ABIT COMPUTER CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

AND

INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

The Board of Directors
ABIT Computer Corporation:

We have audited the accompanying consolidated balance sheets of ABIT Computer Corporation and subsidiaries as of December 31, 2003 and 2002(restated), and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As of December 31, 2003 and 2002(restated), long-term equity investments amounting to NT$2,781,702 thousand and NT$1,006,402 thousand, respectively, and related equity in net losses amounting to (NT$376,670) thousand and (NT$554,616) thousand in 2003 and 2002, respectively, were based on financial statements that were not audited by us. In addition, we did not audit the financial statements of Treasure World Holdings Inc., which statements reflect total assets amounting to NT$7,557,256 thousand and NT$4,243,083 thousand, constituting 47% and 38% of the related consolidated totals, and total revenues amounting to NT$14,949,102 thousand and NT$12,913,822 thousand, constituting 57% and 67% of the related consolidated totals, in 2003 and 2002, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned affiliates and subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards and the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants " of the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ABIT Computer Corporation and subsidiaries as of December 31, 2003 and 2002(restated), and the results of their operations and their cash flows for the years then ended, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and generally accepted accounting principles of the Republic of China.

As discussed in note 2(1)(b) to the consolidated financial statements, the entities consolidated in 2003 were different from previous years, and accordingly, the Company restated the 2002 consolidated financial statements to conform with the 2003 financial statements.

Taipei, Taiwan, R. O. C.
March 16, 2004,

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

ABIT COMPUTER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2003 AND 2002 (RESTATED)
(expressed in thousands of New Taiwan dollars)

	2003		2002(Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**
Current assets				
Cash and cash equivalents (Note 3)	$ 1,783,396	11	588,535	5
Short-term investments, net (Note 4)	1,237,275	8	-	-
Notes receivable (Note 5)	-	-	-	-
Accounts receivable, net (Notes 5 and 22)	2,790,037	17	1,256,898	11
Accounts receivable–related-party (Note 21)	421,663	3	479,311	4
Other receivables–related-party (Note 21)	472,901	3	206,448	2
Inventories, net (Note 6)	129,835	1	238,756	2
Other current assets	317,706	2	383,285	4
Restricted assets (Note 22)	229,189	1	1,150,780	10
	7,382,002	46	4,304,013	38
Long-term investments (Note 7)				
Long-term equity investments	2,805,195	18	1,042,564	9
Other long-term investments	1,939,356	12	1,981,876	18
	4,744,551	30	3,024,440	27
Property, plant, and equipment (Notes 8 and 22)				
Land	1,070,857	7	1,149,075	11
Buildings	658,695	4	651,701	6
Machinery	20,491	-	33,987	-
Computer equipment	45,062	-	50,911	1
Transportation equipment	6,266	-	12,892	-
Furniture and office equipment	34,668	-	37,284	-
Leased assets	84,758	1	-	-
Leasehold improvements	6,010	-	-	-
Other equipment	367	-	6,523	-
Less: Accumulated depreciation	(104,121)	(1)	(81,750)	(1)
	1,823,053	11	1,860,623	17
Intangible assets				
Deferred debits (Note 9)	1,325,482	8	1,424,631	13
Patents	96,672	1	-	-
	1,422,154	9	1,424,631	13
Other assets				
Idled Assets (Note 22)	158,018	1	190,172	2
Assets rented out (Note 22)	408,640	3	393,933	3
Other assets–other (Notes 22)	56,933	-	41,252	-
	623,591	4	625,357	5
TOTAL ASSETS	**$ 15,995,351**	**100**	**11,239,064**	**100**

	2003		2002(Restated)	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
Current liabilities				
Short-term borrowings (Note 10)	$ 1,560,287	10	1,900,220	17
Short-term notes payable (Note 11)	45,959	-	145,815	1
Notes payable	6,397	-	99,568	1
Accounts payable	1,169,753	7	136,465	1
Accounts payable–related-party (Note 21)	88,367	1	16,310	-
Accrued expenses	167,311	1	106,661	1
Current portion of long-term debt (Note 12)	233,394	2	111,692	1
Other current liabilities (Note 21)	194,993	1	157,895	2
	3,466,461	22	2,674,626	24
Long-term liabilities				
Corporate bonds payable (Note 13)	2,584,280	16	153,603	1
Long-term debt (Note 12)	1,534,227	10	1,768,546	16
	4,118,507	26	1,922,149	17
Other liabilities				
Accrued pension liabilities (Note 14)	13,099	-	8,284	-
Other liabilities – others	56,739	-	19,862	-
Minority interest	124,585	1	106,980	1
	194,423	1	135,126	1
Total liabilities	7,779,391	49	4,731,901	42
Stockholders' equity				
Capital stock (Note 16)	5,727,296	36	4,967,076	44
Capital surplus (Note 17)	1,252,058	8	2,256,844	20
Retained earnings (Note 18)				
Legal reserve	-	-	200,878	2
Undistributed earnings	1,193,275	7	(1,085,541)	(10)
Cumulative translation adjustments	43,331	-	167,906	2
Total stockholders' equity	8,215,960	51	6,507,163	58
Major commitments and contingencies (Note 23)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 15,995,351**	**100**	**11,239,064**	**100**

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

ABIT COMPUTER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (RESTATED)
(expressed in thousands of New Taiwan dollars expected for share data)

	2003		2002(Restated)	
	Amount	%	Amount	%
Operating revenue				
Gross sales	$ 26,482,935	100	19,287,196	100
Less: Sales returns	(14,736)	-	(45,767)	-
Sales allowances	(19,667)	-	(49,034)	-
Net sales	26,448,532	100	19,192,395	100
Operating costs	(23,913,307)	(90)	(18,484,065)	(96)
Gross profit	2,535,225	10	708,330	4
Unrealized inter-company gain	(53,855)	-	(18,526)	-
Realized inter-company gain	18,526	-	52,636	-
	2,499,896	10	742,440	4
Operating expenses				
Selling expenses	(196,455)	(1)	(295,473)	(2)
Administrative expenses	(546,113)	(2)	(562,604)	(3)
Research and development expenses	(167,781)	(1)	(217,220)	(1)
	(910,349)	(4)	(1,075,297)	(6)
Operating income	1,589,547	6	(332,857)	(2)
Non-operating income				
Interest income	126,473	1	17,210	-
Gain on disposal of property, plant, and equipment	682	-	-	-
Rent revenue	27,968	-	-	-
Exchange gain	-	-	544	-
Commission income	49,367	-	50,390	-
Gain on inventory market recovery	45,630	-	-	-
Miscellaneous income	51,193	-	166,971	1
	301,313	1	235,115	1
Non-operating expenses				
Interest expense	(158,855)	(1)	(186,956)	(1)
Loss on investments	(382,003)	(1)	(562,973)	(3)
Losses on physical inventory	(144)	-	-	-
Loss on disposal of property, plant, and equipment	(6,700)	-	(3,908)	-
Loss on disposal of investment	(2,872)	-	(28,427)	-
Exchange loss	(110,427)	-	-	-
Inventory market decline and obsolescence	-	-	(54,000)	-
Miscellaneous expenses	(6,356)	-	(86,079)	-
	(667,357)	(2)	(922,343)	(4)
Income (loss) before income tax	1,223,503	5	(1,020,085)	(5)
Income tax benefit (expense) (Note15)	(6,614)	-	(7,246)	-
Gain (loss) before purchase	-	-	(75,408)	(1)
Minority interest net income	(23,614)	-	(6,383)	-
Net income (loss)	**$ 1,193,275**	**5**	**(1,109,122)**	**(6)**
	Before tax	**After tax**	**Before tax**	**After tax**
Earnings per share (Note19)				
Basic earnings per share	**$ 2.23**	**2.24**	**(2.67)**	**(2.73)**
Diluted earnings per share	**$ 2.07**	**2.07**	**(2.67)**	**(2.73)**

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

ABIT COMPUTER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (RESTATED)

(expressed in thousands of New Taiwan dollars)

				Retained Earnings		Cumulative	
				Legal	Undistributed	Translation	
	Capital Stock	Entitlement Certificates	Capital Surplus	Reserve	Earnings	Adjustments	Total
2002							
Balance-January 1, 2002	$ 3,031,389	5,801	1,665,551	136,270	705,315	180,828	5,725,154
Capital increase in cash	1,222,220	-	733,332	-	-	-	1,955,552
2001 Earnings appropriation:							
Legal reserve	-	-	-	64,608	(64,608)	-	-
Employees bonus	49,383	-	-	-	(49,394)	-	(11)
Compensation to directors and supervisors	-	-	-	-	(12,348)	-	(12,348)
Cash dividends	-	-	-	-	(85,500)	-	(85,500)
Capitalization of retained earnings	470,178	-	-	-	(470,178)	-	-
Capitalization of capital surplus	170,974	-	(170,974)	-	-	-	-
Corporate bonds converted into common stock	22,932	(5,801)	23,159	-	-	-	40,290
Gain from disposal of fixed assets transferred to retained earnings	-	-	(294)	-	294	-	-
Net loss for 2002	-	-	-	-	(1,109,122)	-	(1,109,122)
Cumulative translation adjustments	-	-	-	-	-	(12,922)	(12,922)
Increase in capital surplus due to subscription to new shares of invested companies by subsidiaries not in proportion to ownership	-	-	6,070	-	-	-	6,070
Balance-December 31, 2002	4,967,076	-	2,256,844	200,878	(1,085,541)	167,906	6,507,163
2003							
Legal reserve used to offset losses	-	-	-	(200,878)	200,878	-	-
Capital surpus used to offset losses	-	-	(884,663)	-	884,663	-	-
Corporate bonds converted into common stock	760,220	-	(122,617)	-	-	-	637,603
Net income for 2003	-	-	-	-	1,193,275		1,193,275
Cumulative translation adjustments	-	-	-	-	-	(124,575)	(124,575)
Increase in capital surplus due to subscription to new shares of investee companies by subsidiaries not in proportion to ownership	-	-	2,494	-	-	-	2,494
Balance-December 31, 2003	**$ 5,727,296**	**-**	**1,252,058**	**-**	**1,193,275**	**43,331**	**8,215,960**

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

ABIT COMPUTER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (RESTATED)
(expressed in thousands of New Taiwan dollars)

	2003 Amount	2002(Restated) Amount
Cash flows from operating activities:		
Net income (loss)	$ 1,193,275	(1,109,122)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	47,904	65,491
Unrealized (realized) gross profit from sales	35,329	(34,110)
Reversal of provision for doubtful accounts	-	(2,000)
Loss (gain) on inventory market recovery	(45,630)	54,000
Losses on idle asset valuation loss	-	22,000
Loss (gain) on long-term investments	382,003	562,973
Loss on disposal of fixed assets	6,018	3,908
Loss on disposal of investments	2,872	28,427
Amortization	123,562	97,613
Amortization of issuance cost of corporate bonds	11,391	-
Interest provision for redemption of convertible bonds	153	10,491
Changes in:		
Notes receivable	-	1,104
Accounts receivable	(1,550,154)	1,456,551
Receivables–related party	57,570	296,518
Other receivables–related party	(266,453)	(206,448)
Inventories	152,451	762,206
Other current assets	60,590	(89,620)
Other assets	(4,517)	222
Notes payable	(93,171)	(425,347)
Accounts payable	1,041,058	(1,440,235)
Accounts payable–related-party	73,090	8,013
Accrued expenses	61,903	(62,728)
Other current liabilities	37,112	31,955
Accrued pension liabilities	4,815	(479)
Other liabilities–other	-	(15,824)
Net cash provided by operating activities	1,331,171	15,559
Cash flows from investing activities:		
Restricted assets	874,839	(763,810)
Purchase of property, plant, and equipment	(8,050)	(240,465)
Proceeds from sale of property, plant, and equipment	6,930	155,869
Increase in deferred charges and issuance cost of corporate bonds	(46,021)	-
Increase in long-term equity investments	(2,208,986)	(1,382,986)
Decrease (increase) in short-term investments	(1,193,633)	1,406
Minority interest equity ownership	23,614	(176,237)
Increase in Unamortization expense	-	(48,212)
Decrease in deferred assets	197	-
Increase in patents	(102,885)	-
Decrease (increase) in guarantee deposits paid	(64)	2,939
Net cash used in investing activities	(2,654,059)	(2,451,496)

(continued)

ABIT COMPUTER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONY'D)
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002 (RESTATED)
(expressed in thousands of New Taiwan dollars)

	2003 Amount	2002(Restated) Amount
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(337,221)	54,732
Increase in commercial paper	(99,856)	(198,721)
Increase in long-term debt	-	95,000
Repayment of long-term debt	(112,617)	(132,447)
Increase in corporate bonds	3,142,625	-
Purchase of corporate bonds	(74,500)	-
Increase in guarantee deposits received	1,548	-
Distribution of cash dividends	-	(85,500)
Employee bonuses	-	(11)
Compensation to directors and supervisor	-	(12,348)
Capital increase in cash	-	1,955,552
Net cash provided by financing activities	2,519,979	1,676,257
Net increase (decrease) in cash and cash equivalents	1,197,091	(759,680)
Exchange rate influence	(2,230)	(957)
Cash and cash equivalents, beginning of the period	588,535	1,349,172
Cash and cash equivalents, end of the period	**$ 1,783,396**	**588,535**
Supplemental disclosure of cash flow information:		
Interest paid in the period	**$ 164,957**	**174,901**
Income taxes paid in the period	**$ 4,877**	**30,928**
Investing and financing activities with no effects on cash flows:		
Sales of long-term investment	**$ -**	**89,314**
Current portion of long-term debt	**233,394**	**111,692**
Capitalization of employee bonus	**$ -**	**49,383**
Convertible bonds converted into common stock	**$ 637,603**	**40,290**
Corporate bond interest payable	**$ 153**	**10,491**
Property, plant, and equipment transferred to idle assets	**$ -**	**190,172**
Property, plant, and equipment transferred to leased assets	**$ -**	**393,933**
Leased assets transferred be property, plant, and equipment	**$ 13,313**	**-**
Idle assets transferred to leased assets	**$ 31,256**	**-**

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

ABIT COMPUTER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2003 AND 2002 (RESTATED)
(Expressed in thousands of New Taiwan dollars unless otherwise stated)

1. Organization and Business

The shares of the Company are listed on the Taiwan Securities Exchange.

ABIT Computer Corporation (the "Company") was established on September 25, 1989 with primary business scope as follows:

(1) Design, production, processing, and trading of computers and peripherals.

(2) Design, production, processing, and trading of monitors, interface cards, motherboards, keyboards, printers, P.C. servers, and parts and components.

(3) Imports and exports of related products, except for futures.

(4) Bidding and quotation for domestic and foreign products.

For the year ended December 31, 2003, the average number of employees was 248.

2. Summary of Significant Accounting Policies

The Company's financial statements were prepared in accordance with the "Standards Governing the Compilation of Financial Statements Reports by Securities Issuers" and generally accepted accounting principles of the Republic of China. A summary of significant accounting policies is as follows:

(1) Basis for Consolidation of Financial Statements

(a) Subsidiaries included in the consolidated financial statements:

Company Name	Date	Relationship with the Company	Business Scope	Ownership	
				12.31.2003	12.31.2002
ABIT COMPUTER (U.S.A.) CORPORATION	12.24. 1996	Direct ownership of voting shares exceeding 50%	Business	100%	100%
AMOR COMPUTER B.V.	06.27. 1996	〃	〃	100%	100%
ABIT COMPUTER (U.K.) CORPORATION LTD.	09.16. 1997	〃	〃	100%	100%
ABIT COMPUTER (H.K.) COMPANY LTD.	10.03. 1997	〃	〃	100%	100%
TREASURE WORLD HOLDINGS INC.	03.04. 1998	〃	Investment	100%	100%
ABIT INVESTMENT HOLDING LTD.	10.16. 2000	〃	〃	100%	100%
WELLTOP BUSINESS DEVELOPMENT INC.	02.06. 2001	〃	〃	100%	100%
ABIT COMPUTER (SINGAPORE) PRIVATE LIMITED	09.05. 2001	〃	Business	100%	100%
TIMERWELL TECHNOLOGY HOLDINGS LTD.	03.01. 1998	Indirect ownership of voting shares exceeding 50%	Investment	98.13%	97.44%
ABIT COMPUTER TRADING (SHANGHAI) CO., LTD.	03.21. 2001	〃	Business	100%	100%
SUNLIGHT INTERNATIONAL CORPORATION	02.06. 2001	〃	Investment	100%	100%
ABIT COMPUTER FRANCE SARL	11.07. 2002	〃	Business	100%	100%

(b) Affiliates included in the consolidated financial statements:

Name of Affiliate	Date of Establish-ment	Relationship with the Company	Business scope	Ownership
TREASURE WORLD HOLDINGS INC.	03.04. 1998	Direct ownership of voting shares exceeding 50%	Investment	100%

In 2002, AMOR COMPUTER B.V. and ABIT COMPUTER (U.S.A.) CORPORATION met the criterion for consolidation but total assets and operating revenues were less than 10% of the respective accounts of the parent company for 2003, and therefore, their accounts were not consolidated. Consolidated financial statements for 2002 were restated to facilitate comparison and analysis.

(c) Changes in affiliate companies: None.

(d) Affiliates not included in the consolidated financial statements:

Name of Affiliate	12.31.2003 Ownership	Reason for Non-consolidation
ABIT COMPUTER (U.S.A.) CORPORATION	100.00%	Total assets and operating revenues are less than 10% of the respective accounts of the parent company.
AMOR COMPUTER B.V.	100.00%	〃
ABIT COMPUTER (U.K.) CORPORATION LTD.	100.00%	〃
ABIT COMPUTER (H.K.) COMPANY LTD.	100.00%	〃
ABIT INVESTMENT HOLDING LTD.	100.00%	〃
WELLTOP BUSINESS DEVELOPMENT INC.	100.00%	〃
ABIT COMPUTER (SINGAPORE) PRIVATE LIMITED	100.00%	〃
ABIT COMPUTER TRADING (SHANGHAI) CO., LTD.	100.00%	〃
SUNLIGHT INTERNATIONAL CORPORATION	100.00%	〃
ABIT COMPUTER FRANCE SARL	100.00%	〃

Aggregate total assets and operating revenues of the above affiliates are less than 30% of the respective accounts of the Company.

(e) Affiliates with different accounting period than the parent company: None.

(f) Affiliates with different accounting policies than the parent company: None.

(g) Unusual risks from foreign affiliates: None.

(h) Regulation or contract restrictions on earnings distribution of affiliates: None.

(i) Method and period of amortization of consolidated debits (credits): Amortized equally over 5 to 20 years.

(2) Accounting for Consolidated Financial Statements

When preparing consolidated financial statements, the Company's investments and its subsidiaries, stockholders' equity were eliminated. Inter-company liabilities were eliminated. Unrealized gains between the Company and its subsidiaries resulting from downstream and inter-company transactions are eliminated according to the method of recognition of gain and losses.

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollar equivalents at the spot rates of the balance sheet date; stockholders' equity is translated by the historical rates except for the beginning balance of retained earnings. Revenues and expenses are translated at the weighted-average rate during the period, with exchange differences included in stockholders' equity as "cumulative translation adjustments."

(3) Foreign Currency Transactions

Non-forward contract foreign currency transactions are recorded in New Taiwan dollars and translated by the exchange rates in effect as transactions occur. Translation differences from settlement of foreign currency assets or liabilities are included in current income, as well as those from year-end adjustments of balance sheet accounts by the prevailing rate then.

(4) Cash Equivalents

Cash equivalents refer to Treasury bills, certificates of convertible time deposits, commercial paper, and bank acceptances with maturity of less than 3 months from the investment date.

(5) Short-Term Investment

Short-term investments in public companies and beneficiary certificates are stated at cost and valued at the lower of total cost or market at period-end. The moving-average method is used to compute cost upon sale of such investments. Upon receiving stock dividends due to capitalization of capital surplus or earnings of investees, only the number of incremental shares is recorded in a memo entry to reflect new cost per share calculated by the moving-average method. Market price of open-end mutual funds is based on their net worth at the balance sheet date, while the market price of all other short-term investments is based on the average closing price in the last month of the accounting period.

(6) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided for by reviewing receivables at year-end and estimating possible losses.

(7) Inventories

Inventories are stated at cost by the weighted-average method on a perpetual inventory basis and are evaluated at lower of cost or market at year-end. Market value of raw materials and supplies is replacement cost, whereas that of goods in process, finished goods, and obsolete and slow-moving inventories is the net realizable value. For market value based on replacement (reproduction) cost, it should not exceed net realizable value nor be less than the balance of net realizable value minus ordinary gross margin.

Consigned manufacturing refers to inventories sent for processing and then returned to the Company, and title to such inventory is retained by the Company prior to transfer. Accounting treatment of consigned manufacturing is in compliance with 1998 Securities and Futures Commission (SFC) Ruling Letter No. (6)00747 dated March 18, 1998.

(8) Long-Term Equity Investments

Long-term equity investments in common stock of companies not publicly traded in which the Company has no influence are accounted for under the cost method. Should sufficient evidence exist indicating that investment value decreased and the likelihood of recovery is remote, loss on investment is recognized immediately, with book value after loss recognition as the new cost. Stock dividends received from capitalization of capital surplus or retained earnings are not recorded as investment income, and only memo entries are made regarding the increase in number of shares, with cost per share or book value recalculated.

Long-term equity investments in common stock of companies not publicly traded in which the Company has significant influence are accounted for under the equity method, unless it may be verified that significant influence does not exist.

Upon sale of long-term equity investments, cost is computed by the moving-average method.

The difference between cost of long-term equity investments and net equity worth is amortized over five years by the straight-line method.

For foreign investments accounted for under the equity method, original investment is stated by actual remittance in New Taiwan dollars on the balance sheet date. Book value of such investment is adjusted by cumulative translation adjustments, including current operating income/loss of investee companies, investment income/loss recognized by average exchange rate of the year, and net worth of investee companies evaluated per shareholding ratio.

Long-term equity investments where the Company has controlling interest in the investee companies are accounted for under the equity method, and consolidated financial statements are required. However, consolidation is not required if any of the following conditions is met:

a. Nature of business of a subsidiary is different from that of the Company such that consolidation is not appropriate;
b. A subsidiary has declared bankruptcy or reorganization has been decreed by the court;
c. A subsidiary is prohibited from remitting dividends to the Company due to foreign exchange controls exercised by the country where it is registered to operate;
d. A subsidiary reports negative net worth, unless the Company has financial undertakings of the subsidiary or makes other financial commitment, or the loss is temporary in nature with sufficient evidence of loss recovery and becoming profitable in the near future;
e. Total assets and operating revenue of a subsidiary do not reach 10% of the respective accounts of the Company.

Nevertheless, if combined assets or operating revenue of all such subsidiaries exceeds 30% of the respective account of the Company, then 3% of total assets or operating revenue of these subsidiaries must be consolidated. Unless the percentage declines to 20% subsequently, consolidation should continue.

Should an investee company incur a net loss and the Company has financial undertaking or provides guarantee for the investee company's obligations, loss recognition should continue per ownership. If long-term investments are insufficient to offset investment losses, then accounts receivable (or related-party receivables) are adjusted. Deferred credits are recognized if a deficiency still exists.

Should an investee company issue new shares and the Company does not purchase the new shares proportionately, causing changes in ownership and net worth, then capital surplus is adjusted accordingly. If the adjustment to capital surplus is not enough to offset, then the difference shall be debited to retained earnings.

The unrealized gains and losses from inter-company transactions between the Company and an investee company are deferred. If the gains and losses come from depreciated or amortized assets, then the recognition of such gains and losses shall be spread over the useful lives of such assets. Otherwise, the recognition shall be in the year when the gains or losses are realized.

Gain/loss on investments is recognized immediately if common or preferred shares with voting rights exceed 50% of total voting shares of an investee company or regulations set forth in Clause 369, No. 2-2 are met such that the Company could control, directly or indirectly, financial, operating, or personnel issues of the investee company, or if all of the following criteria are met:

a. Net equity worth of the long-term equity investment at the beginning of the year exceeds $50 million and amounts to over 5% of the Company's paid-in capital;
b. Ownership of the investee company by the Company exceeds 30% or the Company and its directors, supervisors, managers, and other investee companies controlled directly and indirectly jointly own over 50% of voting shares of the investee company;
c. The Company is one of the 3 largest shareholders, or the Company appoints the Chairman or the President of the investee company.

(9) Property, Plant, and Equipment, Depreciation, and Gain/Loss on Disposal

Property, plant, and equipment are stated at cost. Major additions, improvements, and replacements are capitalized. Repairs and maintenance are recorded as current expenses. Interest incurred in acquisition of property, plant, and equipment before such assets are ready for use are capitalized and included as cost.

Depreciation is provided by the straight-line method over the estimated useful lives prescribed by the government plus one year's salvage value. Assets still in use after full depreciation may be depreciated over the estimated salvage value and useful lives. Useful lives of major assets are listed below:

Buildings	5~55 years
Machinery	2~8 years
Computer equipment	3~10 years
Transportation equipment	5 years
Furniture and office equipment	3~8 years
Other equipment	5~8 years

Gain or loss on disposal of property, plant, and equipment is recognized currently.

(10) Patents

Patents (royalties, trademarks, copyrights) of subsidiaries are stated at cost and amortized over 20 years using the straight-line method.

(11) Deferred Charges

Deferred charges are stated at cost and amortized over 3 years.

(12) Pension Plan

The Company has a pension plan covering all regular employees. Two units are granted for every year of service until the 15th year, and one unit per year thereafter up to a maximum of 45 units. A unit is equal to the average monthly salary for the 6-month period prior to approved retirement.

The Company contributes 2% of gross salaries paid to a pension fund reserve on a monthly basis and deposits the reserve into a designated account at the Central Trust of China.

Effective December 31, 1996, the Company adopted FAS Statement No. 18, "Accounting for Pensions". Unrecognized net transitional assets or benefit obligations should be computed as the governing rules of pension shifted. In compliance with SFC Letter Ruling No. (6)00142 dated January 20, 1995, effective 1997, such unrecognized net transitional assets or net benefit obligation should be amortized by the straight-line method over the average remaining years of service of employees eligible for pension benefits and recorded as net pension costs. If years of service are estimated to be shorter than 15 years, then 15 years will be used, Net pensioncosts comprise of the following:

a. Service cost;
b. Interest cost;
c. Expected return on plan assets;
d. Amortization of unrecognized prior service cost;
e. Amortization of unrecognized pension gain or loss;
f. Amortization of unrecognized transitional net assets or net benefit obligation;
g. Gains and losses from liquidation.

The difference between actual pension contributions and net pension costs is reflected as "accrued pension liabilities" or "prepaid pensions." The minimum pension liability is the amount required to be reflected on the balance sheet.

(13) Income Taxes

Income tax is provided in accordance with the Income Tax Law and related regulations. Adjustment of prior years' income tax is recorded as current income tax expense. Intra-period income tax allocation will be made with respect to temporary differences between accounting and taxable income. Income tax effects due to significant taxable temporary differences are recognized as deferred income tax liabilities, while income tax effects arising from deductible temporary differences, loss carryforwards from prior years, and investment tax credits are recorded as deferred income tax assets. A valuation allowance will be provided after assessing the likelihood of realization of deferred income tax assets.

The 10% surtax on undistributed earnings is reported as current expense on the date of the annual stockholders' meeting declaring the distribution of earnings.

(14) Commitments and Contingencies

If loss on commitments and contingencies is highly likely and the amount thereof can be reasonably estimated, such loss is recognized immediately. Otherwise, only the nature will be disclosed in the notes to the financial statements.

3. Cash and Cash Equivalents

	December 31,	
	2003	2002(Restated)
Cash and petty cash	$ 696	1,049
Checking accounts	111,147	38,118
Savings accounts	80,475	107,208
Foreign currency demand deposits	733,952	393,538
Time deposits	857,126	48,622
Total	**$ 1,783,396**	**588,535**

4. Short-term Investment, Net

	December 31,	
	2003	2002(Restated)
Fund	$ 1,237,275	-
Less: Allowance for valuation losses	-	-
Total	**$ 1,237,725**	**-**

5. Accounts Receivable, Net

	December 31,	
	2003	2002(Restated)
Accounts receivable	$ 2,801,037	1,270,758
Less: Allowance for doubtful accounts	(11,000)	(13,860)
Total	**$ 2,790,037**	**1,256,898**

6. Inventories

	December 31,	
	2003	2002(Restated)
Raw materials	$ 24,096	150,871
Work-in-process	435	1,115
Finished goods	1,819	51,891
Merchandise	125,571	102,595
Total	151,921	306,472
Less: Allowance for market decline and obsolescence	(22,086)	(67,716)
Net	**$ 129,835**	**238,756**

As of December 31, 2003 and 2002, fire insurance coverage for inventories stated above was NT$100,000 thousand and NT$700,000 thousand, respectively.

7. Long-Term Equity Investments

(1) As of December 31, 2003 and 2002 long-term equity investments of the Company and subsidiaries were as follows:

	December 31,				
Name of investee company	**2003**			**2002(Restated)**	
Accounted for under the equity method	**%**		**Amount**	**%**	**Amount**
ABIT Computer (U.S.A.) Corp. (original investment: NT$ 493,589 thousand in 2003 and NT$ 152,313 thousand in 2002, respectively)	100%	$	138,489	100%	-
AMOR Computer (B.V.) Corp. (original investment: NT187,549 thousand in 2003 and NT$16,910 thousand in 2002)	100%		145,831	100%	-
Welltop Business Development Inc. (original investment:NT$ 6,566 thousand in 2003 and 2002)	100%		3,133	100%	2,304
Akom Technology Corp. (original investment: NT$ 33,940 thousand in 2003 and 2002)	33.94%		20,360	33.94%	26,545
ABIT Computer (U.K.) Corp. Ltd. (original investment: NT$ 48,114 thousand in 2003 and 2002)	100%		62,010	100%	65,024
ABIT Computer (Singapore) Private Ltd. (original investment: NT$ 39,604 thousand in both 2003 and 2002)	100%		1,658	100%	37,476
ABIT Investment Holding Ltd. (original investment: NT$828,708 thousand in 2003 and 2002)	100%		403,175	100%	614,742
Abitnet Technology Inc. (original investment: NT$23,940 thousand in 2002)	-		-	79.80%	7,313
ABIT Computer (H.K.) company Ltd. (original investment: NT$ 232,786 thousand in 2003 and 2002)	100%		141,319	100%	121,356
Timerwell Technology (Taiwan) Company Ltd. (original investment: US$ 75,000 thousand and NT$ 4,641 thousand in 2003 and 2002, respectively)	23.81%		193,220	23.81%	167,804
Apex Venture Assets Limited (original investment: US$ 50,000 thousand in 2003)	40%		1,696,000	-	-
Total			2,805,195		1,042,564
Other long-term investment					
Ace Pinnacle Fund Ltd.			1,939,003		-
Fund			353		-
Loan Notes			-		1,981,876
			1,939,356		1,981,876
Total		**$**	**4,744,551**		**3,024,440**

a. All financial reports of investee companies for the years 2003 and 2002 are accounted for under the equity method and based upon audited financial statements for the same period. Their investment income (loss), translation adjustment, and unrealized income (loss) from inter-company transactions are listed below:

2003	Investment Income (Loss)	Translation Adjustment (Credit Balance)	Unrealized Income (Loss) from inter-company Transactions
ABIT COMPUTER (U.S.A.) Co. Ltd.	($ 151,699)	(703)	15,690
AMOR COMPUTER B.V.	(19,818)	(3,999)	-
ABIT Computer (U.K.) Co., Ltd.	(8,218)	(5,203)	2,750
ABIT Computer (H.K.) Co., Ltd.	22,360	2,397	35,415
ABIT Investment Holding Ltd.	(201,619)	9,949	-
Akom Technology Corporation	(6,185)	-	-
Welltop Business Development Inc.	852	23	-
ABIT Computer (Singapore) Private Ltd.	(35,759)	59	-
Timerwell Technology (Taiwan) Co., Ltd.	18,083	-	-
	($ 382,003)	**2,523**	**53,855**

2002(Restated)	Investment Income (Loss)	Translation Adjustment (Credit Balance)	Unrealized Income (Loss) from Inter-company Transactions
ABIT Computer (U.S.A.) Co. Ltd.	($ 255,890)	(147)	5,506
AMOR Computer B.V.	(44,653)	(2,193)	6,926
ABIT Computer (U.K.) Co. Ltd.	(3,524)	(6,021)	2,447
ABIT Computer (H.K.) Co., Ltd.	(46,923)	1,014	3,647
ABIT Investment Holding Ltd.	(213,069)	5,613	-
Abitnet Technology Inc.	(4,138)	-	-
Akom Technology Corporation	(5,175)	-	-
Welltop Business Development Inc.	956	11	-
ABIT Computer (Singapore) Private Ltd.	(301)	(515)	-
Timerwell Technology (Taiwan) Company Ltd.	9,744	-	-
	($ 562,973)	**(2,238)**	**18,526**

b. In 2003 and 2002, amortization of the difference between investment cost and net equity worth was as follows:

	2003	2002(Restated)
AMOR Computer B.V.	$ -	377
Timerwell Technology (Taiwan) Company Ltd.	4,712	-
Total	**$ 4,712**	**377**

c. Adjustments to the amount of capital surplus and accumulation of gain/loss due to increased investment in subsidiaries in which the Company did not follow the ownership ratio, and increased investment in investee companies in which the subsidiaries did not follow the ownership ratio are shown below:

Name of investee company	Not recognizing and stating by ownership ratio; increasing (decreasing) capital surplus instead	Not recognizing and stating by ownership ratio; increasing (decreasing) accumulation of gain loss instead
2002(Restated)		
Timerwell Technology (Taiwan) Co. Ltd.	**($ 4,560)**	**-**

d. Investment income/loss of Rolly Technology Holdings Ltd. and ABIT Computer Trading (Shanghai) Co., Ltd. was accounted for under the equity method by ABIT Investment Holding Ltd. and ABIT Computer (H.K.) Company Ltd., as detailed in Note 7(1) a. Unrealized gain (loss) on downstream transactions between the Company and investee companies and transactions between various investee companies was disclosed therein as well.

e. Although the Company has more than 50% ownership and subsequent controlling interests in ABIT Computer (U.S.A.) Corporation, Amor Computer (B.V.), ABIT Computer (U.K.) Corporation Ltd., ABIT Computer (H.K.) Company Ltd., Welltop Business Development Inc., ABIT Computer (Singapore) Private Ltd., and ABIT Investment Holding Ltd., because the total assets or operating revenue of the above investee companies did not reach 10% of the Company's respective accounts and their aggregate total does not reach 30% of the Company's respective accounts, they are not included in the consolidated financial statements.

f. The Company's investment accounted for under the equity method incurred a loss greater than its the book value, resulting in a long-term investment credit balance as shown below:

	December 31,					
	2003			2002(Restated)		
	Account Receivable	Long-Term Investment Credit Amount	Other Liabilities	Account Receivable	Long-Term Investment Credit Amount	Other Liabilities
AMOR	$ -	-	-	8,988	8,988	-
ABIT (U.S.A.)	-	-	-	51,791	51,791	-
Total	**$ -**	**-**	**-**	**60,779**	**60,779**	**-**

g. Pursuant to the share purchase agreement dated December 31, 2002, the subsidiary of the Company ("the Vendor") sold all equity interest in True Grace Company Limited and its subsidiaries (as below) for a consideration of US$57,164 thousand to a third-party purchaser.

The consideration was paid in form of unsecured Loan Notes issued by the purchaser. The Vendor is entitled to receive interest on loan notes receivable from the purchaser at a rate of 7.5% per annum in arrears on the 31^{st} day of December in each year. In accordance with a supplementary agreement dated December 31, 2002, the group is entitled to buy back the equity interest of True Grace upon notice given to the purchaser.

The investment of True Grace Co., Ltd. are listed below:

Name of investee	Location and primary activity		Ownership
True Grace Co., Ltd.	B.V.I.	Investment holding	100%
Subsidiaries of True Grace Co., Ltd.			100%
Timerwell (UK) Co., Ltd.	United Kingdom	Distributor of computer components	100%
Bios Sp Zoo	Poland	Distributor of computer components	100%
Radware Technology Ltd.	Cayman Islands	Distributor of server management software	100%
Timerwell Technology (H.K.) Limited	Hong Kong	Distributor of server management software	100%
Hollyhock Group Ltd.	B.V.I.	Investment holding	100%
Rich-Mate Technology Ltd.	Hong Kong	Provision of Web design and marketing service	100%

8. Property, Plant, and Equipment

(1) As of December 31, 2003 and 2002, the total amount of insurance for property, plant, and equipment was NT$776,904 thousand and NT$920,667 thousand, respectively.

(2) Please refer to Note 22 for details of property, plant, and equipment provided as collateral.

9. Deferred Debits

Deferred debits resulting from investments by the Company and its subsidiaries that incurred costs that exceeded stockholders' equity net worth are listed below:

	December 31,	
Investee Companies	**2003**	**2002(Restated)**
Caliber Computer Co.	$ 215,383	234,348
Asguard GSMBH	15,599	16,910
Timerwell Technology Holdings Ltd.	(3,353)	(8,602)
Effective Score Ltd.	1,097,853	1,181,975
Total	**$ 1,325,482**	**1,424,631**

10. Short-Term Borrowings

December 31, 2003	Period	Amount
Loans to purchase raw materials - domestic	Within one year	$ 193,328
Loans to purchase raw materials - foreign	〃	626,519
Collateralized loans	〃	590,440
Credit loans	〃	150,000
Total		**$ 1,560,287**

December 31, 2002(Restated)	Period	Amount
Loans to purchase raw materials - domestic	Within one year	$ 1,000,070
Loans to purchase raw materials - foreign	〃	228,580
Collateralized loans	〃	407,570
Credit loans	〃	264,000
Total		**$ 1,900,220**

In 2003 and 2002, interest rates on short-term borrowings were floating and ranged from 1.60% to 6.35 and from 1.35% to 7.80%, respectively.

11. Commercial Paper

December 31, 2003	Period	Amount
Commercial paper	Nov. 10, 2003, to February 6, 2004	$ 46,000
Less: Unamortized discount	〃	(41)
Net book value		**$ 45,959**

December 31, 2002(Restated)	Period	Amount
Commercial paper	August 14, 2002, to Feb. 10, 2003	$ 146,000
Less: Unamortized discount		(185)
Net book value		**$ 145,815**

In 2003 and 2002, the outstanding period of short-term notes payable was within 180 days with annual interest rates ranging from 2.01% to 2.57% and from 3.07% to 3.23%, respectively.

12. Long-Term Debt

Item	Repayment Term	Amount
December 31,2003		
Loan with land and building as collateral	Starting from October 1997, 23rd day of each month	$ 17,795
〃	Starting from July 1999, monthly fixed payments	89,616
Loan with certificates of time deposit as collateral	From June 2001, fixed payments 25th day of each month	7,532
Loan with land and building as collateral	Starting from December 2003, 96 equal monthly repayments of principal	415,624
〃	From December 2001, 120 monthly equal repayments of principal and interest by the annuity method	120,171
〃	From January 2004, 156 monthly equal repayments of principal and interest by the annuity method	320,000
〃	From January 2003, 48 monthly equal repayments of principal and interest by the annuity method	107,616
〃	From January 2002, 180 monthly equal repayments of principal and interest by the annuity method	136,435
〃	From March 2002, 180 monthly equal repayments of principal and interest by the annuity method	117,089
〃	From January 2002, 180 monthly equal repayments of principal and interest by the annuity method	120,271
〃	From April 2002, 120 monthly equal repayments of principal and interest by the annuity method	57,736
〃	From April 2002, 120 monthly equal repayments of principal and interest by the annuity method	57,736
Credit loans	From April 2004, repayments every six months, for a total of 6 installments. First four repayments total NT$30,000 thousand. The last two repayments total NT$40,000 thousand.	200,000
		1,767,621
Less: Current portion		(233,394)
Net		**$ 1,534,227**

Item	Repayment Term	Amount
December 31,2002(Restated)		
Loan with land and building as collateral	Starting from October 1999, 23rd day of each month	$ 20,344
〃	Starting from July 1999, monthly fixed payments	97,619
Loan with certificates of time deposit as collateral	Starting from June 2001, fixed payments 25th day of each month	24,892
Loan with land and building as collateral	Starting from December 2003, 96 equal monthly repayments of principal	420,000
〃	From December 2001, 120 monthly equal repayments of principal and interest by the annuity method	134,791
〃	From January 2004, 156 monthly equal repayments of principal and interest by the annuity method	320,000
〃	From January 2003, 48 monthly equal repayments of principal and interest by the annuity method	140,000
〃	From January 2002, 180 monthly equal repayments of principal and interest by the annuity method	143,580
〃	From March 2002, 180 monthly equal repayments of principal and interest by the annuity method	123,206
〃	From January 2002, 180 monthly equal repayments of principal and interest by the annuity method	126,318
〃	From April 2002, 120 monthly equal repayments of principal and interest by the annuity method	64,744
〃	〃	64,744
Credit loans	From April 2004, repayments every six months, for a total of 6 installments. First four repayments total NT$30,000 thousand. The last two repayments total NT$40,000 thousand.	200,000
		1,880,238
Less: Current portion		(111,692)
Net		**$ 1,768,546**

In 2003 and 2002, interest rates on long-term debt were floating and ranged from 0.75% to 5.70 % and from 1.20% to 6.28%, respectively.

13. Corporate Bonds Payable

	December 31,	
	2003	2002(Restated)
Unsecured convertible corporate bonds issued	$ 1,000,000	1,000,000
Overseas unsecured convertible corporate bonds issued	2,551,875	-
Less: Converted amount	(899,800)	(861,300)
Less: Redeemed amount	(74,500)	-
Add: interest payable	6,705	14,903
Total	**$ 2,584,280**	**153,603**

In 2003 and 2002, the amount of interest payable offset due to converting corporate bonds into common stock was NT$33,950 thousand and NT$25,597 thousand, respectively.
The Company's issue of corporate bonds follows the requirements stated below:

(1) Major terms and conditions of offering and issuance of unsecured domestic convertible bonds by the Company are the following:

a. Period of issue

Period of issue is five years from June 28, 2001, to the maturity date of June 27, 2006.

b. Corporate bond interest rate at par; right to sell back yield

The interest rate at par is 0%. Starting from two years after the issue date to the day right before three years after the issue date, the bondholder can execute the right to sell back for a yield of 5.25%. Starting from three years after the issue date to the day right before four years after the issue date, the bondholder can execute the right to sell back for a yield of 6.5%. Starting from four years after the issue date to the day right before the date of maturity, the bondholder can sell back for a yield of 7% (Compound interest; face value plus interest compensation is 110.78%, 120.79%, 131.08% respectively of the face value).

(2) Major terms and conditions of offering and issuance of overseas convertible bonds by the Company are the following:

On November 28, 2003, the Company issued overseas unsecured convertible bonds with a total issue size of US$ 75,000 thousand.

a. Interest rate at par: 0% per annum.

b. Period to maturity: 3 years, from November 28, 2003, to November 27, 2006.

c. Repayment: Unless previously redeemed, put option exercised, purchased and cancelled, or converted, bonds will be repaid on maturity at par plus interest payable in cash.

d. Redemption: The Company may redeem the bonds if the following events occur:

(a) Effective May 28, 2004, the Company may redeem the bonds at par, in entirety or in part, if the closing price of its common shares on the Taiwan Stock Exchange translated into U.S. dollars by the spot rate is at least 130% of the conversion price for 30 consecutive trading days.

(b) The Company may redeem the remaining bonds at any time if at least 90% of the bond principal has been previously redeemed, or purchased and cancelled.

(c) If due to changes in ROC tax laws, the Company is obligated to pay additional amounts, the bonds may be redeemed in whole at par.

e. Repurchase at the option of the bondholders:

One and two years into bond issuance, unless previously redeemed, put option exercised, or purchased and cancelled, bondholders may request the Company to redeem bonds in whole or in part at 0.5%, and 0.9%, respectively.

f. Conversion terms:

(a) Bondholders may, at any time between December 28, 2003, and October 27, 2006, convert bonds into common shares.

(b) Conversion price: $15.1

(c) Exchange rate used to determine conversion price: $34.027.

(3) Information regarding subsequent bond conversion: Refer to Note 24 (1).

14. Pension Plan

The Company deposited the pension fund into a designated account at the Central Trust of China. In 2003 and 2002, changes in pension fund account were as follows:

	2003	2002(Restated)
Beginning balance	$ 33,353	26,771
Current contribution	3,648	5,907
Current interest yield	498	675
Ending balance	**$ 37,499**	**33,353**

Effective December 31, 1996, the Company adopted FAS Statement No. 18, "Accounting for Pensions", and actuarial reports on pensions dated January 28, 2004 and January 29, 2003 were secured with December 31, 2003 and 2002, as the measurement dates. Components of net pension cost were as follows:

	2003	2002(Restated)
Service cost	$ 8,594	8,593
Interest cost	1,141	1,141
Projected return on pension plan assets	(1,229)	(1,229)
Amortization and deferred amount	(42)	(42)
Net periodic pension cost	**$ 8,464**	**8,463**

Actuarial assumptions adopted to calculate net periodic pension cost and reconciliation of funding status and accrued pension liabilities per books at year-end were as follows:

	2003	2002(Restated)
Discount rate	3.00%	3.50%
Future salary increase rate	4.00%	3.00%
Projected long-term rate of return on pension plan assets	3.00%	3.50%

	December 31, 2003	December 31, 2002(Restated)
Benefit obligation:		
Vested benefit obligation	($ -)	(655)
Non-vested benefit obligation	(23,506)	(18,712)
Accumulated benefit obligation	(23,506)	(19,367)
Effect of future salary increase	(25,006)	(13,229)
Projected benefit obligation	(48,512)	(32,596)
Fair value of pension plan assets	37,499	33,353
Funded status	(11,013)	757
Unrecognized net transitional benefit obligation	2,948	3,316
Unrecognized gain (loss) on pension plan assets	(5,034)	(12,357)
Retroactive accrual of pension liabilities	-	-
Accrued pension liabilities	**($ 13,099)**	**(8,284)**

As of December 31, 2003 and 2002, the vested benefit obligation amounted to NT$0 and NT$655 thousand respectively.

15. Income Taxes

(1) 2003 and 2002, the components of income tax expense of the Company and subsidiaries were as follows:

Domestic	2003	2002(Restated)
Current income tax expense	($ 3,659)	16,046
Deferred income tax expense	-	(2,000)
10% surtax on undistributed earnings	-	9,268
Overseas		
Current income tax expense	12,312	(10,541)
Deferred income tax expense (benefit)	(2,039)	(5,527)
Total	$ 6,614	7,246

(2) As of December 31, 2003 and 2002, deferred income tax assets (liabilities) of the Company and subsidiaries were as follows:

Current:	2003	2002(Restated)
Deferred income tax assets	$ 19,800	26,750
Valuation allowance - deferred income tax assets	(19,800)	(26,750)
Deferred income tax assets, net	-	-
Deferred income tax liabilities	-	-
Current deferred income tax assets, net	-	-
Noncurrent:		
Deferred income tax assets	$ 60,000	170,375
Valuation allowance - deferred income tax assets	(49,200)	(167,125)
Deferred income tax assets, net	10,800	3,250
Deferred income tax liabilities	(10,800)	(3,250)
Noncurrent deferred income tax liabilities, net	$ -	-

(3) As of December 31, 2003 and 2002, deferred income tax assets (liabilities) of the Company and subsidiaries due to temporary differences and effects on income taxes were as follows:

	December 31, 2003			December 31, 2002(Restated)		
		Income Tax Effect			Income Tax Effect	
	Amount	Current	Noncurrent	Amount	Current	Noncurrent
Deductible temporary difference due to inventory market decline	$ 21,000	5,000	-	67,000	16,750	-
Deductible temporary difference due to employee pension expense	13,099	-	3,000	13,549	-	3,375
Deductible temporary difference due to unrealized exchange loss	3,551	900		20,958	5,000	-
Deductible temporary difference resulting from unrealized sales profit	55,727	13,900	-	20,437	5,000	-
Investment tax credits	53,880	-	54,000	61,934	-	62,000
Loss carryfowards	12,677	-	3,000	424,919	-	105,000
Subtotal		19,800	60,000		26,750	170,375
Less: Valuation allowance		(19,800)	(49,200)		(26,750)	(167,125)
Allowance for valuation of deferred income tax assets						
Taxable temporary difference due to recognition of investment income	(43,146)	-	(10,800)	(13,308)	-	(3,250)
		$ -	-		-	-

(4) As of December 31, 2003 and 2002, information on undistributed earnings was as follows:

	December 31,	
	2003	2002(Restated)
Accumulated prior to 1997 (included)	$ -	-
Accumulated after 1998	1,193,275	(1,085,541)
Total	**$ 1,193,275**	**(1,085,541)**

(5) The Company's corporate income tax returns through 2000 were assessed by the Tax Authority.

As of December 31, 2003, information regarding loss carryfowards was as follows:

Year loss incurred	Expiration date	Amount
2002	2007	**$ 12,677**

(6) As of December 31, 2003, the Company was qualified to enjoy investment tax credits due to its investments in automatic equipment, pollution prevention equipment, research and development, and human resource training. Unused tax credits and their expiration date are as follows:

Year of occurance	Deductible amount		Expiration date
2002	$	33,309	2006
2003		20,571	2007
	$	**53,880**	

(7) As of December 31, 2003 and 2002, the balance of the stockholders' imputation credit account was NT$24,210 thousand and NT$33,091 thousand, respectively. It was estimated that after filing of corporate income tax for 2003, the creditable ratio of earnings distributed for R.O.C. residents was approximately 0% The actual creditable ratio of earnings distributed for 2002 was 0%.

(8) In 2003, the Company applied for a Corporate Headquarters Lease Tax Exemption, which was approved. No tax exemptions related to the lease tax exemption were used.

(9) For information regarding administrative relief for 2000, 1999, and 1998, refer to Note 23(4).

16. Capital Stock

The Company was founded in 1989. Paid-in capital was NT$5,000 thousand. After past years of increased cash investment of NT$2,536,460 thousand, capitalization from earnings of NT$1,471,738, capitalization from capital surplus of NT$457,974 thousand, capitalization from employee bonuses of NT$121,583 thousand, creditor's right to switch to equity of NT$1,000 thousand, negotiable corporate debt converted to common stock of NT$1,133,541 thousand, capital totalled NT$5,727,296 thousand as of December 31, 2003.

17. Capital Surplus

	December 31,		
	2003		2002(Restated)
Cash capitalization of common share premium	$	852,535	1,737,198
Convertible bond interest payable		33,950	25,597
Convertible corporate debt conversion premium		357,009	487,979
Increase in retained earnings due to subscription to new shares of investee companies by subsidiaries not in		8,564	6,070
Total	**$**	**1,252,058**	**2,256,844**

18. Distribution of Earnings

The Company policy on distribution of earnings is to first pay taxes, offset past years, losses, set 10% as legal reserve, and if there is a realistic need, then set aside a special surplus. The remainder should be appropriated as follows:

Shareholders' bonuses: 90%

Remuneration to directors and supervisors: 2%

Employee bonuses: 8%

The dividend policy as approved in the special stockholders' meeting on September 20, 2000, was incorporated into the articles of incorporation per SFC Ruling Letter No. (1) 100116 dated January 3, 2000, details of which are as follows:

The Company is in a hi-tech industry and currently is in the growth phase of the business life cycle. To expand business and pursue permanent operation by sound financial planning, dividends shall be distributed per rules set forth in the preceding paragraph, in light of operating needs and future capital expenditures of the Company. At least 80% of distributable earnings of the current year shall be appropriated as dividends, of which between 5% and 20% shall be set aside as cash dividends, with the rest as stock dividends.

On June 27, 2003, and June 20, 2002, the sharedholders' meeting resolved the earnings distribution for 2002 and 2001. Information regarding employee bonuses and compensation to directors and supervisors distributed in 2002 and 2001 is as follows:

	2002	2001
Common stock dividends (dollars)		
Cash	$ -	85,500
Stock (par value)	-	470,178
	-	555,678
Employee bonuses－stock (par value)	$ -	49,383
Employee bonuses－cash	-	11
Remuneration to directors and supervisors	-	12,348
	$ -	**61,742**

There are no differences between the actual earnings distribution for 2002 and the resolutions of the board of directors. Information regarding the differences between the earnings distribution for 2001 and the resolutions of the board of directors is as follows:

	2001		
	Proposed Distribution	Actual Distribution	Difference
Stockholders' bonuses－stock	$ 445,734	470,178	(24,444)
Stockholders' bonuses－cash	81,043	85,500	(4,457)
Employee bonuses－stock	46,825	49,383	(2,558)
Employee bonuses－cash	-	11	(11)
Compensation to directors and supervisors	11,706	12,348	(642)
Total	**$ 585,308**	**617,420**	**(32,112)**

In the proposed and actual distributions in 2002, the proposed cash capitalization was NT$1,000 million, at a price of NT$22 per share, for a total of NT$2,200 million. Due to a price decline, the amount of capital increase was NT$1,222,220 thousand. Since the investors in this cash capitalization were able to receive distributed earnings of 2001, the stockholders resolved to change the earnings distribution to distribute 110 shares of stock dividends and NT$200 of cash dividends per thousand shares issued.

If the above employee bonuses and remuneration to diectors and supervisors were distributed as cash and recognized as current expense, earnings per share (loss) for 2001 would decline from $2.29 per share to $2.08 per share. Employee bonuses were 0.994% of total outstanding shares as of December 31, 2001.

The proposal for the appropriation of employee bonuses and remuneration to directors and supervisors for 2003 has yet to be presented in the shareholders' meeting. Information regarding employee bonuses and remuneration to directors and supervisors distributed shall be posted on the Market Observation Post System after the related meetings are held.

On September 18, 2003, the Company was approved by the SFC to issue 50,000 thousand stock warrants. Due to the exercise of stock warrants, 50,000 thousand common shares were converted. After the second anniversary of the issuance, stock warrant holders can exercise a certain proportion of stock warrants. The stock warrants are valid for a period of 6 years. As of December 31, 2003, 44,185 thousand stock warrants had been issued.

19. Earnings per Share

Earnings per share are calculated by taking the net income of the current period and dividing it by the weighted-average number of common shares outstanding, and taking the number of shares of the capitalization of earnings or capital surplus retroactively adjusted. If the Company's convertible corporate debt is common stock equivalents and has an earnings per share dilution effect greater than 3%, then it is included in the calculation of the earnings per share.

20. Financial Instruments

(1) Financial Derivative Instruments

a. Contract amount and credit risk

	December 31,			
	2003		2002(Restated)	
	Contract amount	Credit risk	Contract amount	Credit risk
Financial instruments				
Forward remittance contract				
－USD	$ 6,000	-	-	-
Options held				
Call options sold				
－USD	$ -	-	2,500	-
－Euro	$ -	-	8,400	-
Put options sold				
－USD	$ -	-	7,500	-
Call options purchased				
－USD	$ -	-	2,500	-
Interest rate swaps				
－NT$	$ 700,000	-	-	-

Credit risk arises when the transaction party can not follow the terms stated in the contract. Therefore, the Company deals with banks with good credit and uses past experience to determine the maximum remittance amount that the transaction party will not likely default on. Therefore, credit risk is very low.

b. Market price risk

Since the non-derivative financial instruments the Company uses have hedging quality, losses due to interest rate and exchange rate fluctuations will be offset by the hedging items, so market price risk will not be significant.

c. Current risk; cash flow risk; and amount, period, and uncertainty of future cash demands

In 2004, cash outflow and inflow amounted to an outflow of US$6,000 thousand, and NT$2,071 thousand, and an inflow of NT$ 204,150 thousand, and NT$1,667 thousand. In 2003, cash outflow and inflow amounted to outflow of EUR8,400 thousand and JPY945,000 thousand, and an inflow of US$15,510 thousand. The Company has an ample amount of operating capital and therefore insignificant risk of not raising enough capital. The exchange rates for the forward remittance contracts have been already set, so there will be a minimal amount of cash flow risk.

d. Types, goal, and strategy of holding financial derivative instruments

The Company holds financial derivative instruments not for the purpose of trading. They are held mainly for the purpose of engaging in forward remittance contracts to avoid the risk that arises from foreign currency rights, debt, and guarantees when exchange rate changes occur. The Company's policy on dealing with risk is to avoid the majority of market price risk. The Company uses financial derivatives that are highly inversely related to the fair price of risky items as hedging tools. The derivatives' effectiveness is periodically reviewed.

e. Stating financial derivative instruments in the financial statements

Account receivable and account payable balances that arise from forward remittance contracts are subtracted from each other, and the difference is stated as forward remittance receivable or forward remittance payable. As of December 31, 2003 and 2002, the forward remittance contract balance was NT$227 thousand and NT$0, respectively. As of December 31, 2003 and 2002, the exchange gain (loss) was NT$3,212 thousand and NT$0, respectively, and is stated as non-operating income (expense).

In 2003 and 2002, gains (Loss) from derivative instrument transactions totaled NT$(62,099) thousand and NT$3,421 thousand, respectively, reflected under non-operating income (expense).

(2) Fair Value of Financial Instruments

	December 31,			
	2003		2002(Restated)	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
Financial Assets:				
Book value equal to fair value	$ 5,878,992	5,878,992	3,690,267	3,690,267
Short-term investment	1,237,275	1,241,966	-	-
Long-term investment	4,744,551	-	3,024,440	-
Financial Liabilities:				
Book value equal to fair value	3,067,678	3,067,678	2,414,770	2,414,770
Long-term liabilities	4,351,901	4,351,901	2,033,841	2,033,841
Off-balance-sheet financial instruments				
Letters of credit	-	NTD 34,443	-	NTD 8,521
Letters of credit	-	USD 1,225	-	USD 273
Endorsement guarantees	-	NTD 70,200	-	NTD 70,200

Methods and assumptions adopted by the Company in estimating the fair value of financial instruments are as follows:

a. Financial assets and liabilities with fair value equal to book value refer to short-term financial instruments of which fair value is the book value reflected on the balance sheets. Since such financial instruments will mature shortly, book value is a reasonable basis for estimating the fair value. This comprises cash and cash equivalents, notes and accounts receivable and payable, other receivables and payables, restricted deposits, short-term bank loans, other short-term borrowings, short-term bills payable, income tax payable, accrued expenses, collection on behalf of others, long-term loans, guarantee deposits-in and refundable deposits, and accrued pension liabilities.

b. Long-term equity investments held by the Company and subsidiaries refer to domestic and overseas investee companies held. Since these companies are not publicly traded, fair value thereof cannot be estimated in practice. As of December 31, 2003 and 2002, original investment was NT$5,581,212 thousand and NT$3,525,660 thousand, respectively, and their book value amounted to NT$4,744,551 thousand and NT$3,024,440 thousand, respectively.

c. Letters of credit/guarantees: Fair value thereof is the amount of the contracts.

(3) Financial Instruments with Off-Balance-Sheet Credit Risks

As of December 31, 2003 and 2002, unused letters of credit were NT$34,443 thousand, US$1,225 thousand, and US$273 thousand, NT$8,521 thousand, respectively. Terms of these letters of credit at 3 months, and they are primarily used for purchases from others. The fair value of these letters of credit is equal to the amount of the contracts.

(4) Information on Concentration of Credit Risk

Primary implicit credit risk of the Company and subsidiaries arises from cash and receivables. Cash held by the Company is deposited at various financial institutions. The Company further controls exposure to credit risk with each financial institution, and deems that cash of the Company and subsidiaries is not subject to significant concentration of credit risk.

Clients of the Company and subsidiaries are concentrated in the retail business. To minimize credit risk, the Company and subsidiaries evaluate financial positions of their clients on a periodical basis and will request collateral or guarantees if deemed necessary. The Company and subsidiaries also regularly assess the collectibility of accounts receivable and provide for allowance for doubtful accounts accordingly, and loss on bad debts is generally within management's expectation. As of December 31, 2003 and 2002, a total of 5 and 4 clients accounted for 90% and 90%, respectively, of accounts receivable of the Company and subsidiaries, resulting in concentration of credit risk. Nevertheless, the Company and subsidiaries will reinforce credit control and account management to reduce credit risk.

21. Related Party Transactions

(1) Name of Related Party and Relationship with the Company

Name of related party	Relationship with the Company
ABIT U.S.A.	Subsidiary
ABIT H.K.	〃
ABIT U.K.	〃
AMOR	〃
ABIT S.G.	〃
Akom Technology Corp. ("AKOM")	Investee company accounted for under the equity method
Rolly Technology Holdings Ltd. ("ROLLY")	Investee company accounted for under the equity method by a subsidiary of the Company
Welltop Management Consulting Company Ltd. ("WELLTOP")	Company affiliated with a subsidiary
Anco Computer H.K. Co., Ltd. ("ANCO")	〃
Timerwell International Trading (Shanghai) Ltd. ("Timerwell Shanghai")	〃
Welltop Business Development Inc. (Welltop Business)	Subsidiary
Timerwell Technology (Taiwan) Co., Ltd. ("Timerwell Taiwan")	Investee company accounted for under the equity method (since Dec. 2003, on investee Company accounted for under the equity method by a subsidiary of the Company)
Vincent Meng	Responsible party for a Company affiliate

(2) Significant Transactions with Related Parties

a. Sales

In 2003 and 2002, sales to related parties were as follows

	2003		2002(Restated)	
	Amount	%	Amount	%
AMOR	$ 1,088,565	4	660,332	3
ABIT U.K.	132,169	1	174,201	1
ABIT H.K.	100,721	-	517,820	3
ABIT U.S.A.	825,914	3	817,123	4
ROLLY	-	-	193,507	1
ABIT S.G.	-	-	28,731	-
Timerwell Taiwan	24,948	-	47,264	1
Timerwell Shanghai	7,133	-	-	-
	$ 2,179,450	**8**	**2,438,978**	**13**

In 2003 and 2002, the collection period for sales to related parties was T/T to 90 days and 45 to 90 days, respectively, and that for other customers in general was T/T to 90 days.

In 2003 and 2002, prices for sales to related parties were 0.90%~10.57% and 1.72%~15.99%, respectively, lower than those to other customers in general, and there was no significant difference in other terms of transactions.

For information on the elimination of unrealized gain on downstream transactions and transactions between investee companies, please refer to Note 7(1)(A).

b. Purchases

	2003		2002(Restated)	
	Amount	%	Amount	%
ROLLY	$ 2,672,413	10	1,925,853	11
ABIT H.K.	542	-	-	-
ABIT S.G.	16,338	-	-	-
Timerwell Taiwan	37,896	-	-	-
AMOR	17,148	-	-	-
AKOM	-	-	37,382	-
	$ 2,744,337	**10**	**1,963,235**	**11**

For 2003 and 2002, purchases from related parties had a payment deadline of 30~45 days and 45~60 days, respectively. For regular customers T/T~45 days, L/C 0 to 45 days and 7~120 days, L/C 0~105 days.

In 2003 and 2002, since purchases from related parties of the Company comprised products not purchased from others, there was no basis for price comparison. Payment was remitted via wire transfer.

c. Receivables and payables

Receivables and payables, with related parties all exempt from interest, were as follows:

	December 31,			
	2003		2002(Restated)	
Accounts Receivable	Amount	%	Amount	%
ABIT U.S.A.	$ 217,647	52	293,670	61
ABIT U.K.	23,214	6	8,892	2
AMOR	173,747	41	160,079	33
ABIT	-	-	16,670	4
Timerwell Shanghai	7,055	1	-	-
	$ 421,663	**100**	**479,311**	**100**
Other receivables (NOTE)				
ABIT S.G.	$ -	-	7,806	4
ROLLY	463,870	98	198,642	96
Timerwell Taiwan	8,848	2	-	-
AKOM	91	-	-	-
ABIT U.K.	60	-	-	-
WELLTOP	13	-	-	-
AMOR	11	-	-	-
ABIT U.S.A.	8	-	-	-
	$ 472,901	**100**	**206,448**	**100**

(NOTE) For purchases of raw materials, disposal of machinery equipment, and commission and information service income.

	December 31,			
	2003		2002(Restated)	
	Amount	%	Amount	%
Notes Payable:				
Timerwell Taiwan	$ -	-	2,362	14
AKOM	-	-	1,733	11
	-	-	4,095	25
Accounts Payable:				
AKOM	-	-	1	-
ROLLY	74,626	84	1,345	8
ANCO	88	-	70	1
Timerwell Taiwan	13,653	16	-	-
Welltop Business	-	-	2,090	13
ABIT U.S.A.	-	-	8,709	53
	88,367	100	12,215	75
	$ 88,367	**100**	**16,310**	**100**
Other Notes Payable:				
WELLTOP	$ 700	-	-	-
Other Accounts Payable:				
AMOR	23,012	12	-	-
	$ 23,712	**12**	**-**	**-**
Advance Sales Receipts:				
ABIT H.K.	$ 133,460	68	102,925	65
ROLLY	35	-	-	-
Timerwell Taiwan	11	-	-	-
	$ 133,506	**68**	**102,925**	**65**

d. Others

In 2003 and 2002, payment to subsidiaries for repair and maintenance services rendered by the Company to customers along with commissions and expenses in connection with business referral between the Company and subsidiaries were as follows:

Repair and maintenance expenses	2003	2002(Restated)
AMOR	$ 2,241	17,530
ABIT H.K.	-	9,971
ABIT S.G.	281	69
ROLLY	-	26
ABIT U.S.A	-	124
	$ 2,522	**27,720**
Commission revenues		
ABIT S.G.	**$ 2,181**	**7,826**
Services expenses		
Timerwell Taiwan	$ 30,180	-
Welltop Business	8,000	18,834
	$ 38,180	**18,834**
Other expenses		
Timerwell Technology (Taiwan) Co., Ltd.	**$ -**	19,571
Welltop Business	12,346	-
	$ 12,346	**19,571**
Advertising		
AMOR	**$ 1,950**	**-**
Other income		
ROLLY	**$ 1,755**	**-**

e. Lease agreements

Information regarding commission income resulting from leasing to related parties is as follows:

January 1, ~December 31, 2003

Leasee	Location of leased item	Period	Monthly rent (including tax)	Payment method	Rent income (not taxed)
Timerwell Taiwan	4F. -2, No 323, Yang Guang St., NEIHU, TAIPEI	2003.02~2004.02	624	Monthly	$ 7,131
AKOM	5Fl., No. 323, Yang Guang St., NEIHU, TAIPEI Parking rent B2－102, 103, 104	2002.02~2004.01	488 (includes parking rent of 8)	Monthly	5,582
WELLTOP	10F. -1., No 323, Yang Guang St., NEIHU, TAIPEI	2002.02 ~2003.01	96	Monthly	227
		2003.02~2004.02	13	Monthly	
Total					**$ 12,940**

January 1, ~December 31, 2002 (Restated)

Leasee	Location of leased item	Period	Monthly rent (including tax)	Payment method	Rent income (not taxed)
ROLLY	4F. -2, No 323, Yang Guang ST., NEIHU, TAIPEI	2002.02~2002.08	150	Monthly	$ 714
AKOM	5Fl., No 323, YANG GUANG ST., NEIHU, TAIPEI Parking rent B2－102, 103, 104	2002.02~2004.01	488 includes parking rent of 8)	Monthly	5,117
WELLTOP	10F. -2, No 323, Yang Guang St., NEIHU, TAIPEI	2002.02 ~2004.02	96	Monthly	
					950
Total					**$ 6,781**

f. Guarantee endorsements

As of December 31, 2003 and 2002, guarantees and endorsements for related parties – ROLLY totaled NT$70,200 thousand and NT$70,200 thousand, respectively.

g. Property transactions

(a) In 2003 and 2002, machinery equipment sold to Rolly amounted to NT$13,274 thousand and NT$152,139 thousand, respectively, for a loss of NT$2,986 thousand and a gain of NT$2,740 thousand, respecitvely.
(b) In 2002, deferred assets purchased from Timerwell Technology (Taiwan) Co. Ltd. totaled NT$10,891 thousand.
(c) In 2002, the Company sold 1,076,000 shares of Timerwell Technology (Taiwan) Co. Ltd. at NT$15 per share to Vincent Meng for a total of NT$16,144 thousand, resulting in a gain of NT$3,637 thousand, reflected as other current assets.

h. Financing to others

For the year ended December 31, 2003, financing provided to related parties for operating needs was as follows:

Prepayments to Suppliers	Maximum Amount	Balance	Interest Rate	Total Interest
ROLLY	$ 862,497	-	2.18%~2.23%	2,783

The loans were reflected as advance payment for sales.

22. Pledged Assets

As of December 31, 2003 and 2002, the following assets were pledged as collateral for long- and short-term loans or their use was restricted:

	December 31,	
Assets	2003	2002(Restated)
Restricted deposits – current	$ 229,189	1,150,780
Restricted deposits – noncurrent	1,000	5,000
Account receivable	-	225,368
Fixed assets	1,598,794	1,596,519
Leased assets	408,640	393,933
Idled assets	158,018	190,172
Total	**$ 2,395,641**	**3,561,772**

23. Major Commitments and Contingencies

(1) As of December 31, 2003 and 2002, unused letters of credit amounted to NT$34,443 thousand, US$1,255 thousand, and NT$8,521 thousand, US$273 thousand, respectively.

(2) As of December 31, 2003 and 2002, promissory notes issued for loans from financial institutions amounted to NT$1,202,470 thousand and NT$1,643,738 thousand, respectively.

(3) As of December 31, 2003 and 2002, promissory notes received from operations amounted to NT$111,468 thousand and NT$185,580 thousand, respectively.

(4) The Tax Authority ruled that a portion of the Company's investment tax credits were inapplicable and decrease in tax refund of NT$3,752 thousand, and additional taxes totaling NT$5,084 thousand, $9,873 thousand were assessed for the tax retruns for 1998, 1999, and 2000, respectively, and as of December 2002, stated as income tax expense. The Company filed for reassessment on November 21, 2002, August 21, 2002, and August 13, 2002. On May 16, 2003, the Company received the Tax Authority decision on the reassessment of the Company's tax return for 2000 to maintain the original ruling. On July 24, 2003, the Company filed an appeal. On October 20, 2003, the Company received the reassessment ruling to refund $328 thousand for the tax return for 1999. As of March 16, 2004, the Company had not received the reassessment ruling for 1998.

(5) As of December 31, 2002, the Company had provided accounts receivable from Hewlett Packard as collateral for Rolly Technology Holdings Ltd.'s bank loan from Bank SinoPac, totaling US$6,965 thousand.

(6) As of December 31, 2002, time deposits in foreign banks amounted to US$25,000 thousand which is used as collateral for credit limits for purchases from a manufacturer. The Company must approve any use of the credit limit, and the manufacturer must have outstanding accounts receivable with the Company.

(7) As of December 31, 2002, promissory notes acquired from customers due to sales amounted to US$1,000 thousand.

24. Significant Subsequent Events

(1) Information regarding convertible bonds already converted as of March 16, 2004

		March 16, 2004
Domestic unsecured convertible bond unconverted amount	$	25,700
Foreign unsecured convertible bond unconverted amount		2,551,875
Less: Converted amount	(	773,464)
Add: Interest payable		9,875
Total	**$**	**1,813,986**

25. Business Segment Financial Information

(1) Information by Industry

The primary segments the Company engages in are trade and maintenance of computer hardware and peripherals, manufacturing and processing of computers, trade in parts and components, and related imports and exports, and bidding and quotation.

(2) Information by Geographical Region and on Exports:

In 2003 and 2002, exports amounted to NT$25,232,008 thousand and NT$18,991,626 thousand, respectively.

Area		2003	2002(Restated)
Europe	$	9,025,624	3,412,554
Asia		13,740,400	11,418,632
America		2,386,861	4,036,778
Oceania		59,467	114,590
Africa		19,656	9,072
Total	**$**	**25,232,008**	**18,991,626**

(3) Information on Major Clients

In 2003 and 2002, clients with revenue over 10% of the total as reflected in the statement of income were as follows:

	2003			2002(Restated)	
	Total sales			Total sales	
		Amount	%	Amount	%
SKY GLORY TECHNOLOGY LIMITED	$	4,406,580	16.66	-	-
POWER WINNER		2,999,887	11.34	-	-
	$	**7,406,467**	**28.00**	**-**	**-**