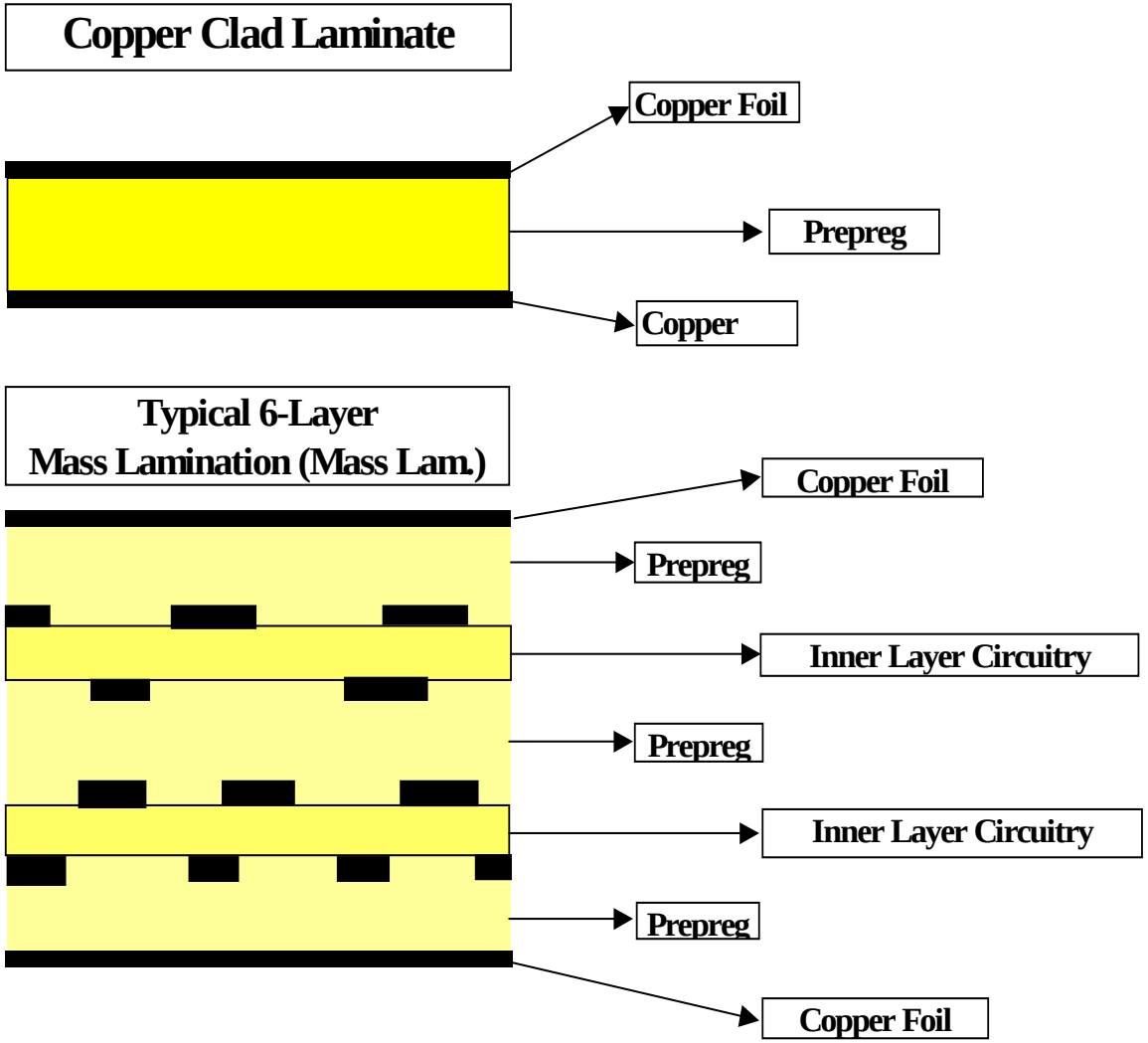
ITEQ Corporation

April 28, 2006

Agenda

- **Industry Prospects & Company Profile**
  - Hae-Wei Wan, Chairman
- **2005 year & 2006 1Q Financial Results**
  - Lawrence Luh, CFO
- **Q & A**

ITEQ = High Performance Materials + Mass Lam service



Capacity (Taiwan)

CCL: 450 K sheet / Month

Capacity (Dongguan)

CCL: 600 K Sheet / Month

Mass Lam: 700 K ft^2 / Month

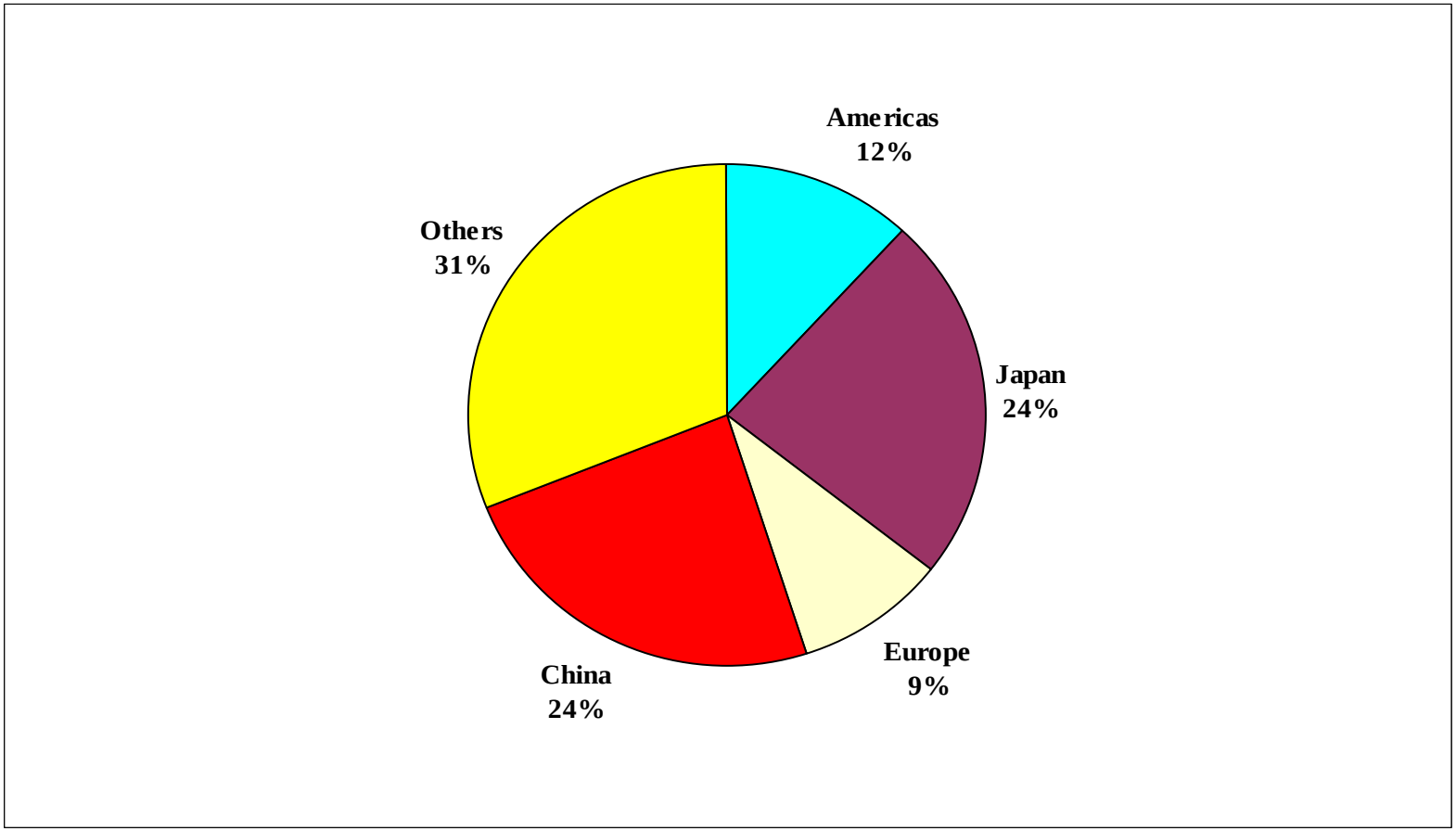
Capacity (Wuxi)

CCL: 600 K sheet / Month

ITEQ – GBM (Dongguan)

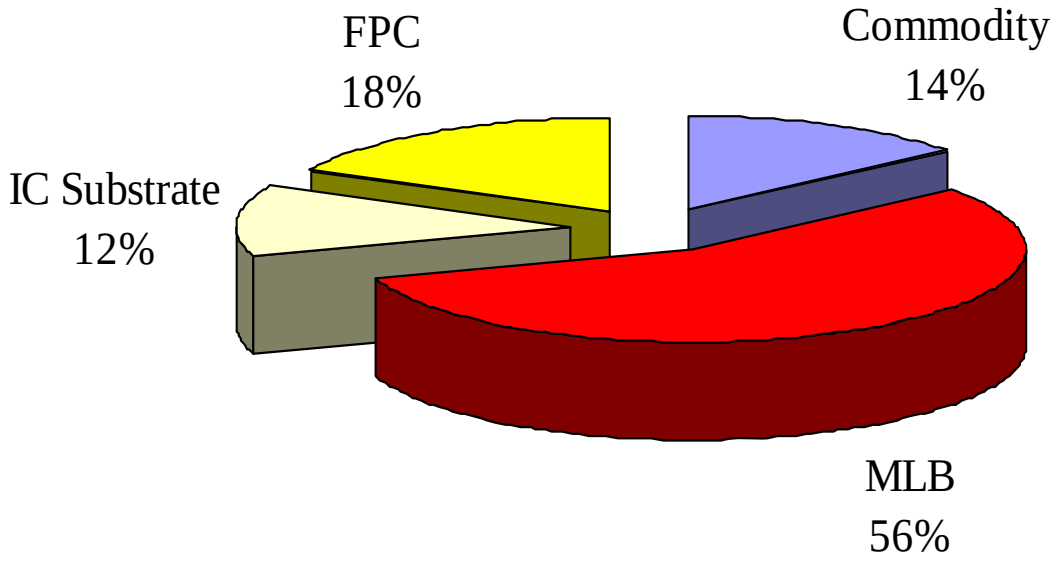
Mass Lam: 500K ft^2 / Month

World PCB Production (2006 F): 42,435 M USD



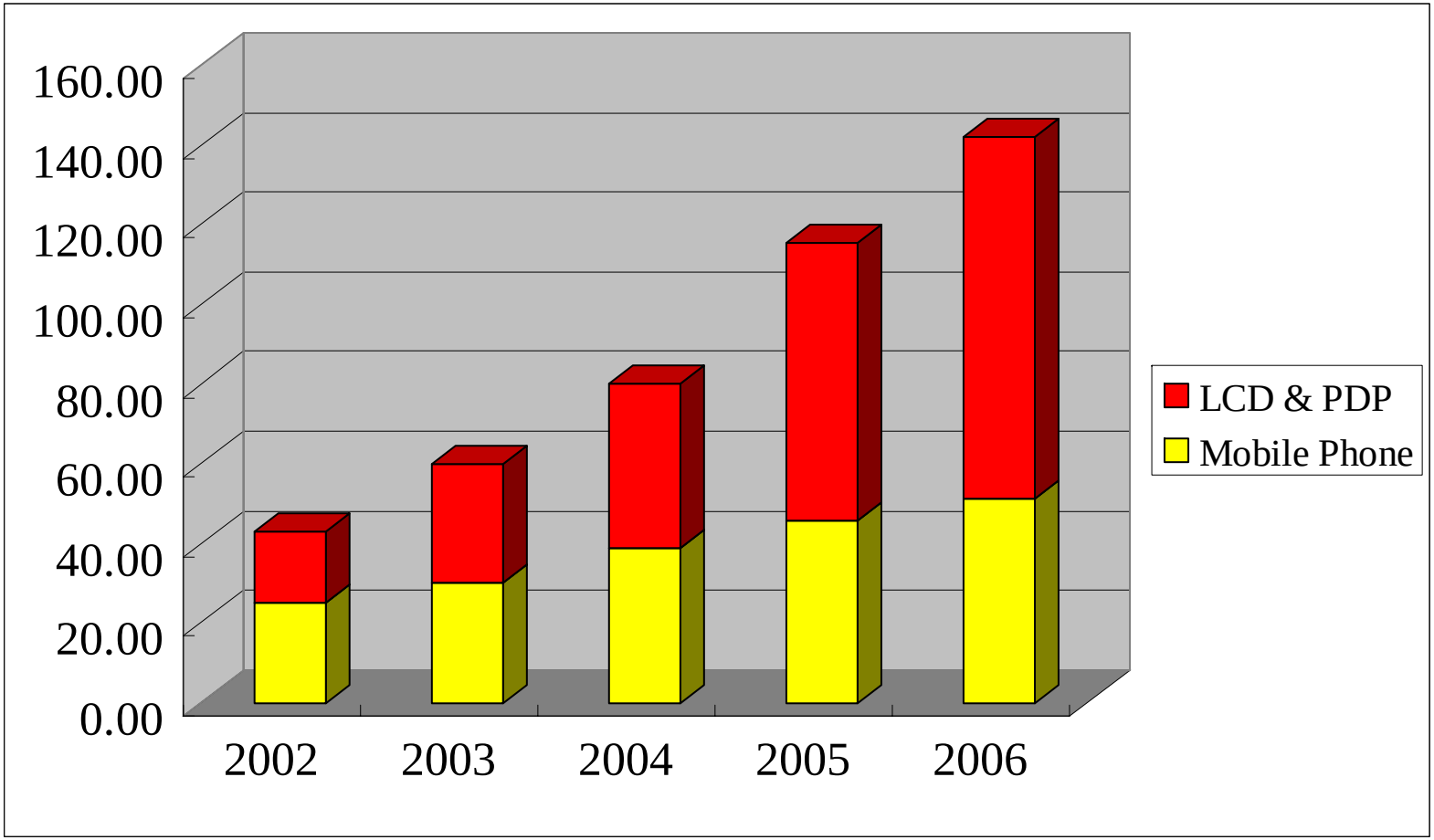
Source: Prismark

World PCB Production by Application



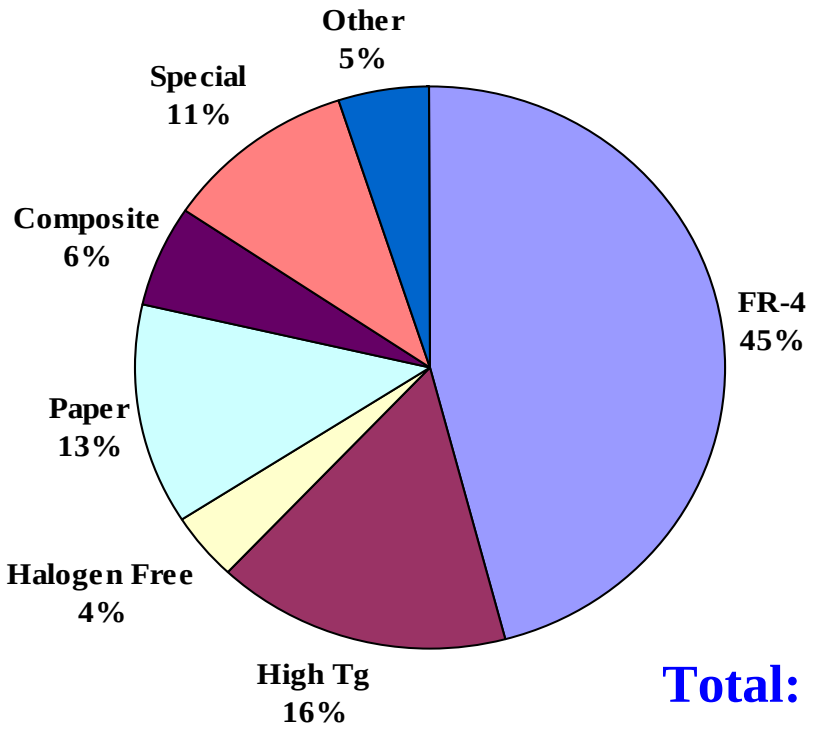
Source: Prismark

High Growth MLB Sector



Unit: M Ft^2

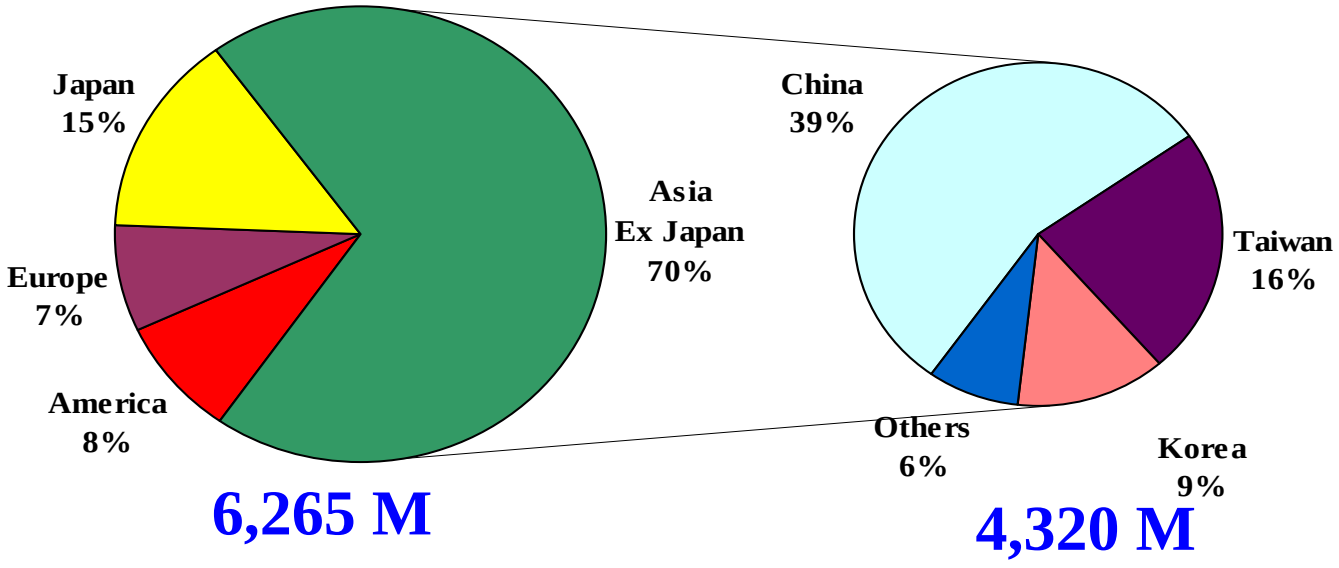
2005 World CCL Production by Type



Total: 6,265 M USD

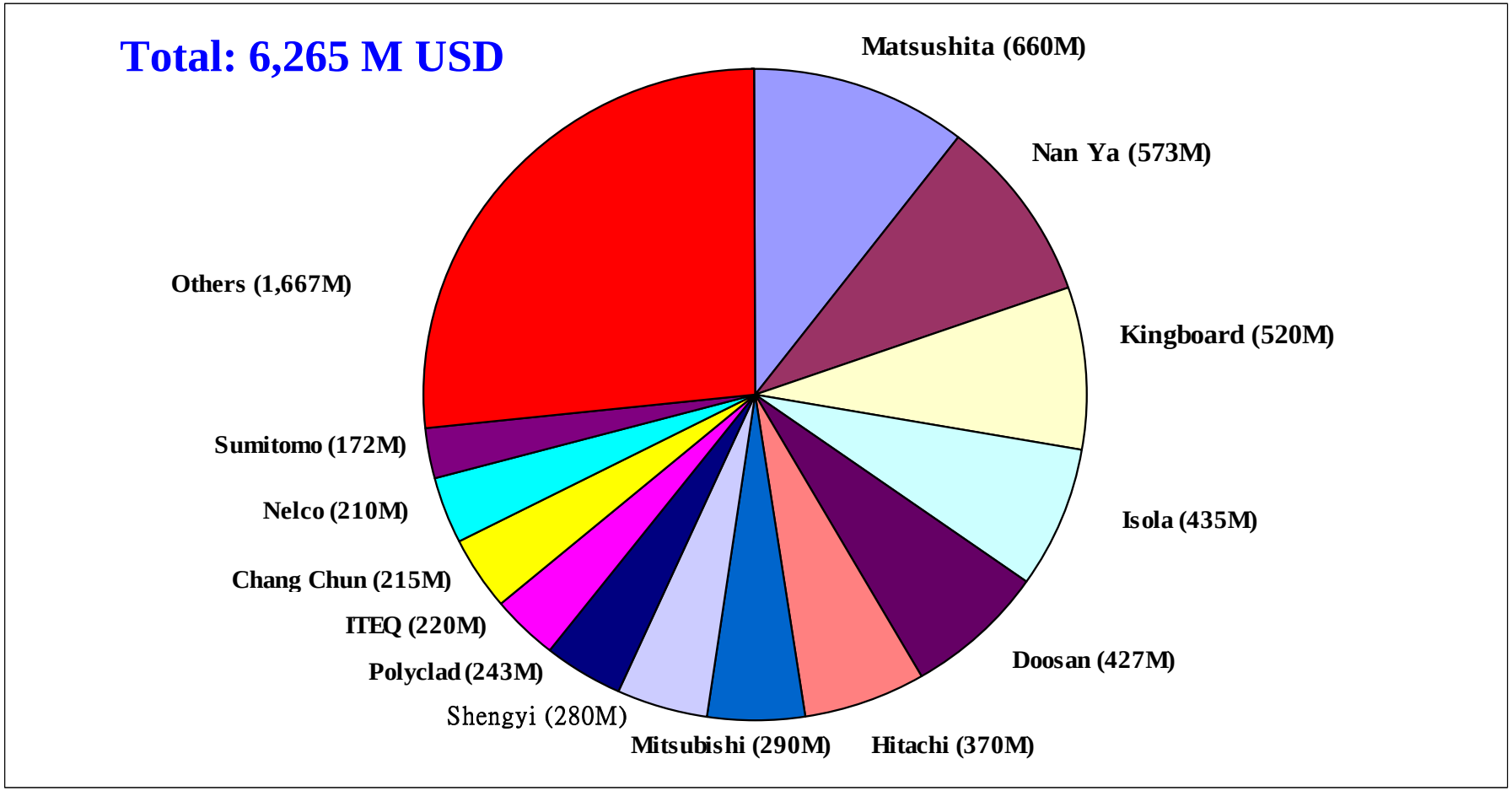
Source: Prismark

2005 World CCL Production by Region



Source: Prismark

2005 World CCL Ranking



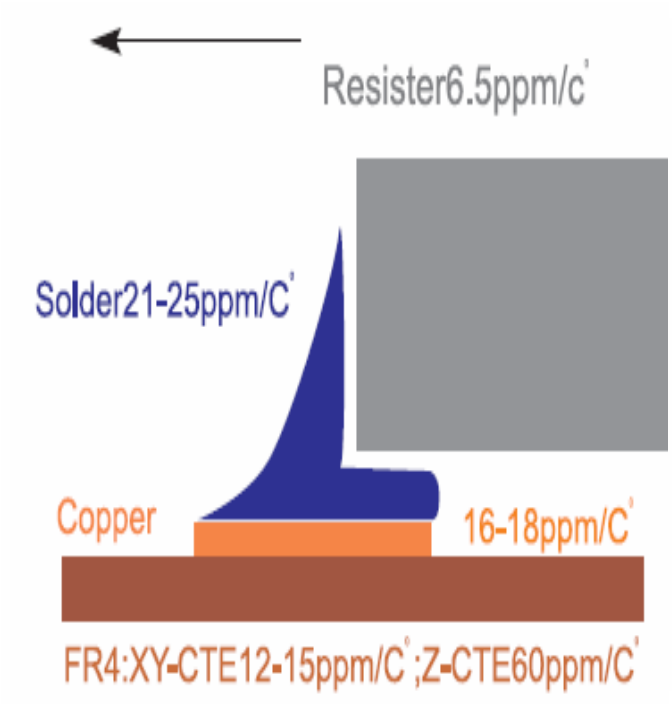
Source: Prismark

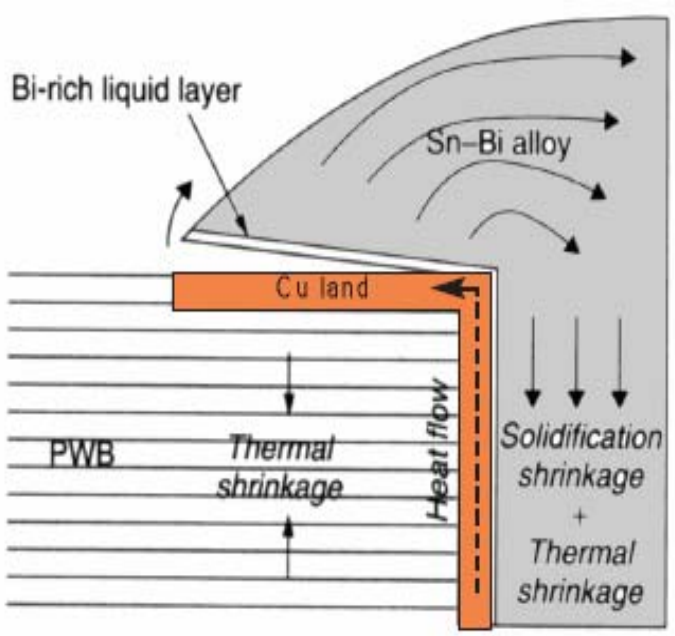
RoHS Initiatives

- **Implement in EU starting from July 2006**
- **Major impact on PCB & CCL**
- **FR-4 will be replaced by Lead-Free materials**
- **Supply chain landscape change**

The Potential Impact of PCB

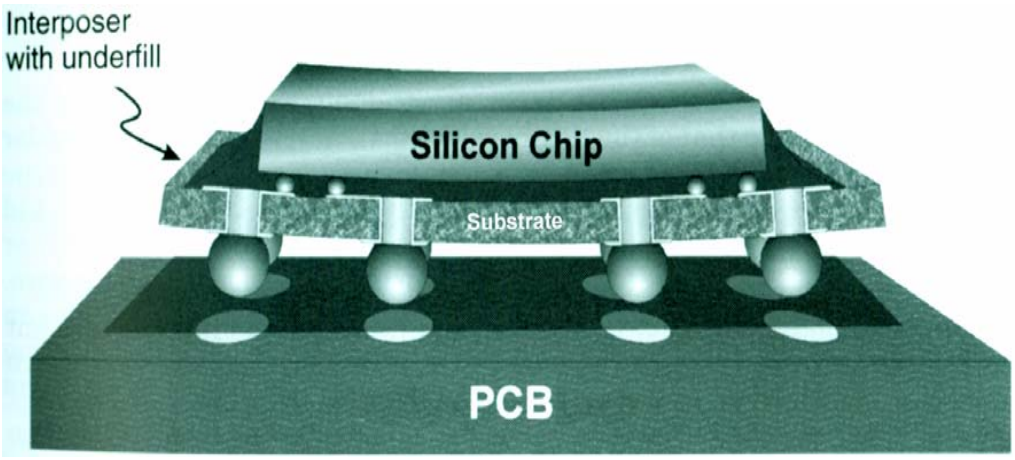
Fillet Tearing & Pad Lifting





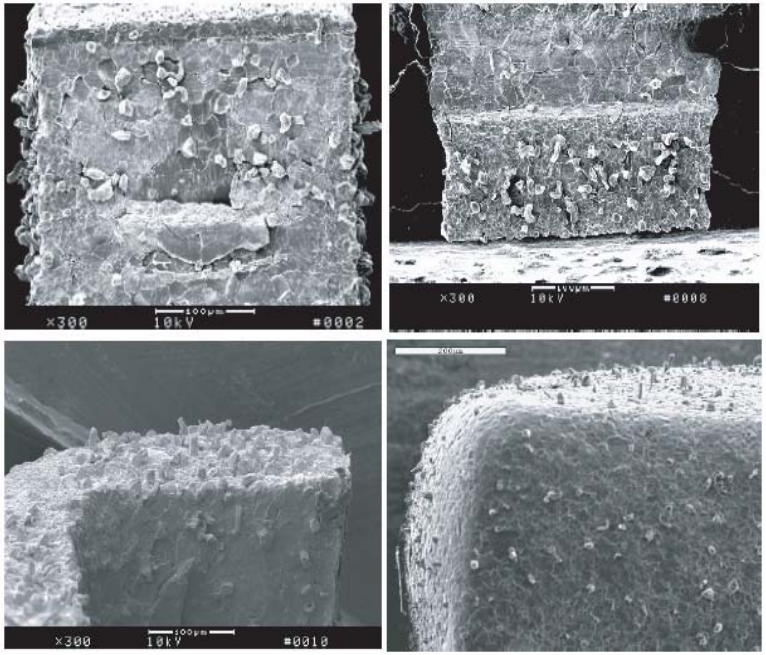
The Potential Risk of Lead Free

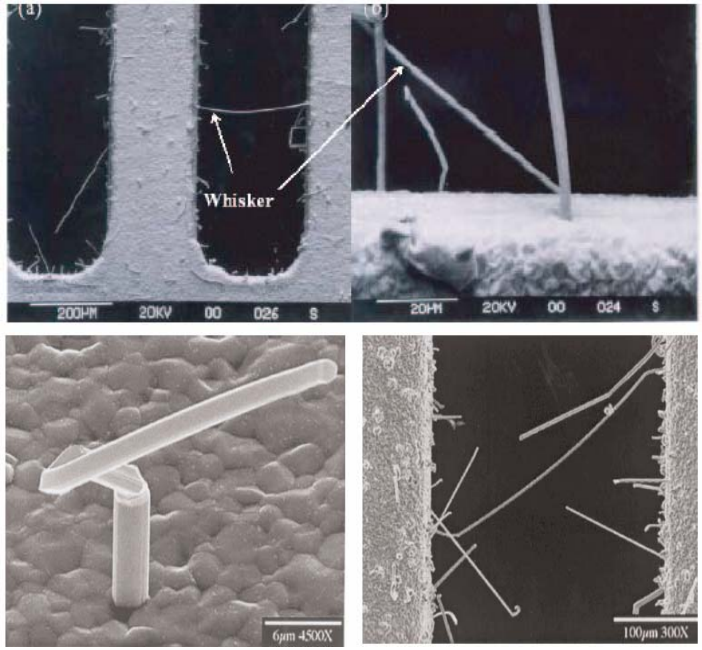
Warp & Twist



The Potential Risk of Lead Free

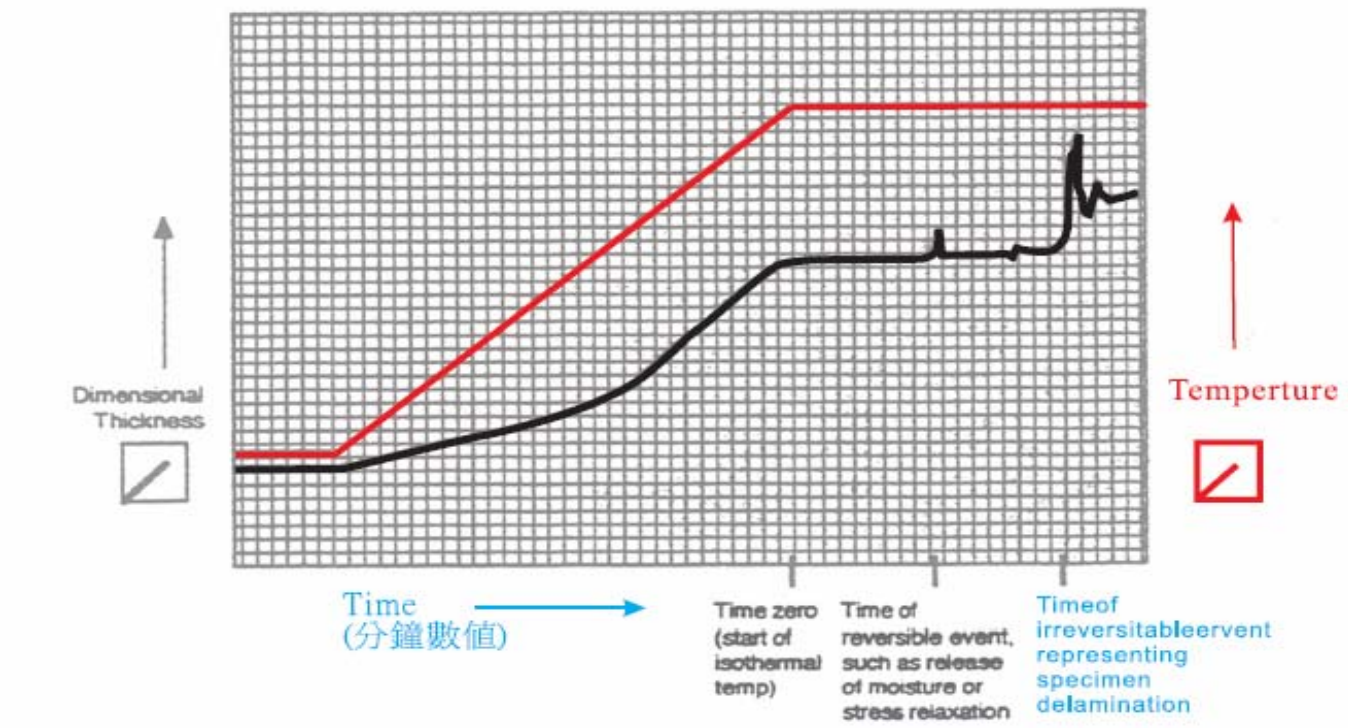
Tin Whisker





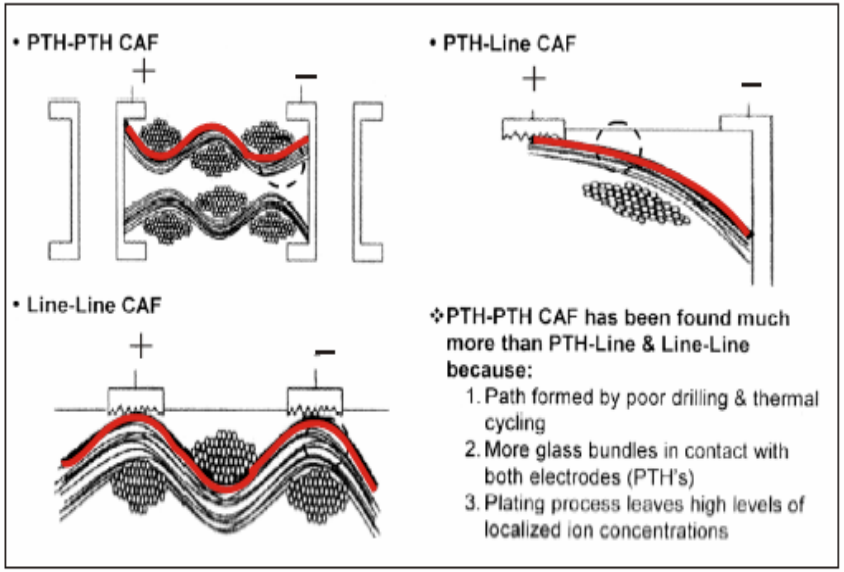
The Potential Risk of Lead Free

Material Decomposition



The Potential Risk of Lead Free

CAF Failure



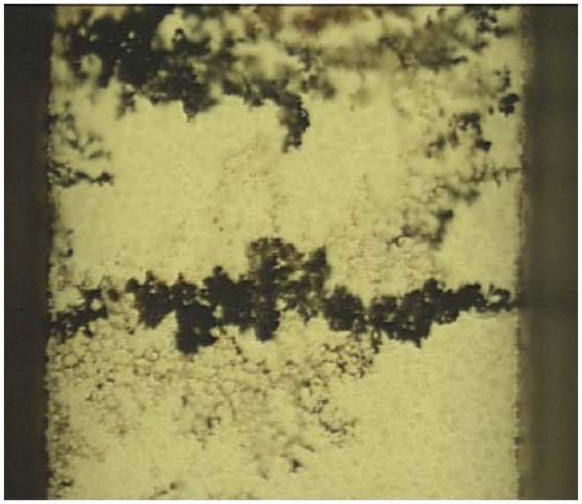
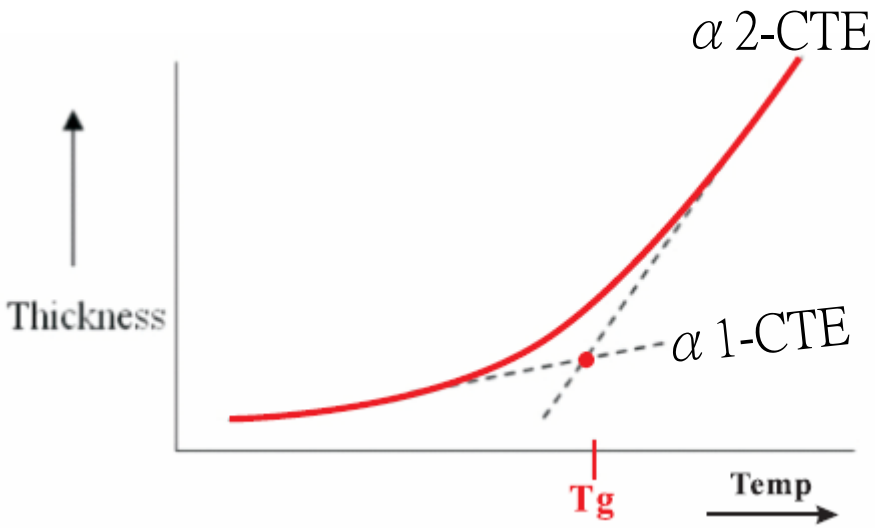
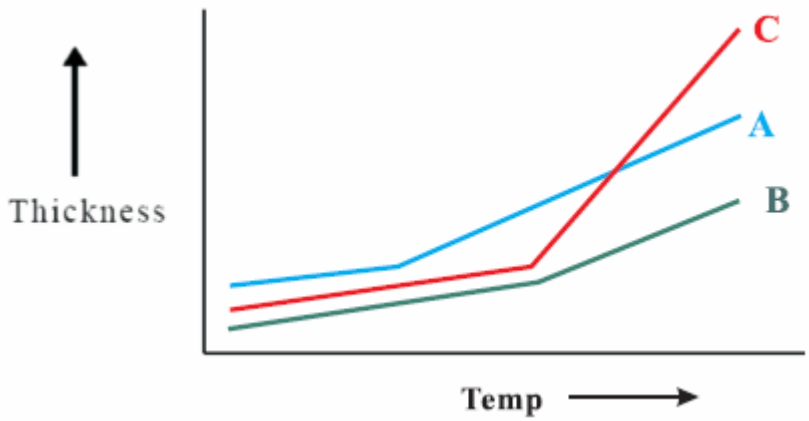


Figure 1 - Back-Lit Image Demonstrating Metal Dendrite Growth of HASL

ITEQ's Solution for Lead Free

- **T 288°C > 15 min, Low α 2 – CTE, Td > 330˚C**
- **Price comparable to FR-4**

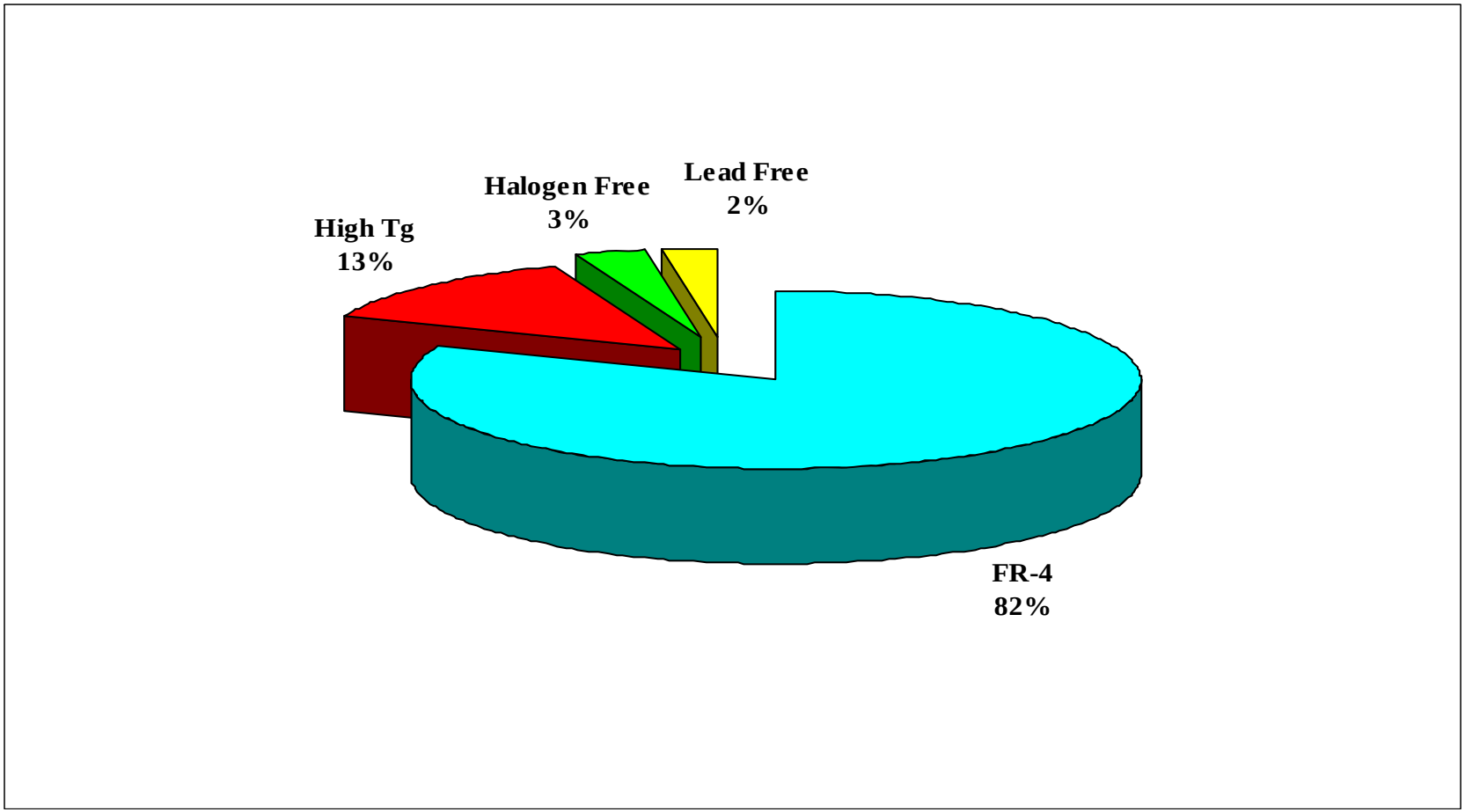




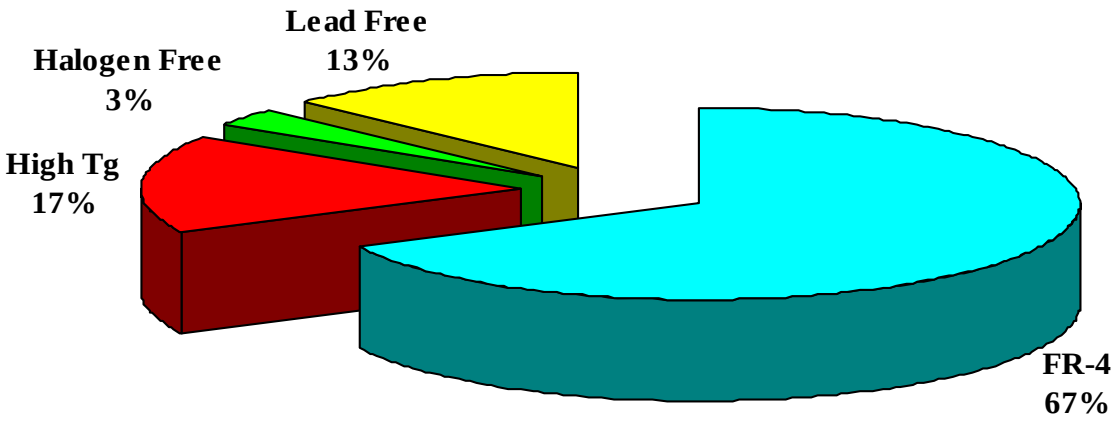
ITEQ's High Performance Materials

- **Lead-Free** to replace FR-4
- **High Tg** Focus on high-end server, game console, back plane etc.
- **Halogen-free** applied in niche markets

ITEQ Product Mix: 2005Y



ITEQ Product Mix: 2006 1Q



Consolidated Income Statement -YoY Comparison

Amount:NT$ million	2005Y		2004Y		YoY	2003Y		YoY
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	7,162	100	5,699	100	26%	2,909	100	96%
Gross Profit	932	13	1,067	19	-13%	540	19	98%
Operating Expense	556	8	494	9	13%	335	12	47%
Operating Income	376	5	573	10	-34%	205	7	180%
Net Non-operating Income(/Expense)	(89)	(1)	(100)	(2)	(-11%)	(14)	(0)	(614%)
Income before Tax	287	4	474	8	-39%	191	7	148%
Net Income	271	4	404	7	-33%	148	5	172%
EPS(NT$)	1.52		3.09		-51%	1.73		79%

Consolidated Balance Sheet & Key Indices

Amount:NT$ million

	2005Y		2004Y		2003Y	
	Amount	%	**Amount**	%	**Amount**	%
Total Assets	7,060.9	100.0	6,022.5	100.0	4,092.3	100.0
Cash & S-T Investments	473.9	7.0	347.4	6.0	99.9	2.0
Account Receivable	2,137.1	30.3	2,203.3	36.6	1,174.9	28.7
Inventory	1,115.9	16.0	702.3	12.0	487.8	12.0
Total Current Assets	4,173.7	59.0	3,558.3	59.0	2,144.6	52.0
Account Payable	2,568.9	36.4	1,884.5	31.3	1,423.1	34.8
S-T Debts	599.5	8.5	736.1	12.2	392.3	9.6
Total Current Liabilities	3,330.8	47.0	2,877.7	48.0	1,857.9	45.0
Long-Term Debts	852.0	12.1	722.9	12.0	817.1	20.0
Total Equity	2,804.3	39.7	2,267.0	37.6	1,305.0	31.9
Key Indices						
A/R Turnover Days	110.0		104.0		103.0	
Inventory Turnover Days	64.5		54.6		74.1	
Total Liabilities / Total Assets	59.2		59.8		65.5	
Current Ratio(%)	125.3		123.7		115.4	
Net Working Capital	842.9		680.6		286.8	

Consolidated Cash Flow

Amount:NT$ million	2005Y Amount	2004Y Amount	2003Y Amount
-Net Income	271.1	403.9	148.3
-Depreciation & Amortization	200.9	157.9	98.8
-Other Op. Sources(/Uses)	71.6	(465.4)	(41.5)
From Operation	543.6	96.4	205.6
-Capital Expenditure	(564.5)	(732.6)	(637.2)
-L-T Investment	(163.2)	(12.7)	(6.9)
-Other Investment Sources(/Uses)	(72.9)	55.1	(37.7)
From Investment	(800.5)	(690.2)	(681.8)
- Cash Dividends - Common Stock	(98.2)	(13.9)	(17.7)
-Employee Bonus	(2.5)		(5.9)
-Increase of S-T & L-T Banks Loans (Decrease)	(71.1)	190.3	167.5
-Stock & CB Issues	316.0	680.0	300.0
-Other Financing Sources(/Uses)	101.2	(5.6)	1.0
From Financing	245.4	850.8	444.9
Net Cash Position Change	126.6	247.4	(24.0)
Ending Cash Balance	473.9	347.8	99.9

Consolidated Income Statement -QoQ Comparison

Amount:NT$ million	Q1 '06		Q4 '05		QoQ	Q1 '05		QoQ
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	2,123	100	2,129	100	0%	1,540	100	38%
Gross Profit	299	14	287	13	4%	195	13	48%
Operating Expense	143	7	162	8	-11%	139	9	16%
Operating Income	155	7	125	6	24%	55	4	127%
Net Non-operating Income(/Expense)	(2)	(0)	(43)	(2)	-95%	5	0	-1035%
Income before Tax	153	7	82	4	87%	60	4	37%
Net Income	137	6	63	63	117%	55	4	15%
EPS(NT$)	0.72		0.33		118%	0.36		-8%

Parent Income Statement -QoQ Comparison

Amount:NT$ million	Q1 '06		Q4 '05		QoQ	Q1 '05		QoQ
	Amount	%	Amount	%	%	Amount	%	%
Net Sales	1,640	100	1,661	100	-1%	1,328	100	23%
Gross Profit	121	7	144	9	-16%	119	9	2%
Operating Expense	59	4	96	6	-39%	59	4	0%
Operating Income	62	4	48	3	29%	60	5	3%
Net Non-operating Income(/Expense)	(11)	(1)	(37)	(2)	-70%	(12)	(1)	0%
Investment Income(/loss)	102	6	71	4	44%	12	1	750%
Income before Tax	153	9	82	5	87%	60	5	155%
Net Income	137	8	63	4	117%	55	4	149%
EPS(NT$)	0.72		0.33		118%	0.36		100%

Parent Cash Flow QoQ Comparison

Amount:NT$ million	Q1 '06	Q4 '05	Q1 '05
	Amount	Amount	Amount
-Net Income	137.0	63.4	54.8
-Depreciation & Amortization	23.6	26.6	20.3
-Other Op. Sources(/Uses)	(358.2)	220.7	(194.4)
From Operation	(197.6)	310.7	(119.3)
-Capital Expenditure		(22.9)	(19.0)
-L-T Investment	(14.8)	(112.2)	(204.8)
-Other Investment Sources(/Uses)	(4.4)	17.4	(76.4)
From Investment	(19.2)	(117.7)	(300.2)
- Cash Dividends - Common Stock			
-Employee Bonus			
-Increase of S-T & L-T Banks Loans (Decrease)	182.9	(253.4)	307.6
-Stock & CB Issues	1.9		
-Other Financing Sources(/Uses)	(0.7)	13.7	(0.0)
From Financing	184.1	(239.7)	307.6
Net Cash Position Change	(32.7)	79.5	(112.0)
Ending Cash Balance	273.5	306.2	114.8

Q & A