>240,047</b>	<b>8</b>	Issued - 113,558 thousand shares in YR2006 and 91,147 thousand shares in YR2005	1,135,578	27	911,465	30
					<b>Capital surplus</b>				
<b>INTANGIBLE ASSETS</b>					Paid-in capital in excess of par value	273,696	7	273,696	9
Deferred pension cost	-	-	464	-	<b>Retained earnings</b>				
					Legal reserve	131,026	3	52,640	2
<b>OTHER ASSETS</b>					Special reserve	58,878	1	13,203	-
Idle assets - net	-	-	-	-	Unappropriated earnings	1,415,923	34	986,670	33
Guarantee deposits paid	785	-	390	-	<b>Total Retained Earnings</b>	<b>1,605,827</b>	<b>38</b>	<b>1,052,513</b>	<b>35</b>
Deferred charges	13,973	-	16,160	1					
<b>Total Other Assets</b>	<b>14,758</b>	<b>-</b>	<b>16,550</b>	<b>1</b>	<b>Other shareholders' equity</b>				
					Cumulative translation adjustments	(29,547)	(1)	(78,820)	(2)
<b>TOTAL ASSETS</b>	<b>\$ 4,225,919</b>	<b>100</b>	<b>\$ 3,011,318</b>	<b>100</b>	<b>Total Shareholders' Equity</b>	<b>2,985,554</b>	<b>71</b>	<b>2,158,854</b>	<b>72</b>
					<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 4,225,919</b>	<b>100</b>	<b>\$ 3,011,318</b>	<b>100</b>

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**SILITECH TECHNOLOGY CORPORATION**  
**STATEMENTS OF INCOME**  
**For the Year Ended March. 31, 2006 and 2005**  
**( Reviewed , Non-audited )**

UNIT : KNTD  
(EXCEPT FOR PER SHARE )

	Ended on YR2006 / 3 / 31		Ended on YR2005 / 3 / 31	
	Amount	%	Amount	%
<b>NET SALES</b>	880,865	100	517,119	100
<b>COST OF SALES</b>	<u>(692,116)</u>	<u>(79)</u>	<u>(405,948)</u>	<u>(78)</u>
<b>GROSS PROFIT</b>	188,749	21	111,171	22
<b>OPERATING EXPENSES</b>				
Marketing	(13,452)	(1)	(9,023)	(2)
General and administrative	(34,805)	(4)	(25,239)	(5)
Research and development	(16,136)	(2)	(15,762)	(3)
Total Operating Expenses	<u>(64,393)</u>	<u>(7)</u>	<u>(50,024)</u>	<u>(10)</u>
<b>OPERATING INCOME</b>	<u>124,356</u>	<u>14</u>	<u>61,147</u>	<u>12</u>
<b>NONOPERATING INCOME</b>				
Interest income	\$ 210	-	\$ 101	-
Investment income recognized under the equity method	212,013	24	89,511	17
Gain on disposal of investments	2,329	-	2,227	-
Rental income	228	-	229	-
Reversal of gain from decline in inventory value	-	-	2,773	1
Other income	3,985	1	8,129	2
Total Nonoperating Income	<u>218,765</u>	<u>25</u>	<u>102,970</u>	<u>20</u>
<b>NONOPERATING EXPENSES</b>				
Interest expense	(1,372)	-	-	-
Loss on disposal of assets	(216)	-	-	-
Foreign exchange loss - net	(13,804)	(2)	(4,752)	(1)
Provision for slow-moving inventories	(3,313)	-	-	-
Loss on financial commodity assets evaluation-net	-	-	(775)	-
Loss on financial commodity liabilities evaluation-net	-	-	(3,026)	(1)
Total Nonoperating Expenses	<u>(18,705)</u>	<u>(2)</u>	<u>(8,553)</u>	<u>(2)</u>
<b>PROFIT BEFORE TAX</b>	324,416	37	155,564	30
<b>INCOME TAX EXPENSE</b>	<u>(78,323)</u>	<u>(9)</u>	<u>(26,623)</u>	<u>(5)</u>
<b>NET PROFIT AFTER TAX FOR THE YEAR / PERIOD</b>	<u><b>\$ 246,093</b></u>	<u>28</u>	<u><b>\$ 128,941</b></u>	<u>25</u>
	<u>Pre-tax</u>	<u>After-tax</u>	<u>Pre-tax</u>	<u>After-tax</u>
<b>BASIC EARNINGS PER SHARE</b>	<u>\$ 2.86</u>	<u>\$ 2.17</u>	<u>\$ 1.37</u>	<u>\$ 1.14</u>