

News Release



發稿單位：宏達國際電子股份有限公司

發稿日期：西元 2006 年 10 月 30 日

宏達電公告九十五年度第三季財報 再創單季獲利新高 累計前三季稅後 EPS 40.87 元 第三季稅後 EPS 15.37 元

宏達國際電子股份有限公司（以下簡稱：宏達電；股票代號：2498）三十日公告經會計師簽核之九十五年前三季財務報告。

宏達電第三季營收為 263.57 億元，稅後盈餘為 67.08 億元，較去年同期成長 153.92%，再度創下單季獲利的歷史新高水準。第三季稅前與稅後的每股盈餘分別為新台幣 16.17 與 15.37 元。

宏達電累計今年一至三季營收為 763.61 億元，較去年同期成長 68.77%。稅後純益為 178.38 億元，獲利年成長率達到 166%。前三季稅前盈餘每股 43.42 元；前三季稅後盈餘每股為 40.87 元。

由於宏達電今年在全球市場成功擴張客戶數，提供更多元化的產品供客戶選擇，深受全球消費者喜愛，使 Smartphone 與 PDA Phone 產品銷售在今年前三季，在全球市場都有良好的表現。歷年第四季均為宏達電出貨的旺季，預估在新產品陸續出貨加溫下，預估宏達電第四季仍將會有穩定的成長。

宏達電第三季財務報告

（單位：新台幣十億元）

	營收	稅前盈餘	每股稅前盈餘 (NT\$)	稅後盈餘	每股稅後盈餘 (NT\$)
九十五年第三季	26.36	7.06	16.17	6.71	15.37
九十五年前三季	76.36	18.95	43.42	17.84	40.87

註：每股盈餘以加權平均數或期末股數計算

如有任何問題，歡迎隨時與我們聯絡：

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News Release



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宏達電 資產負債表

單位:新台幣仟元

年度	94年第三季		94年度		95年第一季		95年第二季		95年第三季	
項目	金額	%	金額	%	金額	%	金額	%	金額	%
現金及約當現金	10,104,562	32.39%	16,196,448	40.57%	20,969,314	46.75%	27,575,494	51.43%	30,441,557	53.74%
應收帳款淨額	10,557,270	33.84%	14,212,815	35.60%	13,888,020	30.96%	14,844,114	27.69%	14,149,140	24.98%
存貨	5,624,411	18.03%	4,837,553	12.12%	4,310,160	9.61%	4,974,358	9.28%	5,659,556	9.99%
流動資產	27,907,976	89.46%	36,616,174	91.72%	41,648,393	92.84%	50,291,615	93.80%	52,974,534	93.52%
長期投資	330,043	1.06%	325,533	0.82%	494,910	1.10%	566,773	1.06%	483,923	0.85%
固定資產	2,597,382	8.33%	2,495,256	6.25%	2,379,473	5.30%	2,329,968	4.35%	2,730,525	4.82%
其他資產	361,522	1.16%	484,309	1.21%	335,869	0.75%	424,924	0.79%	454,324	0.80%
資產總計	31,196,923	100.00%	39,921,272	100.00%	44,858,645	100.00%	53,613,280	100.00%	56,643,306	100.00%
流動負債	13,291,106	42.60%	16,935,170	42.42%	16,481,318	36.74%	24,928,150	46.50%	21,238,401	37.49%
應付票據及帳款	10,988,427	35.22%	13,796,693	34.56%	13,186,393	29.40%	15,551,191	29.01%	15,894,884	28.06%
長期負債	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
其他負債	30	0.00%	561	0.00%	591	0.00%	613	0.00%	646	0.00%
負債總計	13,291,136	42.60%	16,935,731	42.42%	16,481,909	36.74%	24,928,763	46.50%	21,239,047	37.50%
股本	3,570,160	11.44%	3,570,160	8.94%	3,570,160	7.96%	3,570,160	6.66%	4,364,192	7.70%
待分配股票股利	-	0.00%	-	0.00%	-	0.00%	794,032	1.48%	-	0.00%
資本公積	4,436,843	14.22%	4,436,843	11.11%	4,436,843	9.89%	4,452,688	8.31%	4,452,688	7.86%
保留盈餘	9,900,718	31.74%	14,984,714	37.54%	20,378,089	45.43%	19,871,679	37.06%	26,579,629	46.92%
股東權益其他調整項目	(1,934)	-0.01%	(6,176)	-0.02%	(8,356)	-0.02%	(4,042)	-0.01%	7,750	0.01%
少數股權	-	-	-	-	-	-	-	-	-	-
股東權益總計	17,905,787	57.40%	22,985,541	57.58%	28,376,736	63.26%	28,684,517	53.50%	35,404,259	62.50%

宏達電 損益表

單位:新台幣仟元

年度	94年第三季		94年第四季		95年第一季		95年第二季		95年第三季	
項目	金額	%	金額	%	金額	%	金額	%	金額	%
營業收入	16,556,461	100%	27,524,089	100%	24,012,457	100%	25,991,998	100%	26,356,613	100%
營業毛利	3,932,751	23.75%	7,463,288	27.12%	7,025,691	29.26%	8,475,188	32.61%	8,933,290	33.89%
聯屬公司已(未)實現利益	(2,046)	-0.01%	1,990	0.01%	(12,632)	-0.05%	(32,341)	-0.12%	(82,319)	-0.31%
管理及總務費用	555,187	3.35%	1,219,898	4.43%	1,005,364	4.19%	1,216,000	4.68%	1,250,439	4.74%
研究發展費用	586,844	3.54%	740,680	2.69%	574,153	2.39%	691,482	2.66%	726,697	2.76%
營業淨利	2,788,674	16.84%	5,504,700	20.00%	5,433,542	22.63%	6,535,365	25.14%	6,873,835	26.08%
營業外收入及費用	(5,899)	-0.04%	(305,125)	-1.11%	180,475	0.75%	(257,090)	-0.99%	181,193	0.69%
稅前淨利	2,782,775	16.81%	5,199,575	18.89%	5,614,017	23.38%	6,278,275	24.15%	7,055,028	26.77%
本期淨利	2,641,717	15.96%	5,083,996	18.47%	5,393,375	22.46%	5,736,846	22.07%	6,707,950	25.45%
稅前基本每股盈餘	\$7.86		\$14.68		\$12.86		\$14.39		\$16.17	
稅後基本每股盈餘	\$7.46		\$14.35		\$12.36		\$13.15		\$15.37	

*備註：稅前基本每股盈餘 及 稅後基本每股盈餘係依照各該期間之加權平均股數或期末股數計算

- 94 年度加權平均股數為 357,016 千股
- 95 年第一/二/三季加權平均股數為 436,419 千股

宏達電 現金流量表

單位:新台幣仟元

項目 \ 年度	94年第三季	94年第四季	95年第一季	95年第二季	95年第三季
營業活動之淨現金流入(出)	820,864	6,434,731	4,937,833	6,779,652	8,374,620
折舊			146,070	145,618	147,418
投資活動之淨現金流入(出)	(166,020)	(137,376)	(164,997)	(173,494)	(510,366)
購置固定資產			(31,598)	(95,337)	(548,843)
融資活動之淨現金流入(出)	(1,938,946)	(205,469)	30	22	(4,998,191)
匯率影響數					
本期現金及約當現金增加(減少)數	(1,284,102)	6,091,886	4,772,866	6,606,180	2,866,063
期末現金及約當現金餘額	10,104,562	16,196,448	20,969,314	27,575,494	30,441,557

宏達國際電子股份有限公司

財務報表暨會計師核閱報告

民國九十五及九十四年前三季

地址：桃園市興華路二十三號

電話：(○三) 三七五三二五二

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會計師核閱報告

宏達國際電子股份有限公司 公鑒：

宏達國際電子股份有限公司民國九十五年及九十四年九月三十日之資產負債表，暨民國九十五年及九十四年一月一日至九月三十日之損益表及現金流量表，業經本會計師核閱竣事。上開財務報表之編製係公司管理階層之責任，本會計師之責任則為根據核閱結果出具報告。

除下段所述外，本會計師係依照審計準則公報第三十六號「財務報表之核閱」規劃並執行核閱之工作。由於本會計師僅實施分析、比較與查詢，並未依照一般公認審計準則查核，故無法對上開財務報表整體表示查核意見。

如財務報表附註十二所述，宏達國際電子股份有限公司民國九十五年及九十四年九月三十日採權益法評價之長期股權投資分別為 481,644 仟元及 327,975 仟元，暨民國九十五年及九十四年前三季對長期股權投資依權益法認列之投資損失分別為 88,635 仟元及 34,844 仟元，係以被投資公司未經會計師核閱之財務報表為依據。另財務報表附註二十七有關前述被投資公司相關資訊，係由宏達國際電子股份有限公司所提供，亦未經會計師核閱。

依本會計師核閱結果，除上段所述採權益法評價之被投資公司財務報表若經會計師核閱，長期股權投資及投資損益等可能有所調整，及有關前述被投資公司相關資訊未經會計師核閱外，並未發現第一段所述財務報表在所有重大方面有違反一般公認會計原則而須作修正之情事。

勤業眾信會計師事務所

會計師 王 自 軍

會計師 賴 冠 仲

財政部證券暨期貨管理委員會核准文號
台財證六字第 0920123784 號

財政部證券暨期貨管理委員會核准文號
台財證六字第 0920123784 號

中 華 民 國 九 十 五 年 十 月 十 三 日

宏達國際電子股份有限公司

資 產 負 債 表

民國九十五年及九十四年九月三十日

(僅經核閱，未依一般公認審計準則查核)

單位：新台幣仟元

代 碼	資 產	九 十 五 年 九 月 三 十 日		九 十 四 年 九 月 三 十 日		代 碼	負 債 及 股 東 權 益	九 十 五 年 九 月 三 十 日		九 十 四 年 九 月 三 十 日	
		金 額	%	金 額	%			金 額	%	金 額	%
1100	流動資產					2140	流動負債				
1310	現金及約當現金（附註四）	\$ 30,441,557	54	\$ 10,104,562	32	2160	應付票據及帳款（附註二十二）	\$ 15,894,884	28	\$ 11,055,519	35
	公平價值變動列入損益之金融資產－					2170	應付所得稅（附註二及十九）	1,164,826	2	344,234	1
	流動（附註二及五）	18,957	-	3,677	-	2224	應付費用（附註十四及二十二）	1,828,820	4	780,423	3
1120	應收票據淨額（附註二及七）	1,931	-	296,798	1	2298	應付工程設備款	15,087	-	26,363	-
1140	應收帳款淨額（附註二及七）	14,149,140	25	10,557,270	34	21XX	其他流動負債（附註十五及二十二）	2,334,784	4	1,084,567	4
1150	應收關係企業款淨額（附註二及二十						流動負債合計	21,238,401	38	13,291,106	43
	二）	1,422,074	2	335,058	1						
1190	其他金融資產－流動（附註八及二十					2820	其他負債				
	二）	198,651	-	67,155	-	28XX	存入保證金	646	-	30	-
120X	存貨（附註二及九）	5,659,556	10	5,624,411	18		其他負債合計	646	-	30	-
1260	預付款項（附註十及二十二）	780,466	1	756,348	3	2XXX	負債合計	21,239,047	38	13,291,136	43
1286	遞延所得稅資產－流動（附註二及十										
	九）	302,202	1	162,697	1		股東權益（附註十七）				
11XX	流動資產合計	52,974,534	93	27,907,976	90		股 本				
						3110	普 通 股	4,364,192	7	3,570,160	11
1450	長期投資						資本公積				
	備供出售金融資產－非流動（附註二					3211	普通股溢價	4,410,871	8	4,410,871	14
1480	及六）	1,087	-	876	-	3260	長期投資	15,845	-	-	-
	以成本衡量之金融資產－非流動（附					3270	合併溢價	25,972	-	25,972	-
1421	註二及十一）	1,192	-	1,192	-		保留盈餘				
	採權益法之長期股權投資（附註二及					3310	法定盈餘公積	1,991,520	4	813,326	3
14XX	十二）	481,644	1	327,975	1	3320	特別盈餘公積	6,175	-	19,133	-
	長期投資合計	483,923	1	330,043	1	3350	未分配盈餘	24,581,934	43	9,068,259	29
						3420	累積換算調整數（附註二）	8,634	-	(839)	-
	固定資產（附註二、十三及二十二）					3450	金融商品未實現損失（附註二及六）	(884)	-	(1,095)	-
	成 本					3XXX	股東權益合計	35,404,259	62	17,905,787	57
1501	土 地	610,293	1	610,293	2						
1521	房屋及建築	1,081,136	2	1,072,412	3						
1531	機器設備	2,563,963	5	2,506,852	8						
1537	模具設備	201,247	-	201,567	1						
1544	電腦設備	176,257	-	160,425	1						
1551	運輸設備	1,938	-	1,315	-						
1561	生財設備	101,916	-	104,828	-						
1611	租賃資產	4,712	-	-	-						
1681	租賃改良	22,816	-	22,816	-						
15X1	成本合計	4,764,278	8	4,680,508	15						
15X9	減：累計折舊	(2,524,896)	(4)	(2,120,547)	(7)						
1670	預付工程設備款	491,143	1	37,421	-						
15XX	固定資產淨額	2,730,525	5	2,597,382	8						
	其他資產										
1820	存出保證金	35,622	-	6,297	-						
1831	未攤銷費用（附註二）	126,796	-	158,706	1						
1860	遞延所得稅資產－非流動（附註二及										
	十九）	223,706	1	154,307	-						
1888	其他（附註二）	68,200	-	42,212	-						
18XX	其他資產合計	454,324	1	361,522	1						
1XXX	資 產 總 計	\$ 56,643,306	100	\$ 31,196,923	100		負債及股東權益總計	\$ 56,643,306	100	\$ 31,196,923	100

後附之附註係本財務報表之一部分。

(請參閱勤業眾信會計師事務所民國九十五年十月十三日核閱報告)

董事長：王雪紅

經理人：周永明

會計主管：林政寬

宏達國際電子股份有限公司

損 益 表

民國九十五年及九十四年一月一日至九月三十日

(僅經核閱，未依一般公認審計準則查核)

單位：新台幣仟元，惟
每股盈餘為元

代 碼		九 十 五 年 前 三 季		九 十 四 年 前 三 季	
		金 額	%	金 額	%
	營業收入(附註二及二十二)				
4110	銷貨收入	\$75,887,383	99	\$44,690,339	99
4170	銷貨退回	(150,645)	-	(106,282)	(1)
4190	銷貨折讓	<u>-</u>	<u>-</u>	<u>(65,132)</u>	<u>-</u>
4100	銷貨收入淨額	75,736,738	99	44,518,925	98
4800	其他營業收入	<u>624,330</u>	<u>1</u>	<u>725,508</u>	<u>2</u>
4000	營業收入合計	76,361,068	100	45,244,433	100
5000	營業成本 (附註二十二)	<u>51,926,899</u>	<u>68</u>	<u>34,697,239</u>	<u>77</u>
5910	營業毛利	24,434,169	32	10,547,194	23
5920	聯屬公司間未實現利益	(142,369)	-	(17,067)	-
5930	聯屬公司間已實現利益	<u>15,077</u>	<u>-</u>	<u>6,289</u>	<u>-</u>
	已實現營業毛利	<u>24,306,877</u>	<u>32</u>	<u>10,536,416</u>	<u>23</u>
	營業費用 (附註十八及二十二)				
6200	管理及總務費用	3,471,803	4	1,542,002	3
6300	研究發展費用	<u>1,992,332</u>	<u>3</u>	<u>1,658,635</u>	<u>4</u>
6000	營業費用合計	<u>5,464,135</u>	<u>7</u>	<u>3,200,637</u>	<u>7</u>
6900	營業淨利	<u>18,842,742</u>	<u>25</u>	<u>7,335,779</u>	<u>16</u>

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代碼		九 十 五 年 前 三 季		九 十 四 年 前 三 季	
		金	額 %	金	額 %
	營業外收入及利益				
7110	利息收入	\$ 273,588	-	\$ 91,876	-
7130	處分固定資產利益	41,341	-	-	-
7160	兌換利益－淨額（附註二）	355,696	1	-	-
7210	租金收入（附註二十二）	-	-	339	-
7310	金融資產評價利益－淨額（附註二、三、五及二十一）	18,957	-	3,677	-
7480	其他收入	<u>123,221</u>	-	<u>48,294</u>	-
7100	營業外收入及利益合計	<u>812,803</u>	<u>1</u>	<u>144,186</u>	-
	營業外費用及損失				
7510	利息費用	229	-	19,718	-
7521	採權益法認列之投資損失（附註二及十二）	88,635	-	34,844	-
7530	處分固定資產損失	3,377	-	787	-
7550	存貨盤損	2,197	-	1,179	-
7560	兌換損失（附註二）	-	-	133,062	-
7570	存貨跌價及報廢損失	609,582	1	327,636	1
7880	其他損失	<u>4,205</u>	-	<u>6,375</u>	-
7500	營業外費用及損失合計	<u>708,225</u>	<u>1</u>	<u>523,601</u>	<u>1</u>
7900	稅前淨利	18,947,320	25	6,956,364	15
8110	所得稅費用（附註二及十九）	(<u>1,109,149</u>)	(<u>2</u>)	(<u>258,416</u>)	-
9600	本期純益	<u>\$17,838,171</u>	<u>23</u>	<u>\$ 6,697,948</u>	<u>15</u>

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(承前頁)

代碼		九 十 五 年 前 三 季		九 十 四 年 前 三 季	
		稅 前	稅 後	稅 前	稅 後
9750	基本每股盈餘 (附註二十)	<u>\$43.42</u>	<u>\$40.87</u>	<u>\$16.11</u>	<u>\$15.51</u>
9850	稀釋每股盈餘 (附註二十)	<u>\$42.75</u>	<u>\$40.25</u>	<u>\$15.93</u>	<u>\$15.34</u>

後附之附註係本財務報表之一部分。

(請參閱勤業眾信會計師事務所民國九十五年十月十三日核閱報告)

董事長：王雪紅

經理人：周永明

會計主管：林政寬

宏達國際電子股份有限公司

現金流量表

民國九十五年及九十四年一月一日至九月三十日

(僅經核閱，未依一般公認審計準則查核)

單位：新台幣仟元

	九 十 五 年 前 三 季	九 十 四 年 前 三 季
營業活動之現金流量		
本期純益	\$ 17,838,171	\$ 6,697,948
折舊費用	439,106	436,193
各項攤提	23,441	27,505
處分固定資產(利益)損失	(37,964)	787
按權益法認列之投資損失	88,635	34,844
海外公司債兌換損益認列	-	(8,179)
海外公司債發行成本攤提	-	17,675
遞延所得稅資產	(47,048)	(94,314)
預付退休金	(18,440)	(34,549)
營業資產及負債之淨變動		
交易目的金融資產	41,128	(2,583)
應收票據	97,156	(225,042)
應收帳款	63,675	(2,216,836)
應收關係企業款	(1,001,294)	(256,845)
其他金融資產—流動	(113,332)	28,887
存 貨	(822,003)	(1,420,762)
預付款項	(306,205)	(511,520)
應付票據及帳款	2,144,677	3,065,113
應付關係企業款	(46,486)	43,955
應付所得稅	547,963	250,080
應付費用	624,013	(81,844)
其他流動負債	576,912	464,532
應付利息補償金	-	2,042
營業活動之淨現金流入	<u>20,092,105</u>	<u>6,217,087</u>
投資活動之現金流量		
購置固定資產	(675,778)	(543,301)
出售固定資產價款	44,519	2
長期股權投資增加	(217,254)	-

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	九 十 五 年 前 三 季	九 十 四 年 前 三 季
被投資公司返還股款	\$ -	\$ 4,312
存出保證金增加	(344)	(375)
投資活動之淨現金流出	(848,857)	(539,362)
融資活動之現金流量		
支付現金股利	(4,998,224)	(1,448,316)
存入保證金增加(減少)	85	(273,048)
融資活動之淨現金流出	(4,998,139)	(1,721,364)
本期現金及約當現金增加數	14,245,109	3,956,361
期初現金及約當現金餘額	16,196,448	6,148,201
期末現金及約當現金餘額	\$ 30,441,557	\$ 10,104,562
現金流量資訊之補充揭露		
本期支付利息(不含資本化利息)	\$ -	\$ -
本期支付所得稅	\$ 608,234	\$ 102,650
不影響現金流量之融資活動		
可轉換公司債轉換為股本及資本公積	\$ -	\$ 1,471,034
支付部分現金購置固定資產		
固定資產增加數	\$ 680,930	\$ 515,422
加：應付工程設備款(增加)減少	(1,048)	27,879
應付租賃款增加	(4,104)	-
支付現金	\$ 675,778	\$ 543,301
支付現金股利及員工紅利		
本期分配現金股利及員工紅利	\$ 5,449,224	\$ 1,649,816
應付現金股利及員工紅利增加數	(451,000)	(201,500)
支付現金	\$ 4,998,224	\$ 1,448,316

後附之附註係本財務報表之一部分。

(請參閱勤業眾信會計師事務所民國九十五年十月十三日核閱報告)

董事長：王雪紅

經理人：周永明

會計主管：林政寬

宏達國際電子股份有限公司

財務報表附註

民國九十五及九十四年前三季

(僅經核閱，未依一般公認審計準則查核)

(金額除另予註明者外，係以新台幣仟元為單位)

一、公司沿革及業務範圍說明

本公司於八十六年五月十五日奉經濟部核准設立，至八十七年四月三十日止，相關產品尚屬研發階段，屬創業期間，而於八十七年五月一日，開始主要營業活動，並產生重要收入。其經營之主要業務係製造、組裝、加工及經銷代理電腦設備與各種電子零組件；九十年十月經財政部證券暨期貨管理委員會核准本公司股票上市，並於九十一年三月股票正式上市掛牌買賣。九十二年十一月十九日起，本公司部分已發行之股票以海外存託憑證（GDR）方式於盧森堡證券交易所上市。本公司九十五年及九十四年九月三十日員工人數分別為 4,685 人及 4,088 人。

本公司為增加產業間之合作以降低營運成本，進而提升競爭力及強化研發能力，於九十二年十月三十一日經董事會通過，合併友笙資訊股份有限公司，該合併案已於九十三年一月十六日，經證券暨期貨管理委員會核准，以九十三年三月一日為合併基準日。

二、重要會計政策之彙總說明

本財務報表係依照證券發行人財務報告編製準則及一般公認會計原則編製。依照前述準則及原則編製財務報表時，本公司對於備抵呆帳、存貨跌價損失、固定資產折舊、退休金及商品保證責任等之提列，須使用合理之估計金額，因估計通常係在不確定情況下作成之判斷，因此可能與將來實際結果有所差異。

重要會計政策彙總說明如下：

資產與負債區分流動與非流動之標準

流動資產包括現金或約當現金、主要為交易目的而持有之資產，以及預期於資產負債表日後十二個月內變現之資產；固定資產、無形

資產及其他不屬於流動資產之資產為非流動資產。流動負債包括主要為交易目的而發生之負債，以及須於資產負債表日後十二個月內清償之負債，負債不屬於流動負債者為非流動負債。

公平價值變動列入損益之金融商品

公平價值變動列入損益之金融商品包括交易目的之金融資產或金融負債，以及於原始認列時指定以公平價值衡量且公平價值變動認列為損益之金融資產或金融負債。原始認列時，係以公平價值加計交易成本衡量；續後評價時，以公平價值衡量且公平價值變動認列為當期損益。投資後所收到之現金股利（含投資年度收到者）列為當期收益。

衍生性金融商品未能符合避險會計者，係分類為交易目的之金融資產或金融負債。公平價值為正值時，列為金融資產；公平價值為負值時，列為金融負債。

公平價值之基礎：有活絡市場之金融商品，以活絡市場之公開報價為公平價值；無活絡市場之金融商品，以評價方法估計公平價值。

備供出售金融資產

備供出售金融資產於原始認列時，以公平價值衡量，並加計取得或發行之交易成本；後續評價以公平價值衡量，且其價值變動列為股東權益調整項目，累積之利益或損失於金融資產除列時，列入當期損益。

公平價值之基礎：上市（櫃）證券係資產負債表日之收盤價，開放型基金受益憑證係資產負債表日之淨資產價值；無活絡市場之金融商品，以評價方法估計公平價值。

現金股利於除息日認列收益，但依據投資前淨利宣告之部分，係自投資成本減除。股票股利不列為投資收益，僅註記股數增加，並按增加後之總股數重新計算每股成本。

若有減損之客觀證據，則認列減損損失。若後續期間減損金額減少，備供出售權益商品之減損減少金額認列為股東權益調整項目。

收入認列及應收帳款、備抵呆帳

本公司係於貨物之所有權及顯著風險移轉予客戶時認列銷貨收入，因其獲利過程大部分已完成，且已實現或可實現。

銷貨收入係按本公司與買方所協議交易對價（考量商業折扣及數量折扣後）之公平價值衡量；惟銷貨收入之對價為一年期以內之應收款時，其公平價值與到期值差異不大且交易量頻繁，則不按設算利率計算公平價值。

備抵呆帳係按應收款項之收回可能性評估提列。本公司係依據對客戶之應收帳款帳齡分析、信用評等及經濟環境等因素，定期評估應收帳款之收回可能性。

存 貨

存貨之計價係採加權平均法計算，期末並以成本與市價孰低法評價，比較成本與市價孰低時，係採分類比較法，除製成品係以淨變現價值為市價，餘以重置成本為市價。

以成本衡量之金融資產

無法可靠衡量公平價值之權益商品投資，包括未上市（櫃）股票及興櫃股票等，以原始認列之成本衡量。現金股利於除息日認列收益，但依據投資前淨利宣告之部分，係自投資成本減除。股票股利不列為投資收益，僅註記股數增加，並按增加後之總股數重新計算每股成本。

採權益法之長期股權投資

本公司對被投資公司持有表決權股份達百分之二十以上或具有重大影響力者，採用權益法評價。

取得股權或首次採用權益法時，投資成本與股權淨值間之差額，按五年平均攤銷。惟自九十五年一月一日起，依新修訂財務會計準則公報之規定，改為先將投資成本予以分析處理，投資成本超過可辨認淨資產公平價值部分列為商譽。商譽不予攤銷，但每年定期進行減損測試，且發生特定事項或環境改變顯示商譽可能發生減損時，亦進行減損測試。若可辨認淨資產公平價值超過投資成本，則其差額就各非流動資產（非採權益法評價之金融資產、待處分資產、遞延所得稅資產及預付退休金或其他退休給付除外）公平價值等比例減少之，仍有差額時列為非常損益。自九十五年一月一日起，其以前取得之採權益法長期股權投資，尚未攤銷之餘額屬投資成本超過所取得股權淨值

者，比照商譽處理，不再攤銷；原投資成本與股權淨值間之差額屬遞延貸項部分，依剩餘攤銷年限繼續攤銷。

被投資公司發行新股時，若未按持股比例認購，致使投資比例發生變動，並因而使投資之股權淨值發生增減時，其增減數調整資本公積及長期投資；前項調整如應借記資本公積，而長期投資所產生之資本公積餘額不足時，其差額借記保留盈餘。

固定資產

固定資產以成本減累計折舊計價。固定資產購建期間為該項資產所支出款項而負擔之利息，予以資本化列為固定資產之成本。重大之更新及改良作為資本支出；修理及維護支出則作為當期費用。

倘固定資產以其相關可回收金額衡量帳面價值有重大減損時，就其減損部分認列損失。嗣後若固定資產可回收金額增加時，將減損損失之迴轉認列為利益，惟固定資產於減損損失迴轉後之帳面價值，不得超過該項資產在未認列減損損失之情況下，減除應提列折舊後之帳面價值。

資本租賃係以各期租金給付額之現值總額或租賃開始日租賃資產公平市價較低者作為成本入帳，並同時認列應付租賃款負債。每期所支付租賃款中之隱含利息列為當期之利息費用。

折舊採用直線法並依耐用年限計提。耐用年限屆滿仍繼續使用之固定資產，則就其殘值按重行估計可使用年數繼續提列折舊。資產重估增值部分之折舊，係以平均法按重估時該項資產之剩餘耐用年限計提。

固定資產出售或報廢時，其相關成本及累積折舊均自帳上減除。處分固定資產之利益或損失，依其性質列為當期之營業外利益或損失。

未攤銷費用

係購置電腦軟體、線路工程及遞延授權費等支出，按三年及十年平均攤銷。

資產減損

倘資產以其相關可回收金額衡量帳面價值有重大減損時，就其減損部分認列損失。嗣後若資產可回收金額增加時，將減損損失之迴轉

認列為利益，惟資產於減損損失迴轉後之帳面價值，不得超過該項資產在未認列減損損失之情況下，減除應提列折舊或攤銷後之帳面價值。但商譽減損損失不得迴轉。

產品保證負債

本公司對產品提供一至二年免費保固之售後服務，並依歷史經驗及其他攸關因素合理估計其可能金額，認列產品保證負債。

可轉換公司債

本公司應付公司債係於九十四年十二月三十一日以前按面額發行，按月依債券面額及票載利率列計利息支出；公司債附有贖回條款者，則依贖回價格推算實質利率，逐期認列利息補償金。發行轉換公司債之直接且必要成本，列為「遞延公司債發行成本」，並按發行日至賣回權屆滿日之期間內攤銷之。可轉換公司債轉換為普通股時，依帳面價值法處理。於轉換日將公司債面額及其未攤銷溢折價、應付利息補償金與發行成本等相關帳項一併轉銷，並以該轉銷淨額作為入帳基礎，此項轉銷淨額超過普通股股本面額部分列為資本公積。

退休金

本公司依「勞動基準法」對正式聘用員工訂有退休辦法，係屬確定給付退休辦法。依該辦法規定，員工退休金之支付，係根據服務年資及退休前六個月之平均經常性薪資為計算之基數。本公司每年原按已付薪資總額百分之二提撥退休準備金，九十三年度起，改按已付薪資總額百分之八提撥退休準備金撥交勞工退休準備金監督委員會專戶儲存及支用；九十四年七月一日勞退新制實施後，經主管機關核准，將舊制原有的百分之八調整為百分之二。九十五年及九十四年九月三十日退休準備金餘額分別為 298,964 仟元及 265,344 仟元。

自九十四年七月起，依「勞工退休金條例」規定，對正式聘用員工選擇該條例之勞工退休金制度者，以不低於每月薪資百分之六按月提繳退休金，儲存於勞保局設立之勞工退休金個人專戶（係屬確定提撥退休辦法），其員工適用本條例前之工作年資，仍予保留。本公司九十五及九十四年前三季依確定提撥退休辦法認列之退休金成本分別為 65,656 仟元及 20,642 仟元。

屬確定給付退休辦法之退休金依財務會計準則公報第十八號「退休金之會計處理準則」規定處理，亦即採精算結果認列；屬確定提撥退休辦法之退休金，係於員工提供服務之期間，將應提撥之退休基金數額認列為當期費用。

另編製期中財務報表時，最低退休金負債金額係依財務會計準則公報第二十三號「期中財務報表之表達及揭露」規定，即就上期期末資產負債表所列之最低退休金負債調整續後淨退休金成本及提撥退休基金之數額，未另重新加以衡量。

營利事業所得稅

本公司之營利事業所得稅，係依財務會計準則公報第二十二號「所得稅之會計處理準則」之規定，作跨期間分攤，將暫時性差異、投資抵減及前五年虧損扣抵所產生之所得稅影響數，列為遞延所得稅資產或負債，再評估其遞延所得稅資產之可實現性，認列其備抵評價金額。所得稅抵減採用當期認列法。

以前年度高估或低估之所得稅列為申報或核定年度所得稅費用調整項目。

依所得稅法規定計算之未分配盈餘應加徵百分之十營利事業所得稅，列為股東會決議年度之所得稅費用。

所得基本稅額條例自中華民國九十五年一月一日施行，營利事業依該條例規定計算之一般所得稅額高於或等於基本稅額者，該營利事業當年度應繳納之所得稅，應按所得稅法及其他相關法律規定計算認定之。一般所得稅額低於基本稅額者，其應繳納之所得稅，除按所得稅法及其他相關法律計算認定外，應另就基本稅額與一般所得稅額之差額認定之。該項差額，不得以其他法律規定之投資抵減稅額減除之。

特別盈餘公積

除公司依實際需要提列外，應依證券交易法第四十一條第一項規定，就當年度發生之帳列股東權益減項金額自當年度稅後盈餘與前期未分配盈餘提列相同數額之特別盈餘公積。

員工認股權

發行酬勞性員工認股權憑證，其給與日或修正日於九十三年一月一日（含）以後者，開始適用財團法人中華民國會計研究發展基金會解釋函相關規定，其酬勞成本於符合認股權計畫所規定之員工服務年限內逐期認列為費用。

外幣交易及外幣財務報表之換算

本公司所有國外營運機構外幣財務報表之換算如下：資產及負債科目均按資產負債表日之即期匯率換算；股東權益中除年初保留盈餘以上年底換算後之餘額結轉外，其餘均按歷史匯率換算；股利按宣告日之匯率換算；損益科目按加權平均匯率換算；外幣財務報表換算所產生之兌換差額列入換算調整數，列於股東權益之調整項目，俟國外營運機構出售或清算時併入損益計算。

非衍生性金融商品之外幣交易所產生之各項外幣資產、負債、收入或費用，按交易日之即期匯率折算新台幣金額入帳。

資產負債表日之外幣貨幣性資產或負債，按該日即期匯率予以調整，兌換差額列為當期損益。

資產負債表日之外幣非貨幣性資產或負債，依公平價值衡量者，按該日即期匯率調整，所產生之兌換差額，屬公平價值變動認列為股東權益調整項目者，列為股東權益調整項目；屬公平價值變動認列為當期損益者，列為當期損益。以成本衡量者，則按交易日之歷史匯率衡量。

外幣長期投資按權益法計價者，以被投資公司之外幣財務報表換算後所得之股東權益做為依據，兌換差額列入累積換算調整數，作為股東權益之調整項目。

前述即期匯率係以主要往來銀行之中價為評價基礎。

合 併

本公司合併案之會計處理係依照財務會計準則公報第二十五號「企業合併－購買法之會計處理」，依其取得被合併公司之資產及負債公平價值借記及貸記各資產負債科目，於編製資產負債表時，自合併

而消滅公司所承受之資產總額減除自該公司所承擔之債務及向該股東給付之總額予以增列資本公積（貸項）或減列保留盈餘（借項）。

三、會計變動之理由及其影響

本公司自九十五年一月一日起，採用新發布之財務會計準則公報第三十四號「金融商品之會計處理準則」及第三十六號「金融商品之表達與揭露」，以及各號公報配合新修訂之條文。

（一）首次適用新發布及修訂財務會計準則公報之影響數

首次適用前述新公報及相關公報修訂條文時，本公司將金融資產及金融負債（含衍生性金融商品）予以適當分類，原始帳列金額之調整，屬以公平價值衡量且公平價值變動認列為損益之金融商品或公平價值避險關係中之衍生性金融商品者，列為會計原則變動累積影響數；屬以攤銷後成本衡量、備供出售金融商品以公平價值衡量，或現金流量避險與國外營運機構淨投資避險關係中之衍生性金融商品者，列為股東權益調整項目。

首次適用上述公報之影響數彙總如下：

	列為會計原則變動 累積影響數（稅後）	列為股東權益 調整項目（稅後）
備供出售金融資產	\$ -	\$ 48

是項會計變動，對九十五年前三季淨利並無影響。

（二）首次適用新發布及修訂財務會計準則公報之科目重分類

本公司依財團法人中華民國會計研究發展基金會（九四）基秘字第○一六號函之規定，於九十五年度首次適用財務會計準則公報第三十四號所編製之比較財務報表中，將九十四年度財務報表依九十五年度所使用之會計科目進行重分類，但無須重編；惟同類科目之評價方法可能有所不同，應於附註敘明。實務上若有困難，得免列示以前年度之擬制資料。

本公司對於金融商品之評價方法，九十四年與九十五年前三季採用不同之會計政策者，說明如下：

1.採成本法評價之長期投資

長期持有被投資公司有表決權股份未達百分之二十且不具重大影響力者，如被投資公司為上市（櫃）公司，按成本與市價孰低評價，未實現投資損失列為股東權益之減項。

2.遠期外匯合約

避險性質之遠期外匯買賣合約，若為規避外幣債權債務者，於訂約日以該日之即期匯率衡量入帳。訂約日即期匯率與約定遠期匯率間之差額於合約期間攤銷認列為當期損益，資產負債表日按該日即期匯率調整所產生之兌換差額，以及合約結清日產生之兌換差額，亦列為當期損益。

非避險性質之遠期外匯買賣合約，於訂約日以約定之遠期匯率入帳。資產負債表日以剩餘期間之遠期匯率調整，兌換差額列為當期損益。合約結清日產生之兌換差額，亦列為當期損益。

遠期外匯買賣合約所產生之應收及應付款項餘額互為抵減，其差額列為資產或負債（帳列其他金融資產—流動或其他流動負債項下）。

配合本公司自九十五年一月一日採用新發布及修訂之財務會計準則公報，九十四年前三季財務報表予以重分類如下：

	九 十 四 年 九 月 三 十 日 (重 分 類 前)	九 十 四 年 九 月 三 十 日 (重 分 類 後)
<u>資產負債表</u>		
其他金融資產—流動	\$ 3,677	\$ -
公平價值變動列入損益		
之金融資產—流動	-	3,677
長期投資	2,068	-
備供出售金融資產—非		
流動	-	876
以成本衡量之金融資產		
—非流動	-	1,192

（接次頁）

(承前頁)

	九 十 四 年 九 月 三 十 日 (重分類前)	九 十 四 年 九 月 三 十 日 (重分類後)
<u>股東權益其他項目</u>		
長期投資未實現跌價損失	(\$ 1,095)	\$ -
金融商品未實現損失	-	(1,095)
<u>損 益 表</u>		
兌換利益－淨額	3,677	-
金融資產評價利益－淨額	-	3,677

本公司自九十五年一月一日起採用新修訂財務會計準則公報第一號「財務會計觀念架構及財務報表之編製」、第五號「採權益法之長期股權投資會計處理準則」及第二十五號「企業合併－購買法之會計處理」。前述公報之修訂，主要包括商譽不再攤銷，依權益法評價之長期股權投資之投資成本與股權淨值間差額，應予以分析處理，屬商譽者應續後進行減損測試而不得攤銷該商譽等。是項變動，對九十五年前三季財務報表並無重大影響。

本公司自九十四年一月一日起採用財務會計準則公報第三十五號「資產減損之會計處理」，是項變動，對九十四年前三季財務報表並無重大影響。

四、現金及約當現金

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
現 金	\$ 1,000	\$ 993
支票存款	2,243	8,335
活期存款	5,629,914	2,012,234
定期存款	24,808,400	8,083,000
	<u>\$ 30,441,557</u>	<u>\$ 10,104,562</u>

九十五年及九十四年九月三十日台幣定期存款年利率分別為1.40%～2.075%及1.30%～1.68%；外幣優惠活期存款年利率分別為2.57%～5.25%及2.15%～4.75%。

五、公平價值變動列入損益之金融商品

本公司分類為交易目的之金融商品相關資訊如下：

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
<u>交易目的之金融資產</u>		
遠期外匯合約	<u>\$ 18,957</u>	<u>\$ 3,677</u>

本公司九十五及九十四年前三季從事遠期外匯交易之目的，主要係為規避因匯率波動所產生之風險。本公司持有之衍生性金融商品因不符第三十四號公報規定之有效避險條件，故九十五年前三季並未適用避險會計。

於九十五及九十四年九月三十日，尚未到期之遠期外匯合約如下：

	九 十 五 年 九 月 三 十 日	合 約 金 額 (仟元)
幣 別	到 期 期 間	
賣出遠期外匯	美元兌新台幣	2006.10.04~2006.12.29
賣出遠期外匯	歐元兌美元	2006.10.04~2006.11.29
買入遠期外匯	美元兌日圓	2006.10.25~2006.12.29
賣出遠期外匯	英鎊兌美元	2006.10.11~2006.11.03
賣出遠期外匯	日圓兌台幣	2006.10.25~2006.11.03
		USD 10,000
		EUR 66,000
		USD 4,016
		GBP 4,250
		JPY 205,000

	九 十 四 年 九 月 三 十 日	合 約 金 額 (仟元)
幣 別	到 期 期 間	
賣出遠期外匯	美元兌新台幣	2005.10.05~2005.11.02
賣出遠期外匯	歐元兌美元	2005.10.14~2005.11.02
賣出遠期外匯	英鎊兌美元	2005.11.01~2005.11.30
		USD 29,000
		EUR 8,000
		GBP 3,000

九十五年前三季交易目的之金融商品產生之淨損失為 177,138 仟元（包括已實現淨損 196,095 仟元及評價淨益 18,957 仟元）；九十四年上半年度交易目的之金融商品產生之淨損失為 105,125 仟元（包括已實現淨損 108,802 仟元及評價淨益 3,677 仟元），其餘金融商品資訊之揭露，請參閱附註二十一。

六、備供出售金融資產

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
威盛電子股份有限公司	<u>\$ 1,087</u>	<u>\$ 876</u>

本公司八十八年十二月投資威盛電子股份有限公司，原始投資金額為 1,971 仟元。

七、應收票據及帳款淨額

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
應收票據	\$ 1,931	\$ 296,798
應收帳款	<u>14,152,814</u>	<u>10,561,336</u>
	14,154,745	10,858,134
減：備抵呆帳	<u>(3,674)</u>	<u>(4,066)</u>
	<u>\$ 14,151,071</u>	<u>\$ 10,854,068</u>

八、其他金融資產－流動

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
其他應收款－關係人	\$ 106,727	\$ 3,699
應收營業稅退稅款	51,501	21,446
其他應收款	16,278	21,785
應收利息	15,150	10,465
代 付 款	<u>8,995</u>	<u>9,760</u>
	<u>\$ 198,651</u>	<u>\$ 67,155</u>

- (一) 九十五年九月三十日之其他應收款－關係人係自應收關係企業款轉列及代墊子公司零星款項，請參閱附註二十二。
- (二) 其他應收款主要係應收海外銷售稅款、員工預支旅費、代購設備及出售資產之應收款項等。

九、存 貨

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
製 成 品	\$ 455,786	\$ 637,048
在 製 品	1,630,354	1,647,007
半 成 品	665,697	585,647
原 料	3,950,088	3,232,201
	<u>6,701,925</u>	<u>6,101,903</u>
減：備抵跌價損失	(1,042,369)	(477,492)
	<u>\$ 5,659,556</u>	<u>\$ 5,624,411</u>

十、預付款項

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
預付權利金	\$ 585,083	\$ 595,053
預付勞務費	54,799	29,947
預付貨款	195	7,270
預付其他	140,389	124,078
	<u>\$ 780,466</u>	<u>\$ 756,348</u>

(一)預付權利金之合約內容，請參閱附註二十四專利授權契約。

(二)預付其他主要係預付模具、差旅及保險等費用。

十一、以成本衡量之金融資產

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
安瑟數位股份有限公司	<u>\$ 1,192</u>	<u>\$ 1,192</u>

本公司九十三年三月一日與友笙股份有限公司合併，因而取得安瑟數位股份有限公司 1,192 仟元，持股比例 1.82%，因無活絡市場公開報價且其公平價值無法可靠衡量，故以成本衡量。

十二、採權益法之長期股權投資

	九十五年九月三十日		九十四年九月三十日	
	金 額	股權%	金 額	股權%
非上市（櫃）公司				
H.T.C. (B.V.I.) Corp.	\$ 337,517	100	\$ 327,975	100
鉅瞻科技股份有限公司	142,850	51	-	-
HTC HK, Limited	1,277	100	-	-
	<u>\$ 481,644</u>		<u>\$ 327,975</u>	

- (一)本公司八十九年八月轉投資成立英屬維京群島子公司 H.T.C. (B.V.I.) Corp.，主要營業項目為國際投資。九十五年前三季新增投資 80,977 仟元（美金 2,485 仟元），截至九十五年九月三十日止共計投資 509,114 仟元（美金 15,231 仟元），持股比例百分之百，採權益法評價。
- (二)本公司九十五年四月新增投資鉅瞻科技股份有限公司 135,000 仟元，原持股比例 92%，鉅瞻科技股份有限公司另於九十五年五月辦理現金增資，本公司未按持股比例認購，因而認列被投資公司持股比例變動所造成之資本公積 15,845 仟元，持股比例降至 51%，採權益法評價。
- (三)本公司九十五年九月新增投資 HTC HK, Limited 1,277 仟元（港幣 300 仟元），持股比例 100%，採權益法評價。
- (四)本公司原投資惟宏科技股份有限公司，原始投資金額為 4,000 仟元，持股比例 20%，採權益法評價。該公司以九十三年十月六日為解散基準日，於九十四年一月三十一日清算完成，並退回股款 4,312 仟元。
- (五)九十五及九十四年前三季依權益法認列投資損失之明細如下：

	九十五年前三季	九十四年前三季
H.T.C. (B.V.I.) Corp.	(\$ 80,640)	(\$ 34,844)
鉅瞻科技股份有限公司	(7,995)	-
	<u>(\$ 88,635)</u>	<u>(\$ 34,844)</u>

- (六)九十五及九十四年前三季對上述各該公司採權益法認列之長期股權投資損益係以未經會計師核閱之財務報表為依據。

三、固定資產

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日		
	成 本	累 計 折 舊	未 折 減 餘 額	未 折 減 餘 額
土 地	\$ 610,293	\$ -	\$ 610,293	\$ 610,293
房屋及建築	1,081,136	329,537	751,599	813,623
機器設備	2,563,963	1,758,238	805,725	1,063,730
模具設備	201,247	201,247	-	-

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	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
	成 本	未 折 減 餘 額
電腦設備	\$ 176,257	\$ 35,773
運輸設備	1,938	376
生財設備	101,916	29,294
租賃資產	4,712	-
租賃改良	22,816	6,872
預付工程設備款	491,143	37,421
	<u>\$ 5,255,421</u>	<u>\$ 2,597,382</u>
	<u>\$ 136,505</u>	<u>\$ 2,730,525</u>

(一)九十四年六月向威盛電子股份有限公司承購台北縣新店市土地及建物，作為研發辦公處所之用，總價款為 304,630 仟元，已全數支付並完成過戶程序。

(二)預付工程設備款主要係預付興建辦公大樓工程及各項設備款。

(三)九十五及九十四年前三季皆無利息資本化情事。

四 應付費用

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
應付行銷費用	\$ 542,741	\$ -
應付薪資及獎金	391,544	350,300
應付捐贈（附註二十五）	300,000	-
應付出口費用	207,516	94,717
應付材料及模具費	89,114	100,858
應付職工福利及伙食費	62,244	16,257
應付保險費	61,302	30,132
應付差旅	50,112	9,247
應付勞務及其他服務費	33,665	32,534
其 他	90,582	146,378
	<u>\$ 1,828,820</u>	<u>\$ 780,423</u>

五、其他流動負債

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
應計產品保證負債	\$ 1,373,587	\$ 747,039
應付員工紅利	451,000	206,000
遞延貸項－聯屬公司間利益	142,369	17,067
代收款	110,364	32,890
其他應付款－關係人	101,066	-
預收貨款	67,441	47,267
應付董監酬勞	21,842	21,842
其 他	67,115	12,462
	<u>\$ 2,334,784</u>	<u>\$ 1,084,567</u>

- (一) 本公司對產品提供一至二年免費保固之售後服務，並提列產品保證負債。
- (二) 遞延貸項－聯屬公司間利益係與被投資公司順流交易產生之未實現銷貨毛利。
- (三) 代收款主要係代收所得稅、勞健保及歐洲貨物加值稅等之款項。
- (四) 其他應付款－關係人主要係本公司應支付予關係人之各項代墊海外銷售據點費用及維修材料費等款項。

六、應付公司債

發行第一次海外可轉債要點：

本公司九十二年一月二十九日發行海外無擔保可轉換公司債美金 66,000 仟元，單位面額 USD1,000，發行價格 100.00%，票面利率 0%，發行期間五年，於九十七年一月二十九日到期；除於到期日前債權人要求買回、轉換及本公司請求贖回、註銷者外，本公司將於到期日依面額加計年複利 0.5%贖回本轉換公司債。由於本公司發行之海外無擔保可轉換公司債於九十三年四月二十九日債權人得請求買回，並應於九十三年三月一日至三月二十九日前依發行辦法規定提出，致本公司九十三年四月依發行辦法規定買回美金 2,000 仟元公司債，所餘美金 64,000 仟元之公司債，截至九十四年四月止已全數轉換為普通股約 17,336 仟股。

(一)本公司發行第一次海外無擔保可轉換公司債用途係用於購買營運所需之原物料以生產智慧型手機及掌上型電腦等。

(二)發行條件如下：

- 1.債權人得自九十二年二月二十八日起至九十七年一月九日止，請求將其持有之公司債轉換為本公司普通股。
- 2.債權人得於九十三年四月二十九日當天要求本公司按面額加計年複利 0.5%債券贖回收益率買回本轉換公司債。
- 3.發行滿三年後，亦即自九十五年一月二十九日起至九十七年一月二十九日止，如果本公司股票 30 個連續交易日收盤價之平均數大於等於轉換價格 130%時，本公司得於 30 天至 60 天前通知債權人，依當時之面額加計年複利 0.5%債券贖回收益率，贖回本轉換公司債；上述之通知，需於 30 個連續交易日之最近交易日 5 天內為之。
- 4.本轉換公司債經債權人請求轉換、買回或本公司請求贖回後，其尚未轉換之債券金額低於美金 3,300 仟元（發行總額之 5%）時，本公司得依債權人持有期間，按 0.5%債券贖回收益率，贖回本轉換公司債。
- 5.轉換價格之匯率固定為 $NT\$34.658 = US\1.00

(三)發行地區：歐洲盧森堡。

(四)上市地點：本公司普通股上市地點為台灣證券交易所；公司債為盧森堡交易所。

(五)適用法律：美國紐約州法律。

(六)受託機構：紐約銀行。

(七)發行時轉換價格為新台幣 205.32 元，嗣後本公司進行與股本相關之融資活動，需依規定計算公式調整轉換價格。

七.股東權益

(一)股本

- 1.本公司九十四年一月一日實收資本額為 2,714,276 仟元，分為 271,427 仟股，每股面額 10 元，均為普通股，九十四年度計有美金 64,000 仟元之海外可轉換公司債完成增資程序，轉入普通股約

17,336 仟股，計 173,357 仟元，同年八月以未分配盈餘 577,527 仟元及員工紅利 105,000 仟元辦理轉增資，故本公司九十四年九月三十日實收資本額增加為 3,570,160 仟元，分為 357,016 仟股，每股面額 10 元，均為普通股。

2. 本公司九十五年八月以未分配盈餘 714,032 仟元及員工紅利 80,000 仟元辦理轉增資，故本公司九十五年九月三十日實收資本額增加為 4,364,192 仟元，分為 436,419 仟股，每股面額 10 元，均為普通股。

3. 本公司為提升員工士氣及招納優秀人才，經財政部證券暨期貨管理委員會核准於九十一年十二月二十五日起一年內，得發行 7,000 仟單位之員工認股權憑證，每一單位認股權憑證得認購普通股 1 股，本公司將以發行新股方式交付，因是項認股權憑證所需發行之普通股新股總數為 7,000 仟股，此認股權憑證之存續期間為五年，認股價格以發行當日本公司普通股收盤價為認股價格。截至九十五年九月三十日止，本公司已發行 3,000 仟單位，因辦理未分配盈餘及員工紅利轉增資，依發行及認股辦法調整認股單位及價格，故調整後發行 7,011 仟單位之員工認股權憑證。其餘核准之認股權憑證計 4,000 仟單位，因已逾核准發行期限，全數失效。權利期間說明如下：

<u>認股權證授予期間</u>	<u>累積最高可行使認股比例</u>
屆滿二年	35%
屆滿三年	70%
屆滿四年	100%

(二)發行海外存託憑證

本公司於九十二年十一月以現金增資發行普通股 14,400 仟股及以現有股東威盛電子股份有限公司等所持有之已發行股份 12,878.4 仟股，合計以 27,278.4 仟股之普通股參與發行海外存託憑證 6,819.6 仟單位，每單位存託憑證表彰本公司普通股 4 股，每股以 131.1 元溢價發行，經扣除相關費用後，計產生資本公積 1,696,855 仟元。本項

現金增資案已於九十二年十一月十九日完成募集，並以九十二年十一月十九日為現金增資基準日完成股本變更登記。

上述海外存託憑證持有人享有與本公司普通股股東相同之權利義務，但其權利義務之行使，應依本國相關法令及存託契約約定事項辦理，其主要事項係海外存託憑證持有人應經由存託機構：

- 1.行使其股份之表決權。
- 2.受配股利及認購新股。

存託憑證持有人得於發行日後要求兌回普通股，其股票即在國內證券交易市場流通，並得要求存託機構出售該存託憑證表彰之原有價證券。另因辦理未分配盈餘轉增資，調整增加計 505.1 仟單位，折合普通股 2,020.6 仟股，故調整後合計以 29,299 仟股之普通股參與發行海外存託憑證。截至九十五年九月三十日止，海外存託憑證持有人淨兌回 5,864.7 仟單位，計普通股 23,458.8 仟股；流通在外之存託憑證單位數折合普通股 5,840.2 仟股，占本公司發行股數 1.34%。

(三)資本公積

依公司法規定，資本公積除用以彌補公司虧損及撥充資本外不得使用。公司非於盈餘公積填補累積虧損仍有不足時，不得以資本公積補充之。

1.普通股溢價

本公司九十四年一月一日資本公積－普通股溢價為 3,064,356 仟元，九十四年前三季海外可轉換公司債轉換為普通股產生資本公積 1,346,515 仟元，故九十五年及九十四年九月三十日資本公積－普通股溢價均為 4,410,871 仟元。依公司法第二四一條規定，公司無虧損時得依股東決議方式將普通股溢價撥充資本。

2.長期投資

本公司之被投資公司－鉅瞻科技股份有限公司於九十五年五月增資，本公司未按原持股比例認購，致持股比例變動，並因而使投資之股權淨值發生變動計 15,845 仟元。

3.合併溢價

本公司九十三年三月一日發行新股以吸收合併友笙資訊股份有限公司，產生合併溢價計 25,972 仟元。

(四)盈餘分配及股利政策

- 1.本公司章程規定，年度決算盈餘之分配，除依法繳納一切稅捐及彌補歷年累積虧損外，應先提 10%為法定盈餘公積，次提所餘盈餘不高於 1%為董監事酬勞及得加計以前年度之未分派盈餘提撥不低於 5%作員工紅利，惟不得超過發行人募集與發行有價證券處理準則對員工分紅分派限額之規定。餘嗣股東會決議分配股東紅利。
- 2.本公司係屬技術密集之科技事業，正值產業成長期，分配股利之政策，須視公司目前及未來之投資環境、資金需求、國內外競爭狀況及資本預算等因素，兼顧股東利益、平衡股利及公司長期財務規劃等，盈餘之分派得以現金股利或股票股利之方式為之，惟現金股利分派比例不高於股利總額之 95%。
- 3.本公司九十三年度盈餘分配議案，業經股東常會通過，配發員工紅利 311,000 仟元。員工紅利 311,000 仟元中，105,000 仟元轉增資發行新股（占九十三年十二月三十一日流通在外股數之比例 3.87%），餘 206,000 仟元以現金分派。該年度原稅後基本每股盈餘 14.21 元，如將員工紅利視為該年度費用之擬制性稅後基本每股盈餘為 13.06 元。
- 4.本公司九十四年度盈餘分配議案，業經股東常會通過，配發員工紅利 531,000 仟元。員工紅利 531,000 仟元中，80,000 仟元轉增資發行新股（占九十四年十二月三十一日流通在外股數之比例 2.24%），餘 451,000 仟元以現金分派。該年度原稅後基本每股盈餘 33.26 元，如將員工紅利視為該年度費用之擬制性稅後基本每股盈餘為 31.76 元。

六、本期發生之用人、折舊及攤銷費用

本期發生之用人、折舊及攤銷費用依其功能別彙總如下：

功能別 性質別	九 十 五 年 前 三 季			九 十 四 年 前 三 季		
	屬於營業 成本者	屬於營業 費用者	合 計	屬於營業 成本者	屬於營業 費用者	合 計
用人費用	991,789	1,088,306	2,080,095	850,162	930,838	1,781,000
薪資費用	822,822	910,488	1,733,310	691,752	781,430	1,473,182
勞健保費用	51,516	62,772	114,288	44,730	53,628	98,358
退休金費用	23,882	46,309	70,191	34,179	40,842	75,021
其他用人費用	93,569	68,737	162,306	79,501	54,938	134,439
折舊費用	266,997	172,109	439,106	270,396	165,797	436,193
攤銷費用	-	23,441	23,441	539	26,966	27,505

七、營利事業所得稅

(一)本公司九十五年及九十四年九月三十日應付所得稅估計如下：

	九十五年前三季	九十四年前三季
稅前利益	\$ 18,947,320	\$ 6,956,364
永久性差異		
權益法認列之投資損失	88,635	34,844
其 他	25,994	18,215
暫時性差異		
已實現退休金費用	(18,439)	(34,549)
未實現存貨跌價損失	455,642	130,721
未實現權利金費用	1,460,302	707,553
未實現兌換(利益)損失	(55,058)	60,180
折舊費用財稅簽之差異	-	(9,044)
費用資本化	(11,901)	16,383
未實現售後服務費	409,084	422,338
未實現銷貨毛利	127,292	10,778
其 他	(22,937)	(14,598)
全年所得額	21,405,934	8,299,185
減：免稅所得額	(15,241,139)	(5,129,604)
課稅所得	6,164,795	3,169,581
×稅率—10	×25%—10	×25%—10
估計稅額	1,541,189	792,385
加：未分配盈餘加徵 10%	436,049	144,006
減：投資抵減稅額	(852,745)	(583,872)
估計所得稅費用	1,124,493	352,519
減：扣繳稅款	(27,398)	(8,285)
加：前期核定補徵所得稅	67,731	-
應付所得稅	\$ 1,164,826	\$ 344,234

(二) 九十五年及九十四年九月三十日遞延所得稅資產之構成項目如下：

	九十五年 九月三十日	九十四年 九月三十日
暫時性差異：		
未實現存貨跌價損失	\$ 260,592	\$ 119,373
折舊費用財稅差	-	754
未實現產品售後服務費用	343,397	186,760
費用資本化	33,814	42,992
未實現權利金費用	824,632	340,446
其他	16,949	3,911
投資抵減	-	560,876
遞延所得稅資產合計	1,479,384	1,255,112
減：備抵評價－遞延所得稅資產	(929,418)	(909,879)
遞延所得稅資產淨額	549,966	345,233
遞延所得稅負債－退休金費用	(16,492)	(9,995)
遞延所得稅負債－未實現兌換利得	(7,566)	(18,234)
遞延所得稅資產與負債抵銷之淨額	525,908	317,004
遞延所得稅資產淨額－流動	(302,202)	(162,697)
遞延所得稅資產淨額－非流動	\$ 223,706	\$ 154,307

(三) 本公司九十五及九十四年前三季所得稅費用說明如下：

	九十五年前三季	九十四年前三季
依課稅所得計算本期應負擔之所得稅	\$ 1,124,493	\$ 352,519
減：遞延所得稅資產增加	(47,048)	(94,314)
前期所得稅費用低估數	31,704	211
所得稅費用	\$ 1,109,149	\$ 258,416

(四) 本公司各年度增資擴展符合促進產業升級條例，得享受五年免徵營利事業所得稅之明細如下：

增資年度	免稅產品	租稅減免方式	免稅期間
87	Win CE 電腦產品、32 位元以上筆記型電腦	五年免徵營利事業所得稅	92.01.01～96.12.31
89	掌上型電腦、智慧型手機	〃	90.04.26～95.04.25
90	掌上型電腦（具無線通訊功能）、智慧型手機	〃	91.01.01～95.12.31
93	掌上型電腦、無限通訊掌上型電腦、智慧型手機	〃	93.09.15～98.09.14
93	掌上型電腦（具無線通訊功能）、智慧型手機	〃	93.11.30～98.11.29
94	掌上型電腦（具無線通訊功能）、智慧型手機	〃	94.12.20～99.12.19

(五)截至九十五年九月三十日止，本公司得用以扣抵以後年度所得稅額之投資抵減餘額為零。

(六)截至九十五年及九十四年九月三十日有關股東可扣抵稅額帳戶之資訊內容如下：

	九 十 五 年 九 月 三 十 日	九 十 四 年 九 月 三 十 日
股東可扣抵稅額帳戶餘額	\$ 352,831	\$ 96,896
八十六年度以前未分配盈餘	-	-
八十七年度以後未分配盈餘	24,581,934	9,068,259
預計當年度盈餘分配之稅額扣抵比率	6.17%	4.86%

本公司預計九十五及九十四年前三季盈餘分配之稅額扣抵比率係含應計九十五及九十四年前三季估計之應付所得稅。

依所得稅法規定，非中華境內居住的個人及在中華境內無固定營業場所的營利事業，在中華境內取得公司、合作社分配的股利或盈餘總額所含被投資公司或合作社已繳納的營利事業所得稅額，不得抵繳該股利淨額或盈餘淨額的應扣繳稅額。但因被投資公司或合作社的盈餘未分配，依規定應加徵百分之十營利事業所得稅的部分，則不在此限。

(七)本公司營利事業所得稅結算申報案件除九十一年度外，業經稅捐稽徵機關核定至九十二年度。惟本公司針對稅捐稽徵機關就九十二年度營利事業所得稅結算申報案件所為核定內容之計算不服，並提出更正申請，稅捐稽徵機關復於九十五年七月十九日予以更正核定，本公司對更正核定內容仍有不服，已依法提起復查申請，惟基於穩健原則，本公司對前述更正核定應補繳之所得稅已全數估列。

二、每股盈餘

(一)本公司損益表所列示之稅前基本每股盈餘及稅後基本每股盈餘，係分別以九十五年前三季稅前純益 18,947,320 仟元及九十四年前三季稅前純益 6,956,364 仟元暨九十五年前三季稅後純益 17,838,171 仟元及九十四年前三季稅後純益 6,697,948 仟元，除以各該期間流通在外加權平均股數計算而得。九十五年前三季以未分配盈餘及員工紅利轉增資，九十四年前三季每股盈餘業加以追溯調整。

(二)本公司九十二年一月二十九日所發行海外可轉換公司債係約當普通股，具稀釋作用；另九十二年四月起陸續發行員工認股權證係屬潛在普通股之轉換證券，亦具有稀釋效果，九十五及九十四年前三季之稀釋每股盈餘揭露如下：

	九	十	五	年	前	三	季
	分 子 (金額)		分 母		每股盈餘 (元)		
	稅 前	稅 後	(仟 股)	稅 前	稅 後	稅 前	稅 後
稀釋前餘額	\$ 18,947,320	\$ 17,838,171	436,419	\$ 43.42	\$ 40.87		
員工認股權憑證	-	-	6,770				
稀釋後餘額	\$ 18,947,320	\$ 17,838,171	443,189	\$ 42.75	\$ 40.25		

	九	十	四	年	前	三	季
	分 子 (金額)		分 母		每股盈餘 (元)		
	稅 前	稅 後	(仟 股)	稅 前	稅 後	稅 前	稅 後
稀釋前餘額	\$ 6,956,364	\$ 6,697,948	431,871	\$ 16.11	\$ 15.51		
員工認股權憑證	-	-	4,685				
稀釋後餘額	\$ 6,956,364	\$ 6,697,948	436,556	\$ 15.93	\$ 15.34		

二 金融商品資訊之揭露

(一) 公平價值之資訊

1. 非衍生性金融商品

資 產	九 十 五 年 九 月 三 十 日		九 十 四 年 九 月 三 十 日	
	帳 面 價 值	公 平 價 值	帳 面 價 值	公 平 價 值
備供出售金融資產				
一非流動	\$ 1,087	\$ 1,087	\$ 876	\$ 876
以成本衡量之金融				
資產一非流動	1,192	1,192	1,192	1,192
採權益法之長期股				
權投資	481,644	481,644	327,975	327,975
存出保證金	35,622	35,269	6,297	6,216
負 債				
存入保證金	646	640	30	30

2. 衍生性金融商品

資 產	九 十 五 年 九 月 三 十 日		九 十 四 年 九 月 三 十 日	
	帳 面 價 值	公 平 價 值	帳 面 價 值	公 平 價 值
公平價值變動列入				
損益之金融資產				
一流動	\$ 18,957	\$ 18,957	\$ 3,677	\$ 3,677

本公司自九十五年一月一日採用財務會計準則公報第三十四號「金融商品之會計處理準則」，因適用新公報所產生會計變動累積影響數及股東權益調整項目之相關說明請參見附註三。

(二)本公司決定金融商品公平價值所使用之方法及假設如下：

- 1.上述金融商品不包含現金及約當現金、應收款項、其他金融資產—流動、應付款項、應付費用及其他流動金融負債。因此類商品到期日甚近，其帳面價值應屬估計公平價值之合理基礎。
- 2.公平價值變動列入損益之金融商品及備供出售金融資產如有活絡市場公開報價時，則以此市場價格為公平價值。若無市場價格可供參考時，則採用評價方法估計。本公司採用評價方法所使用之估計及假設，與市場參與者於金融商品訂價時用以作為估計及假設之資訊一致，該資訊為本公司可取得者。
- 3.以成本衡量之金融資產及採權益法之長期股權投資為未上市（櫃）公司者，其無活絡市場公開報價且實務上須以超過合理成本之金額方能取得可驗證公平價值，因此公平價值無法可靠衡量。
- 4.存出保證金及存入保證金係依預期現金流量之折現值估公平價值，其折現率係以銀行之定期存款利率為準。

(三)本公司金融資產及金融負債之公平價值，以活絡市場之公開報價直接決定者，及以評價方法估計者分別為：

	公開報價決定之金額		評價方法估計之金額	
	九十五年 九月三十日	九十四年 九月三十日	九十五年 九月三十日	九十四年 九月三十日
<u>資 產</u>				
公平價值變動列入 損益之金融資產	\$ 18,957	\$ 3,677	\$ -	\$ -
備供出售金融資產 —非流動	1,087	876	-	-
以成本衡量之金融 資產—非流動	-	-	1,192	1,192
採權益法長期股權 投資	-	-	481,644	327,975
存出保證金	-	-	35,269	6,216
<u>負 債</u>				
存入保證金	-	-	640	30

(四)本公司九十五及九十四年前三季並無以評價方法估計之公平價值變動而認列為當期損益之情事。本公司九十五及九十四年前三季自備供出售金融資產當期直接認列為股東權益調整項目之金額分別為251仟元及173仟元。

(五)本公司九十五年及九十四年九月三十日具利率變動現金流量風險之金融資產分別為24,808,400仟元及8,083,000仟元。

(六)財務風險資訊

1.市場風險

本公司從事遠期外匯買賣合約，均係為避險性質，並依交易銀行提供之報價評估遠期外匯買賣合約之市場價格風險，其因匯率變動產生之損益大致會與被避險項目之損益相抵銷，故市場風險並不重大。

2.信用風險

金融資產受到本公司之交易對方或他方未履行合約之潛在影響，其影響包括本公司所從事金融商品之信用風險集中程度、組成要素及合約金額。因本公司之交易對象均為信用良好之金融機構或公司，故預期無重大信用風險。

3.流動性風險

本公司之營運資金足以支應衍生性金融商品合約到期時之現金需求，故未有因無法籌措資金以履行合約義務之流動性風險。

三關係人交易事項

(一)關係人之名稱及關係

關 係 人 名 稱	與 本 公 司 之 關 係
大眾電腦股份有限公司	該公司董事長與本公司董事長係二親等內親屬
威盛電子股份有限公司	該公司董事長與本公司之董事長同一人
全達國際股份有限公司	該公司董事長與本公司之董事長同一人
Comserve Network Netherlands B.V.	該公司主要董事與本公司董事長係二親等內親屬

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關 係 人 名 稱	與 本 公 司 之 關 係
H.T.C. (B.V.I) Corp.	為本公司之子公司
HTEK	為本公司之孫公司
HTC America Inc. (原 HTC USA Inc.)	為本公司之孫公司
HTC EUROPE CO., LTD.	為本公司之孫公司
宏達電子(蘇州)有限公司	為本公司之孫公司
Exedea Inc.	為本公司之孫公司
HTC NIPPON Corporation	為本公司之孫公司

(二)與關係人間之重大交易事項

1.進貨及勞務收受

	九 十 五 年 前 三 季		九 十 四 年 前 三 季	
	金 額	估進貨 淨額%	金 額	估進貨 淨額%
全達國際	\$ 72,290	-	\$ 546,436	2
宏達電子(蘇州)有限 公司	12,290	-	-	-
	<u>\$ 84,580</u>	<u>-</u>	<u>\$ 546,436</u>	<u>2</u>

本公司向關係人進貨之交易價格及付款期間與非關係人雷同。

2.銷貨及勞務提供

	九 十 五 年 前 三 季		九 十 四 年 前 三 季	
	金 額	估營業收 入淨額%	金 額	估營業收 入淨額%
Exedea Inc.	\$ 1,605,585	2	\$ -	-
Comserve Network Netherlands B.V.	-	-	72,168	-
HTC America Inc.	540,719	1	184,205	1
HTC EUROPE CO., LTD	248,058	-	151,984	-
其 他	838	-	1,584	-
	<u>\$ 2,395,200</u>	<u>3</u>	<u>\$ 409,941</u>	<u>1</u>

本公司銷售予關係人之商品價格及收款期間除 HTC America Inc.、HTC EUROPE CO., LTD.及 Exedea Inc.相對較優外，餘與銷售予非關係人並無重大差異。

3. 應收（付）款項

	九十五年九月三十日			九十四年九月三十日		
	估應收(付)			估應收(付)		
	金	額	款 項 %	金	額	款 項 %
應收關係企業款：						
Exedea Inc.	\$	650,698	4	\$	-	-
HTC America Inc.		534,688	3		176,681	2
Comserve Network Netherlands B.V.		-	-		6,324	-
HTC EUROPE CO., LTD		236,536	2		151,992	1
其 他		152	-		61	-
	<u>\$</u>	<u>1,422,074</u>	<u>9</u>	<u>\$</u>	<u>335,058</u>	<u>3</u>
應付關係企業款：						
宏達電子（蘇州）有限 公司	\$	9,187	-	\$	-	-
全達國際		132	-		61,905	1
其 他		493	-		5,187	-
	<u>\$</u>	<u>9,812</u>	<u>-</u>	<u>\$</u>	<u>67,092</u>	<u>1</u>

4. 其他應收款

	九十五年九月三十日			九十四年九月三十日		
	估其他應			估其他應		
	金	額	收 款 %	金	額	收 款 %
HTC America Inc.	\$	48,499	40	\$	1,858	7
HTC EUROPE CO., LTD.		41,936	34		1,300	5
宏達電子（蘇州）有限 公司		16,248	13		-	-
其 他		44	-		541	2
	<u>\$</u>	<u>106,727</u>	<u>87</u>	<u>\$</u>	<u>3,699</u>	<u>14</u>

上述關係人之其他應收款除對 HTC America Inc. 及 HTC EUROPE CO., LTD.之銷貨因授信期間較一般授信期間為長（為90天），而自應收關係人款項中，將帳齡逾正常授信期間一定期間之部分轉列其他應收款－關係人計 87,588 仟元外，主要係代購設備及其他零星墊付款。

5. 預付費用

	九十五年九月三十日		九十四年九月三十日	
	金 額	佔預付款項 %	金 額	佔預付款項 %
HTC America Inc.	\$ 19,857	3	\$ -	-
HTC EUROPE CO., LTD.	17,610	2	-	-
HTC NIPPON Corporation	3,100	-	-	-
HTEK	-	-	9,266	1
	<u>\$ 40,567</u>	<u>5</u>	<u>\$ 9,266</u>	<u>1</u>

係預付上述關係人代為處理海外業務活動及研發技術支援之款項。

6. 應付費用

	九十五年九月三十日		九十四年九月三十日	
	金 額	佔應付費用 %	金 額	佔應付費用 %
威盛電子	<u>\$ 210</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

7. 其他應付款－關係人

	九十五年九月三十日		九十四年九月三十日	
	金 額	佔該科目 %	金 額	佔該科目 %
HTC America Inc.	\$ 71,607	71	\$ -	-
HTC EUROPE CO., LTD.	29,439	29	-	-
其 他	20	-	-	-
	<u>\$ 101,066</u>	<u>100</u>	<u>\$ -</u>	<u>-</u>

係本公司應支付予關係人之各項代墊海外銷售據點費用及維修材料費等款項。

8. 委外加工費

	九十五年前三季		九十四年前三季	
	金 額	佔該費用 %	金 額	佔該費用 %
宏達電子（蘇州）有限公司	\$ 57,820	10	\$ 33,371	10
大眾電腦	-	-	7,350	2
	<u>\$ 57,820</u>	<u>10</u>	<u>\$ 40,721</u>	<u>12</u>

9. 產品售後服務費

	九 十 五 年 前 三 季		九 十 四 年 前 三 季	
	金	估實際服務費 %	金	估實際服務費 %
HTC EUROPE CO, LTD.	\$ 220,384	15	\$ 42,503	5
HTC America Inc.	179,729	12	66,507	7
Comserve Network Netherlands B.V.	-	-	86,430	10
	<u>\$ 400,113</u>	<u>27</u>	<u>\$ 195,440</u>	<u>22</u>

服務費支出係本公司委託上述關係人代為處理售後服務之支出，按保固期間內實際維修數量為計算基礎。

10. 管理及總務費用－勞務費

	九 十 五 年 前 三 季		九 十 四 年 前 三 季	
	金	估勞務費 %	金	估勞務費 %
HTC America Inc.	\$ 75,661	37	\$ -	-
HTEK	21,685	10	12,378	27
Exedea Inc.	15,567	7	-	-
HTC EUROPE CO., LTD.	9,425	5	-	-
威盛電子股份有限公司	1,800	1	3,000	6
	<u>\$ 124,138</u>	<u>60</u>	<u>\$ 15,378</u>	<u>33</u>

上述支出主要係委託關係人拓展海外業務活動、研發技術支援及業務諮詢等相關費用，按合約期間計算。

11. 租賃事項

	關 係 人	九 十 五 年 前 三 季		九 十 四 年 前 三 季	
		金	估租金支出 %	金	估租金支出 %
租金支出	威盛電子	<u>\$ -</u>	<u>-</u>	<u>\$ 7,663</u>	<u>59</u>

租金支出係本公司向關係人承租辦公室、停車位等，其租金價格係依鄰近地區租金行情協商議定。

12. 租金收入

	九十五年前三季			九十四年前三季		
	金	額	入 %	金	額	入 %
威盛電子	\$	-	-	\$	339	100

係本公司向關係人收取之辦公室及停車位租金。

13. 財產交易

- (1) 本公司九十五年前三季出售予關係人宏達電子（蘇州）有限公司什項設備，總價款為 3,914 仟元，產生處分利益 2,169 仟元。
- (2) 本公司九十五年前三季出售予關係人 HTC EUROPE CO., LTD. 什項設備，總價款為 141 仟元，產生處分利益 81 仟元。
- (3) 本公司九十四年六月向關係人威盛電子股份有限公司購入土地及房屋建築，總價款為 304,630 仟元，其交易價格係以鑑價報告為準，已全數支付並完成過戶程序。
- (4) 本公司九十四年前三季出售予關係人 HTC EUROPE CO., LTD. 什項設備，總價款為 2 仟元，產生處分利益 2 仟元。

三、重大承諾及或有事項

截至九十五年九月三十日，本公司已向銀行開立而尚未使用之信用狀金額計 USD226 仟元、JPY4,200 仟元及 EUR512 仟元。

四、重要契約

專利授權契約

本公司係研發、生產及銷售掌上型電腦及智慧型手機之專業廠商，為提高產品品質及改進生產技術，向下列國外廠商購得使用權利並定期更新，其主要內容如下：

合 約 人	契 約 期 間	主 要 內 容
Microsoft	93.12.01~95.12.31	(1) 嵌入式作業系統軟體之專利授權。 (2) 權利金依契約規定方式給付。
Texas Instruments France	89.01.14~99.01.13	(1) GSM 泛歐式行動電話技術移轉之授權。 (2) 權利金支付方式為依時程表進度付款。

(接次頁)

(承前頁)

合 約 人	契 約 期 間	主 要 內 容
Qualcomm Incorporated.	89.12.20 起至下列終止契約日止： (1) 一方若重大違反契約條款，於收到他方書面通知三十日後，未予改正者，得終止契約。 (2) 本公司不再使用任何 QUALCOMM 智慧財產權時，得終止本契約，惟應於終止日前六十日以書面通知 QUALCOMM。	(1) CDMA 之研發、製造及銷售之專利授權。 (2) 權利金依契約規定方式給付。
Ericsson Mobile Platform AB	92.04~100.03	(1) 授權包括 EDGE 等無線通訊技術，自 92 年 7 月 24 日起按合約約定支付。 (2) 權利金金額依合約規定支付。
Telefonaktiebolaget LM Ericsson	2003/12/15 至本契約最後一個專利權到期為止，但最長不可超過 2008/12/14	(1) 製造、使用或銷售符合 GSM 等標準之必要專利授權。 (2) 依合約規定支付權利金
Nokia Corporation	92.1.1 起至本契約所有專利權到期為止。	授權包括 GSM 等無線通訊技術，依生產之數量支付權利金，其金額依合約規定支付。
InterDigital Technology Corporation.	92.12.31 起至本契約最後一個專利權到期為止。	(1) TDMA、CDMA 為基礎之數位通訊相關專利授權。 (2) 權利金支付之方式依合約規定支付。
KONINKLIJKE PHILIPS ELECTRONICS N.V.	93.01.05~最後一個專利權到期日止	(1) 製造符合 GSM,或 DCS 1800/1900 標準通訊裝置所必須之專利 (2) 權利金支付方式依合約支付。
MOTOROLA, Inc	92.12.23 至本公司停止使用 MOTOROLA 智慧財產權或本契約最後一個專利權到期為止。	(1) 符合 TDMA, NARROWBAND CDMA, WIDEBAND CDMA,或 TD/CDMA 標準之專有技術或專利。 (2) 權利金支付之方式為依合約規定支付。
ALCATEL /TCL & Alcatel	2004/7~2009/6 共五年	(1) 符合 GSM/GPRS/EDGE 之專有技術或專利。 (2) 權利金支付之方式為依合約規定支付。
Siemens Aktiengesellschaft	2004/7~最後一個專利到期日止	(1) 符合 GSM/GPRS/EDGE 之專有技術或專利 (2) 權利金支付之方式為依合約規定支付。
Lucent Technologies GRL LLC	2004/7~2009/6 共五年	(1) 符合 GSM/GPRS/EDGE/CDMA/WCDMA 之專有技術或專利 (2) 權利金支付之方式為依合約規定支付。

五、其 他

(一) 本公司為照顧弱勢族群、協助兒童、青少年及老年福利工作，依本公司捐贈辦法，已於九十五年前三季提撥 300,000 仟元，預計捐贈予

財團法人宏達社會福利慈善事業基金會，以發揚急難救助人本之精神，促進社會安和樂利。

(二)本公司九十五年五月經股東會決議，授權董事會以不超過 16,000 仟股普通股之額度內現金增資，參與發行海外存託憑證，並經行政院金融監督管理委員會函核准在案。復經綜合評估國際金融情勢之不穩定性，於同年八月董事會決議向行政院金融監督管理委員會申請撤銷。

(三)本公司於九十五年六月經董事會決議通過與英屬蓋曼群島商 Dopod Corporation 簽署合作意向書，除 Dopod Corporation 100% 股權以不超過 1.5 億美元評價外，本公司擬採認購增資新股、或以現金收購其既有股份方式，以取得 Dopod Corporation 50% 以上之股權。相關收購模式、交易條件、合作計劃內容暨雙方權利義務等相關細節，尚待後續評估與協商。

六.科目重分類

為配合九十五年前三季財務報表之揭露，經將九十四年前三季財務報表部分科目作重分類，以利分析比較。

七.附註揭露事項

(一)重大交易事項相關資訊

編號	內容	說明
1	資金貸與他人。	無
2	為他人背書保證。	無
3	期末持有有價證券情形。	附表一
4	累積買進或賣出同一有價證券之金額達新台幣一億元或實收資本額百分之二十以上。	附表二
5	取得不動產之金額達新台幣一億元或實收資本額百分之二十以上。	無
6	處分不動產之金額達新台幣一億元或實收資本額百分之二十以上。	無
7	與關係人進、銷貨之金額達新台幣一億元或實收資本額百分之二十以上。	附表三
8	應收關係人款項達新台幣一億元或實收資本額百分之二十以上。	附表四
9	從事衍生性商品交易。	附註二十一

(二)轉投資事業相關資訊

編 號	內 容	說 明
1	被投資公司名稱、所在地區.....等相關資訊。	附表五
2	資金貸與他人。	無
3	為他人背書保證。	無
4	期末持有有價證券情形。	附表一
5	累積買進或賣出同一有價證券之金額達新台幣一億元或實收資本額百分之二十以上。	無
6	取得不動產之金額達新台幣一億元或實收資本額百分之二十以上。	無
7	處分不動產之金額達新台幣一億元或實收資本額百分之二十以上。	無
8	與關係人進、銷貨之金額達新台幣一億元或實收資本額百分之二十以上。	附表三
9	應收關係人款項達新台幣一億元或實收資本額百分之二十以上。	無
10	從事衍生性商品交易。	無

(三)大陸投資資訊

編 號	內 容	說 明
1	大陸投資公司名稱、主要營業項目.....等相關資訊。	附表六
2	赴大陸投資限額。	附表六
3	與大陸被投資公司直接或間接經由第三地區事業所發生之重大交易事項。	附表七
4	與大陸被投資公司直接或間接經由第三地區提供背書、保證或提供擔保品情形。	無
5	與大陸被投資公司直接或間接經由第三地區事業提供資金融通情形。	無
6	其他對當期損益或財務狀況有重大影響之交易事項。	無

附表一 持有有價證券情形

單位：新台幣仟元

持 有 之 公 司	有價證券種類及名稱	與有價證券發行人之關係	帳 列 科 目	期				備 註
				股 數 (仟 股)	帳 面 金 額	持 股 比 例 %	市 價	
宏達國際電子股份有限公司	上市股票： 威盛電子	該公司董事長與本公司之 董事長同一人	備供出售金 融商品－ 非流動	43	\$ 1,087	-	\$ 1,087	
	未上市股票： H.T.C. (B.V.I.) Corp.	子公司	採權益法之 長期投資	152,308	337,517	100.00	337,517	
	鉅瞻科技股份有限公司	子公司	"	13,500	142,850	51.00	142,850	
	HTC HK, Limited	子公司	"	300	1,277	100.00	1,277	
	安瑟數位股份有限公司	採成本法評價之被投資公司	以成本衡量 之金融資 產－非流 動	228	1,192	1.82	1,192	
H.T.C. (B.V.I.) Corp.	未上市股票： HTEK	子公司	採權益法之 長期投資	600,000	12,722	100.00	12,722	
	HTC America Inc.	子公司	"	1,977	-	100.00	-	註
	HTC EUROPE CO., LTD.	子公司	"	1,124	110,148	100.00	110,148	
	宏達電子（蘇州）有 限公司	子公司	"	-	289,253	100.00	289,253	
	Exedea Inc.	子公司	"	0.1	5,395	100.00	5,395	
	HTC NIPPON Corporation	子公司	"	1	-	100.00	-	註

註：長期股權投資帳面價值為負，轉列其他負債。

附表二 累積買進或賣出同一有價證券之金額達新台幣一億元或實收資本額百分之二十以上

單位：新台幣仟元

買、賣之公司	有價證券種類及名稱	帳列科目	交易對象	關係	期初		買入		賣出		帳面成本	處分損益	期末	
					股數(仟股)	金額	股數(仟股)	金額	股數(仟股)	金額			股數(仟股)	金額
宏達國際電子股份有限公司	鉅瞻科技股份有限公司	採權益法評價之長期股權投資		子公司	-	-	13,500	135,000	-	-	142,850	權益法之投資損失(7,995) 持股比例變動之資本公積15,845	13,500	142,850

附表三 與關係人進、銷貨之金額達新台幣一億元或實收資本額百分之二十以上

單位：新台幣仟元

進(銷)貨之公司	交 易 對 象	關 係	交 易 情 形				交易條件與一般交易不同 之情形及原因		應收(付)票據、帳款		備 註
			進(銷)貨	金 額	佔總進(銷) 貨之比率%	授 信 期 間	單 價	授 信 期 間	餘 額	佔總應收(付) 票據、帳款之 比 率 %	
宏達國際電子股份有限公司	Exedea Inc.	本公司之孫公司	銷 貨	\$ 1,605,585	2	90 天	較非關係 人為優	較非關係人 為優	\$ 650,698	4	註 1 註 2
	HTC America Inc.	本公司之孫公司	銷 貨	540,719	1	90 天	"	"	582,571	4	
	HTC EUROPE CO., LTD.	本公司之孫公司	銷 貨	248,058	-	90 天	"	"	276,241	2	
Exedea Inc.	宏達國際電子股份有限公司	本公司之母公司	進 貨	1,605,585	100	90 天	"	"	(650,698)	100	
HTC America Inc.	宏達國際電子股份有限公司	本公司之母公司	進 貨	540,719	93	90 天	"	"	(582,571)	95	
HTC EUROPE CO., LTD.	宏達國際電子股份有限公司	本公司之母公司	進 貨	248,058	66	90 天	"	"	(276,241)	85	

註 1：應收帳款餘額係包含轉列至其他應收款－關係人 47,883 仟元。

註 2：應收帳款餘額係包含轉列至其他應收款－關係人 39,705 仟元。

附表四 應收關係人款項達新台幣一億元或實收資本額百分之二十以上

單位：新台幣仟元

帳列應收款項之公司	交易對象	關係	應收關係人款項餘額	週轉率	逾期應收關係人款項		應收關係人款項期後收回金額	提列備抵呆帳額
					金額	處理方式		
宏達國際電子股份有限公司	Exedea Inc.	本公司之孫公司	\$ 650,698	6.58	\$ 61,151	加強收款	\$ 201,219	\$ -
	HTC America Inc.	"	582,571	1.91	272,188	"	33,756	註 1
	HTC EUROPE CO., LTD.	"	276,241	1.26	154,398	"	3,244	註 2

註 1：應收帳款餘額係包含轉列至其他應收款－關係人 47,883 仟元。

註 2：應收帳款餘額係包含轉列至其他應收款－關係人 39,705 仟元。

附表五 被投資公司名稱、所在地區.....等相關資訊

單位：新台幣仟元

投資公司名稱	被投資公司名稱	所 在 地 區	主 要 營 業 項 目	原 始 投 資 金 額		期 末 持 有		帳 面 金 額	被 投 資 公 司 本 期 損 益	本 期 認 列 之 投 資 損 益	備 註
				本 期 期 末	上 期 期 末	股 數 (仟 股)	比 率 %				
宏達國際電子股份有限公司	H.T.C. (B.V.I.) Corp.	British Virgin Island	轉投資控股公司	\$ 509,114	\$ 428,137	152,308	100	\$ 337,517	(\$ 80,640)	(\$ 80,640)	
	鉅瞻科技股份有限公司	台北縣新店市中興路2段188號4樓	產品設計及電子零組件製造、批發及零售等	135,000	-	13,500	51	142,850	(14,503)	(7,995)	
	HTC HK, Limited	31/F THE CENTER 99 QUEEN'S ROAD CENTRAL HK	國際投資	1,277	-	300	100	1,277	-	-	
H.T.C (B.V.I) Corp.	HTEK	1100 East William Street Suite 207 Carson City, Nevada USA	市場行銷相關業務及研發技術支援	19,372	19,372	600,000	100	12,722	13,850	13,850	
	HTC America Inc.	408 West 17th Street Suite 101, Austin, Texas, USA	維修及售後服務相關業務	65,767	65,767	1,977	100	-	(117,720)	(117,720)	註
	HTC EUROPE CO., LTD.	Capella House, Snowdon Drive, Winterhill, Milton Keynes, MK6 1AJ, UK	維修及售後服務相關業務	69,751	69,751	1,124	100	110,148	44,089	44,089	
	宏達電子(蘇州)有限公司	蘇州工業園區	製造、組裝及銷售電腦設備及各種電子零組件	345,732	267,516	-	100	289,253	(18,915)	(18,915)	
	Exedea Inc.	5950 Corporate Dr. Houston	發貨中心相關業務	35	35	0.1	100	5,395	5,254	5,254	
	HTC NIPPON Corporation	c/o Asahi Koma Law Offices,1-1,Marunouchi 2-chome,Chiyoda-ku, Tokyo	市場開發、維修及售後服務相關業務	2,768	-	1	100	-	(7,185)	(7,185)	註

註：長期股權投資帳面價值為負，轉列其他負債。

附表六 大陸投資資訊

1.大陸被投資公司名稱、主要營業項目、實收資本額、投資方式、資金匯出入、持股比例、投資損益、投資帳面價值及匯回投資損益情形：

單位：新台幣仟元

大陸被投資公司名稱	主要營業項目	實收資本額	投資方式	本期期初自	本期匯出或收回投資金額		本期期末自	本公司直接或 間接投資之 持股比例%	本期認列投資 損益	期末投資帳面 價值	截至本期止已 匯回台灣之 投資收益
				台灣匯出累積 投資金額	匯出	收回	台灣匯出累積 投資金額				
宏達電子(蘇州)有限公司	掌上型電腦產品 之製造與銷售	USD\$ 10,400	透過轉投資第三 地區現有公司再 投資大陸公司。	\$ 267,516 (USD 8,000)	\$ 78,216 (USD 2,400)	\$ -	\$ 345,732 (USD 10,400)	100	(\$ 18,915)	\$ 289,253	\$ -

2.赴大陸地區投資限額：

本期期末累計自台灣匯出赴大陸地區投資金額	經濟部投審會核准投資金額	依經濟部投審會規定赴大陸地區投資限額
\$ 345,732 (USD 10,400)	\$ 496,500 (USD 15,000)	\$ 8,580,852

註一：經濟部投審會核准投資金額係以九十五年九月三十日之匯率新台幣 33.10 對 1 美元換算而得。

註二：本期認列之投資損益及期末投資帳面價值，係以未經會計師核閱之財務報表為依據，並分別以九十五年一至九月平均匯率新台幣 4.0494 及九十五年九月三十日匯率新台幣 4.1857 對 1 人民幣換算而得。

附表七 與大陸投資公司直接或間接經由第三地區事業所發生之重大交易事項

單位：新台幣仟元

關 係 人 名 稱	本公司與關係人之係 關	交 易 類 型	金 額	交 易 條 件			應收(付)票據、帳款		未 實 現 損 益
				價 格	付 款 條 件	與一般交易之比較	餘 額	百分比(%)	
宏達電子(蘇州)有限公司	本公司之孫公司	委外加工費	\$ 57,820	與非關係人無重大 差異	OA 45 天	付款條件與一般客 戶雷同	(\$ 9,187)	-	\$ -
		進 貨	12,290	"	"	"	-	-	-

News Release



Issued by: High Tech Computer Corp.

Issued on: 2006 10 30

HTC Q3 Net Profit Jump 154% YoY; EPS NT\$ 15.37 First 3 Quarters EPS 40.87; All Set Historical High

Taoyuan, Taiwan, Oct 30, 2006 - High Tech Computer Corp. (" HTC " or " the company "; TAIEX : 2498), today announced its financial results for the first three quarters of 2006, ended September 30th. Net Income after tax for the first three quarters totaled NT\$ 17.84 billion and EPS after tax were NT\$ 40.87. Net income after tax for Q3 2006 totaled NT\$ 6.71 billion and EPS were NT\$ 15.37. All set historical high.

Total revenues of the third quarter of 2006, ended September 30th, reached NT\$ 26.36 billion, which rose 59.20% YoY and 1.40% QoQ. Net income after tax for Q3 was NT\$ 6.71 billion, and jumped 154% YoY. Earning per shares for Q3 was NT\$ 15.37.

First three quarters of 2006, revenue was NT\$76.36 billion with 68.77% year-on-year growth; net income after tax reached NT\$ 17.84 billion with 166% growth YoY. Earnings per share after tax were NT\$ 40.87.

Due to the new products launch intensively in this Q4, HTC believes our business still will enjoy a stable growth momentum.

HTC Q3 2006 Financial Results

	Total Revenues (NT\$ B)	Income Before Tax (NT\$ B)	EPS Before Tax (NT\$)	Income After Tax (NT\$ B)	EPS After Tax (NT\$)
3Q06	26.36	7.06	16.17	6.71	15.37
1Q to 3Q06	76.36	18.95	43.42	17.84	40.87

Note: EPS based on outstanding shares of each financial period.

If you have any questions, please feel free to contact us:

High Tech Computer Corp. / Corporate Marketing Division

Martin Liu / Special Assistant to the President (Martin_Liu@HTC.com)

News Release



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HTC Balance Sheet

(Expressed in Thousands of New Taiwan Dollars)

Year Items	3Q05A		2005A		1Q2006		2Q2006		3Q2006	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	10,104,562	32.39%	16,196,448	40.57%	20,969,314	46.75%	27,575,494	51.43%	30,441,557	53.74%
Accounts receivable, net	10,557,270	33.84%	14,212,815	35.60%	13,888,020	30.96%	14,844,114	27.69%	14,149,140	24.98%
Inventories	5,624,411	18.03%	4,837,553	12.12%	4,310,160	9.61%	4,974,358	9.28%	5,659,556	9.99%
Current Assets	27,907,976	89.46%	36,616,174	91.72%	41,648,393	92.84%	50,291,615	93.80%	52,974,534	93.52%
Long term Investment	330,043	1.06%	325,533	0.82%	494,910	1.10%	566,773	1.06%	483,923	0.85%
Net Fix Assets	2,597,382	8.33%	2,495,256	6.25%	2,379,473	5.30%	2,329,968	4.35%	2,730,525	4.82%
Other Assets	361,522	1.16%	484,309	1.21%	335,869	0.75%	424,924	0.79%	454,324	0.80%
Total Assets	31,196,923	100.00%	39,921,272	100.00%	44,858,645	100.00%	53,613,280	100.00%	56,643,306	100.00%
Current Liabilities	13,291,106	42.60%	16,935,170	42.42%	16,481,318	36.74%	24,928,150	46.50%	21,238,401	37.49%
Notes and accounts payable	10,988,427	35.22%	13,796,693	34.56%	13,186,393	29.40%	15,551,191	29.01%	15,894,884	28.06%
Long-term Liabilities	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other Liabilities	30	0.00%	561	0.00%	591	0.00%	613	0.00%	646	0.00%
Total Liabilities	13,291,136	42.60%	16,935,731	42.42%	16,481,909	36.74%	24,928,763	46.50%	21,239,047	37.50%
Capital - Common stock	3,570,160	11.44%	3,570,160	8.94%	3,570,160	7.96%	3,570,160	6.66%	4,364,192	7.70%
Share dividend	-	0.00%	-	0.00%	-	0.00%	794,032	1.48%	-	0.00%
Capital Surplus	4,436,843	14.22%	4,436,843	11.11%	4,436,843	9.89%	4,452,688	8.31%	4,452,688	7.86%
Retained earnings	9,900,718	31.74%	14,984,714	37.54%	20,378,089	45.43%	19,871,679	37.06%	26,579,629	46.92%
Adjustments	(1,934)	-0.01%	(6,176)	-0.02%	(8,356)	-0.02%	(4,042)	-0.01%	7,750	0.01%
Minority interest in subsidiaries										
Total Equity	17,905,787	57.40%	22,985,541	57.58%	28,376,736	63.26%	28,684,517	53.50%	35,404,259	62.50%

HTC Income Statement

(Expressed in Thousands of New Taiwan Dollars)

Year	3Q2005A		4Q2005A		1Q2006		2Q2006		3Q2006	
Items	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total Revenue	16,556,461	100%	27,524,089	100%	24,012,457	100%	25,991,998	100%	26,356,613	100%
Gross Profit	3,932,751	23.75%	7,463,288	27.12%	7,025,691	29.26%	8,475,188	32.61%	8,933,290	33.89%
(Un)realized gain from inter-affiliate accounts	(2,046)	-0.01%	1,990	0.01%	(12,632)	-0.05%	(32,341)	-0.12%	(82,319)	-0.31%
Administrative and selling	555,187	3.35%	1,219,898	4.43%	1,005,364	4.19%	1,216,000	4.68%	1,250,439	4.74%
Research and development	586,844	3.54%	740,680	2.69%	574,153	2.39%	691,482	2.66%	726,697	2.76%
Operating Profit	2,788,674	16.84%	5,504,700	20.00%	5,433,542	22.63%	6,535,365	25.14%	6,873,835	26.08%
Other income & other Expense	(5,899)	-0.04%	(305,125)	-1.11%	180,475	0.75%	(257,090)	-0.99%	181,193	0.69%
Profit Before Tax	2,782,775	16.81%	5,199,575	18.89%	5,614,017	23.38%	6,278,275	24.15%	7,055,028	26.77%
Profit After Tax	2,641,717	15.96%	5,083,996	18.47%	5,393,375	22.46%	5,736,846	22.07%	6,707,950	25.45%
EPS (Before Income Tax)*	\$7.86		\$14.68		\$12.86		\$14.39		\$16.17	
EPS (After Income Tax)*	\$7.46		\$14.35		\$12.36		\$13.15		\$15.37	

*PS : EPS (Before Income Tax & After Income Tax) are based on the period weight average shares or the period end shares

- 2005weight average shares were 354,227 K shares
- 2006Q1/Q2/Q3weight average shares were436,419K shares

HTC Statements of Cash Flows

(Expressed in Thousands of New Taiwan Dollars)

Item \ Year	3Q2005A	4Q2005A	1Q2006A	2Q2006A	3Q2006A
Total Operating Cash flow	820,864	6,434,731	4,937,833	6,779,652	8,374,620
Depreciation			146,070	145,618	147,418
Total Investment Cash flow	(166,020)	(137,376)	(164,997)	(173,494)	(510,366)
Purchase of properties			(31,598)	(95,337)	(548,843)
Total Financing Cash flow	(1,938,946)	(205,469)	30	22	(4,998,191)
Effect of Exchange Rate Changes					
Total Cash flow	(1,284,102)	6,091,886	4,772,866	6,606,180	2,866,063
Total Ending Cash	10,104,562	16,196,448	20,969,314	27,575,494	30,441,557

High Tech Computer Corp.

Investor Conference

3rd Q Business Review
4th Q Outlook

H.M. Cheng
CFO, High Tech Computer Corp.
Oct. 30, 2006



PRESENTATION OUTLINE

- HTC BUSINESS DEVELOPMENT
- HTC COMPETITVENESS
- HTC BRAND STRATEGY
- 3rd Q FINANCIALS
- 4th Q GUIDANCE



HTC BUSINESS DEVELOPMENT

- **Continue to broaden operator customers base**
 - US market growth
 - Japan market penetration
- **Sales region expansion**
 - European distributor increase
 - Australia and South East presence
- **Obvious technology leadership in 3G and 3.5G in Windows camp**



HTC COMPETITIVENESS

- **HTC's core competence remains strong. Non-ODM business maintain strong growth momentum.**
- **HTC's existing competitive competence:**
 - Leading technology to deliver innovative products
 - Wide product selection with comprehensive product portfolio
 - Quick product development cycle for responding to the market change
 - Abundant operator customers base
 - Flexible product customization capability to meet clients' needs
- **Expanding sales region worldwide, diversified customer base, and innovative product portfolio. We'll consolidate long-term competitiveness.**



HTC BRAND STRATEGY

- **Leverage the current business model to expand market reach to the end users through the cooperation with operators in each country**
- **Deliver brand values to the end users with satisfied user experiences and good post sales services in major countries**
- **Enhance brand value thru retail channel and service**
 - Scale up sales volume per product
 - Be closer to the end users to collect market intelligence
 - Build brand recognition



3rd Q FINANCIALS

- **3rd Q Revenues in line with guidance**
- **GMR and OPMR hit record high: 33.89% and 26.08%**
- **Margins improvement driven by the growth of Non-ODM business**
- **Business momentum in the Non-ODM compensated the other business slow**



3rd Q FINANCIALS (Income statement)

Unit: NT\$ million

Year	3Q2005A		4Q2005A		1Q2006		2Q2006		3Q2006	
Items	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Total Revenue	16,556	100	27,524	100	24,012	100	25,992	100	26,357	100
Gross Profit	3,933	23.75	7,463	27.12	7,026	29.26	8,475	32.61	8,933	33.89
Operating Profit	2,789	16.84	5,505	20.00	5,434	22.63	6,535	25.14	6,874	26.08
Profit After Tax	2,642	15.96	5,084	18.47	5,393	22.46	5,737	22.07	6,708	25.45
EPS (After Income Tax)*	\$7.46		\$14.35		\$12.36		\$13.15		\$15.37	

* EPS (Before Income Tax & After Income Tax) are based on the period weight average shares or the period end shares

** 2005weight average shares were 354,227 K shares; 2006Q1/Q2/Q3weight average shares were436,419K shares



3rd Q FINANCIALS

Unit: NT\$ million

Year	3Q05A	4Q05A	1Q2006	2Q2006	3Q2006
Items	Amount	Amount	Amount	Amount	Amount
Cash and cash equivalents	10,105	16,196	20,969	27,575	30,442
Accounts receivable	10,557	14,213	13,888	14,844	14,149
Inventories	5,624	4,838	4,310	4,974	5,650
Total Assets	31,197	39,921	44,859	53,613	56,644
Accounts payable	10,988	13,797	13,186	15,551	15,885
Total Equity	17,906	22,986	28,377	28,685	35,403



4th Q GUIDANCE

- **Business environment remain healthy**
- **Revenues growth will be healthy supported by Non-ODM business**
- **Net Margin will be stable in Q4.**

Influential factors:

1. benefits from customer mix change
- 2, higher sales/marketing expenses associated with the Non-ODM business



High Tech Computer Corp.

**Financial Statements for the Nine Months
Ended September 30, 2004, 2005 and 2006 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
High Tech Computer Corp.

We have reviewed the accompanying balance sheets of High Tech Computer Corp. (the "Company") as of September 30, 2004, 2005 and 2006, and the related statements of income and cash flows for the nine months then ended, all expressed in New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36 - "Review of Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

The calculation of long-term investments accounted for by the equity method as of and for the nine months ended September 30, 2004, 2005 and 2006 was based on the investees' unreviewed financial statements of the same reporting periods as those of the Company. These investments amounted to NT\$172,850 thousand, NT\$327,975 thousand and 481,644 thousand as of September 30, 2004, 2005 and 2006, respectively. The related equity in losses of investees in the nine months ended September 30, 2004, 2005 and 2006 amounted to NT\$5,347 thousand, 34,844 thousand and 88,635 thousand, respectively.

Based on our reviews, except for the effects of adjustments that might have been disclosed had the investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to such financial statements for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

In addition, the translation of the 2006 New Taiwan dollar amounts into U.S. dollars has been reviewed on the basis stated in Note 2 to the financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers.

October 13, 2006

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent accountants' review report and the accompanying financial statements were originally presented in more than one set of Chinese reports. For the convenience of readers, the independent accountants' review report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent accountants' review report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

HIGH TECH COMPUTER CORP.

BALANCE SHEETS

SEPTEMBER 30, 2004, 2005 AND 2006

(In Thousands, Except Par Value)

(Reviewed, Not Audited)

ASSETS	2004	2005	2006		LIABILITIES AND STOCKHOLDERS' EQUITY	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)		NT\$	NT\$	NT\$	US\$ (Note 2)
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 4,789,032	\$ 10,104,562	\$ 30,441,557	\$ 919,685	Financial liabilities at fair value through profit or loss (Notes 2 and 5)	\$ 13,264	\$ -	\$ -	\$ -
Financial assets at fair value through profit or loss (Notes 2 and 5)	-	3,677	18,957	573	Notes and accounts payable	5,814,610	10,988,427	15,885,072	479,912
Available-for-sale financial assets - current (Notes 2 and 6)	1,705,640	-	-	-	Notes and accounts payable to related parties (Note 22)	16,239	67,092	9,812	296
Notes receivable (Notes 2 and 7)	68,085	296,798	1,931	58	Income tax payable (Notes 2 and 19)	141,753	344,234	1,164,826	35,191
Accounts receivable, net (Notes 2 and 7)	4,629,881	10,557,270	14,149,140	427,466	Accrued expenses (Notes 14 and 22)	469,324	780,423	1,828,820	55,251
Accounts receivable from related parties, net (Notes 2 and 22)	73,043	335,058	1,422,074	42,963	Payable for purchase of equipment	51,747	26,363	15,087	456
Other current financial assets (Notes 8 and 22)	87,016	67,155	198,651	6,001	Other current liabilities (Notes 15 and 22)	481,750	1,084,567	2,334,784	70,537
Inventories (Notes 2 and 9)	4,066,940	5,624,411	5,659,556	170,984	Total current liabilities	6,988,687	13,291,106	21,238,401	641,643
Prepayments (Notes 10 and 22)	354,945	756,348	780,466	23,579	LONG-TERM LIABILITIES				
Deferred income tax assets (Notes 2 and 19)	123,548	162,697	302,202	9,130	Bonds payable (Notes 2 and 16)	2,197,651	-	-	-
Total current assets	15,898,130	27,907,976	52,974,534	1,600,439	OTHER LIABILITIES				
LONG-TERM INVESTMENTS					Accrued pension cost (Note 2)	44,800	-	-	-
Available-for-sale financial assets - noncurrent (Notes 2 and 6)	850	876	1,087	33	Guarantee deposits received	50,997	30	646	20
Financial assets carried at cost (Notes 2 and 11)	1,192	1,192	1,192	36	Total other liabilities	95,797	30	646	20
Investments accounted for by the equity method (Notes 2 and 12)	172,850	327,975	481,644	14,551	Total liabilities	9,282,135	13,291,136	21,239,047	641,663
Total long-term investments	174,892	330,043	483,923	14,620	STOCKHOLDERS' EQUITY (Note 17)				
PROPERTY, PLANT AND EQUIPMENT, NET (Notes 2, 13 and 22)					Capital stock - NT\$10 par value				
Cost					Authorized: 550,000 thousand shares				
Land	301,313	610,293	610,293	18,438	Issued: 271,427 thousand shares in 2004, 357,016 thousand shares in 2005 and 436,419 thousand shares in 2006				
Buildings and structures	842,625	1,072,412	1,081,136	32,663	Common stock	2,714,276	3,570,160	4,364,192	131,849
Machinery and equipment	1,951,594	2,506,852	2,563,963	77,461	Capital surplus				
Molding equipment	201,567	201,567	201,247	6,080	Additional paid-in capital	2,529,667	4,410,871	4,410,871	133,259
Computer equipment	137,468	160,425	176,257	5,325	Long-term equity investments	-	-	15,845	479
Transportation equipment	1,315	1,315	1,938	59	Merger	25,972	25,972	25,972	784
Furniture and fixtures	97,482	104,828	101,916	3,079	Retained earnings				
Leased assets	-	-	4,712	142	Legal reserve	427,791	813,326	1,991,520	60,167
Leasehold improvements	34,353	22,816	22,816	689	Special reserve	1,983	19,133	6,175	186
Less accumulated depreciation	3,567,717	4,680,508	4,764,278	143,936	Accumulated earnings	3,687,891	9,068,259	24,581,934	742,657
Prepayments for construction-in-progress and equipment-in-transit	(1,571,856)	(2,120,547)	(2,524,896)	(76,281)	Unrealized losses on financial instruments (Notes 2 and 6)	(1,121)	(1,095)	(884)	(27)
Property, plant and equipment, net	227,174	37,421	491,143	14,838	Cumulative translation adjustments (Note 2)	1,266	(839)	8,634	261
OTHER ASSETS					Total stockholders' equity	9,387,725	17,905,787	35,404,259	1,069,615
Refundable deposits	5,554	6,297	35,622	1,076					
Deferred charges (Note 2)	196,125	158,706	126,796	3,831					
Deferred tax assets (Notes 2 and 19)	144,684	154,307	223,706	6,758					
Deferred bond issuance costs	27,440	-	-	-					
Other (Note 2)	-	42,212	68,200	2,061					
Total other assets	373,803	361,522	454,324	13,726					
TOTAL	\$ 18,669,860	\$ 31,196,923	\$ 56,643,306	\$ 1,711,278	TOTAL	\$ 18,669,860	\$ 31,196,923	\$ 56,643,306	\$ 1,711,278

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated October 13, 2006)

HIGH TECH COMPUTER CORP.

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2004, 2005 AND 2006

(In Thousands, Except Earnings Per Share)

(Reviewed, Not Audited)

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
REVENUES (Note 22)				
Gross sales	\$ 21,536,825	\$ 44,690,339	\$ 75,887,383	\$ 2,292,670
Less sales returns and discounts	<u>(98,357)</u>	<u>(171,414)</u>	<u>(150,645)</u>	<u>(4,551)</u>
NET SALES	21,438,468	44,518,925	75,736,738	2,288,119
OTHER REVENUES	<u>624,822</u>	<u>725,508</u>	<u>624,330</u>	<u>18,862</u>
Total revenues	22,063,290	45,244,433	76,361,068	2,306,981
COST OF REVENUES (Note 22)	<u>17,042,386</u>	<u>34,697,239</u>	<u>51,926,899</u>	<u>1,568,789</u>
GROSS PROFIT	5,020,904	10,547,194	24,434,169	738,192
UNREALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	(6,120)	(17,067)	(142,369)	(4,301)
REALIZED PROFIT FROM INTERCOMPANY TRANSACTIONS	<u>7,241</u>	<u>6,289</u>	<u>15,077</u>	<u>456</u>
REALIZED GROSS PROFIT	<u>5,022,025</u>	<u>10,536,416</u>	<u>24,306,877</u>	<u>734,347</u>
OPERATING EXPENSES (Notes 18 and 22)				
Administrative and selling	883,723	1,542,002	3,471,803	104,889
Research and development	<u>1,335,939</u>	<u>1,658,635</u>	<u>1,992,332</u>	<u>60,191</u>
Total operating expenses	<u>2,219,662</u>	<u>3,200,637</u>	<u>5,464,135</u>	<u>165,080</u>
OPERATING INCOME	<u>2,802,363</u>	<u>7,335,779</u>	<u>18,842,742</u>	<u>569,267</u>
NONOPERATING INCOME AND GAINS				
Interest income	48,575	91,876	273,588	8,265
Gain on sale of property, plant and equipment	-	-	41,341	1,249
Gain on sale of investments	1,213	-	-	-
Foreign exchange gain (Note 2)	-	-	355,696	10,746
Valuation gain on financial instruments, net (Notes 2, 3, 5 and 21)	-	3,677	18,957	573
Other (Note 22)	<u>51,719</u>	<u>48,633</u>	<u>123,221</u>	<u>3,723</u>
Total nonoperating income and gains	<u>101,507</u>	<u>144,186</u>	<u>812,803</u>	<u>24,556</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	16,509	19,718	229	7
Equity in losses of equity method investees (Notes 2 and 12)	5,347	34,844	88,635	2,678
Losses on disposal of property, plant and equipment	1,270	787	3,377	102
Losses on inventory adjustments	415	1,179	2,197	66
Foreign exchange loss	4,623	133,062	-	-
Provision for loss on decline in value of inventory	308,175	327,636	609,582	18,416
Valuation loss on financial instruments, net (Notes 2, 3, 5 and 21)	13,264	-	-	-
Other	<u>10,202</u>	<u>6,375</u>	<u>4,205</u>	<u>127</u>
Total nonoperating expenses and losses	<u>359,805</u>	<u>523,601</u>	<u>708,225</u>	<u>21,396</u>

(Continued)

HIGH TECH COMPUTER CORP.

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2004, 2005 AND 2006

(In Thousands, Except Earnings Per Share)

(Reviewed, Not Audited)

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
INCOME BEFORE INCOME TAX	\$ 2,544,065	\$ 6,956,364	\$ 18,947,320	\$ 572,427
INCOME TAX EXPENSE (Notes 2 and 19)	<u>(106,167)</u>	<u>(258,416)</u>	<u>(1,109,149)</u>	<u>(33,509)</u>
NET INCOME	<u>\$ 2,437,898</u>	<u>\$ 6,697,948</u>	<u>\$ 17,838,171</u>	<u>\$ 538,918</u>

	2004		2005		2006			
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax	Before Income Tax		After Income Tax	
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$ (Note 2)	NT\$	US\$ (Note 2)
BASIC EARNINGS PER SHARE (Note 20)	<u>\$ 6.21</u>	<u>\$ 5.95</u>	<u>\$ 16.11</u>	<u>\$ 15.51</u>	<u>\$ 43.42</u>	<u>\$ 1.31</u>	<u>\$ 40.87</u>	<u>\$ 1.23</u>
DILUTED EARNINGS PER SHARE (Note 20)	<u>\$ 5.95</u>	<u>\$ 5.69</u>	<u>\$ 15.93</u>	<u>\$ 15.34</u>	<u>\$ 42.75</u>	<u>\$ 1.29</u>	<u>\$ 40.25</u>	<u>\$ 1.22</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated October 13, 2006)

HIGH TECH COMPUTER CORP.

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2004, 2005 AND 2006

(In Thousands)

(Reviewed, Not Audited)

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 2,437,898	\$ 6,697,948	\$ 17,838,171	\$ 538,918
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	377,211	436,193	439,106	13,266
Amortization	37,116	27,505	23,441	708
Loss (gain) on disposal of property, plant and equipment	1,270	787	(37,964)	(1,147)
Equity in losses of equity method investees	5,347	34,844	88,635	2,678
Provision for redemption of convertible bonds	9,885	2,042	-	-
Foreign exchange losses (gains) on convertible bonds	2,050	(8,179)	-	-
Amortization of bond issue costs	6,190	17,675	-	-
Deferred income tax assets	(19,428)	(94,314)	(47,048)	(1,421)
Accrued pension cost	12,656	(34,549)	(18,440)	(557)
Net changes in operating assets and liabilities				
Financial instruments at fair value through profit or loss	(1,662,854)	(2,583)	41,128	1,242
Notes receivable	(32,286)	(225,042)	97,156	2,935
Accounts receivable	659,658	(2,216,836)	63,675	1,924
Accounts receivable from related parties	41,805	(256,845)	(1,001,294)	(30,251)
Other current financial assets	104,195	28,887	(113,332)	(3,424)
Inventories	(1,909,144)	(1,420,762)	(822,003)	(24,834)
Prepayments	55,899	(511,520)	(306,205)	(9,251)
Notes and accounts payable	873,990	3,065,113	2,144,677	64,794
Notes and accounts payable to related parties	9,626	43,955	(46,486)	(1,404)
Income tax payable	(4,572)	250,080	547,963	16,555
Accrued expenses	(16,330)	(81,844)	624,013	18,852
Other current liabilities	<u>113,266</u>	<u>464,532</u>	<u>576,912</u>	<u>17,429</u>
Net cash provided by operating activities	<u>1,103,448</u>	<u>6,217,087</u>	<u>20,092,105</u>	<u>607,012</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(357,715)	(543,301)	(675,778)	(20,416)
Proceeds of sales of property, plant and equipment	6,107	2	44,519	1,345
Increase in long-term investments	(65,732)	-	(217,254)	(6,564)
Proceeds of liquidation of long-term investments	-	4,312	-	-
Increase in refundable deposits	(4,712)	(375)	(344)	(10)
Cash from merger	<u>14,791</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in investing activities	<u>(407,261)</u>	<u>(539,362)</u>	<u>(848,857)</u>	<u>(25,645)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (decrease) in guarantee deposits received	50,967	(273,048)	85	3
Redemption of convertible bonds	(69,350)	-	-	-
Cash dividend, bonus to employees and directors' remuneration	<u>(661,849)</u>	<u>(1,448,316)</u>	<u>(4,998,224)</u>	<u>(151,004)</u>
Net cash used in financing activities	<u>(680,232)</u>	<u>(1,721,364)</u>	<u>(4,998,139)</u>	<u>(151,001)</u>

(Continued)

HIGH TECH COMPUTER CORP.

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2004, 2005 AND 2006

(In Thousands)

(Reviewed, Not Audited)

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 15,955	\$ 3,956,361	\$ 14,245,109	\$ 430,366
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,773,077</u>	<u>6,148,201</u>	<u>16,196,448</u>	<u>489,319</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 4,789,032</u>	<u>\$ 10,104,562</u>	<u>\$ 30,441,557</u>	<u>\$ 919,685</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the period				
Interest (net of amounts capitalized)	\$ <u>434</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Income tax	<u>\$ 130,167</u>	<u>\$ 102,650</u>	<u>\$ 608,234</u>	<u>\$ 18,376</u>
NONCASH INVESTING AND FINANCING ACTIVITIES				
Transfer of convertible bonds to common stock and additional paid-in capital	<u>\$ -</u>	<u>\$ 1,471,034</u>	<u>\$ -</u>	<u>\$ -</u>
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT				
Cost of property, plant and equipment purchased	\$ 373,247	\$ 515,422	\$ 680,930	\$ 20,572
(Increase) decrease in payable for purchase of equipment	(15,532)	27,879	(1,048)	(32)
Increase in lease payable	<u>-</u>	<u>-</u>	<u>(4,104)</u>	<u>(124)</u>
Cash paid for purchase of property, plant and equipment	<u>\$ 357,715</u>	<u>\$ 543,301</u>	<u>\$ 675,778</u>	<u>\$ 20,416</u>
BONUS TO EMPLOYEES AND DIRECTORS' REMUNERATION				
Appropriation of cash dividend and bonus to employees	\$ 739,694	\$ 1,649,816	\$ 5,449,224	\$ 164,629
Increase in payable for cash dividend and bonus to employees	<u>(77,845)</u>	<u>(201,500)</u>	<u>(451,000)</u>	<u>(13,625)</u>
Cash paid	<u>\$ 661,849</u>	<u>\$ 1,448,316</u>	<u>\$ 4,998,224</u>	<u>\$ 151,004</u>
CASH FROM MERGER				
Issue of common stock	\$ 15,673	\$ -	\$ -	\$ -
Additional paid-in capital	25,972	-	-	-
Net assets received, except cash	<u>(26,854)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash paid	<u>\$ 14,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche review report dated October 13, 2006)

HIGH TECH COMPUTER CORP.

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2004, 2005 AND 2006

(In Thousands, Unless Stated Otherwise)

(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

High Tech Computer Corp. (the “Company”) was incorporated on May 15, 1997 under the Company Law of the Republic of China to design, manufacture and sell smart handheld devices. In 1998, the Company had an initial public offering and, in March 2002, the Company’s stock was listed on the Taiwan Stock Exchange. On November 19, 2003, the Company started trading Global Depositary Receipts on the Luxembourg Stock Exchange.

The Company had 3,326, 4,088 and 4,685 employees as of September 30, 2004, 2005 and 2006, respectively.

To take advantage of synergies with companies in similar industries, lower operating costs and expenses, and enhance competitiveness and research and development capabilities, the Board of Directors proposed the acquisition of IA Style, Inc. on October 31, 2003. The effective merger date was March 1, 2004. Please see Note 25.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China (ROC). In preparing financial statements in conformity with these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for inventory devaluation, property depreciation, accrued pension cost, and warranty liability. Actual results could differ from these estimates.

The accompanying financial statements were originally presented in more than one set of Chinese reports. For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail. However, the accompanying financial statements do not include the English translation of the additional footnote disclosures that are not required under ROC generally accepted accounting principles but are required by the Securities and Futures Bureau (SFB, formerly the “Securities and Futures Commission” before July 1, 2004) for their oversight purposes.

The Company’s significant accounting policies are summarized as follows:

Translation into U.S. Dollars

The financial statements are stated in New Taiwan dollars. The translation of the 2006 New Taiwan dollar amounts into U.S. dollar amounts are included solely for the convenience of readers, using the noon buying rate of NT\$33.10 to US\$1.00 quoted by the Bank of Taiwan on September 30, 2006. The convenience translation should not be construed as

representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other exchange rate.

Current/Noncurrent Assets and Liabilities

Current assets are unrestricted cash, cash equivalents and other assets to be realized in cash, sold, or consumed (prepaid items) within 12 months of the balance sheet date. Current liabilities are obligations to be paid or settled within 12 months of the balance sheet date. All other assets or liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents are primarily bankers' acceptance, commercial paper and corporate bonds acquired under repurchase agreements, which are highly liquid investments with a maturity of three months or less from the date of acquisition.

Financial Assets/Liabilities at Fair Value through Profit or Loss

Derivatives that do not meet the criteria for hedge accounting are initially recognized at fair value, with transaction costs expensed as incurred. The derivatives are subsequently remeasured at fair value, with the changes in fair value recognized as current income. When the fair value is positive, the derivative is recognized as a financial asset; when the fair value is negative, the derivative is recognized as a financial liability.

Available-for-Sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. When the assets are subsequently measured at fair value, the changes in fair value are excluded from earnings and reported as a separate component of stockholders' equity. The accumulated gains or losses are recognized as earnings when the financial asset is de-recognized from the balance sheet.

Cash dividends are recognized as investment income upon the declaration of an investee's stockholders under a resolution but are accounted for as a reduction of the original cost of investment if these dividends are declared on the earnings of the investees attributable to periods before the purchase of the investments. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of shares held after the stock dividends are received.

If there is objective evidence that a financial asset is impaired, a loss is recognized. If the impairment loss decreases, the previously recognized impairment loss is reversed to the extent of the decrease and recorded as an adjustment to stockholders' equity.

Revenue Recognition, Accounts Receivable and Allowance for Doubtful Accounts

The Company recognizes revenues when the earnings process is complete, as evidenced by an agreement with the customer, the transfer of title and acceptance has occurred, the price is fixed or determinable and the collectibility is reasonably assured. The Company records a provision for estimated future returns and other allowances in the same period the related revenue is recorded. Provisions for estimated sales returns and other allowances are generally made based on historical experience, management's judgment, and any known factors that would significantly affect the allowance.

Sales prices are determined using the fair value taking into account related sales discounts agreed to by the Company and its customers. Since the receivables from sales are collectible within one year and such transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash to be received.

Allowance for doubtful accounts is provided on the basis of management's evaluation of the collectibility of receivables, past loss experience, and other pertinent factors.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the moving-average method. Market value is based on replacement costs of raw materials and work-in-process and on net realizable values of finished goods.

Financial Assets Carried At Cost

Investments that do not have quoted market prices in an active market and have fair values that cannot be reliably measured, such as non-publicly traded stocks, are carried at original cost. The costs of non-publicly traded stocks are determined using the weighted-average method.

The accounting treatment for cash dividends and stock dividends arising from financial assets carried at cost is the same as that for cash and stock dividends arising from available-for-sale financial assets.

Investments Accounted for by the Equity Method

Investments in companies in which the Company's ownership interest is 20% or more, except where the Company cannot exercise significant influence, are accounted for by the equity method. The difference between the investment acquisition cost and the Company's equity in an investee's net assets when an investment is acquired or when the equity method is first adopted is amortized over five years. Effective January 1, 2006, based on the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments in Equity Securities" (SFAS No. 5), investment premiums, representing goodwill, should no longer be amortized.

When the Company subscribes for additional investee shares at a percentage different from its existing equity interest, the resulting change in the Company's equity in the investee's net assets is recorded as an adjustment to long-term investments, with the corresponding amount charged or credited to capital surplus.

On the balance sheet date, an impairment loss should be recognized if the recoverable amount of the investment is below carrying amount. This loss should be charged to current income.

Properties

Properties are stated at cost less accumulated depreciation. Interest incurred in connection with the purchase or construction of properties is capitalized. Major renewals and betterments are capitalized, while maintenance and repairs are expensed in the period incurred.

On the balance sheet date, assets are evaluated for any impairment. If impairment is identified, the Company should evaluate the recoverable amount of the assets. An impairment loss should be recognized whenever the recoverable amount of the properties is below carrying amount, and this loss should be charged to current income.

An impairment loss recognized in prior years can be reversed only if there is a change in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, the amount reversed is only to the extent that the increased carrying amount of an asset should not exceed the asset carrying amount (net of depreciation) that would have been determined had no impairment loss been recognized in prior years. An impairment loss of an asset revalued under certain regulations should be treated as a revaluation increment decrease. A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation increment. However, to the extent that an impairment loss on the same revalued asset was previously recognized as profit or loss, a reversal of that impairment loss is also recognized as profit or loss.

Depreciation is calculated on a straight-line basis over the estimated service lives of the assets plus one additional year for salvage value.

Deferred Charges

Deferred charges are telephone installation charges, computer software costs and deferred license fees. Installation charges and computer software are amortized on a straight-line basis over 3 years, and deferred license fees, over 10 years.

Asset Impairment

An impairment loss should be recognized on the balance sheet date whenever the recoverable amount of the asset is below carrying amount. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized. Reversal of an impairment loss is recognized as income in the income statement. However, the reversal of impairment loss on goodwill is prohibited.

Reserve for Warranty Expenses

The Company provides warranty service for one to two years depending on the contract with customers. The warranty liability is estimated based on management's evaluation of the products under warranty, past warranty experience, and other pertinent factors.

Bonds Payable

Bonds are issued at face value and recorded as bonds payable. Each month's interest expense is booked at face value multiplied by the stated interest rate. For bonds sold under repurchase agreements, interest is calculated according to the repurchase value and recognized as interest expense by period. The direct and necessary expenses of issuing convertible bonds are recorded as issuance expenses and amortized over the period from issuance date to the maturity date. When a bondholder requests conversion of convertible bonds, unamortized issue costs, interest expense that is accreted to the date of conversion but need not be paid, recognized interest premium, and the par value of the bonds are written off. The common stock should be valued at the carrying amount net of the amounts written off, and the difference of this net amount from the par value of the common stock is recognized as additional paid-in capital.

Pension Plan

Under the ROC Labor Standards Law (the "Law"), which provides for a defined benefit pension plan, the Company has a pension plan covering all eligible employees. Based on the Statement of Financial Accounting Standards No. 18, "Accounting for Pensions," issued by the Accounting Research and Development Foundation of the ROC, pension cost under the defined benefit pension plan should be calculated by the actuarial method. On January 1,

2004, the rate of the Company's contributions to the plan increased from 2% to 8% of employees' salaries and wages and decreased to 2% after the new Labor Pension Act took effect. The funds are deposited in the Central Trust of China, a government-designated custodian of pension funds, and are managed by the Company's Pension Fund Administration Committee. The pension fund balances were NT\$85,492 thousand, NT\$265,344 thousand and NT\$298,964 (US\$9,032 thousand) as of September 30, 2004, 2005 and 2006, respectively.

The Labor Pension Act (the "Act"), which provides for a new defined contribution plan, took effect on July 1, 2005. Employees already covered by the Law can choose to remain to be subject to the pension mechanism under the Law or to be subject to the Act. Under the Act, the rate of an employer's monthly contribution to the pension fund should be at least 6% of the employee's monthly wages, and the contribution should be recognized as pension expense in the income statement. The pension fund contribution for the nine months ended September 30, 2005 and 2006 were NT\$20,642 thousand and NT\$65,656 thousand (US\$1,984 thousand), respectively.

The related pension benefit obligation for those employees that elected to join the defined contribution plan were not settled, therefore, no settlement or curtailment charge was recorded.

Under SFAS No. 23, "Interim Financial Reporting and Disclosures," the Company does not have to apply the requirement stated in SFAS No. 18, "Accounting for Pensions," of remeasuring the minimum pension liability and pension cost of the current interim period.

Stock-Based Employee Compensation Plans

When the grant date of stock-based employee compensation plans is on or after January 1, 2004, the Company applies the accounting guidelines for stock-based compensation issued by the Accounting Research and Development Foundation of the ROC. Under these guidelines, the fair value of option compensation is recorded initially as an asset. This asset is expensed ratably over the service period, which is generally the period over which the options vest.

Income Tax

The Company adopted Statement of Financial Accounting Standards No. 22, "Accounting for Income Taxes," which requires an asset and liability approach to financial accounting and reporting for income tax. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are provided for deferred tax assets that are not certain to be realized. Income tax expense or benefit is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Adjustment of prior years' income tax is added to current income tax expense in the year the adjustment is made.

Income tax on unappropriated earnings of 10% is expensed in the year of stockholder approval which is the year subsequent to the year the earnings are generated.

Under the Basic Income Tax Act, which took effect on January 1, 2006, if the regular income tax for a profit-seeking enterprise is greater than or equal to the amount of the basic tax, the current year's income tax should be calculated in accordance with the Income Tax Act and other relevant laws. If the regular income tax is less than the amount of the basic tax, the income tax payable should also include the balance of the basic tax and the regular income

tax, in addition to the amount calculated in accordance with the Income Tax Act and other relevant laws.

The balance calculated in accordance with the provisions in the preceding paragraph shall not allow for deductions claimed in regard to investment tax credit granted under the provisions of other laws.

Foreign-Currency Transactions

Transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. On the balance sheet date, monetary items denominated in foreign currencies are translated at prevailing rates. Exchange differences arising on the settlements of the monetary items and on the retranslation of monetary items are included in earnings for the period.

Exchange differences arising on the retranslation of nonmonetary items carried at fair value are included in earnings for the period, except for differences arising on the retranslation of nonmonetary items for which gains and losses are recognized directly under equity. For these nonmonetary items, any exchange component of that gain or loss is also recognized directly under equity. Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

If an investee's functional currency is a foreign currency, adjustments resulting from the translation of the investee's financial statements into the Company's reporting currency are accumulated and reported as a separate component of stockholders' equity.

The rates of exchange prevailing on the transaction dates are also based on the rates quoted by the Bank of Taiwan.

Mergers

The Company's acquisition of IA Style, Inc. was accounted for using the Statement of Financial Accounting Standards No. 25, "Business Combinations - Accounting Treatment under the Purchase Method," and measured at the fair value of the business acquired. The net assets and net liabilities of the acquired entity were accounted for in the balance sheet as an increase in additional paid-in capital from merger (credit) and as a decrease in retained earnings (debit), respectively.

Reclassifications

Certain 2004 and 2005 accounts have been reclassified to conform to the presentation of the financial statements for the nine months ended September 30, 2006.

3. ACCOUNTING CHANGES

On January 1, 2006, the Company adopted the newly released Statements of Financial Accounting Standards ("Statements" or SFAS) No. 34 - "Accounting for Financial Instruments" and No. 36 - "Disclosure and Presentation of Financial Instruments" and related revisions of previously released Statements.

a. Adjustments due to accounting changes

The Company recategorized its financial assets and liabilities upon the initial adoption of the newly released Statements. As shown below, the adjustments made to the carrying amounts of the financial instruments categorized as financial assets or financial liabilities

at fair value through profit or loss were included in the cumulative effect of changes in accounting principles. On the other hand, the adjustments made to the carrying amounts of those categorized as available-for-sale financial assets were recognized as adjustments to stockholders' equity.

	As Cumulative Effect of Change in Accounting Principles (After Tax)	As Adjustments in Stockholders' Equity (After Tax)
Available-for-sale financial assets	\$ <u> - </u>	\$ <u> 48 </u>

The accounting changes had no material effect on net income in the nine months ended September 30, 2006.

b. Account reclassifications

Upon the adoption of SFAS No. 34, certain accounts in the financial statements as of and for the nine months ended September 30, 2004 and 2005 were reclassified to conform with the financial statements as of and for the nine months ended September 30, 2006. However, the financial statements as of and for the nine months ended September 30, 2004 and 2005 need not be restated.

Certain accounting policies before the adoption of the new SFAS Nos. 34 and 36 are summarized as follows:

(i) Short-term investments

Short-term investments include marketable equity securities and mutual funds, which are carried at the lower of aggregate cost or market. The net change in the investment valuation allowance used in the determination of net income is the result of changes in the difference between aggregate costs and market values of investments still held at period-end. The cost of investments sold is determined using the moving average method. Stock dividends received are not recognized as income; instead, they are reflected as an increase in the number of shares held.

(ii) Long-term investments - carried at cost method

Long-term investments in listed companies in which the Company does not exercise significant influence are stated at the lower of aggregate cost or market value.

(iii) Derivative financial instruments

The Company entered into forward contracts to manage foreign exchange exposures on foreign currency-denominated assets and liabilities. The contracts are recorded in New Taiwan dollars at the exchange rate prevailing on the contract date. The differences in the New Taiwan dollar amounts translated at current rates and the amounts translated at forward rates are amortized over the terms of the forward contracts using the straight-line method. At the end of each period, the receivables or payables on forward contracts are restated at prevailing exchange rates, with the resulting differences credited or charged to income. In addition, the receivables and payables on forward contracts open as of period-end are netted out, with the resulting amount presented as an asset or a liability. Any resulting gain or loss upon

settlement is credited or charged to income in the settlement period.

Certain accounts in the financial statements as of and for the nine months ended September 30, 2004 and 2005 have been reclassified to conform to the classifications prescribed by the newly released and revised Statements. The reclassifications of the entire or a part of the account balances of certain accounts are summarized as follows:

	September 30			
	2004		2005	
	(Before Reclassification)	(After Reclassification)	(Before Reclassification)	(After Reclassification)
<u>Balance sheets</u>				
Short-term investments	\$ 1,705,640	\$ -	\$ -	\$ -
Other current financial assets	-	-	3,677	-
Other current liabilities	13,264	-	-	-
Financial assets at fair value through profit or loss	-	-	-	3,677
Available-for-sale financial assets - current	-	1,705,640	-	-
Financial liabilities at fair value through profit or loss	-	13,264	-	-
Long-term equity investments	2,042	-	2,068	-
Available-for-sale financial assets - noncurrent	-	850	-	876
Financial assets carried at cost - noncurrent	-	1,192	-	1,192
<u>Stockholders' equity</u>				
Unrealized valuation loss on long-term investments	(1,121)	-	(1,095)	-
Unrealized losses on financial instruments	-	(1,121)	-	(1,095)
<u>Statement of income</u>				
Foreign exchange (loss) gain, net	(13,264)	-	3,677	-
Valuation (loss) gain on financial instruments, net	-	(13,264)	-	3,677

Effective January 1, 2006, the Company adopted the newly revised SFAS No. 5 - "Long Term Investments in Equity Securities" and SFAS No. 25 - "Business Combinations - Accounting Treatment under the Purchase Method," which prescribe that investment premiums, representing goodwill, be assessed for impairment at least annually instead of being amortized. These accounting changes had no material effect on the Company's financial statements as of and for the nine months ended September 30, 2006.

The Company adopted SFAS No. 35 - "Impairment of Assets" on January 1, 2005. This accounting change had no material effect on the financial statements for the nine months ended September 30, 2005.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Cash on hand	\$ 793	\$ 993	\$ 1,000	\$ 30
Cash in banks	3,043,399	2,020,569	5,632,157	170,156
Time deposits	<u>1,744,840</u>	<u>8,083,000</u>	<u>24,808,400</u>	<u>749,499</u>
	<u>\$ 4,789,032</u>	<u>\$ 10,104,562</u>	<u>\$ 30,441,557</u>	<u>\$ 919,685</u>

As of September 30, 2004, 2005 and 2006, interest rates on time deposits ranged from 1.00% to 3.75%, 1.30% to 1.68% and 1.40% to 2.075% as of September 30, 2004, 2005 and 2006, respectively.

As of September 30, 2004, 2005 and 2006, interest rates on preferential deposits ranged from 1.04%~1.70%, 2.15%~4.75% and 2.57%~5.25%, respectively.

5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets and liabilities at fair value through profit or loss as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Derivatives - financial assets				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 3,677</u>	<u>\$ 18,957</u>	<u>\$ 573</u>
Derivatives - financial liabilities				
Forward exchange contracts	\$ 388	\$ -	\$ -	\$ -
Currency option contracts	<u>12,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Company had derivative transactions the nine months ended September 30, 2004, 2005 and 2006 to manage exposures related to exchange rate fluctuations. However, these transactions did not meet the criteria for hedge accounting under SFAS No. 34. Thus, the Company had no hedge accounting in the nine months ended September 30, 2006. Outstanding forward exchange and currency option contracts as of September 30, 2004, 2005 and 2006 were as follows:

Forward Exchange Contracts

			<u>2004</u>		
	Buy/Sell	Currency	Expiry Date	Contract Amount	
Forward exchange contracts	Sell	USD/NTD	2004.10.14~2004.11.24	US\$	11,000

2005					
	Buy/Sell	Currency	Expiry Date	Contract Amount	
Forward exchange contracts	Sell	USD/NTD	2005.10.05~2005.11.02	US\$	29,000
Forward exchange contracts	Sell	EUR/USD	2005.10.14~2005.11.02	EUR€	8,000
Forward exchange contracts	Sell	GBP/USD	2005.11.01~2005.11.30	GBP£	3,000
2006					
	Buy/Sell	Currency	Expiry Date	Contract Amount	
Forward exchange contracts	Sell	USD/NTD	2006.10.04~2006.12.29	US\$	10,000
Forward exchange contracts	Sell	EUR/USD	2006.10.04~2006.11.29	EUR€	66,000
Forward exchange contracts	Buy	USD/JPY	2006.10.25~2006.12.29	US\$	4,016
Forward exchange contracts	Sell	GBP/USD	2006.10.11~2006.11.03	GBP£	4,250
Forward exchange contracts	Sell	JPY/NTD	2006.10.25~2006.11.03	JPY	205,000

Currency Option Contracts

2004						
Buy/Sell	Trade Date	Expiry Date	Call/Put	Contract Amount	Strike Rate	Credit Risk
Buy	2004.02.09	2004.10.29~2005.01.31	USD/EUR	US\$ 9,200	1.15	-
Buy	2004.02.09~2004.03.29	2004.10.08~2005.03.29	NTD/USD	US\$ 22,000	33.15~33.60	-
Sell	2004.02.09~2004.03.29	2004.10.08~2005.03.29	USD/NTD	US\$ 27,000	33.26~33.60	-

Net losses on derivative financial instruments in the nine months ended September 30, 2006 were NT\$177,138 thousand (including realized settlement losses of NT\$196,095 thousand and valuation gains of NT\$18,957 thousand).

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets as of September 30, 2004, 2005 and 2006 were as follows:

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Mutual fund investments	\$ 1,705,640	\$ -	\$ -	\$ -
VIA Technologies, Inc.	850	876	1,087	33
	1,706,490	876	1,087	33
Less current portion	(1,705,640)	-	-	-
	<u>\$ 850</u>	<u>\$ 876</u>	<u>\$ 1,087</u>	<u>\$ 33</u>

In December 1999, the Company invested NT\$1,971 thousand in VIA Technologies, Inc. and accounted for it as available-for-sale financial asset.

7. NOTES AND ACCOUNTS RECEIVABLE

Notes and accounts receivable as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Notes receivable	\$ 68,085	\$ 296,798	\$ 1,931	\$ 58
Accounts receivable	4,636,454	10,561,336	14,152,814	427,577
Less allowance for doubtful accounts	<u>(6,573)</u>	<u>(4,066)</u>	<u>(3,674)</u>	<u>(111)</u>
	<u>\$ 4,697,966</u>	<u>\$ 10,854,068</u>	<u>\$ 14,151,071</u>	<u>\$ 427,524</u>

8. OTHER CURRENT FINANCIAL ASSETS

Other current assets as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Other receivables from related parties (Note 22)	\$ 9,721	\$ 3,699	\$ 106,727	\$ 3,224
Value-added tax refunds receivable	19,182	21,446	51,501	1,556
Other receivables	56,792	21,785	16,278	492
Interest receivable	-	10,465	15,150	457
Others	<u>1,321</u>	<u>9,760</u>	<u>8,995</u>	<u>272</u>
	<u>\$ 87,016</u>	<u>\$ 67,155</u>	<u>\$ 198,651</u>	<u>\$ 6,001</u>

Other receivables from related parties were receivables transferred from accounts receivable and agency payments from related parties.

Other receivables were primarily compensation from service charges, overseas value-added tax refund receivables, prepayment for employees' traveling expenses and proceeds from sales of properties.

9. INVENTORIES

Inventories as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Finished goods	\$ 174,501	\$ 637,048	\$ 455,786	\$ 13,770
Work-in-process	1,303,588	2,232,654	2,296,051	69,367
Raw materials	<u>2,858,692</u>	<u>3,232,201</u>	<u>3,950,088</u>	<u>119,338</u>
	4,336,781	6,101,903	6,701,925	202,475
Less valuation allowance	<u>(269,841)</u>	<u>(477,492)</u>	<u>(1,042,369)</u>	<u>(31,491)</u>
	<u>\$ 4,066,940</u>	<u>\$ 5,624,411</u>	<u>\$ 5,659,556</u>	<u>\$ 170,984</u>

10. PREPAYMENTS

Prepayments as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Prepayments for royalty (Note 24)	\$275,775	\$595,053	\$585,083	\$17,676
Services	2,109	29,947	54,799	1,656
Prepayments for materials purchases	3,366	7,270	195	6
Others	<u>73,695</u>	<u>124,078</u>	<u>140,389</u>	<u>4,241</u>
	<u>\$354,945</u>	<u>\$756,348</u>	<u>\$780,466</u>	<u>\$23,579</u>

11. FINANCIAL ASSETS CARRIED AT COST

Financial assets carried at cost as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Answer Online, Inc.	<u>\$ 1,192</u>	<u>\$ 1,192</u>	<u>\$ 1,192</u>	<u>\$ 36</u>

In March 2004, the Company merged with IA Style, Inc. (Note 1) and acquired 1.82% equity interest in Answer Online, Inc. as a result of the merger. This investment was not carried at fair value because its fair value could not be reliably measured. The Company accounted for this investment by the cost method.

12. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

Investments accounted for using equity method as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>		<u>2005</u>		<u>2006</u>				
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage	Original Cost		Carrying Value		Ownership Percentage
	NT\$		NT\$		NT\$	US\$ (Note 2)	NT\$	US\$ (Note 2)	
Equity method									
H.T.C. (B.V.I.) Corp.	\$ 168,507	100	\$ 327,975	100	\$ 509,114	\$ 15,381	\$ 337,517	\$ 10,197	100
Auto Hi-Tech Computer Corp.	4,343	20	-	-	-	-	-	-	-
BandRich Inc.	-	-	-	-	135,000	4,079	142,850	4,316	51
HTC HK, Limited	-	-	-	-	1,277	38	1,277	38	100
	<u>\$ 172,850</u>		<u>\$ 327,975</u>		<u>\$ 645,391</u>	<u>\$ 19,498</u>	<u>\$ 481,644</u>	<u>\$ 14,551</u>	

In August 2000, the Company acquired 100% equity interest in H.T.C. (B.V.I.) Corp. for NT\$12,834 thousand and accounted for this investment by the equity method. As of September 30, 2006, the Company had increased this investment to NT\$509,114 thousand (US\$15,231 thousand).

In April 2006, the Company acquired 92% equity interest in BandRich Inc. for NT\$135,000 thousand and accounted for this investment by the equity method. In May 2006, BandRich Inc. issued 12,000 thousand common shares at NT\$12.50 per share, but the Company did not buy any of these shares. Thus, the Company's ownership percentage declined from 92% to 51%, and there was a capital surplus - long term equity investments of NT\$15,845 thousand (US\$479 thousand).

In September 2006, the Company acquired 100% equity interest in HTC HK, Limited for NT\$1,277 thousand (US\$38 thousand) and accounted for this investment by the equity method.

On its equity-method investments, the Company had losses of NT\$5,347 thousand, NT\$34,844 thousand and NT\$88,635 thousand (US\$2,678 thousand) for the nine months ended September 30, 2004, 2005 and 2006, respectively.

The financial statements of equity-method investees hadn't been reviewed by the Company's independent accountants.

13. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of September 30, 2004, 2005 and 2006 were as follows:

	2004	2005	2006			
	Carrying Value	Carrying Value	Cost	Accumulated Depreciation	Carrying Value	
	NT\$	NT\$			NT\$	US\$ (Note 2)
Land	\$ 301,313	\$ 610,293	\$ 610,293	\$ -	\$ 610,293	\$ 18,438
Buildings and structures	649,399	813,623	1,081,136	329,537	751,599	22,707
Machinery and equipment	956,936	1,063,730	2,563,963	1,758,238	805,725	24,342
Molding equipment	1,926	-	201,247	201,247	-	-
Computer equipment	37,149	35,773	176,257	136,505	39,752	1,201
Transportation equipment	596	376	1,938	1,177	761	23
Furniture and fixtures	33,966	29,294	101,916	78,161	23,755	718
Leased assets	-	-	4,712	589	4,123	124
Leasehold improvements	14,576	6,872	22,816	19,442	3,374	102
Prepayments on equipment-in-transit	227,174	37,421	491,143	-	491,143	14,838
	<u>\$2,223,035</u>	<u>\$2,597,382</u>	<u>\$5,255,421</u>	<u>\$2,524,896</u>	<u>\$2,730,525</u>	<u>\$ 82,493</u>

In June 2005, the Company acquired land and building from VIA Technologies, Inc. for NT\$304,630 thousand.

Prepayments on equipment-in-transit were prepayments for building construction and miscellaneous equipment.

14. ACCRUED EXPENSES

Accrued expenses as of September 30, 2004, 2005 and 2006 were as follows:

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Marketing	\$ -	\$ -	\$ 542,741	\$ 16,397
Salaries & bonuses	245,548	350,300	391,544	11,829
Donation (Note 25)	-	-	300,000	9,063
Export expenses	15,479	94,717	207,516	6,269
Research materials	27,368	100,858	89,114	2,692
Meals and welfare	1,500	16,257	62,244	1,881
Insurance	23,768	30,132	61,302	1,852
Travel	7,492	9,247	50,112	1,514
Professional fees	19,569	32,534	33,665	1,017
Others	128,600	146,378	90,582	2,737
	<u>\$469,324</u>	<u>\$780,423</u>	<u>\$1,828,820</u>	<u>\$55,251</u>

15. OTHER CURRENT LIABILITIES

Other current liabilities as of September 30, 2004, 2005 and 2006 were as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Reserve for warranty expenses	\$ 311,641	\$ 747,039	\$ 1,373,587	\$ 41,498
Employee bonus payable	83,500	206,000	451,000	13,625
Deferred credits - profit from intercompany transactions	6,120	17,067	142,369	4,301
Receipts for custody	22,494	32,890	110,364	3,334
Other payable to related parties (Note 22)	-	-	101,066	3,053
Advance receipts	23,691	47,267	67,441	2,038
Directors' remuneration	21,842	21,842	21,842	660
Other	12,462	12,462	67,115	2,028
	<u>\$ 481,750</u>	<u>\$ 1,084,567</u>	<u>\$ 2,334,784</u>	<u>\$ 70,537</u>

The Company provides warranty service for one to two years depending on the contract with our customers. The warranty liability is estimated based on management's evaluation of the products under warranty and recognized as warranty liability.

Deferred credits - profit from intercompany transactions were unrealized profit from intercompany transactions.

Agency receipts were primarily overseas value-added tax, employees' income tax, insurance, and other items.

Other payables to related parties were payments for miscellaneous expenses of overseas sales offices and repair materials.

16. BONDS PAYABLE

A summary of bonds payable as of September 30, 2004, 2005 and 2006 was as follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	
	NT\$	NT\$	NT\$	US\$ (Note 2)
On January 29, 2003, the Company issued Zero Coupon Convertible Bonds of US\$66,000 thousand. The bonds will mature on January 29, 2008. The issue price is 100% and the par value is US\$1,000.	\$ 2,219,200	\$ -	\$ -	\$ -
Add				
Reserve for redemption of Convertible Bonds	22,931	-	-	-
Allowance for foreign currency exchange loss	(44,480)	-	-	-
Less current portion of bonds payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,197,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

On January 29, 2003, the Company issued zero coupon convertible bonds with an aggregate amount of US\$66,000 thousand and maturity in 2008. The issue price was 100% of the US\$1,000 par value.

Under the bond terms, a bondholder has the right to request the Company to redeem the bonds on April 29, 2004 at their accreted principal amount. Thus, some bondholders requested the Company to redeem the bonds amounting to US\$2,000 thousand, and other bondholders requested conversion of bonds amounting to US\$64,000 thousand into 17,336 thousand shares. As a result, the Company had no outstanding bonds payable as of April 30, 2005.

The number of shares issued upon conversion of any bond is determined by dividing the principal amount of the bonds (translated into New Taiwan dollars at a fixed exchange rate of NT\$34.658 to US\$1.00) by the conversion price in effect on the conversion date.

The initial conversion price was NT\$205.32 per share at the time of issuance. Upon the distribution of stock dividends and the issuance of additional common shares, the conversion price will be adjusted.

17. STOCKHOLDERS' EQUITY

Capital Stock

The Company's outstanding common stock as of January 1, 2004 amounted to NT\$2,171,640 thousand, divided into 217,164 thousand common shares at NT\$10.00 par value. The Company issued 1,567.3 thousand shares (NT\$ 15,673 thousand) to merge with IA Style, Inc.; the effective date of this merger was March 1, 2004. In June 2004, the stockholders approved the transfer to capital stock of retained earnings of NT\$437,463 thousand and employees' bonuses of NT\$89,500 thousand. As a result, the amount of the Company's outstanding common stock as of September 30, 2004 increased to NT\$2,714,276 thousand. In the fourth quarter of 2004, holders of US\$18,030 thousand in bonds requested to convert the bonds into 4,884 thousand shares (NT\$ 48,838 thousand). The amounts were temporarily accounted for as "capital collected in advance."

After finishing the registration of 4,884 thousand shares in capital collected in advance, these shares were transferred to common stocks. In the first and second quarters of 2005, holders of US\$45,970 thousand in bonds requested to convert the bonds into 12,452 thousand shares (NT\$ 124,519 thousand). In June 2005, the stockholders approved the transfer of retained earnings amounting to NT\$577,527 thousand and employee bonuses amounting to NT\$105,000 thousand to capital stock. As a result, the amount of the Company's outstanding common stock as of September 30, 2005 increased to NT\$3,570,160 thousand, divided into 357,016 thousand common shares at NT\$10.00 par value.

Also, in May 2006, the stockholders approved the transfer of retained earnings amounting to NT\$714,032 thousand (US\$21,572 thousand) and employee bonuses amounting to NT\$80,000 thousand (US\$2,417 thousand) to capital stock. As a result, the amount of the Company's outstanding common stock as of September 30, 2006 increased to NT\$ 4,364,192 thousand, divided into 436,419 thousand common shares at NT\$10.00 par value.

In their meeting on December 11, 2002, the Company's Board of Directors resolved to issue 7,000 thousand units of employee stock options in accordance with Article 28.3 of the Securities and Exchange Law. Each option represents the right to buy one newly issued common share of the Company. The exercise price is the closing price of the Company's common shares on the option issuance date or the share par value, whichever is higher. The option holders can exercise the right up to 35% of the granted option units no earlier than two years from the grant date. After three years from the grant date, the holders can exercise the

right at up to 70% of the granted option units. After four years from the grant date, the option holders are eligible to exercise their rights on all the options owned. The exercise period is five years. As of September 30, 2006, the Company had issued 3,000 thousand units of the stock options to employees. After taking into account the effect of stock dividends and the issuance of additional common stocks, 7,011 thousand units of the employee stock options were outstanding as of September 30, 2006. The remaining employee stock options, amounting to 4,000 thousand units, expired on December 25, 2003.

Global Depositary Receipts

The Company issued 14,400 thousand shares of its common stock divided into 3,600 thousand units of Global Depositary Receipts. The Company's stockholders including Via Technologies, Inc., offered 12,878.4 thousand shares of its common stock, divided into 3,219.6 thousand units of Global Depositary Receipts. Therefore, there are 6,819.6 thousand units of GDRs in the aggregate in this offering. Each GDR represents four common shares and issued at NT\$131.1 per share. NT\$1,696,855 thousand of the additional paid-in capital from the issuance of such common stock were accounted for as "capital surplus". This cash subscription was finished and registered on November 19, 2003.

The holders of these GDRs have same rights and obligation with the stockholders of the Company. However, the distribution of the offering and sales of GDRs and the shares represented thereby in certain jurisdictions may be restricted by law. The GDRs offered hereby and the shares represented thereby are not transferable except in accordance with the restrictions described in the GDRs offering circular and related laws applied in Taiwan. The holders should through the depositary's custodian in Taiwan exercise these rights as follows:

- a. to exercise voting right, and
- b. being entitled to receive dividends and participate new cash subscription.

Also the holders could trade their shares through the depositary's custodian in Taiwan. Taken into account the effect of stock dividends, the Global Depositary Receipts increased to 7,324.7 thousand units (29,299 thousand shares). The holders of these GDRs have requested the Company to redeem the GDRs and receive the common stock as of September 30, 2006, the GDRs redeemed were 5,864.7 thousand units amounted 23,458.8 thousand shares common stock, and the outstanding GDRs represent 5,840.2 thousand shares of common stock and account 1.34% of the Company's common stock.

Capital Surplus

The additional paid-in capital was NT\$2,529,667 thousand as of January 1, 2004. Then, other additional paid-in capital resulted from two transactions: (a) NT\$534,689 thousand from the conversion of bonds payable into 4,884 thousand shares in the fourth quarter of 2004; and (b) NT\$ 1,346,515 thousand from the conversion of bonds payable into 12,452 thousand shares in the first and second quarters of 2005. Thus, the additional paid-in capital as of September 30, 2005 and 2006 was NT\$4,410,871 thousand each. Under the Company Law, the Company may transfer the capital surplus to common stock if there is no accumulated deficit.

When the Company did not subscribe for the new shares issued by BandRich Inc., an adjustment of NT\$15,845 thousand (US\$479 thousand) was made to the investment carrying value and capital surplus.

The additional paid-in capital from a merger (Note 1), which took effect on March 1, 2004, was NT\$25,972 thousand.

Appropriation of Retained Earnings and Dividend Policy

Based on the Company Law of the ROC and the Company's Articles of Incorporation, 10% of the Company's annual net income less any deficit should first be appropriated as legal reserve until this reserve equals its paid-in capital. From the remainder, there should be appropriations of not more than 1% as remuneration to directors and supervisors and at least 5% as bonuses to employees.

The appropriation of retained earnings should be proposed by the board of directors and approved by the stockholders in their annual meeting.

As part of a high-technology industry and as a growing enterprise, the Company considers its operating environment, industry developments, and long-term interests of stockholders as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The Company's dividend policy stipulates that only up to 95% of total dividends may be distributed as cash dividends.

Had the Company recognized the employees bonuses of NT\$173,000 thousand as expenses in 2003, the pro forma earnings per share in 2003 would have decreased from NT\$9.05 to NT\$8.21.

Had the Company recognized the employees bonuses of NT\$311,000 thousand as expenses in 2004, the pro forma earnings per share in 2004 would have decreased from NT\$14.21 to NT\$13.06.

Had the Company recognized the employees bonuses of NT\$531,000 thousand as expenses in 2005, the pro forma earnings per share in 2005 would have decreased from NT\$33.26 to NT\$31.76.

18. PERSONNEL EXPENSE, DEPRECIATION AND AMORTIZATION

Expense Item	Function	2004			2005		
		NT\$			NT\$		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses		\$576,870	\$701,666	\$1,278,536	850,162	930,838	1,781,000
Salary		489,377	610,422	1,099,799	691,752	781,430	1,473,182
Insurance		32,494	40,386	72,880	44,730	53,628	98,358
Pension cost		14,666	17,442	32,108	34,179	40,842	75,021
Other		40,333	33,416	73,749	79,501	54,938	134,439
Depreciation		252,371	124,840	377,211	270,396	165,797	436,193
Amortization		2,135	34,981	37,116	539	26,966	27,505

Expense Item	Function	2006					
		NT\$			US\$ (Note 2)		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Personnel expenses		991,789	1,088,306	2,080,095	29,964	32,879	62,843
Salary		822,822	910,488	1,733,310	24,859	27,507	52,366
Insurance		51,516	62,772	114,288	1,556	1,896	3,452
Pension cost		23,882	46,309	70,191	722	1,399	2,121
Other		93,569	68,737	162,306	2,827	2,077	4,904
Depreciation		266,997	172,109	439,106	8,066	5,200	13,266
Amortization		-	23,441	23,441	-	708	708

19. INCOME TAX

The income tax returns through 2003, except for 2002, had been examined by the tax authorities. The Company disagreed with the 2003 tax assessment notice and applied for a recheck of the assessment. Nevertheless, the Company adjusted its tax expense for the tax shortage stated in the tax assessment notice for conservative reasons.

Under the Statute for Upgrading Industries, the Company was granted exemption from corporate income tax as follows:

Items Granted Exemption from Corporate Income Tax	Tax Exemption Period
Sales of pocket PCs and Smartphones	2001.04.26-2006.04.25
Sales of pocket PCs (wireless) and Smartphones	2002.01.01-2006.12.31
Sales of Win CE products	2003.01.01-2007.12.31
Sales of pocket PCs, pocket PCs (wireless) and Smartphones	2004.09.15-2009.09.14
Sales of pocket PCs (wireless) and Smartphones	2004.11.30-2009.11.29
Sales of pocket PCs (wireless) and Smartphones	2005.12.20-2010.12.19

Income taxes payable as of September 30, 2004, 2005 and 2006 were computed as follows:

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Income before income tax	\$ 2,544,065	\$ 6,956,364	\$ 18,947,320	\$ 572,427
Permanent differences				
Losses on equity-method investments	5,347	34,844	88,635	2,678
Gain on disposal of investments	(1,213)	-	-	-
Other	4,435	18,215	25,994	785
Temporary differences				
Unrealized (realized) pension cost	12,656	(34,549)	(18,439)	(557)
Unrealized loss on decline in value of inventory	147,336	130,721	455,642	13,766
Unrealized royalties	68,500	707,553	1,460,302	44,118
Realized depreciation	(70)	(9,044)	-	-
Unrealized foreign exchange losses (gains), net	12,025	60,180	(55,058)	(1,663)
Unrealized warranty expense	122,430	422,338	409,084	12,359
Capitalize expense	(2,909)	16,383	(11,901)	(359)
(Realized) unrealized profit from intercompany transactions	(1,121)	10,778	127,292	3,845
Other	8,181	(14,598)	(22,937)	(693)
Total income	2,919,662	8,299,185	21,405,934	646,706
Less tax-exempt income tax	(1,575,165)	(5,129,604)	(15,241,139)	(460,457)
Prior years' loss carryforwards - merger with IA Style, Inc.	(465)	-	-	-
Taxable income	1,344,032	3,169,581	6,164,795	186,249
Tax rate	25%	25%	25%	25%
	336,008	792,395	1,541,199	46,562
Income tax credit	(10)	(10)	(10)	-

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Estimated income tax provision	335,998	792,385	1,541,189	46,562
Unappropriated earnings (additional 10% income tax)	71,798	144,006	436,049	13,174
Less investment research and development tax credits	<u>(263,586)</u>	<u>(583,872)</u>	<u>(852,745)</u>	<u>(25,763)</u>
Current income tax expense	144,210	352,519	1,124,493	33,973
Less prepaid and withheld income tax	(2,457)	(8,285)	(27,398)	(828)
Tax shortage stated in the tax assessment notice	<u>-</u>	<u>-</u>	<u>67,731</u>	<u>2,046</u>
Income tax payable	<u>\$ 141,753</u>	<u>\$ 344,234</u>	<u>\$ 1,164,826</u>	<u>\$ 35,191</u>

The tax effects of deductible temporary differences and loss and tax credit carryforwards that gave rise to deferred tax assets as of September 30, 2004, 2005 and 2006 were as follows:

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Temporary differences				
Unrealized pension cost	\$ 11,758	\$ -	\$ -	\$ -
Unrealized depreciation	7,582	754	-	-
Provision for loss on decline in value of inventory	67,460	119,373	260,592	7,873
Capitalize expense	36,719	42,992	33,814	1,022
Unrealized reserve for warranty expense	77,910	186,760	343,397	10,374
Unrealized royalties	181,702	340,446	824,632	24,913
Other	8,520	3,911	16,949	512
Tax credit carryforwards	<u>577,362</u>	<u>560,876</u>	<u>-</u>	<u>-</u>
Total deferred tax asset	969,013	1,255,112	1,479,384	44,694
Less valuation allowance	<u>(684,694)</u>	<u>(909,879)</u>	<u>(929,418)</u>	<u>(28,079)</u>
Total deferred tax asset, net	284,319	345,233	549,966	16,615
Deferred tax liability				
Unrealized pension cost	-	(9,995)	(16,492)	(498)
Unrealized foreign currency exchange gain, net	<u>(16,087)</u>	<u>(18,234)</u>	<u>(7,566)</u>	<u>(229)</u>
	268,232	317,004	525,908	15,888
Less current portion	<u>(123,548)</u>	<u>(162,697)</u>	<u>(302,202)</u>	<u>(9,130)</u>
Deferred tax assets, noncurrent	<u>\$ 144,684</u>	<u>\$ 154,307</u>	<u>\$ 223,706</u>	<u>\$ 6,758</u>

The tax credit carryforwards were as follows:

Year of Occurrence	Validity Period	2004	2005	2006	
		NT\$	NT\$	NT\$	US\$ (Note 2)
2000	2000-2004	\$ 19,875	\$ -	\$ -	\$ -
2001	2001-2005	155,447	38,559	-	-
2002	2002-2006	54,941	56,405	-	-
2003	2003-2007	179,230	179,061	-	-
2004	2004-2008	167,869	109,476	-	-
2005	2005-2009	-	177,375	-	-
		<u>\$577,362</u>	<u>\$560,876</u>	<u>\$ -</u>	<u>\$ -</u>

Based on the Income Tax Law of the ROC, the investment research and development tax credits can be carried forward for four years. The total credits used in each year cannot exceed half of the estimated income tax provision, except in the last year.

Valuation allowance is based on management's evaluation of the amount of tax credits that can be carried forward for four years, based on the Company's financial forecasts.

The income tax expenses for the nine months ended September 30, 2004, 2005 and 2006 were as follows:

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Current income tax expense	\$ 144,210	\$352,519	\$ 1,124,493	\$ 33,973
Decrease in deferred income tax assets	(19,428)	(94,314)	(47,048)	(1,421)
Under (over) under estimation of prior year's income tax	<u>(18,615)</u>	<u>211</u>	<u>31,704</u>	<u>957</u>
Income tax expense	<u>\$ 106,167</u>	<u>\$ 258,416</u>	<u>\$ 1,109,149</u>	<u>\$ 33,509</u>

The integrated income tax information is as follows:

	2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)
Balance of imputation credit account	\$ 95,182	\$ 96,896	\$ 352,831	\$ 10,660
Unappropriated earnings from 1998	3,687,891	9,068,259	24,581,934	742,657
Expected creditable ratio (including income tax payable)	6.42%	4.86%	6.17%	6.17%

20. EARNINGS PER SHARE

Earnings per share ("EPS") before tax and after tax are calculated by dividing net income by the weighted average number of common shares outstanding during each year. The weighted average number of shares used in EPS calculation was 409,703 thousand shares, 431,871 thousand shares and 436,419 thousand shares for the nine months ended September 30, 2004, 2005 and 2006, respectively. EPS for the nine months ended September 30, 2004 and 2005 were calculated after the average number of shares outstanding was adjusted retroactively for the effect of stock dividend distribution in 2006.

The convertible bonds and employee stock options have dilutive effects on the 2004, 2005 and 2006 earnings per share. The related information is as follows:

2004					
	Numerator		Denominator Shares (Thousands)	Earnings Per Share	
	Income before	Income after		Income before	Income after
	Income Tax	Income Tax		Income Tax	Income Tax
	NT\$	NT\$		NT\$	NT\$
Basic earnings per share	\$ 2,544,065	\$ 2,437,898	409,703	<u>\$ 6.21</u>	<u>\$ 5.95</u>
Zero coupon convertible bonds	9,885	7,414	17,344		
Employee stock options	-	-	2,335		
Diluted earnings per share	<u>\$ 2,553,950</u>	<u>\$ 2,445,312</u>	<u>429,382</u>	<u>\$ 5.95</u>	<u>\$ 5.69</u>
2005					
	Numerator		Denominator Shares (Thousands)	Earnings Per Share	
	Income before	Income after		Income before	Income after
	Income Tax	Income Tax		Income Tax	Income Tax
	NT\$	NT\$		NT\$	NT\$
Basic earnings per share	\$ 6,956,364	\$ 6,697,948	431,871	<u>\$ 16.11</u>	<u>\$ 15.51</u>
Employee stock options	-	-	4,685		
Diluted earnings per share	<u>\$ 6,956,364</u>	<u>\$ 6,697,948</u>	<u>436,556</u>	<u>\$ 15.93</u>	<u>\$ 15.34</u>
2006					
	Numerator		Denominator Shares (Thousands)	Earnings Per Share	
	Income before	Income after		Income before	Income after
	Income Tax	Income Tax		Income Tax	Income Tax
	NT\$	NT\$		NT\$	NT\$
Basic earnings per share	\$ 18,947,320	\$ 17,838,171	436,419	<u>\$ 43.42</u>	<u>\$ 40.87</u>
Employee stock options	-	-	6,770		
Diluted earnings per share	<u>\$ 18,947,320</u>	<u>\$ 17,838,171</u>	<u>443,189</u>	<u>\$ 42.75</u>	<u>\$ 40.25</u>
2006					
	Numerator		Denominator Shares (Thousands)	Earnings Per Share	
	Income before	Income after		Income before	Income after
	Income Tax	Income Tax		Income Tax	Income Tax
	US\$	US\$		US\$	US\$
	(Note 2)	(Note 2)		(Note 2)	(Note 2)
Basic earnings per share	\$ 572,427	\$ 538,918	436,419	<u>\$ 1.31</u>	<u>\$ 1.23</u>
Employee stock options	-	-	6,770		
Diluted earnings per share	<u>\$ 572,427</u>	<u>\$ 538,918</u>	<u>443,189</u>	<u>\$ 1.29</u>	<u>\$ 1.22</u>

21. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Nonderivative Financial Instruments

	September 30							
	2004		2005		2006			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$ (Note 2)	NT\$	US\$ (Note 2)
Assets								
Available-for-sale financial assets - current	\$1,705,640	\$1,705,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Available-for-sale financial assets - noncurrent	850	850	876	876	1,087	33	1,087	33
Financial assets carried at cost	1,192	1,192	1,192	1,192	1,192	36	1,192	36
Investments accounted for using equity method	172,850	172,850	327,975	327,975	481,644	14,551	481,644	14,551
Refundable deposits	5,554	5,499	6,297	6,216	35,622	1,076	35,269	1,066
Liabilities								
Guarantee deposits received	50,997	50,492	30	30	646	20	640	19

Derivative Financial Instruments

	September 30							
	2004		2005		2006			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	NT\$	NT\$	NT\$	NT\$	NT\$	US\$ (Note 2)	NT\$	US\$ (Note 2)
Assets								
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 3,677	\$ 3,677	\$ 18,957	\$ 573	\$ 18,957	\$ 573
Liabilities								
Financial liabilities at fair value through profit or loss	13,264	13,264	-	-	-	-	-	-

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 34 - "Accounting for Financial Instruments" for accounting period on January 1, 2006. The effects of this accounting change are described in Note 3.

Methods and Assumptions Used in Determining Fair Values of Financial Instruments

The financial instruments subject to SFAS No. 34 do not include cash and cash equivalents, receivables, other financial assets, payables, accrued expenses and other current financial liabilities. The carrying amounts of these financial instruments approximate their fair values.

The fair values of financial instruments at fair value through profit or loss and available-for-sale financial assets are based on quoted market prices in an active market, and their fair values can be reliably measured. If the securities do not have market prices, fair value is measured on the basis of financial or other information. The Company uses estimates and assumptions that are consistent with information that market participants would use in setting a price for these securities.

The fair values of bonds payable, refundable deposits and guarantee deposits received are based on the present value of future cash flows discounted at the average interest rates for time deposits with maturities similar to those of the financial instruments.

Methodology Used to Determine the Fair Values of Financial Instruments

	Quoted Market Prices				Measurement Method			
	September 30				September 30			
	2004	2005	2006		2004	2005	2006	
	NT\$	NT\$	NT\$	US\$ (Note 2)	NT\$	NT\$	NT\$	US\$ (Note 2)
Assets								
Financial assets at fair value through profit or loss	\$ -	\$ 3,677	\$ 18,957	\$ 573	\$ -	\$ -	\$ -	\$ -
Available-for-sale financial assets - current	1,705,640	-	-	-	-	-	-	-
Available-for-sale financial assets - noncurrent	850	876	1,087	33	-	-	-	-
Financial assets carried at cost	-	-	-	-	1,192	1,192	1,192	36
Investments accounted for using equity method	-	-	-	-	172,850	327,975	481,644	14,551
Refundable deposits	-	-	-	-	5,499	6,216	35,269	1,066
Liabilities								
Financial liabilities at fair value through profit or loss	13,264	-	-	-	-	-	-	-
Guarantee deposits received	-	-	-	-	50,492	30	640	19

There was no loss or gain recognized in the nine months ended September 30, 2006 on the fair value changes of derivatives estimated using valuation techniques. The Company recognized an unrealized loss of NT\$844 thousand and gains of NT\$173 thousand and NT\$251 thousand (US\$7 thousand) in stockholders' equity for the changes in fair value of available-for-sale financial assets in the nine months ended September 30, 2004, 2005 and 2006, respectively.

As of September 30, 2004, 2005 and 2006, financial assets exposed to cash flow interest rate risk amounted to NT\$1,744,840 thousand, NT\$8,083,000 thousand and NT\$24,808,400 thousand (US\$749,499 thousand), respectively.

Financial Risks

Market Risk

The Company uses derivative contracts for hedging purposes, i.e., to reduce any adverse effect of exchange rate fluctuations of accounts receivable/payable. The gains or losses on these contracts almost offset the gains or losses on the hedged items. Thus, market risk is not material.

Credit Risk

The Company deals only with banks with good credit standing based on the banks' reputation and takes into account past experience with them. Moreover, the Company has a series of control procedures for derivative transactions. Management believes its exposure to counter-parties' default on contracts is low.

Cash Flow Risk

The Company has sufficient working capital to settle derivative contracts. However, there are no future cash requirements for contract settlement.

22. RELATED-PARTY TRANSACTIONS

The names and relationships of related parties are as follows:

Related Party	Relationship with the Company
First International Computer, Inc. (FIC)	Chairperson is an immediate relative of the Company's chairperson
VIA Technologies, Inc.	Same chairperson
Chander Electronics Corp.	Same chairperson
Comserve Network Netherlands B.V.	Main director is an immediate relative of the Company's chairperson
H.T.C. (B.V.I.) Corp.	Subsidiary
HTEK	Subsidiary of H.T.C. (B.V.I.) Corp.
HTC America Inc. (formerly HTC USA Inc. until August 2, 2006)	Subsidiary of H.T.C. (B.V.I.) Corp.
HTC Europe Co., Ltd.	Subsidiary of H.T.C. (B.V.I.) Corp.
High Tech Computer Corp. (Suzhou)	Subsidiary of H.T.C. (B.V.I.) Corp.
Exedea Inc.	Subsidiary of H.T.C. (B.V.I.) Corp.
HTC NIPPON Corporation	Subsidiary of H.T.C. (B.V.I.) Corp.

Major transactions with related parties are summarized below:

Purchases of Inventories and Services

Related Party	Nine Months Ended September 30					
	2004		2005		2006	
	% of Total Net		% of Total Net		% of Total Net	
	Amount NT\$	Purchases	Amount NT\$	Purchases	Amount NT\$ US\$ (Note 2)	Purchases
Chander Electronics Corp.	\$ 20,781	-	\$ 546,436	2	\$ 72,290 \$ 2,184	-
High Tech Computer Corp. (Suzhou)	-	-	-	-	12,290 371	-
	<u>\$ 20,781</u>	<u>-</u>	<u>\$ 546,436</u>	<u>2</u>	<u>\$ 84,580 \$ 2,555</u>	<u>-</u>

Terms of payment and purchasing prices for both related and third parties were similar.

Sales and Services Provided

Related Party	Nine Months Ended September 30					
	2004		2005		2006	
	% of Total Revenues		% of Total Revenues		% of Total Revenues	
	Amount NT\$	Revenues	Amount NT\$	Revenues	Amount NT\$ US\$ (Note 2)	Revenues
Exedea Inc.	\$ -	-	\$ -	-	\$ 1,605,585 \$ 48,507	2
HTC American Inc.	100,291	-	184,205	1	540,719 16,336	1
HTC Europe Co., Ltd.	-	-	151,984	-	248,058 7,494	-
Comserve Network Netherlands B.V.	148,640	1	72,168	-	- -	-
Others	3,733	-	1,584	-	838 25	-
	<u>\$ 252,664</u>	<u>1</u>	<u>\$ 409,941</u>	<u>1</u>	<u>\$ 2,395,200 \$ 72,362</u>	<u>3</u>

Selling prices and terms of payment for both related and third parties were similar, except those for HTC America Inc., HTC Europe Co., Ltd. and Exedea Inc.

Notes and Accounts Receivable

	September 30						
	2004		2005		2006		
	% of Total		% of Total				% of Total
	Amount	Notes and Accounts Receivable	Amount	Notes and Accounts Receivable	Amount	US\$	Notes and Accounts Receivable
Related Party	NT\$		NT\$		NT\$	(Note 2)	
Accounts receivable							
Exedea Inc.	\$ -	-	\$ -	-	\$ 650,698	\$ 19,659	4
HTC American Inc.	70,771	2	176,681	2	534,688	16,154	3
HTC Europe Co., Ltd.	-	-	151,992	1	236,536	7,146	2
Comserve Network Netherlands B.V.	2,219	-	6,324	-	-	-	-
Others	53	-	61	-	152	4	-
	<u>\$ 73,043</u>	<u>2</u>	<u>\$ 335,058</u>	<u>3</u>	<u>\$ 1,422,074</u>	<u>\$ 42,963</u>	<u>9</u>

Notes and Accounts Payable

	September 30						
	2004		2005		2006		
	% of Total		% of Total				% of Total
	Amount	Notes and Accounts Payable	Amount	Notes and Accounts Payable	Amount	US\$	Notes and Accounts Payable
Related Party	NT\$		NT\$		NT\$	(Note 2)	
High Tech Computer Corp. (Suzhou) \$	-	-	\$ -	-	\$ 9,187	\$ 277	-
Chander Electronics Corp.	16,239	-	61,905	1	132	4	-
Others	-	-	5,187	-	493	15	-
	<u>\$ 16,239</u>	<u>-</u>	<u>\$ 67,092</u>	<u>1</u>	<u>\$ 9,812</u>	<u>\$ 296</u>	<u>-</u>

Other Receivable

	September 30						
	2004		2005		2006		
	% of Total		% of Total				% of Total
	Amount	Other Receivable	Amount	Other Receivable	Amount	US\$	Other Receivable
Related Party	NT\$		NT\$		NT\$	(Note 2)	
HTC American Inc.	\$ 1,109	2	\$ 1,858	7	\$ 48,499	\$ 1,465	40
HTC Europe Co., Ltd.	5,196	8	1,300	5	41,936	1,267	34
High Tech Computer Corp. (Suzhou)	-	-	-	-	16,248	491	13
Others	3,416	5	541	2	44	1	-
	<u>\$ 9,721</u>	<u>15</u>	<u>\$ 3,699</u>	<u>14</u>	<u>\$ 106,727</u>	<u>\$ 3,224</u>	<u>87</u>

The term for other receivables from related parties was 90 days, longer than that for third parties. The Company transferred accounts receivables amounting to NT\$87,588 (US\$2,646 thousand), which were more than 180 days outstanding, to other receivables. Other receivables from related parties included agency payments of NT\$19,139 thousand (US\$578 thousand).

Prepaid Expenses

Related Party	September 30						
	2004		2005		2006		
	Amount	% of Total Prepayment	Amount	% of Total Prepayment	Amount	% of Total Prepayment	
NT\$		NT\$		NT\$	US\$ (Note 2)		
HTC American Inc.	\$ -	-	\$ -	-	\$ 19,857	\$ 600	3
HTC Europe Co., Ltd.	-	-	-	-	17,610	532	2
HTC NIPPON Corporation	-	-	-	-	3,100	94	-
HTEK	<u>2,109</u>	<u>1</u>	<u>9,266</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 2,109	1	\$ 9,266	1	\$ 40,567	\$ 1,226	5

Accrued Expenses

Related Party	September 30						
	2004		2005		2006		
		% of Total		% of Total		% of Total	
	Amount	Accrued	Amount	Accrued	Amount	Accrued	
	NT\$	Expenses	NT\$	Expenses	NT\$	Expenses	
				NT\$	US\$		
					(Note 2)		
VIA Technologies, Inc.	\$ 2,468	1	\$ -	-	\$ 210	\$ 6	-

Other Payables to Related Parties

Related Party	September 30						
	2004		2005		2006		
	Amount NT\$	% of Total Other Payables	Amount NT\$	% of Total Other Payables			% of Total Other Payables
					Amount		
					NT\$	US\$ (Note 2)	
HTC America Inc.	\$ -	-	\$ -	-	\$ 71,607	\$ 2,163	71
HTC Europe Co., Ltd.	-	-	-	-	29,439	889	29
Others	-	-	-	-	20	1	-
	\$ -	-	\$ -	-	\$ 101,066	\$ 3,053	100

Outsourcing Expenses

Related Party	Nine Months Ended September 30						
	2004		2005		2006		
	Amount NT\$	% of Total Out-Sourcin g Expenses	Amount NT\$	% of Total Out-Sourcin g Expenses			% of Total Out-Sourcin g Expenses
					Amount		
					NT\$	US\$ (Note 2)	
High Tech Computer Corp. (Suzhou)	\$ -	-	\$ 33,371	10	\$ 57,820	\$ 1,747	10
First International Computer Inc.	-	-	7,350	2	-	-	-
	\$ -	-	\$ 40,721	12	\$ 57,820	\$ 1,747	10

Service Warranty Expense

Related Party	Nine Months Ended September 30						
	2004		2005		2006		
	% of		% of				% of
	Amount	Warranty	Amount	Warranty	Amount		Warranty
	NT\$	Expenses	NT\$	Expenses	NT\$	US\$	Expenses
					(Note 2)		
HTC Europe Co., Ltd.	\$ 16,446	5	\$ 42,503	5	\$ 220,384	\$ 6,658	15
HTC USA Inc.	20,968	6	66,507	7	179,729	5,430	12
Comserve Network Netherlands B.V.	95,402	26	86,430	10	-	-	-
	<u>\$ 132,816</u>	<u>37</u>	<u>\$ 195,440</u>	<u>22</u>	<u>\$ 400,113</u>	<u>\$ 12,088</u>	<u>27</u>

Service warranty expense resulted from authorizing the above related party to provide after-sales service.

Administrative and Selling Expenses - Service Fees

Related Party	Nine Months Ended September 30						
	2004		2005		2006		
	% of Total		% of Total				% of Total
	Amount	Professional	Amount	Professional	Amount		Professional
	NT\$	Fees	NT\$	Fees	NT\$	US\$	Fees
					(Note 2)		
HTC America Inc.	\$ -	-	\$ -	-	\$ 75,661	\$ 2,286	37
HTEK	19,663	28	12,378	27	21,685	655	10
Exedea Inc.	-	-	-	-	15,567	470	7
HTC Europe Co., Ltd.	-	-	-	-	9,425	285	5
VIA Technologies, Inc.	-	-	3,000	6	1,800	54	1
	<u>\$ 19,663</u>	<u>28</u>	<u>\$ 15,378</u>	<u>33</u>	<u>\$ 124,138</u>	<u>\$ 3,750</u>	<u>60</u>

Leasing - Lessee

Operating Expense - Rental Expense

Related Party	Nine Months Ended September 30						
	2004		2005		2006		
	% of		% of				% of
	Amount	Rental	Amount	Rental	Amount		Rental
	NT\$	Expense	NT\$	Expense	NT\$	US\$	Expense
					(Note 2)		
VIA Technologies, Inc.	\$ 11,286	65	\$ 7,663	59	\$ -	\$ -	-
Chander Electronics Corp.	56	-	-	-	-	-	-
	<u>\$ 11,342</u>	<u>65</u>	<u>\$ 7,663</u>	<u>59</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

The Company leased offices and parking space owned by the related parties Inc. at one-year renewable operating lease agreements, and the rental payment was determined at the prevailing rates in the surrounding area.

Leasing - Lessor

Nonoperating Income - Rental Revenue

Related Party	Nine Months Ended September 30						
	2004		2005		2006		
	Amount NT\$	% of Total Rental Revenue	Amount NT\$	% of Total Rental Revenue			% of Total Rental Revenue
					Amount		
					NT\$	US\$ (Note 2)	
VIA Technologies, Inc.	\$ 91	80	\$ 339	100	\$ -	\$ -	-
Chander Electronics Corp.	<u>18</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 109	96	\$ 339	100	\$ -	\$ -	-

Property Transaction

In the second quarter of 2004, the Company sold equipment to H.T.C. (B.V.I.) Corp., Inc. for NT\$2,106 thousand; to HTC America Inc. for NT\$430 thousand; and to HTC Europe Co., Ltd. for NT\$20 thousand.

In the second quarter of 2005, the Company acquired land and building from VIA Technologies, Inc. for NT\$304,630 thousand.

In the second quarter of 2005, the Company sold equipment to HTC Europe Co., Ltd. for NT\$2 thousand.

In the second quarter of 2006, the Company sold equipment to HTC Europe Co., Ltd. for NT\$141 thousand and to High Tech Computer Corp. (Suzhou) for NT\$3,914 thousand.

23. COMMITMENTS AND CONTINGENCIES

As of September 30, 2006, unused letters of credit amounted to US\$226 thousand, JPY4,200 thousand and EUR512 thousand.

24. SIGNIFICANT CONTRACTS

Patent Agreement

To enhance the quality of its products and manufacturing technologies, the Company has patent agreements as follows:

Contractor	Contract Term	Description
Microsoft	December 1, 2004 - December 31, 2006	Authorization to use embedded operating system; royalty payment based on agreement.
Texas Instruments France	January 14, 2000 - January 13, 2010	Authorization to use GSM system software; royalty payment based on agreement.
Qualcomm Incorporated	December 20, 2000 to the following dates:	

Contractor	Contract Term	Description
	(a) If the Company materially breaches any covenant and fails to take remedial action within 30 days after Qualcomm's issuance of a written notice, the Company will be prohibited from using Qualcomm's property or patents. (b) Any time when the Company is not using any of Qualcomm's intellectual property, the Company may terminate this agreement upon 60 days' prior written notice to Qualcomm.	Authorization to use CDMA technology to manufacture and sell units; royalty payment based on agreement.
Ericsson Mobile Platform AB	April 2003-March 2011	Authorization to use EDGE reference design license and support agreement; royalty payment based on agreement.
Telefonaktiebolaget LM Ericsson	December 15, 2003 to the expiry dates of these patents, and no longer than December 14, 2008	Authorization to use platform patent license agreement; royalty payment based on agreement.
Nokia Corporation	January 1, 2003 to the expiry dates of these patents.	Authorization to use wireless technology, like GSM; royalty payment based on agreement.
InterDigital Technology Corporation.	December 31, 2003 to the expiry dates of these patents.	Authorization to use TDMA and CDMA technology; royalty payment based on agreement.
KONINKLIJKE PHILIPS ELECTRONICS N.V.	January 5, 2004 to the expiry dates of these patents	GSM/DCS 1800/1900 Patent License; royalty payment based on agreement.
Motorola, Inc.	December 23, 2003 to the latest of the following dates: (a) Expiry dates of patents (b) Any time when the Company is not using any of Motorola's intellectual property,	TDMA, NARROWBAND CDMA, WIDEBAND CDMA or TD/CDMA Standards patent license or technology; royalty payment based on agreement.
ALCATEL/TCL & Alcatel	July 1, 2004-September 30, 2009	Authorization to use GSM, GPRS or EDGE patent license or technology; royalty payment based on agreement.
Siemens Aktiengesellschaft	July 1, 2004 to the expiry dates of these patents.	Authorization to use GSM, GPRS or EDGE patent license or technology; royalty payment based on agreement.
Lucent Technologies GRL LLC	July 1, 2004-September 30, 2009	Authorization to use GSM, GPRS, EDGE, CDMA or WCDMA patent license or technology; royalty payment based on agreement.

25. OTHER EVENTS

Merger

To effect cooperation with other companies in the same trade, lower operating costs and expenses, and enhance competitiveness as well as research and development capabilities, the Board of Directors proposed the acquisition of IA Style, Inc. on October 31, 2003. The effective merger date was March 1, 2004.

Other merger information is as follows:

- (a) Share issuance and swap ratio:
The Company issued 1,567,347 new shares at NT\$10.00 par value to acquire IA System Inc. One share of the Company was exchanged for 5.423177 shares of IA System Inc.
- (b) Merger basis:
 - (i) Current market condition and Company's vision of the future;
 - (ii) Equity per share.
- (c) Influence on the Company's financial status and stockholders' equity:
The Company could lower operating costs and expenses and enhance its competitiveness and research and development capabilities.
- (d) Had the effective merger date been January 1, 2004 and taken into account the effect of stock dividends, the pro forma information for nine months ended September 30, 2004 would have been as follows:

	NT\$
Revenues	\$ 22,064,79
Net income	2,429,186
Basic earnings per share after income tax	5.92

Donation

In the nine months ended September 30, 2006, the Company donated NT\$300,000 thousand (US\$9,063 thousand) based on its internal donation policy its social welfare policy to the High Tech Computer Foundation for Social Welfare Charity to help disadvantaged minorities, teenagers and other people in need.

Global Depositary Receipt Issuance

In their annual general meeting on May 2, 2006, the Company's stockholders authorized the board of directors to issue up to 16,000 thousand common shares for a global depositary receipt offering, which was approved by the Financial Supervisory Commission under the Executive Yuan. However, in August 2006, the Company's board of directors approved the cancellation of this offering because of global financial instability.

Other

In June 2006, the Company's board of directors of the Company passed a resolution to sign a memorandum of understanding with Dopod (Cayman) Holding Corporation ("Dopod") for the Company's acquisition of 50% of Dopod's shares. Based on the Company's assessment of Dopod, the value of Dopod's entire equity was US\$150 million at most. The share acquisition details, business cooperation plans, the Company's and Dopod's rights and obligations, and related matters will be negotiated and subject to due diligence.