

## ChipSip Technology Co., Ltd.

### Balance Sheet

For the years ended Dec. 31, 2006 and 2005  
(Expressed in Thousands of New Taiwan Dollars)

	Dec. 31, 2006	%	Dec. 31, 2005	%
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	12,078	16.3	37,604	52.7
Accounts Receivable	2,331	3.1	-	-
Inventories, Net	42,615	57.5	23,844	33.4
Other Current Assets	12,340	16.7	5,226	7.3
<b>Total Current Assets</b>	<b>69,364</b>	<b>93.6</b>	<b>66,674</b>	<b>93.4</b>
<b>Long Term Investments</b>				
Property, Plant and Equipment	10,498	14.2	8,115	11.4
Less: Accumulated Depreciation	6,915	9.3	5,120	7.2
Property, Plant and Equipment, Net	3,583	4.8	2,995	4.2
<b>Other Assets</b>	<b>1,158</b>	<b>1.6</b>	<b>1,728</b>	<b>2.4</b>
<b>Total Assets</b>	<b>74,105</b>	<b>100.0</b>	<b>71,397</b>	<b>100.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Short-Term Bank Loans	37,119	50.1	-	-
Notes Payable	8,831	11.9	426	0.6
Accounts Payable	13	0.0	-	-
Accrued Expense	4,537	6.1	5,321	7.5
Current Portion of Long-Term Liabilities	-	-	-	-
Other Current Liabilities	204	-	2	-
<b>Total Current Liabilities</b>	<b>50,704</b>	<b>68.4</b>	<b>5,749</b>	<b>8.1</b>
<b>Long-Term Liabilities</b>				
Accrued Pension Liabilities	-	-	-	-
Owners' Current Account	5,000	-	-	-
<b>Total Long-Term Liabilities</b>	<b>5,000</b>	<b>6.7</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>55,704</b>	<b>75.2</b>	<b>5,749</b>	<b>8.1</b>
<b>SHAREHOLDERS' EQUITY</b>				
Capital Stock	88,000	118.8	188,450	263.9
Paid-in Capital in Excess of Par, Common Stock	14,545	19.6	14,545	20.4
Retained Earnings(Accumulated Deficit)	<b>(84,144)</b>	-113.5	<b>(137,347)</b>	<b>(192.4)</b>
<b>Total Shareholders' Equity</b>	<b>18,401</b>	<b>24.8</b>	<b>65,648</b>	<b>91.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>74,105</b>	<b>100.0</b>	<b>71,397</b>	<b>100.0</b>

**ChipSip Technology Co., Ltd.**  
**Income Statements**

For the years ended Dec. 31, 2006 and 2005  
(Expressed in Thousands of New Taiwan Dollars)

	Dec. 31, 2006	%	Dec. 31, 2005	%
<b>Net Sales</b>	125,184	100.0	21,235	100.0
Cost of Sales	131,003	104.6	36,772	173.2
<b>Gross Profit</b>	<b>(5,819)</b>	<b>(4.6)</b>	<b>(15,537)</b>	<b>(73.2)</b>
<b>Operating Expenses</b>				
Sales and Marketing Expenses	8,793	7.0	-	-
General Administrative Expenses	11,915	9.5	-	-
Research and Development Expenses	14,256	11.4	-	-
<b>Total Operating Expenses</b>	<b>34,964</b>	<b>27.9</b>	<b>17,027</b>	<b>80.2</b>
<b>Operating Income</b>	<b>(40,783)</b>	<b>(32.6)</b>	<b>(32,564)</b>	<b>(153.4)</b>
<b>Non-Operating Income, Net</b>	<b>80</b>	<b>0.1</b>	<b>659</b>	<b>-</b>
<b>Non-Operating Expenses, Net</b>	<b>6,544</b>	<b>5.2</b>	<b>11,507</b>	<b>54.2</b>
<b>Income before Income Tax</b>	<b>(47,247)</b>	<b>(37.7)</b>	<b>(43,412)</b>	<b>(204.4)</b>
<b>Income Tax (Expenses) Benefits</b>	<b>-</b>	<b>-</b>	<b>(8,953)</b>	<b>(42.2)</b>
<b>Net Income</b>	<b>(47,247)</b>	<b>(37.7)</b>	<b>(52,365)</b>	<b>(246.6)</b>

**ChipSip Technology Co., Ltd.**  
**Statements of Cash Flows**

For the years ended Dec. 31, 2006 and 2005  
(Expressed in Thousands of New Taiwan Dollars)

	Dec. 31, 2006	Dec. 31, 2005
<b>Cash Flows from Operating Activities</b>		
Net Income	(47,247)	(52,365)
Depreciation and Amortization	2,838	3,032
Changes in Working Capital	(21,479)	(5,019)
Changes in Other Operating Activities	6,056	23,142
<b>Net Cash Used in Operating Activities</b>	<b>(59,832)</b>	<b>(31,210)</b>
<b>Cash Flows from Investing Activities</b>		
Decrease(Increase) in Restricted Assets	(5,161)	30,090
Acquisition of Property, Plant and Equipment	(2,566)	(1,502)
Proceeds from Disposal of Property, Plant and Equipr	-	-
Decrease(Increase) in Other Assets	(86)	4
<b>Net Cash Used in Investing Activities</b>	<b>(7,813)</b>	<b>28,592</b>
<b>Cash Flows from Financing Activities</b>		
Paid-in Capital	-	-
Decrease(Increase) in Short-Term Bank Loans	37,119	-
Decrease(Increase) in Owners' Current Account	5,000	-
<b>Net Cash Provided by Financing Activities</b>	<b>42,119</b>	<b>-</b>
<b>Net Increase(Decrease) in Cash and Cash Equivalent</b>	<b>(25,526)</b>	<b>(2,618)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>37,604</b>	<b>40,222</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>12,078</b>	<b>37,604</b>