光群雷射科技股份有限公司

K LASER TAIWAN

www.klasergroup.com

Annual Report 2007

股票代號：2461

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光群雷射科技股份有限公司
K LASER TECHNOLOGY INC
中華民國九十六年度 年報

Annual Report 2007

中華民國九十七年五月二十日刊印

九十六年度年報

本公司發言人及代理發言人

發言人姓名：黃千鳳

職　　稱：處長

電　　話：(03)577-0316

電子郵件信箱：teresahuang@ klasergroup.com

代理發言人姓名：徐玉貞

職　　稱：經理

電　　話：(03)577-0316

電子郵件信箱：Lisa@ klasergroup.com

總公司及工廠地址、電話

地　址：新竹科學工業園區力行六路 1 號

電　話：(03)577-0316

股票過戶機構

名稱：大華證券股份有限公司

地址：台北市重慶南路一段 2 號 5 樓

網址：http://www.gcsc.com.tw

電話：(02)2314-8800

最近年度財務報告簽證會計師

簽證會計師：盧啟昌會計師 /邱明玉會計師

事務所名稱：勤業眾信會計師事務所

地　　址：台北市民生東路三段 156 號 12 樓

網　　址：www.deloitte.com.tw

電　　話：(02)2545-9988

公司網址：www.klasergroup.com

Spokesman & Deputy Spokesman

Spokesman :	Teresa Huang
Title :	Director
TEL :	(03)577-0316
Email :	teresahuang@ klasergroup.com
Deputy Spokesman:	Lisa Hsu
Title :	Manager
TEL :	(03)577-0316
Email :	Lisa@klasergroup.com

Headquarter Factory

Address : No. 1 Li-Hsin VI Rd., Science-Based Industrial Park, Hsin-Chu, Taiwan, R.O.C.

TEL : (03)577-0316

Securities Dealing Institute

Grand Cathay Securities Corp.

Address : Fl. 5, No.2 Sec. I , Chung Ching South Rd, Taipei,Taiwan,R.O.C

Website Address：www.gcsc.com.tw

TEL : (02)2314-8800

Auditor : Deloitte & Touche

Address :12th Fl., 156 Min Sheng E. Road Sec.3 Taipei, Taiwan, R.O.C.

Website Address：www.deloitte.com.tw

TEL : (02)2545-9988

Company Website Address : www.klasergroup.com

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Letter to Shareholders

To our shareholders:

We are glad to declare that K Laser Group was doing a great job in 2007 even though we were under the negative impacts of hiking raw material and oil prices, and the threat of inflation. Our EPS after tax for 2007 reached NTD3.12. Compared to 2006, the revenue growth rate was 14.67%, and net profit increased by 58.43%. We were able to achieve those records because of several reasons: 1) Security products were used broadly in Eastern Europe. 2) High gross margin cold foil products were getting popular globally. 3) We successfully advanced our market share in the mass cigarettes packaging industry in China.

K Laser Group's average gross profit margin in 2007 was 33%. Net operating profit increased by 16.65% to reach 142 million NT dollars. Those were evidences that we had made the right decision to focus on high margin products. In the next two years, K Laser Group will keep on enhancing K Laser brand name and corporate images, and promoting product quality to win more customers. We will also broaden our distribution channels to ensure the greatest benefits when we complete the resources integration in K Laser Group.

K Laser China Group (KLCN) also had great performance in 2007. Its consolidated sales revenue had grown by 11.85% from 2006 to 2007. Net profit increased by 177% to reach 325 million NT dollars. In 2007, K Laser Wuxi and K Laser Dong Guan had gone through vertical industry integration and implemented an information sharing system. Those efforts had enabled them to feedback to customers promptly and thus, successfully improved customer satisfaction. They also had planned products geared toward the markets other than cigarette packaging. We expect to see a healthy contribution to sales revenues from those non-cigarette packaging products in 2008.

Since K Laser Group started "re-organization" and "re-engineering" in 2005, and "resources integration" in 2007, we have seen the synergy bringing great momentum for growth to K Laser Group. In 2008, K Laser will continuously develop new product applications and maximize the additional value of products. In the meantime, K Laser Korea will establish a manufacturing plant to aggressively pursue the local security packaging business. K Laser Thailand (KLTH) will complete the expansion of its manufacturing plant in 2008. By then, KLTH will have enough production capacity to serve the South East Asia market. We expect those activities overseas will further boost K Laser Group's revenue growth.

Our vision for K Laser Group is to become a world-class security packaging solutions provider and bring the greatest benefits to our customers. We will endeavor to develop new materials and applications, and provide professional services to become customers' favorite supplier. Here, we would like to take this chance to thank our shareholders for your supports and our employees for their great efforts. We will keep the great spirit of teamwork and continue to lead K Laser successfully in the future.

Sincerely,	Sincerely,	Sincerely,
Alex Kuo	Daniel Kuo	Chien-Fong Huang
Chairman	CEO	Director

Corporate Overview

Corporate Profile

Date of Incorporation: April 29,1988

Major Milestones

1988 April, established at Hsin-Chu SBIP to manufacture Holographic security labels.

1989 Develop the recombination technology and the application of products to enlarge market share.

1990 Introduced 15 cm wide holographic film materials.

1991 Developed the 30 cm embossing machine, put the holographic PVC film and the hologram Self-Adhesive sticker on the market.

1992 (1) Introduced 60 cm and 80 cm wide holographic materials.

(2) Established In-House Mastering Capability.

1993 (1) US Subsidiary - AMAGIC Holographics, Inc. established. (2) Invested Univacco Technology, Inc.

1994 (1) China Subsidiary - Shanghai Amagic Laser Material Co., Ltd. established.

1995 (1) Launch the holographic box and the transparent hologram security film.

(2) Invested Hon Jann Aluminum Paper Products MFG. Ltd.

1996 (1) Matched the requirement of Public Company. (2) Opto- Electronics Business Unit Established.

(3) Received Award for SBIP Innovation Project. (4) Introduced Color-Laser OPPmaterials.

(5) Dubai & Thailand Subsidiaries established.

1997 (1) Received Outstanding OE Manufacturer Award.

(2) Established Subsidiary - Dong Guan Yat Mei Laser Printing Co.,Ltd

1998 (1) Introduced 100 cm wide holographic materials. (2) ISO 9001 certified.

(3) Received Best OE Product Award for Phase-shift Fizeau Interferometer

1999 Public listed on OTC of Taiwan Stock Market.

2000 Received Small and Medium Enterprise Award, Ministry of Economic Affair, ROC.

2001 (1) HQs grand opening. (2) Public listed on SFC of Taiwan Stock Market.

(3) Received National Award of Small and Medium Enterprises. (4) Established US RD center.

(5) China Subsidiaries – Wuxi K Laser and K Laser Dong Guan established.

(6) MEMS Subsidiary – Ligh Tuning Technology Inc. established.

(7) Electronics Subsidiary – Everest Display Inc. established.

2002 (1) Issued ECB. (2) K Laser Technology (Korea) Co., Ltd. Established.

2003 (1) K Laser Technology Japan Co., Ltd established.

(2) K Laser Technology Europe B.V. established.

2004 (1) Invested Optivision Technology Inc. (2) Issued Private Fund.

(3) Redeem all the outstanding ECB

2005 (1) In July, K Laser China Group Co., Ltd. cash fund raised USD$7.5 million.

(2) Syndicated loan NTD$720 million

2006 (1) In June, issued 6,500(thousand shares) Private Fund invested by OAK Capital Corporation NT$ NTD$12.03 million.

(2) For business strategy, issued Private Fund invested by Amcor Fibre Packaging-Asia Pte Ltd. NTD$11.20 million in July.

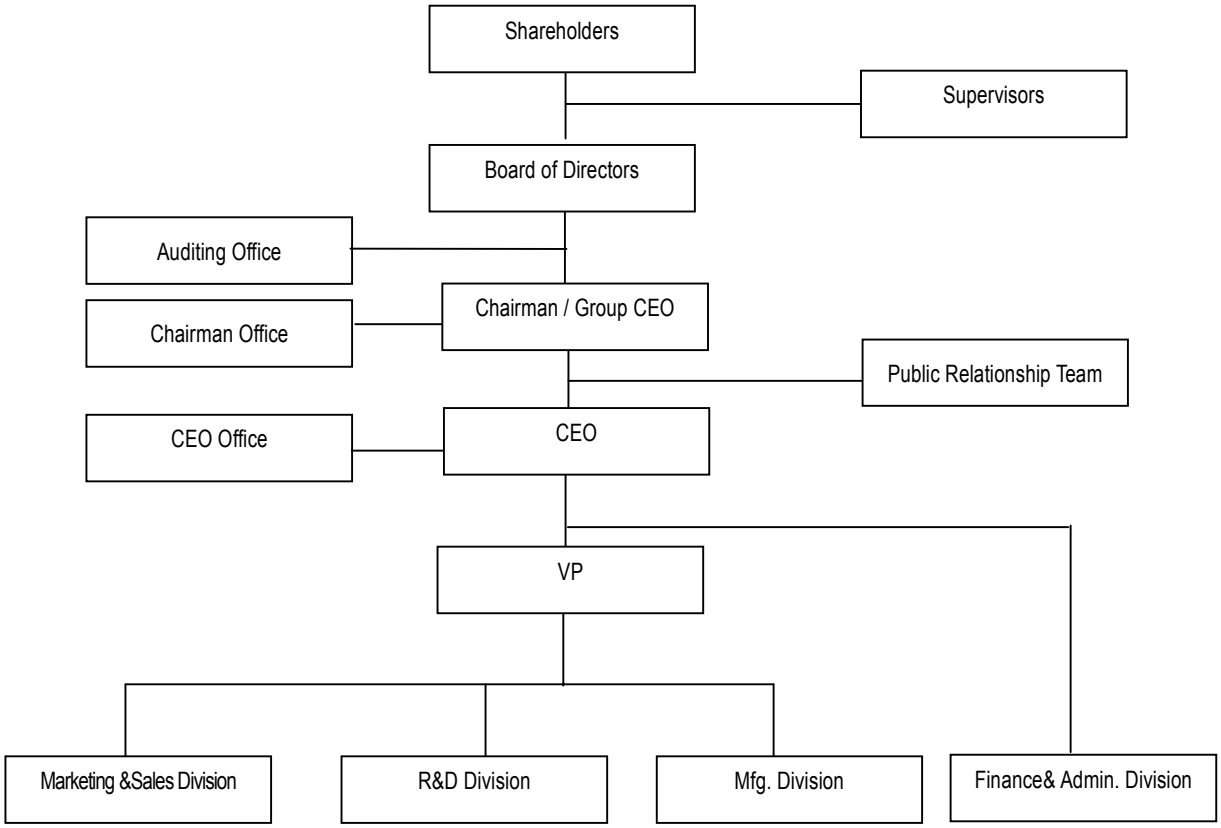
2007 (1) In Nov, issued 50 Million 1st Unsecured Corporate Bonds.

(2) Private Fund 23,950(thousand shares) issued in 2004, went pubic in Jan.2008.

Corporate Governance

1. Organization System

1.1 Organization Chart



1.2 Functional Major Departments

Major Departments	Functions
Chairman Office	• Business Development. • Public Relationship.
CEO Office	• Company management • Subsidiaries management
Auditing Office	• Internal auditing evaluation and suggestion.
Finance & Admin. Division	• Financial planning, accounting and stock affairs. • Subsidiaries supporting. • Human resource, training and general affairs. • IT development and ERP implementation.
Mfg. Division	• Manufacturing.
R&D Division	• R&D.
Marketing &Sales Division	• Marketing, sales and exporting

2 Directors and Supervisors ＆Major Officers

2.1 Directors and Supervisors

Apr.15, 2008

Title	Name	Elected Date	Term (Years)	First Elected Date	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding Entitled Other Name		Experience and Education	Other Current Positions	Managers, Directors or Supervisors Who Are Spouse or Within 2 Degrees of Consanguinity to Each Other		
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Alex Kuo	2005.06.10	3	1988.03.16	9,074,807	6.51	9,256,807	6.95	3,242,521	2.44	—	—	• Ph.D. in EE, SUNY Stony Brook, NY	• CEO, K Laser Group.	G.M	Daniel Kuo	Second degree relatives
Director	Daniel Kuo	2005.06.10	3	1992.06.21	2,507,456	1.80	1,831,456	1.38	429,700	0.32	—	—	• MS in Civil Engineering, NJIT, NJ.	• G.M, K Laser Technology Inc.	Chairman	Alex Kuo	Second degree relatives
Director (Note1)	K.L. Tsai	2005.06.10	3	1999.05.29	1,301,848	0.93	462,848	0.35	—	—	—	—	• BS in Chemical Engineering, Dang Jang University	• Chairman, Univacco Technology Inc.	—	—	—
Director	Cheng Sang Huang	2005.06.10	3	2002.05.17	—	—	—	—	—	—	—	—	• MS in Industrial Management, National Cheng Kung University. • President, Business Management Consultants Association of Republic of China. • President, National Association of Small & Medium Enterprises R.O.C. • Committee member, Industrial Develop-ment Advisory Council. • Secretary General, MIT Enterprise Forum of Taiwan. • GM, Sunsino Ventures Group.	• Director, Sunsino Ventures Group. • Director, National Association of Small & Medium Enterprises R.O.C. • Director, Chinese Business Incubation Association (CBIA). • Director, Small Business Integrated Assistance Center. • Director, Center Laboratories INC. • Director, BioCare Corporation. • Chien Hsiang Security Corporation.	—	—	—
Director	Ted Yao	2005.06.10	3	2002.05.17	—	—	—	—	—	—	—	—	• MS in Electrical Engineering, USC University of Southern California.	• Vice General Manager, SinoStar Capital Inc. • Supervisor, Tai Tien Electronics Co., Ltd. • Director, Reti Corporation. • Director, ADDtek Corporation. • Secretary General, MIT Enterprise Forum of Taiwan. • GM, Ien-Chen Investment Co., Ltd.	—	—	—
Director	China Development Industrial Bank	2005.06.10	3	2005.06.10	12,000,000	8.61	12,000,000	9.02	—	—	—	—	—	—	—	—	—
Director	Mega International Commercial Bank	2005.06.10	3	2005.06.10	10,000,000	7.17	10,000,000	7.51	—	—	—	—	—	—	—	—	—
Supervisor	Wei-Chung Hung	2005.06.10	3	1999.05.29	979,594	0.70	979,594	0.74	—	—	—	—	• MBA, West Pacific Ocean University.	• Director, D.S. Paper Co., Ltd. • Supervisor of D.C. Paper.	—	—	—
Supervisor	Sun Tai Lin	2005.06.10	3	2005.06.10	—	—	—	—	500,403	0.38	—	—	• BS in Library and Information Science, National Taiwan University.	—	—	—	—
Supervisor (Note2)	Kaisers International Corporation	2005.06.10	3	1999.05.29	362,388	0.26	—	—	—	—	—	—	—	—	—	—	—

Note1: Relieved of Responsibility on Dec 5,2007

Note2: Relieved of Responsibility on Feb 5,2007

Major Institutional Shareholders

Mar 31, 2008

Major Institutional Shareholders	Major Shareholder of the Corporate Shareholder	Shareholding (%)
Kaisers International Corporation	Den-Sheng Huang	12.82
	Kai-Hsing Huang	5.59
	Kaisers Plastics Corp.	11.31
	Ing-Juei Fang	2.92
Mega International Commercial Bank	Mega Financial Holding Co., Ltd.	100
China Development Industrial Bank	China Development Financial Holding Co., Ltd.	100

Major Shareholders of the Corporate Shareholders

Mar 31, 2008

Major Shareholder of the Corporate Shareholder	Major Shareholder	Shareholding (%)
Kaisers Plastics Corp.	Den-Sheng Huang	27.92
	Kaisers International Corporation	17.16
	Hsiang-Juei Investment Co., Ltd.	34.97
	Kai-Cheng Huang	1.19
Mega Financial Holding Co.,Ltd.	Ministry Of Finance. R.O.C.	9.98
	National Development Fund, Executive Yuan	6.11
	Chinatrust Financial Holding Co., Ltd.	5.84
	Chinatrust Commercial Bank	5.00
	Chunghwa Post Co.,Ltd.	2.73
	Bank of Taiwan	2.51
	臺銀保管希爾契斯特國際投資人國際價值股票信託投資專戶	2.11
	大通託管特寶豐基金-特寶豐外國基金	1.53
	Pou-Chen Industrial Inc.	1.42
	Cathay Life Insurance Co., Ltd.	1.18
China Development Financial Holding Co.,Ltd.	Hsing-wen Investment Co., Ltd.	5.67
	Ching-Kuan Investment Co., Ltd.	4.00
	China Life Insurance Co., Ltd.	2.93
	Chi-Chieh Investment Co., Ltd.	2.85
	Bureau of Labor Insurance Council.	2.72
	Bank of Taiwan	2.51
	Mega Financial Holding Co., Ltd.	1.42
	英商渣打銀行受託保管 GMO 新興市場基金	0.83
	Manager committee of Iao-Hua glass Co., Ltd	0.82
	Chunghwa Post Co.,Ltd.	0.75

Directors and Supervisors Remuneration in 2007

Unit: NT$ thousands

Title	Name	Remuneration						Total Amount as a %of 2007 Net Income (A+B+C)		Employee Remuneration								Amount as a %of 2007 Net Income (A+B+C+D+E)		Compensation from other K Laser Invest Companies
		Honorarium (A)		Honorarium from Earnings (B)		Transportation Allowance (C)				Bonus and Special Remuneration (D)		Employee Bonus From Earning (E)				Number of Employee Stock Options (Thousands shares) (F)				
												K Laser		Sub.						
		K Laser	Sub.	K Laser	Sub.	K Laser	Sub.	K Laser	Sub.	K Laser	Sub.	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	K Laser	Sub.	K Laser	Sub.	
Chairman	Alex Kuo																			
Director	Daniel Kuo																			
Director	K.L. Tsai (Note1)																			
Director	Cheng-Sang Huang	—	—	3,730	3,730	126	126	0.93	0.93	8,389	9,425	1,747	1,997	1,747	1,997	1000	1000	3.84	4.09	Yes
Director	Ted Yao																			
Director	China Development Industrial Bank																			
Director	Mega International Commercial Bank																			
Supervisor	Wei-Chung Hung																			
Supervisor	Tai Lin Sun	—	—	621	621	27	27	0.16	0.16	—	—	—	—	—	—	—	—	0.16	0.16	—
Supervisor	Kaiser International Corporation(Note 2)																			

Note 1: Relieved of Responsibility on Dec 5,2007

Note 2: Relieved of Responsibility on Feb 5,2007

Compensation Range of Director	Name of Director			
	Total Amount (A+B+C)		Total Amount (A+B+C+D+E)	
	K Laser	Sub.	K Laser	Sub.
Below NT$ 2,000,000	Alex Kuo/ Daniel Kuo/ K.L. Tsai / Cheng-Sang Huang/ Ted Yao/ China Development Industrial Bank/ Mega International Commercial Bank	Alex Kuo/ Daniel Kuo/ K.L. Tsai / Cheng-Sang Huang/ Ted Yao/ China Development Industrial Bank/ Mega International Commercial Bank	Alex Kuo/ Daniel Kuo/ K.L. Tsai / Cheng-Sang Huang/ Ted Yao/ China Development Industrial Bank/ Mega International Commercial Bank	Alex Kuo/ Daniel Kuo/ K.L. Tsai / Cheng-Sang Huang/ Ted Yao/ China Development Industrial Bank/ Mega International Commercial Bank
From NT$ 2,000,000～NT$ 5,000,000				
From NT$ 5,000,000～NT$ 10,000,000				
From NT$ 10,000,000～NT$ 15,000,000				
From NT$ 15,000,000～NT$ 30,000,000				
Total	7 persons	7 persons	7 persons	7 persons

Compensation Range of Supervisor	Name of Supervisor			
	Total Amount (A+B+C)		Total Amount (A+B+C+D+E)	
	K Laser	Sub.	K Laser	Sub.
Below NT$ 2,000,000	Wei-Chung Hung/ Tai Lin Sun/ Kaiser International Corporation	Wei-Chung Hung/ Tai Lin Sun/ Kaiser International Corporation	Wei-Chung Hung/ Tai Lin Sun/ Kaiser International Corporation	Wei-Chung Hung/ Tai Lin Sun/ Kaiser International Corporation
From NT$ 2,000,000～NT$ 5,000,000				
From NT$ 5,000,000～NT$ 10,000,000				
From NT$ 10,000,000～NT$ 15,000,000				
From NT$ 15,000,000～NT$ 30,000,000				
Total	3 persons	3 persons	3 persons	3 persons

Directors' and Supervisors' Professional Knowledge and Independence Information

Name \ ualification	Professional qualification requirements, together with at least five years work experience			Independence Status (Note 3)										Holds a concurrent post of independence director of other public release company.
	An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Alex Kuo			✓					✓		✓		✓	✓	
Daniel Kuo			✓					✓	✓	✓		✓	✓	
K.L. Tsai (Note 1)			✓			✓	✓	✓		✓	✓	✓	✓	
Cheng-Se ng Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ted Yao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
China Development Industrial Bank			✓	✓	✓	✓	✓			✓	✓	✓		
Mega International Commercial Bank			✓	✓	✓	✓	✓			✓	✓	✓		
Wei-Chung Hung			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Tai Lin Sun				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Kaisers Internation al Corp. (Note 2)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note 1: Relieved of Responsibility on Dec 5,2007

Note 2: Relieved of Responsibility on Feb 5,2007

Note 3:

(1) Not an employee of the company, or any affiliates.
(2) Not a director, supervisor of the company, or any of its affiliates. (The person is an independent director of the company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares)
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or that holds shares ranking in the top five in holdings.
(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
(7) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof.
(8) Not a spouse nor within 2 degrees of consanguinity relative to any directors.
(9) Not any of the circumstances in the subparagraphs of Article 30 of the Company Act.
(10) Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

2.2 Major Officers' Information

2008.04.15

Title	Name	Employed Date	Current Shareholding		Spouse & Minor Shareholding		Shareholding Entitled Other Name		Experience and Education	Other Current Positions	Managers Who Are Spouse or Within 2 Degrees of Consanguinity to Each Other		
			Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Alex Kuo	2002.08.21	9,256,807	6.95	3,242,521	2.44	—	—	• Ph.D. in EE, SUNY Stony Brook, NY • Chairman, K Laser Group.	CEO, K Laser Group.	G.M	Daniel Kuo	Second degree relatives
G.M.	Daniel Kuo	2002.08.21	1,831,456	1.38	429,700	0.32	—	—	• MS in Civil Engineering, NJIT, NJ • G.M, K Laser Technology Inc.	G.M, K Laser Group.	CEO	Alex Kuo	Second degree relatives
Vice President (Director M&S Division)	Pen Chang	2006.10.03	123,000	0.09	—	—	—	—	• National Taiwan University • Manager, K Laser Technology Inc.	G.M, K Laser technology (Korea) Co., Ltd.	—	—	—
Director, Mfg. Division	Andy Wen	2006.02.07	18,000	0.01	—	—	—	—	• Electrical Engineering, Lee-Ming Institute of Technology • Manager, K Laser Technology Inc.	—	—	—	—
Director, R&D Division	Jeff. Hsu	2004.07.01	883,003	0.66	158,600	0.12	—	—	• Chinese Culture Univ. • R&D Manager, K Laser Technology Inc.	—	—	—	—
Director, F&A Division	Teresa Huang	2006.01.03	147,500	0.11	—	—	—	—	• Master of Science in Accountancy, Bentley College, MA. U.S.A • Finance Manager of K Laser.	—	—	—	—
Manager, Auditing Office	Mark Chen	2007.08.24	247,000	0.19	—	—	—	—	• Soochow University • Sales Manager of Chu Kuna trading Company. • Sales Manager of K Laser. • Spokesman of K Laser.	—	—	—	—

President Remuneration in 2007

Title	Name	Salary(A)		Bonus and Special Remuneration (B)		Employee Bonus from Earning(C)				Total Amount as a %of 2007 Net Income		Number of Employee Stock Options (Thousands shares)		Compensation from other K Laser Invest Companies
		K Laser	Sub.	K Laser	Sub.	K Laser		Sub.		K Laser	Sub.	K Laser	Sub.	
						Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus					
CEO	Alex Kuo	6,360	10,277	2,749	4,443	—	7,227	—	7,227	3.92	5.27	1,000	1,000	Yes
G.M	Daniel Kuo													
Vice President	Pen Chang													

Compensation Range of General Manager and Vice President	Number of General Manager and Vice President	
	K Laser	Sub.
Below NT$ 2,000,000	Pen Chang	
From NT$ 2,000,000～NT$ 5,000,000		
From NT$ 5,000,000～NT$ 10,000,000	Alex Kuo/ Daniel Kuo	Alex Kuo/ Daniel Kuo/ Pen Chang
From NT$ 10,000,000～NT$ 15,000,000		
From NT$ 15,000,000～NT$ 30,000,000		
From NT$ 30,000,000～NT$ 50,000,000		
From NT$ 50,000,000～NT$ 100,000,000		
Over NT$ 100,000,000		
Total	3 persons	3 persons

Major Officers' Bonus from Earning

Unit：NT$ Thousands

	Title	Name	Stock Bonus	Cash Bonus	Total Amount	Total Amount as a % of 2006 Net Income
Major Officers	CEO	Alex Kuo	7,434	—	7,434	1.79
	G.M.	Daniel Kuo				
	Vice President (Director M&S Division)	Pen Chang				
	Director, Mfg. Division	Andy Wen				
	Director, R&D Division	Jeff. Hsu				
	Director, F&A Division	Teresa Huang				
	Manager, Auditing Office	Mark Chen				

The Company's compensation for Directors, Supervisors and Managers

- The policy for Directors' and Supervisors' compensation was depended on Company's Article and the contribution to company.
- The Policy for Managers' compensation was based on "The Company's salary structure" approved by BOD.

3. Corporate Governance

3.1 The Board Current Status Information

The Board was convened 11 times of meeting in 2006, the attendance status as follows：

Title	Name	Actual attendance number of times	Agency attendance number of times	Actual attendance (%)	Remarks
Chairman	Alex Kuo	6	1	86	
Director	Daniel Kuo	7	0	100	
Director	K.L. Tsai	4	1	57	Resigned on 2007.12.05
Director	Cheng-Seng Huang	5	0	71	
Director	Ted Yao	6	1	86	
Director	China Development Industrial Bank	7	0	100	
Director	Mega International Commercial Bank	7	0	100	
Supervisor	Wei - Chung Hung	7	0	100	
Supervisor	Tai Lin Sun	2	0	29	
Supervisor	Kaisers International Corp.	0	0	0	Resigned on 2007.2.05
Other necessary supplements Directors Avoid Their Conflicts of Interests The board is well disciplined and enforces strict policy of separating personal and company interests among its members.					

3.2 The Operation of the Audit Committee Work within the Board of Directors of the Company：

Some of our directors and supervisors having accountant and financial background, therefore our company although has not set up audit committee currently, but still conforms with corporate governance necessary. In the future, depend on the necessary to decide whether set up audit committee.

3.3 Corporate Governance Status in Compliance with the Corporate Governance Guidance Rules for Listed Companies

Items	Current Status	The Reasons for the Differences
1.Corporate Shareholder Structure & Shareholders' Rights		
(1) The company handles shareholders' recommendations or disputes	(1) Our company has designated the spokesman、the deputy spokesman and responsible personnel to handle.	No
(2) The company regularly monitors the list of key shareholders who have management control of the company, or those who have ultimate control of key shareholders	(2) Our company has appointed responsible personnel to assist with inquires	No
(3) The company establishes proper risk control mechanisms and firewalls between the company and its affiliated enterprises	(3) The obligations and rights between our company and its affiliated enterprises have been clearly defined. Any transaction between our company and its affiliated enterprises complies with related regulations.	No
2.The Structure and Responsibilities of the Board		
(1) The company institutes independent directors	(1) Our company has instituted 2 independent directors.	No
(2) The company periodically evaluates the independence of its auditors	(2) Our company's auditor avoids conflicts of interests.	No
3.The Structure and Responsibilities of Supervisors		
(1) The company institutes independent supervisors	(1) Suitable candidates are in evaluation.	No
(2)The supervisors communicate with the company's employee and shareholders	(2) At any time, a supervisor may individually investigate the business and financial conditions of our company, and may ask the Board of Directors or executive managers to prepare a report.	No
4.Establishment of an official channel for external inquiries	Our company has establishment of an official channel for suppliers、customers、banks and shareholders.	No
5.Information Disclosure		
(1) The company establishment a website to disclose financial and corporate governance information.	(1) Our company website at http:/www.klasergroup.com is constantly updated to provide the latest information.	No
(2) Other channels for the disclosure of the company's information	(2) Our company has designated a specific body to disclose information and announce at http:// newmops.tse.com.tw	No
6.The Operation of the Audit Committee Work within the Board of Directors of the Company： Our company currently has not set up audit committee.		
7.Please Describe any Differences Corporate Guidance Rule for Listed Companies in Regards to the Company's Own Corporate Governance Guidance： For the status of K Laser's corporate governance, please refer to "Corporate Governance of this Annual Report.		
8.Please Describe the Company's Social Responsibility Systems and How to Execute： Our company activity participates in green activities to promote environment quality.		
9.Any Other Information Regarding Corporate Governance： (1) Status of any Educational Programs for Directors and Supervisors Our company provides information related to professional educational opportunities to all directors and supervisors. (2) The Company Purchase Liability Insurance for its Directors and Supervisors Our company has purchased liability insurance USD 3 million for its directors and supervisors. The insurance period was from Nov 6,2007 to Nov.5 2008.		
10.Company Corporate Governance judgment or have authorized professional institute to referee：None.		

3.4 To promote governance status understanding, we disclose the information on our company website at: http:/www.klaser.com.tw

3.5 Execution of Internal Control System

3.5.1 Statement of Internal Control

Statement of Internal Control

Date: Jan 25,2008

Based on the findings of a self-assessment, K Laser Technology Inc states the following with regard to its internal control system during the period from January 1,2007 to December 31,2007:

1. KLT is fully aware the establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. KLT has established such a system aimed at providing reasonable assurance regarding the achievement of objectives to effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, the internal control system of KLT contains self-monitoring mechanisms, and KLT takes corrective actions whenever a deficiency is identified.

3. KLT evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (here in below, the “Regulations”). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.

4. KLT has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the evaluation mentioned in the preceding paragraph, KLT believes that, during the year 2006, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.

6. The Statement will be an integral part of KLT’s Annual Report for the year 2007 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20,32,171, and 174 of the Securities and Exchange Law.

7. This Statement has been passed by the Board of Directors in their meeting held on Jan.25, 2008, with zero of the six attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

K Laser Technology Inc.

Alex Kuo,
Chairman

Daniel Kuo,
CEO

3.5.2 CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report：None.

3.6 Breach of Corporate Laws, Fines and Current Status：None

3.7 Major Decisions of Shareholder Meetings and Board Meetings

3.7.1 Board Meetings

（1） The Seven-thirteenth Board of Directors Meeting

Date：2007.06.15

- Approved the cash dividend date of 2007
- Approved to convert overdue AR from AHIN to accommodation.
- Approved to invest US$1 million to K Laser Technology (Korea) Co., Ltd.
- Approved to invest US$2 million to K Laser China Group Co., Ltd.
- Approved to sign the endorsements and guarantees to K Laser China Group Co., Ltd.
- Approved to authorize supervisor Wei-Chung Hung to sign with K Laser China Group Co., Ltd on the Series B Preferred Stock Subscription Agreement、Investor Right Agreement and Convertible Note Purchase Agreement.

（2） The Seven-fourteenth Board of Directors Meeting

Date：2007.08.24

- Admit the financial statements of 2Q 2006.
- Admit the subsidiary company loading of Fund.
- Approved to issue 50 Million 1st Unsecured Corporate Bonds.
- Approved to amend “The Statement of Internal Control” and “The Administration of Internal Control”.
- Approved the internal audit plan of 2008.
- Approved to exchange the manager of Auditing Office.

（3） The Seven-fifteenth Board of Directors Meeting

Date：2007.10.29

- Admit the financial statements of 2007Q3.
- Admit Investment of US$4,734 thousands indirect in K Laser Technology (Dong Guan) Co., Ltd.
- Approved to set up BVI company in Cayman island to IPO in HKEX.
- Approved WUXI K Laser Technology Co., Ltd. & K Laser Technology (Dong Guan) Co., Ltd. the cash dividend and cash fund raised.
- Approved to sign the endorsements and guarantees to K Laser China Group Co., Ltd.

（4） The Seven-sixteenth Board of Directors Meeting

Date：2008.01.25

- Admit the audit report and Statement of Internal Control of 2007.
- Approved the Budget of 2008.
- Approved to retire the 2007 first time of treasure stocks.

（5） The Seven-seventeenth Board of Directors Meeting

Date：2008.03.25

- Approved to amend of Company's Articles of Incorporation.
- Approved to select new directors since the seventeenth directors has expired and to nominate the names of independent directors.
- Board's resolution to convene Annual General Meeting of 2008.
- Approved to be discussed the proposal submitted by shareholders of 2008.
- Approved to the date of issuance new shares from the execution of employee stock options during the 1st quarter.

（6） The Seven-eighteenth Board of Directors Meeting

Date：2008.04.28

- Admit the financial statements of 2007.
- Admit the earning distribution of 2007.
- Approved to the qualifications of independent directors.
- The Board of directors resolved to remove the non-competition restrictions on directors.
- Approved to remove issuing new shares of the Private Fund that originally plan to discuss in the General Shareholders' Meeting of 2008.

（7） The Temporary Seven-seventh Board of Directors Meeting

Date：2007.11.13

- Approved to buy back 5,000 thousands shares of treasure stocks.
- Approved to sign the endorsements and guarantees to Holoprint Co., Ltd. and K Laser Technology (Dong Guan) Co., Ltd.

（8） The Temporary Seven-eighth Board of Directors Meeting

Date：2007.11.29

- Approved to modify the earning distribution of WUXI K Laser Technology Co., Ltd. that has approved by the Seven-seventeenth Board of Directors Meeting
- Approved the internal audit plan of 2008.

3.7.2 Shareholder Meetings

Date: 2007.06.15

- Admit Operating report and the financial statements of 2006.
- Admit the earning distribution of 2006.
- Approved the amendment of the K Laser constitutions.
- Approved to remove the non-competition restrictions on directors.
- Approved the amendment of the Directors and supervisors selected rules.

3.8 Objections to Resolutions Set by Board Meetings：None

3.9 A summary of resignations and dismissals of persons connected with the company's financial report (including the chairman of the board of directors, general manager, principal accounting officer, and chief internal auditor)：None

4. Information on CPA professional fees

4.1 Information on professional fees

Non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and to any affiliated enterprise of such accounting firm are equivalent to one quarter or more: None.

4.2 Changes the accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous year: None.

4.3 The audit fees paid for the current year are lower than those for the previous fiscal year by 15 percent or more: None.

5. Information on replacement of certified public accountant: None.

6. Chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None.

7. Information on Net Changes in Shareholding and Net Changes in Shares Pledged by Directors, Supervisors, Managers and Shareholders of More Than 10% Shareholding

7.1Change in Shareholding of Directors, Supervisors, Officers And Major Shareholders

Unit：Shares

Title	Name	2007		Apr. 15,2008	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Alex Kuo	182,000	(3,784,000)	—	300,000
Director	Daniel Kuo	(585,000)	(375,000)	—	245,000
Director	K.L. Tsai (Note1)	(286,000)	—	—	—
Director	Cheng-Seng Huang	—	—	—	—
Director	Ted Yao	—	—	—	—
Director	China Development Industrial Bank	—	—	—	—
Director	Mega International Commercial Bank	—	—	—	—
Supervisor	Wei-Chung Hung	—	—	—	—
Supervisor	Tai Lin Sun	—	—	—	—
Supervisor	Kaisers International Corp. (Note2)	—	—	—	—
Director, Mig. Division	Andy Wen	(10,000)	—	—	—
Vice President Director, M&S Division	Pen Chang	51,000	—	—	—
Director,R&D Division	Jeff. Hsu	27,000	—	(29,000)	—
Director, F&A Division	Teresa Huang	14,000	—	—	—
Manager, Auditing Office	Mark Chen	247,000	—	—	—

Note1: Relieved of Responsibility on Dec 5,2007

Note2: Relieved of Responsibility on Feb 5,2007

7.2 Status of Transfer of Shareholding to related person or Shareholding Pledge to related person：None。

8. The company's 10 largest shareholders are related parties as defined under the Statement of Financial Accounting Standards No. 6：

Name	Holding shares		Spouse & Minor Shareholding		Shareholding Entitled Other Name		10 largest shareholders are related parties as defined under the Statement of Financial Accounting Standards No. 6	
	Shares	%	Shares	%	Shares	%	Shares	%
China Development Industrial Bank (Representatives: Hu-Shen Chou)	12,000,000	9.02	—	—	—	—	—	—
Mega International Commercial Bank (Representatives: Chin-Ming Chen)	10,000,000	7.51	—	—	—	—	—	—
Alex Kuo	9,256,807	6.95	3,242,521	2.44	—	—	Lisa Hsu	Spouse
							Daniel Kuo	Second-degree relatives
Prudential Financial Taiwan Enterprise Fund deposit with HSBC	6,896,000	5.18	—	—	—	—	—	—
OAK Capital Corporation	5,850,000	4.39	—	—	—	—	—	—
Amcor Fibre Packaging-Asia Pte Ltd	5,600,000	4.21	—	—	—	—	—	—
Lisa Hsu	3,242,521	2.44	9,256,807	6.95	—	—	Alex Kuo	Spouse
							Daniel Kuo	Second-degree relatives
Daniel Kuo	1,831,456	1.38	429,700	0.32	—	—	Daniel Kuo	Second-degree relatives
							Lisa Hsu	Second-degree relatives
Prudential Financial High Growth Fund deposit with Mega International Commercial Bank	1,673,000	1.26	—	—	—	—	—	—
Hao-Kai Chen	1,408,985	1.06	—	—	—	—	—	—

9.Total Percentage of Ownership of Invitees

Unit：Shares / %(Mar 31, 2008)

Re-invested Business (Long-Term Investment)	Direct Investment by the Company (1)		Invested Business Directly or Indirectly Controlled by Director, Supervisor, and Manager (2)		Total Investments (1)+(2)	
	Shares	%	Shares	%	Shares	%
K Laser China Group Co., Ltd.	12,175,266	72%	—	—	12,175,266	72%
K Laser International Co., Ltd.	18,920,705	100%	—	—	18,920,705	100%
K Laser Technology Europe B.V.	390,373	100%	—	—	390,373	100%
Minton Industry Co., ltd.	857,900	1%	—	—	857,900	1%
Ligh Tuning Technology Inc.	2,100,000	8%	—	—	2,100,000	8%
Optivision Technology Inc.	7,298,170	24%	534,446	2%	7,832,616	26%
Hon Jann AL PPR. MFG. Ltd.	9,800	49%	—	—	9,800	49%
Vicome Corp.	1,658,250	37%	—	—	1,658,250	37%
Everest Display Inc.	8,129,357	25%	—	—	8,129,357	25%
Univacco Industry Co., ltd.	6,133,059	10%	—	—	6,133,059	10%
iWin Technology Co., Ltd.	490,000	49%	510,000	51%	1,000,000	100%

Capital Raising Status

1. Capital and Shares

1.1 Source of Capita

1.1-1 Source of Capita

Apr 15, 2008 / Unit：Thousand Shares；NT$ Thousands (Except Issuance Price)

Year Month	Price	Authorized Capital		Issued Capital		Remarks			
		Shares	Amount	Shares	Amount	Sources of Capital		Capital Increase by Assets Other than Cash	Other (Approval Document Number)
1988.04	10	4,000	40,000	1,600	16,000	Cash	12,000	-	(77)園經字第05300號
						Tech.	4,000		
1991.05	10	4,000	40,000	2,000	20,000	Earning	3,000	-	(80)園經字第05089號
						Tech.	1,000		
1991.06	10	4,000	40,000	3,000	30,000	Cash	7,500	-	(80)園經字第06257號
						Tech.	2,500		
1992.01	10	5,000	50,000	5,000	50,000	Cash	17,500	-	(80)園經字第00233號
						Tech.	2,500		
1992.12	10	6,000	60,000	6,000	60,000	Cash	10,000	-	(81)園經字第15949號
1993.09	10	8,400	84,000	8,400	84,000	Earning	10,800	-	(82)園經字第13176號
						Surplus	13,200		
1994.05	10	14,500	145,000	14,500	145,000	Cash	32,440	-	(83)園經字第07004號
						Earning	27,720		
						Surplus	840		
1995.02	10	36,000	360,000	22,000	220,000	Cash	75,000	-	(84)園商字第02664號
1995.06	10	36,000	360,000	28,600	286,000	Surplus	66,000	-	(84)園商字第08683號
1996.08	10	36,000	360,000	32,890	328,900	Earning	14,300	-	(85)園商字第15296號
						Surplus	28,600		(85)台財證(一)第41475號
1997.10	10	60,000	600,000	45,900	459,000	Cash	96,476	-	(86)園投字第17076號
						Earning	16,445		(86)台財證(一)第67100號
						Bonus	734		
						Surplus	16,445		
1998.08	10	60,000	600,000	53,200	532,000	Earning	42,228	-	(87)園商字第021906號
						Bonus	4,150		(87)台財證(一)第67114號
						Surplus	26,622		
1999.07	10	60,000	600,000	59,500	595,000	Earning	26,600	-	(88)園商字第015967號
						Bonus	4,480		(88)台財證(一)第57780號
						Surplus	31,920		
2000.08	10	120,000	1,200,000	84,700	847,000	Cash	150,000	-	(89)園商字第010650號
						Earning	67,235		(89)台財證(一)第52982號
						Bonus	12,750		
						Surplus	22,015		
2001.05	10	120,000	1,200,000	82,000	820,000	Treasury Stocks Retired	27,000	-	(90)園商字第014864號 (90)台財證(三)第133091號
2001.06	10	120,000	1,200,000	93,300	933,000	Earning	95,160	-	(90)園商字第025036號
						Bonus	17,840		(90)台財證(一)第133371號
2002.05	10	120,000	1,200,000	90,300	903,000	Treasury Stocks Retired	30,000	-	園商字第0910009505號 (91)台財證(三)第110004號
2002.08	10	150,000	1,500,000	108,978	1,089,780	Earning	84,900	-	園商字第0910024043號
						Bonus	16,980		台財證一第0910133254號
						Surplus	84,900		
2002.12	10	150,000	1,500,000	105,378	1,053,780	Treasury Stocks Retired	36,000	-	園商字第0910030211號 台財證三第0910143639號

Year Month	Price	Authorized Capital		Issued Capital		Remarks			
		Shares	Amount	Shares	Amount	Sources of Capital		Capital Increase by Assets Other than Cash	Other (Approval Document Number)
2003.02	10	150,000	1,500,000	100,280	1,002,800	Treasury Stocks Retired	50,980	-	園商字第0920005000號 台財證三第0920105499號
2003.03	10	150,000	1,500,000	103,770	1,037,700	ECB Convert	34,899	-	園商字第0920009366號
2003.09	10	150,000	1,500,000	117,279	1,172,800	Earning	28,131	-	(92)園商字第26403號 (92)台財證(一)第133816號
						Bonus	13,200		
						Surplus	93,770		
2003.11	10	150,000	1,500,000	112,828	1,128,290	Treasury Stocks Retired	44,510	-	(92)園商字第32719號 (92)台財證(三)第122984號
2004.11	10	200,000	2,000,000	139,446	1,394,464	Private Fund	239,500	-	(93)園商字第0930033988號
						ECB Convert	26,674		
2006.03	10	200,000	2,000,000	134,446	1,344,464	Treasury Stocks Retired	50,000	-	(95)園商字第09508686號 (95)金管證(三)第0950106450號
2006.06	10	200,000	2,000,000	129,446	1,294,464	Treasury Stocks Retired	50,000	-	95)園商字第0950014501號 (95)金管證(三)第0950115640號
2006.07	10	200,000	2,000,000	135,946	1,359,464	Private Fund	65,000	-	(95)園商字第0950016604號
2006.07	10	200,000	2,000,000	141,546	1,415,464	Private Fund	56,000	-	(95)園商字第0950019736號
2006.10	10	200,000	2,000,000	137,179	1,371,794	Treasury Stocks Retired	43,670	-	(95)園商字第0950027024號 (95)金管證(三)第0950143008號
2008.02	10	200,000	2,000,000	132,180	1,321,804	Treasury Stocks Retired	49,990	-	(97)園商字第0970004150號 (97)金管證三字第0970002574號
2008.03	10	200,000	2,000,000	132,992	1,329,924	Employee stock options execution	8,120	-	(95)金管證一字第0940160702號 (97)園商字第0970009840號

Unit：Shares, Apr 15,2008

Share Type	Authorized Capital					Remarks
	Issued Shares			Un-Issued Shares	Total	
	Listed	Non-Listed	Total			
Common Stocks	121,005,904	12,100,000	133,105,904(Note)	66,894,096	200,000,000	

Note: Included the treasure stock 1,000 thousand shares and non-registering 113,500 shares execution from employee stock options.

1.1-2 Information of approval has been granted to offer：None.

1.2 Shareholder Structure

Apr 15, 2008

Structure / Volume	Government Agencies	Financial Institution	Other Legal Entities	Foreign Institutions & Individuals	Domestic Individuals	Treasury Stocks	Total
Number of Shareholders	–	9	37	29	9,426	1	9,502
Shareholding (Shares)	–	26,500,689	2,487,347	21,229,214	81,888,654	1,000,000	133,105,904
Holding Percentage	–	19.91%	1.87%	15.95%	61.52%	0.75%	100.00%

1.3 Distribution Profile of Shareholder Ownership

Apr 15, 2008

Levels of Shareholder Ownership	Number of Shareholders	Total Shares Owned	Ownership Percentage
1 - 999	2,896	717,913	0.54
1,000 - 5,000	4,660	10,703,394	8.04
5,001 - 10,000	1,021	8,320,457	6.25
10,001 - 15,000	224	2,889,208	2.17
15,001 - 20,000	193	3,648,318	2.74
20,001 - 30,000	155	4,093,821	3.08
30,001 - 40,000	78	2,787,218	2.09
40,001 - 50,000	60	2,795,778	2.10
50,001 - 100,000	105	7,742,249	5.82
100,001 - 200,000	48	6,815,245	5.12
200,001 - 400,000	21	5,757,025	4.33
400,001 - 600,000	18	8,695,818	6.53
600,001 - 800,000	8	5,430,610	4.08
800,001 - 1,000,000	4	3,714,081	2.79
Over 1,000,001	11	58,994,769	44.32
Total	9,502	133,105,904	100.00

1.4 List of Major Shareholders

Apr 15, 2008

Shares / Major Shareholders	Total Shares Owned	Ownership Percentage
China Development Industrial Bank	12,000,000	9.02%
Mega International Commercial Bank	10,000,000	7.51%
Alex Kuo	9,256,807	6.95%
OAK Capital Corporation	6,896,000	5.18%
Amcor Fibre Packaging-Asia Pte Ltd	5,850,000	4.39%
Ch-Chen Huang	5,600,000	4.21%
Lisa Hsu	3,246,521	2.44%
Daniel Kuo	1,831,456	1.38%
Prudential Financial High Growth Fund	1,673,000	1.26%
Prudential Financial Taiwan Enterprise Fund	1,408,985	1.06%

1.5 Market Price, Net Worth, Earnings, Dividends Per Share and Other Data

Unit：NT$；Thousand Shares

Items \ Year			2006	2007	Mar 31,2008
Market Price Per Share	Highest		36.70	48.00	30.30
	Lowest		13.90	25.60	23.95
	Average		21.52	35.73	27.52
Net Worth Per Share	Before Distribution		14.63	17.20	17.57
	After Distribution		—	15.80	16.10
Earnings Per Share	Weighted Average Common Shares Outstanding (Note 1)		130,159	133,311	131,180
	Earnings Per Share	Before Retroactive Adjustment	2.02	3.12	0.40
		After Retroactive Adjustment	—	2.86	0.37
Dividends Per Share	Cash Dividends (Note 2)		1.0	0.7	—
	Stock Dividends	Retained Earnings	—	0.8	—
		Capital Surplus	—	—	—
	Accumulated unpaid dividend		—	—	—
Analysis of Return on Investment	Price/Earnings Ratio		10.65	11.45	17.20
	Price/Dividends Ratio		21.52	51.04	—
	Cash Dividends Yield Rate		4.65%	1.96%	—

Note 1: Weighted Average Common Shares Outstanding Has Been Adjusted

Note 2: The earning distribution for year 2007 has been approved by the Broad meeting on Apr 28,2008, but it hasn't been approved by the General Shareholders' Meeting.

1.6 Dividend Policy and Status

1.6-1 Dividend Policy

Based on the cash demand of operating and striving the best benefit of stockholders' equity, our dividend policy will depend on the capital expense of the budget and demand of cash in the future. In principle, distribute 2/3 retained earnings in stock dividend and 1/3 in cash dividend to shareholders and adjust according to the future profit.

The broad of directors meeting adopted cash dividends NT$ 92,394,683 and stock dividend 10,559,392 shares.

1.6-2 Proposed Profit Distribution Plan for 2007

The broad adopted the following for 2007 earning distribution at its meeting on Apr 28,2008. The proposed earning distribution will be presented for approval at the General Shareholders' Meeting on Jun 13,2008.

Unit：NTD

Item	Amount
Cash dividends (per share NT$0.7)	92,394,683
Stock dividends (per share NT$0.8)	105,593,923
Remuneration to directors and supervisors	4,351,398
Bonus to employees	15,229,893

1.7 Impact of Stock Dividends on Operation Results and EPS：Not Applicable

1.8 Employee Bonus, Directors and Supervisors Remuneration

1.8-1 Company Policy

According Company Policy, net income after taxes shall be appropriated based in the following orders：

a. Offsetting previously accumulated deficit;
b. Provision for legal reserve at 10% of the net income;
c. Provision for special reserve under the regulation of statutes or authorities if deemed necessary;
d. Remuneration to directors and supervisors equivalent to 2% of the net income, as applicable;
e. Bonus to employees equivalent to at least 7% of the net income, as applicable;

1.8-2 Information Regarding the Board of Directors Proposal for Appropriation of Employee Bonus Etc.

Regarding the board meeting of directors' proposal, a stock bonus for employee of NT$ 15,230 thousand dollars. The remuneration paid to directors' & supervisors' is NT$ 4,351 thousand dollars. In consideration of employee bonus and remuneration to directors' & supervisors', pro forma diluted EPS is NT$ 2.73.

1.8-3 Status of Employee Bonus, and Directors' & Supervisors' Remuneration from 2005 Retained Earnings Are as Follows:

Retained earnings distributed for employee bonus were NT$ 10,091 thousand dollars and directors' & supervisors' remuneration were NT$ 2,883 thousand dollars in 2006.

1.9 Share Buy-Back

Mar 31, 2008

Instance	2007 1st Round
Purpose	Protect Corporate Credit & Shareholders' Rights
Buy-Back Period	2007/11/14~2008/01/11
Price Range (NT$)	19.85~53.96
Classification and Volume (Shares)	Common Shares 4,999,000
Amount (NT$)	142,092,654
Cancellation and Transfer Volume (Shares)	Common Shares 4,999,000
Cumulative Holding (Shares)	Common Shares 1,000,000
Cumulated Holding as a% of Total Issued Shares	0.76%

2. Issuance of Corporate Bonds：

Type	2007 1st Unsecured Corporate Bonds
Issue date	2007.11.02
Face amount	NT$ 100,000
Issue amount	NT$ 100,000
Issue size	NT$ 50 millions
Coupon rate	0%
Maturity	5 years; 2012.11.02
Guarantor	-

Instance		2007 1st Round
Trustee		ChinaTrust Commercial Bank
Registrar, Principal paying, conversion and transfer agent		ChinaTrust Securities Co., Ltd.
Legal counsel		-
Auditor		-
Redemption		On the maturity date, the issuer will redeem the bonds at their principal amount, unless, (a) The issuer shall have redeemed the bonds at the option of the issuer, or the bonds shall have been redeemed at the option of the bondholders (b) The bondholders shall have exercised the conversion right before maturity; or (c) The bonds shall have been purchased by the issuer and cancelled.
Principal payable		NT$ 50 millions
Redemption or early redemption clause		(a) K Laser Technology may, at our option at any time after May 2, 2008 and prior to September 23, 2012, redeem the Bonds in whole at their principal amount for cash, if the Closing Price of the TSE-listed Shares, for a period of 30 consecutive Trading Days, is at least 150% of the Convertible Price. (b) K Laser Technology may also, at our option at any time after May 2, 2008 and prior to September 23, 2012, redeem the Bonds in whole at their principal amount if at least 90% in principal amount of the Bonds has already been converted, redeemed or purchased and cancelled.
Covenant		-
Name of rating company, date and result of rating		-
Other obligation	Balance of amount Converted to (exchangeable or warrant) shares, ADSs, or other types of securities an of printing date	-
	Policy of issuing or converting (exchangeable or warrant)	Reference the Policy of issuing or converting
Effect on the current shareholders due to dilution		If all the unredeemed bonds convert to common shares that will be only 9.32% of all shareholding, so this will be measly result in dilution effect to shareholders.
Name of custodian		-

Corporate Bonds information:

Type		2007 1st Unsecured Corporate Bonds	
Items / Year		2007	2008.03.31
Market Price	High	NT$ 108.05	NT$ 131.65
	Low	NT$ 99.5	NT$ 100
	Average	NT$ 104.57	NT$ 107.51
Convertible price		NT$ 36.8	
Issue Date and Original Convertible price		2007.11.02/ NT$ 36.8	
Source of Convertible Shares		New Common Share	

3. Issuance of Employee Stock Option Plan (ESOP)：

3.1 Issuance of Employee stock options

Mar. 31,2008

ESOP Granted	First Grant		
Approval Date by the Securities and Futures Bureau	2006/01/05	Shares Exercised (Shares)	812,000
Issue (Grant) Date	2006/02/06	Value of Shares Exercised (NT$)	10,953,880
Number of Options Granted	5,000,000	Shares Unexercised (Shares)	3,725,000
Percentage of Shares Exercisable to Outstanding Common Shards	3.64%	Original Grant Price Per Share(NT$)	NT$13.49
Option Duration	6 years	Percentage of Shares Unexercised to Outstanding Common Shares（%）	81.14
Source of Option Shares	New Common Share	Impact to Shareholders 'Equity	Dilution to Shareholders' Equity is limited
Vesting Schedule（%）	2nd year : up to 50%/ 3nd year : up to 75%/ 4nd year : up to 100%		

3.2 ESOP Granted to Management Team and to Top 10 Employees with an Individual Grant Value over NT$30,000,000: None.

4. Status of Preferred Shares, Overseas Depository Certificate and Merger or Acquisition or the Issue of New Shares to Acquire Another Company's Shares：None.

5. The section on mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies：None.

6. Financing Plans and Implementation

6.1 Unsecured Corporate Bonds Contents of the Plans

Approval Date and Number: 2007/10/17 No.0960055581 of FSC.

A. Total Capital Required for the Plan: NT$ 500,000 Thousands.

B. Capital Source: Unsecured Corporate Bonds NT$ 500,000 Thousands.

C. Planning Items, Estimated Schedule of Capital Outflow：

Unit: Thousand NTD

Planning Items	Anticipated Completion Date	Total Capital Required	Estimated Schedule of Capital Outflow
			2007 4ndQ
Pay Back the Bank Long-term Loan	November, 2007	500,000	500,000
Total		500,000	500,000

6.2 Execution Status

6.2-1 Unsecured Corporate Bonds execution status:

Unit: Thousand NTD

Planning Items	execution status	Accumulation as of Nov.30, 2007		Comparison of Actual against Expected Effectiveness
		Amount Used	Execution Progress	
Pay Back the Bank Long-term Loan	Estimated	500,000	100.00%	Executed completely
	Actual	500,000	100.00%	
Total	Estimated	500,000	100.00%	
	Actual	500,000	100.00%	

6.2-2 Expected Effectiveness

Pay Back the Bank Long-term Loan and estimate can improve company's financial structure also decrease interest expenses NT$ 14,759 thousand dollars one year.

A. Financial Analysis

Unit: Thousand NTD/ %

Items \ Year	2007	2006	Diff.		Remark
			Amount	%	
Current Assets	438,421	583,367	(144,946)	(24.85)	Note 1
Current Liabilities	341,782	508,343	(166,561)	(32.77)	Note 2
Long-term Liabilities	536,047	418,250	117,797	28.16	Note 3
Total Liabilities	990,378	1,051,008	(60,630)	(5.77)	

Increase (decrease) analysis:

Note1：Current assets decrease, because cash and Accounts receivable-related parties reduce NT$ 154,054 thousand dollars and NT$ 13,193 thousand dollars.

Note2：Current Liabilities decrease, because current portion of long-term debt decrease NT$298,000 thousand dollars.

Note3：Long-term Liabilities increase, because Unsecured Corporate Bonds issued and long-term debt decrease NT$ 383,250 thousand dollars.

B. Financial Analysis

Unit: Thousand NTD/ %

Items \ Year	2007	2006	Diff.		Remark
			Amount	%	
Net Sales	954,047	817,866	136,181	16.65	
Interest expense	18,803	25,847	(7,044)	(27.25)	Note 1
Earnings per share (NTD)	3.12	2.02	1.1	54.55	Note 2

Variance Explanation：

Note1：Interest expense decrease, because pay back the bank long-term Loan NT$ 380 millions.

Note2：Earnings per share increase, because net income increase 58.43% in 2007,compared with 2006.

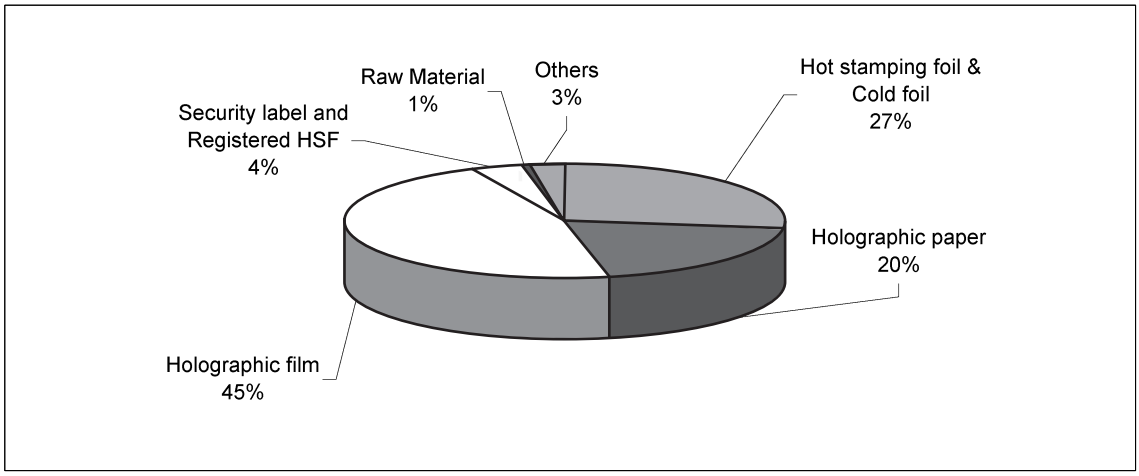
Operational Highlights

1. Business Activities

1.1 Business Scope

1.1-1 Operation Items：The company engages in the research and development, production and sales of holographic products. The major holographic products are included holographic film, hot stamping foil, cold foil, holographic paper and security label.

1.1-2 Major Products and Percent Sales：



1.1-3 Current products:

A. Hot Stamping Foil
B. Cold Foil
C. Register Hot Stamping Foil
D. Holographic paper
E. Holographic PET film
F. Holographic PVC film
G. Holographic OPP film
H. Holographic Security Label
I. Holographic Transfer Film

1.1-4 New products in plan：

A. Seamless product development and improvement
B. Transparent moralized holographic products development
C. Registered printed labels
D. Holographic Hot Stamping Foil for specific substrates (ex. Plastic and metal substrates…etc.)
E. Holographic film for card lamination

1.2. Industry Overview

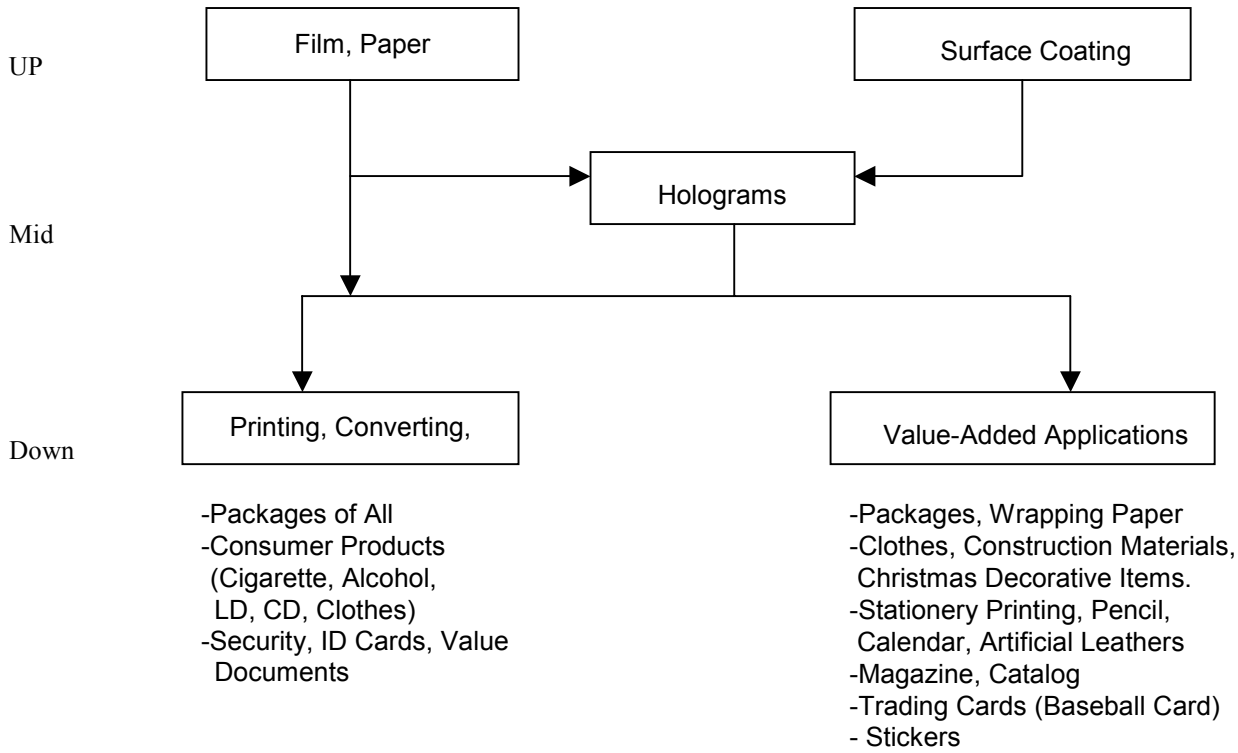
1.2-1 Current Industry Products and Development

K Laser is the biggest holographic material supplier that has high tech holographic and embossing

technology. More Specifically, K Laser is able to serve our clients from the world and offer them most appropriate products in time through our strong marketing and sale channel in the world.

All of suppliers are developing higher holographic technology to enhance packaging outlook and add security function with advance and creative products for facing product packaging, anti-counterfeit, value paper and ID security topic getting hot in this globalization era.

1.2-2 The Relationship Between Up-, Mid-, and Down-Stream Supply Chain Services



PET, OPP, PVC films, and paper are the most common carriers of holograms. We have secured steady supplies of films from Nanya Plastics and Univacco Technology, and papers from Yuen Foong Co., Ltd etc. The raw materials may affect the quality of hologram embossing. On the other hand, customers' requirements for material strength and temperature resistance as well as production speed are also crucial. In many cases, we have developed very close partnerships with customers and products of highly anti- counterfeiting and value-added packages.

Vertical integration will be a trend in the industry. Some hologram manufacturers begin investing in coating business to produce the materials for hologram embossing. At the same time, film suppliers are also developing materials that can be used for hologram embossing without coating. Some converters have also purchased embossing machines to produce holographic materials themselves.

1.2-3 Product Development Trends & Competition

1.2-3-1 Advanced Holography Technology

The underlying technology is highly complex and specific to the company but the end result is extremely simple as far as the untrained eye is concerned. And this is why the hologram industry needs to be looking at holographic origination techniques that deliver both complexity of the underlying technology with simplicity of the finished effect, and that at the same time cannot be acquired or copied by counterfeiters. Advances in hologram technology in recent years have centered on improving the quality and complexity of the images, as well

as the methods of mastering, production and application, resulting in holograms that, are brighter, with more dynamic and complex visual effects, than ever before；that can be turned around from specification to delivery of finished product in days and weeks rather than months；that are available in a wide range of materials compatible with substrates in regular use in user industries；that can either include or be combined with covert and other security technologies, and shimlineless new technology to make it easy to recognize and clearly holographic effect.

1.2-3-2 In Packaging

In packaging, meanwhile, it is barely possible to go out nowadays without seeing holography such as cosmetics, cigarette, 3C products and box…etc. In the past, it was used to recognize among products, but it's been changed to design well holographic pattern with printing color scheme and design to make products more attractive.

1.2-3-3 Integration of Hologram and machines total solution

In the past, holographic product suppliers are focus on material and product offering, but machines is actually closely linked with holographic application. Sometimes, the different machine and operation condition will affect the quality of finish products. Now we are going to provide the machine and product to customer for solving the problem from different machines. This will be a total solution for our client and it will also help us to enhance our products selling.

1.3 Technology and R&D Highlights

1.3-1 R&D Expenditures from 2006 to 2008Q1

Unit：NT$ Thousands

Year	2006	2007	2008Q1
R&D Expenditures	49,655	64,513	15,325

1.3-2 R&D Achievements and Plans for the Future

According to the market request and the technique Road-Map, R&D release following new Tech. and new Product in 2007.

A. Origination Technology: (a) Holographic Moire effect technology (b) Holographic lens effect pattern (c) High resolution (10000dpi) hologram mastering system (d) Automatic developing system for 1M hologram.

B. New Product: (a) Over-printable HSF (b) Over-printable Cold foil. (c) PVC film for Credit card. (d) Cross grating film (e) VOID Reverse partial tamper proof label (f) Destructible security label with hologram (g) Anti-abrasion HSF for credit card (h) Brush foil

C. Equipment Development: (a) Auto-Labeling machine (b) Wide web cold foil machine

R&D Strategy:

1. Develop high quality product
2. Total solution for customer
3. Transform Holographic film into Optical film
4. Support & service for affiliated companies

1.4. Long-Term & Short-Term Business Development Plan

K Laser Technology Inc. has established the business plan for short-term and long-term development by defining Taiwan site as manufacturing the high-margin products, and eyes on the global market.

1.4-1 Develop high-margin product to market

In order to maintain our operation performance, K Laser has been putting all efforts in enhancing the product quality and development of manufacturing capability. K Laser focuses on cosmetics and other high-margin security products as development target.

1.4-2 Enhance development of European and America market with brand image

Due to the environmental regulation, K Laser introduces market with environment friendly material to comply with market requirement, such as holographic paper and relative materials. Furthermore, K Laser will submit new design pattern and product application in order to impress customer to K Laser brand image and increase sales volume. At the same time, K Laser will participate international exhibition, seminar and relative market activities for introducing market with holographic products and establish co-operation relationship.

1.4-3 Targeting high-profit product, particular in China cigarette package market

K Laser's products offer different materials based on various substrates. K Laser guides its Hot stamping foils, registered foil and printing for high security & decoration purposes in China cigarette package market to get high gross margin.

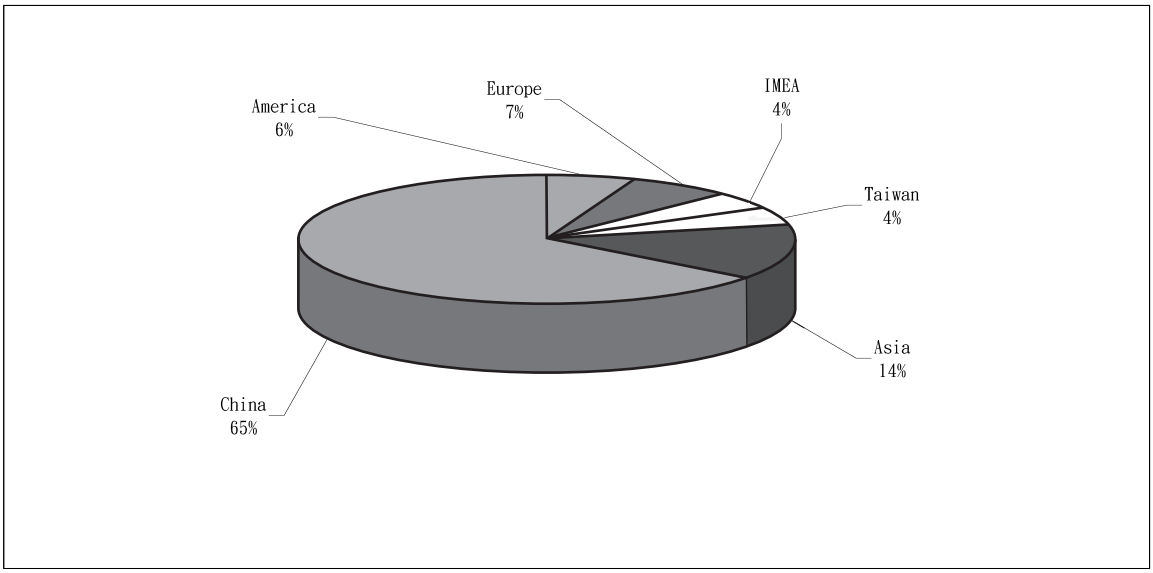
1.4-4 Provide Total solution concept and technical consultancy

In addition to selling product, K Laser also provides total solution package to customer in our sales network, research and development capability, which increases our competition and enhances the added value to our product.

2. Marketing and Sales Conditions

2.1 Market Analysis

2.1-1 Major Sales Regions：



2.1-3 Future Market Supply, Demand and Growth Potential

2.1-3-1 World-Wide Holographic Market

The major market is focus on Mainland China, Europe and America, and most of all- China. However, the hologram industries of North America and Western Europe are still healthy and their markets still continue to grow, but not at the rates of the boom years.

There are a lot of small factories in Mainland China, but it will be getting disappeared because of alliance trend, for example: the big cigarette company merge small one to make them bigger. On account of that, they will need to cooperate with good suppliers for stable lead-time, enough capacity, and better quality.

Besides, it is worth keeping developing Eastern Europe because it is growing continually and holographic acceptance is also high. In addition, their alcohol security and decoration market demand is getting more and more.

2.1-3-2 Holography Development in Great China

The major markets are in Mainland China, Hong Kong and Taiwan. Holography is very popular as a graphic feature on many brands of domestic cigarettes. Rainbow film is used as a laminate covering the entire box and cartons, brand logo, or holographic hot stamped accents for decoration (and security). Many holographic users are to help defeat the fakes and smuggling, so the quality of the hologram is generally very high, and they are often graphically over-printed to modulate the effect of the holograms. Due to new export de-tax policy of Mainland China that has been brought into force on July first of 2007, the export data will be cancelled for all of high-consume power, high pollution and recycle products. Furthermore, the dramatic increased of RMB if impacts export competitiveness of holographic manufactures in Mainland China still need to be observed.

2.1-4 Factors Relating to Future Development of KLT

2.1-4-1 Competitive Advantages

A. There is still ample room to grow in the security, decoration, printing, and packaging industries.

B. Some western competitors not faring well, which means possible opportunity to penetrate these markets.

D. KLT is the first to catch latest trends by utilize its worldwide facilities.

E. KLT continues to produce innovative products, improving production efficiency, and improving integration efficiency vertically.

F. KLT has good product quality, but more importantly KLT's brand is being recognized globally.

2.1-4-2 Negative Factors and Our Strategies

A. Manufacturer in China Produce Products at Low Costs and Sell at Low Prices.

Action：
In order to maintain market dominance in China, K Laser has a factory in Dong Guan, and another in Wuxi. The operation of these two sites follow the standard operation procedures set by K Laser Taiwan headquarters. Last year, another factory was built in Sichuan to further strengthen our competitiveness.

B. Lack of Marketing Information

Action：
K Laser has taken a number of steps not only to enhance the quality of the marketing information it receives, but also to translate that information into product sales. The company plans to attend more trade shows and increase the number of worldwide sales offices from 12 to 30 in China, US, Korea, Japan, Europe, India, Thailand and etc., so that more relevant data can be gathered.

C. Higher Raw Material Price Cause by Higher Oil Price

Action：

K Laser dedicates to develop local sources with lower cost and stable quality to improve the product competitive strength in the different countries, such as China, India and etc.

2.2 Applications of Major Processes & Product Manufacturing Process

2.2-1 Applications of Major Processes

A. Hot Stamping Foil target market

• Cigarette Packaging market •Stationery market • Wine Label market •Greeting card market
• Paper box market •ID Card market •Toy market

B. Cold Foil target market:

• Label market • Wine Label market • Beverage market • Soft tube market • Security market

C. PET film target market

• Decoration market Glitter market •Yarn market •Security label market •Tape market
• Artificial leather market •Demetalized market •Outer box market •Printing market

D. OPP film target market

• Shopping bag market • Paper folding box market • OPP lamination market
• Spring Festival couplets market • Tape market • Printing market •Demetalized market

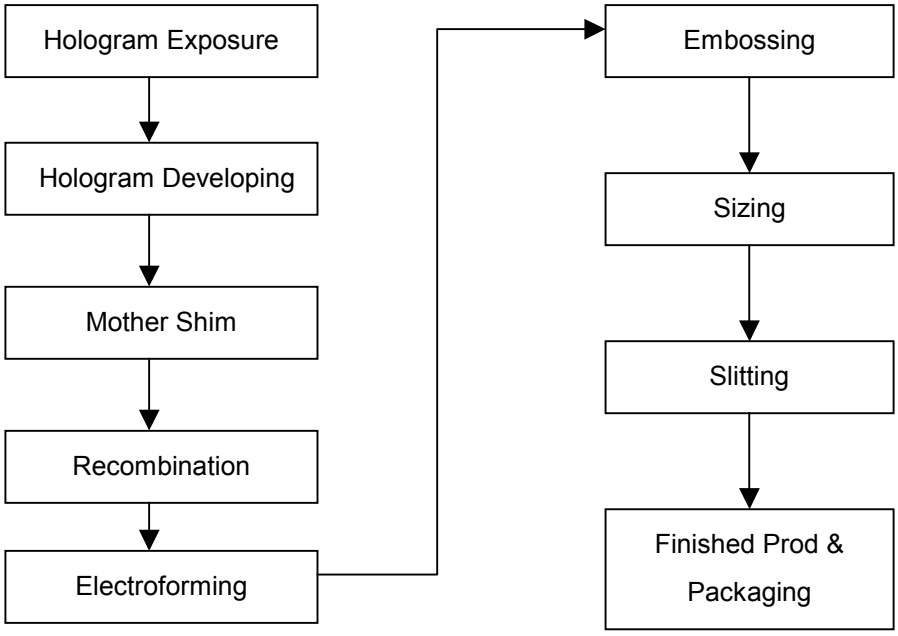
E. PVC film target market

•Christmas market •Sticker market •Ribbon market •Spring Festival couplets market
•Sequin market •Printing market

F. Holographic paper target market

•Packaging market •Paper folding box market •Greeting card market •Sticker market
•Wine label market •Magazine market •Stationery market •Paper bag market

2.2-2 Product Manufacturing Process (Hot Stamping Foil)



2.3 Major Raw Material & Status

The main raw materials used in hologram manufacturing are PVC, OPP and PET Films and papers. While KLT maintains multiple suppliers, the majority of its' film come from Nan Ya Plastic Corporation and Yuen Foong Co., Ltd.

2.4 Major Customers and Suppliers Who Had Made Up Exceeding 10%.

2.4-1 Major Suppliers

Unit：NT$ Thousands

Rank	2006			2007		
	Suppliers Name	Purchased Amount	Ratio Of year purchase (%)	Suppliers Name	Purchased Amount	Ratio Of year purchase (%)
1	Tai Leng Industry	197,299	52.29	Tai Leng Industry	243,803	52.64
2	Nan Ya Plastic	52,153	11.45	Nan Ya Plastic	59,506	12.85

2.4-2 Major Customers

Unit：NT$ Thousands

Rank	2006			2007		
	Customer Name	Sales Amount	Ratio Of year sales (%)	Customer Name	Sales Amount	Ratio Of year sales (%)
1	K Laser China Group	105,980	12.96	K Laser China Group	133,368	15.04
2	K Laser Technology (KOREA) Co., Ltd	105,082	12.85	VITA FRUIT	75,831	11.75

The sales to K Laser Technology (KOREA) Co., Ltd due to adjustment of group internal sale- flow change to sales to K Laser International Co., Ltd .The total sales amount to K Laser International Co., Ltd in 2007 was NT$ 68,939 thousands dollars and the ratio of year sales was 6.07%.

2.5 Production Quantity / Value from 2006 to 2007

Unit：NT$ Thousands /KM

Year / Production / Product	2006			2007		
	Capacity	Quantity	Value	Capacity	Quantity	Value
Holographic Security Labels	4,446	4,110	14,805	7,540	6,110	51,744
Holographic Materials	83,116	67,890	423,286	97,069	73,980	452,833
Others	-	628	2,741	-	1,315	4,075
Total	87,562	72,628	440,832	104,609	81,405	508,652

2.6 Sales Quantity / Value from 2006 to 2007

Unit：NT$ Thousands /KM

Year / Sales / Product	2006				2007			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Holographic Security Labels	1,956	8,821	31,141	28,891	2,439	10,792	12,927	78,500
Holographic Materials	22,658	127,385	72,932	546,415	29,826	149,406	86,266	638,348
Others	1,138	4,797	10,259	101,557	925	2,921	6,159	74,080
Total	25,752	141,003	114,332	676,863	33,190	163,119	105,352	790,928

3. Employee Analysis

Employee Analysis from 2006 to Apr.15, 2008

Year		2006	2007	Apr.15, 2008
Number of Employees	Administrators	106	116	120
	Engineers	22	23	19
	Technicians	46	41	42
	Total	174	180	181
Average Age		37.45	37.13	36.73
Average Years of Employment		6.92	6.15	6.14
Level of Education (%)	Ph.D.	1.15	0.56	0.55
	Masters Degree	9.2	9.44	9.39
	Bachelors/ Associate Degree	54.6	55	54.14
	Senior High School	31.61	32.22	33.15
	Under	3.45	2.78	2.76

4. Environmental Protection Information

4.1 Over the Last Two Years the Company Has Suffered No Related to Fines or Measures Resulting from Environmental Pollution.

4.2 The related information of matching up the RoHS：
The product of K Laser is not involved in the rules of RoHS.

5. Labor Relations

5.1 Employee Benefits, Education Plan, Training Plan, Retirement Policy, and Agreement With Employees.
The employee welfare policy is in accordance with the provisions in Labor Standards Law and Labor Pension Act and the related law. All of employee enter the Labor insurance and National health insurance, and paid the subsidy of maternity benefits, suffered injuries benefits ….by rules. We hold employee health examination each year and give the training allowance to make the employee fully intention to the job. On a regular time schedule, we have domestic and overseas tourism activities to enliven employee's heart and body.
Company retirement policy is applied to all formal employees. We consider employee's retirement fund according the seniority and salary. From1988, we monthly allot 2% of total employee's salary to retirement fund.

5.2 The Company Had Suffered No Loss Related to Labor Disputes Over the Last Two Years and Management Believes Its Labor Relations to Be Good.

6. Important Contracts

Nature of Contracts	Parties Concerned	Contract Period	Major Contents	Restriction Clause
Long-Term Borrowing	Industrial Bank of Taiwan	Nov. 2005～ Nov. 2008	Bank loan credit amount NT $50,000 thousands. Loan collateralized by credit.	

Financial Information

1. Condensed Financial Statements of the Last Five Years

1.1 Condensed Balance Sheet from 2003 to 2007

Unit：NT$ Thousands

Items \ Year		Financial Statements from 2003 to 2007 (Note1)					Mar 31,2008 (Note2)
		2003	2004	2005	2006	2007	
Current Assets		932,448	602,179	516,438	583,367	438,421	493,715
Fund & Investments		1,258,392	1,377,497	1,757,090	1,850,941	2,359,329	2,275,653
Fixed Assets		576,165	484,235	446,230	405,393	350,586	340,161
Other Assets (Including Intangible Assets)		306,912	350,043	426,725	217,672	201,012	197,870
Total Assets		3,073,917	2,813,954	3,146,483	3,057,373	3,349,348	3,307,399
Current Liabilities	Before Distribution	1,678,872	790,928	334,917	508,343	341,782	342,428
	After Distribution (Note 3)	1,678,872	790,928	408,789	652,496	438,528	439,174
Long-Term Liabilities		174,582	377,638	983,851	418,250	536,047	513,224
Other Liabilities		90,649	115,243	115,406	124,415	112,549	114,950
Total Liabilities	Before Distribution	1,944,103	1,283,809	1,434,174	1,051,008	990,378	970,602
	After Distribution (Note 3)	1,944,103	1,283,809	1,508,046	1,195,161	1,087,124	1,067,348
Capital Stock		1,128,290	1,394,464	1,394,464	1,371,794	1,371,794	1,330,199
Capital Surplus		490,572	453,419	245,142	472,134	334,865	313,319
Retained Earnings	Before Distribution	(485,639)	(239,994)	161,253	260,915	474,122	474,997
	After Distribution (Note 3)	(485,639)	(239,994)	87,381	116,762	256,552	257,427
Unrealized gains (losses) on financial assets		-	-	-	-	220,303	188,376
Cumulative Transaction Adjustment		(3,409)	(77,744)	(15,393)	24,980	120,555	50,482
Net Loss Not Recognized as Pension Cost		-	-	-	-	-	-
Treasury Stock		-	-	(73,157)	(123,458)	(162,669)	(20,576)
Total Equity	Before Distribution	1,129,814	1,530,145	1,712,309	2,006,365	2,358,970	2,336,797
	After Distribution	1,129,814	1,530,145	1,638,437	1,862,212	2,141,400	2,119,227

Note：1.The financial statements from 2003 to 2007 have been certified by CPA.

Note：2.The financial statements from 2008 Q1 have been certified by CPA.

Note：3. The earning distribution for year 2007 has been approved by the Broad meeting on Apr. 28,2008, but it hasn't been approved by the General Shareholders' Meeting. (The shareholder's meeting will be held on Jun 13,2008)

1.2 Condensed Income Statement from 2003 to 2007

Unit：NT$ Thousands (Except EPS)

Year / Items	Financial Statements from 2003 to 2007 (Note1)					Mar 31,2008
	2003	2004	2005	2006	2007	(Note2)
Net Sales	1,026,461	1,081,214	846,659	817,866	954,047	219,446
Gross Profit	221,970	190,205	163,235	245,475	314,743	69,347
Operating Income	29,849	(3,804)	(4,103)	91,865	142,676	22,829
Non-Operating Revenue	62,222	225,084	233,744	187,426	392,623	68,020
Non-Operating Expense	440,986	108,930	54,197	41,286	66,290	36,363
Gain(Loss) before Tax from Continued Operations	(348,915)	112,350	175,444	238,005	469,009	54,486
Gain(Loss) from Continued Operations	(244,516)	81,350	161,253	264,105	416,389	52,486
Gain（Loss）from Discontinued Operations	-	-	-	-	-	-
Extraordinary Gain or Loss	-	-	-	-	-	-
Cumulative Effect of Changes in Accounting Principles	-	-	-	(1,288)	-	-
Net Income(Loss)	(244,516)	81,350	161,253	262,817	416,389	52,486
Earnings Per Share (NT$) Note2	(2.2)	0.69	1.16	2.02	2.86	0.37

Note：1.The financial statements from 2003 to 2007 have been certified by CPA.
2.The financial statements of 2008 Q1 have been certified by CPA.
3. Earnings per share are based on retroactively adjusted weighted average outstanding common stocks.

1.3 CPA's Opinion of the Last Five Years

1.3-1 CPA's Opinion from 2003 to 2007

Year	CPA	Auditors' Opinion
2003	Chi-Chant. Lu, Kenny, Hong	An Unqualified Opinion with an Explanatory Paragraph
2004	Kenny Hong, Wen-Chin, Lin	An Unqualified Opinion with an Explanatory Paragraph
2005	Chi-Chant. Lu, Ming-Yu, Chiu	An Unqualified Opinion with an Explanatory Paragraph
2006	Chi-Chant. Lu, Ming-Yu, Chiu	An Unqualified Opinion with an Explanatory Paragraph
2007	Chi-Chant. Lu, Ming-Yu, Chiu	An Unqualified Opinion with an Explanatory Paragraph

2.Financial Analysis of the Last Five Years

Analysis Items \ Year			Financial Analysis from 2003 to 2007(Note1)					Mar 31,2008 (Note2)
			2003	2004	2005	2006	2007	
Capital Structure (%)	Debt Ratio		63.25	45.62	45.58	34.38	29.57	29.35
	Long-Term Funds to Fixed Assets		226.39	393.98	604.21	598.09	825.77	837.84
Solvency (%)	Current Ratio		55.54	76.14	154.20	114.76	128.28	144.18
	Quick Ratio		50.25	66.15	132.88	99.39	101.48	120.30
	Interest Guarantee (Times)		-	1.63	8.37	10.21	25.94	13.57
Operating Performance	Account Receivables Turnover (Times)		5.08	4.02	3.01	3.64	5.00	4.79
	Average AR Turnover Days		72	91	121	100	73.02	76.27
	Inventory Turnover (Times)		11.69	9.21	9.52	9.92	8.81	7.96
	Account Payable Turnover (Times)		4.57	6.42	6.44	4.67	4.79	4.82
	Average Inventory Turnovers Days		31	40	38	37	41.45	45.87
	Fixed Assets Turnover (Times)		1.78	2.23	1.90	2.02	2.72	2.58
	Total Assets Turnover (Times)		0.33	0.38	0.27	0.27	0.28	0.27
Profitability	Return on Total Assets (%)		(6.34)	3.85	6.01	9.10	13.52	6.81
	Return on Equity (%)		(19.82)	6.12	9.95	14.13	19.08	8.94
	Return on Capital (%)	Operating Income	2.65	(0.27)	(0.31)	6.70	10.40	6.86
		Income Before Tax	(30.92)	8.06	13.05	17.35	34.19	16.38
	Net Profit Ratio (%)		(23.82)	7.52	19.05	32.13	43.64	23.92
	Earnings Per Share (NT$)		(2.20)	0.69	1.16	2.02	3.12	0.40
Cash Flow	Cash Flow Ratio (%)		8.63	-	69.17	46.82	62.20	62.08
	Cash Flow Adequacy Ratio (%)		75.30	-	104.61	198.87	168.70	156.57
	Cash Reinvestment Ratio (%)		5.41	-	7.48	5.94	2.42	3.47
Leverage	Operating Leverage		10.57	(96.69)	(57.16)	3.35	2.23	2.42
	Financial Leverage		-	-	-	1.39	1.15	1.23

The change explains of the recently two years of the financial analysis：(Increase or decrease more than 20%)

(1) The increasing of Long-Term Funds to Fixed Assets is due to shareholders' equity increase NT$352,605(thousands) in 2007 than in 2006 and long-term liabilities increase NT$117,797(thousands).

(2) The increasing of Interest Guarantee & Return on Total Assets & Return on Equity & Net Profit Ratio is due to net income increase NT$153,572(thousands) in 2007 than in 2006.

(3) The increase of Account Receivables Turnover is due to net sales increase NT$136,181(thousands) in 2007 than in 2006 and average of the period of AR decrease NT$34,126(thousands).

(4) The increasing of Fixed Assets Turnover is due to net sales increase NT$136,181(thousands) in 2007 than in 2006 and fixed assets decrease NT$54,807(thousands).

(5) The increasing of Return on Total Assets is due to net sales increase NT$136,181(thousands) in 2007 than in 2006 and fixed assets decrease NT$54,807(thousands).

(6) The increasing of Operating Income & Income Before Tax to Return on Capital is due to operating income increase NT$50,811(thousands) and income before tax increase NT$231,004(thousands) in 2007 than in 2006.

(7) The increasing of Cash Flow Ratio is due to current liabilities decrease NT$166,561(thousands) in 2007 than in 2006.

(8) The decreasing of Cash Reinvestment Ratio is due to cash dividend increase NT$63,956(thousands) in 2007 than in 2006, long-term investment increase NT$ 508,388 (thousands) and working capital increase NT$ 21,615 (thousands).

(9) The decreasing of Operation Leverage is due to net sales increase NT$50,811(thousands) in 2007 than in 2006.

Note：1.The financial statements from 2003 to 2007 have been certified by CPA.

Note：2.The financial statements of 2008 Q1 have been certified by CPA.

Note：3.Earnings per share are based on retroactively adjusted weighted average outstanding common stocks.

Note：4.Financial Analysis formulas show as the following：

- Capital Structure：(1) Debt Ratio＝Total liabilities／Total Assets
  (2) Long-Term Funds to Fixed Assets＝(Stockholders' Equity＋Long-Term liabilities)／Property, plant and equipment, net
- Solvency：(1) Current Ratio＝Current Assets／Current Liabilities
  (2) Quick Ratio＝（Current Assets－Inventories－Prepaid Expenses）／Current Liabilities
  (3) Interest Guarantee(Times)＝Income before tax and interest expenses／interest expenses
- Operating Performance：
  (1) Account Receivables Turnover (Times)＝ Net Sales／average of the period of AR
  (2) Average AR Turnover Days＝365／Account Receivables Turnover (Times)
  (3) Inventory Turnover(Times)＝Cost of Sales／average of inventories
  (4) Account Payable Turnover (Times)＝Cost of Sales／average of the period of AP
  (5) Average Inventory Turnovers Days＝365／Inventory Turnover (Times)
  (6) Fixed Assets Turnover (Times)＝Net Sales／Property, plant and equipment, net
  (7) Total Assets Turnover (Times)＝Net Sales／Total Assets
- Profitability：
  (1) Return on Total Assets (%)＝〔Net income after tax＋interest expense×（1－ratio of tax）〕／average of Total Assets。
  (2) Return on Equity (%)＝Net income after tax／average of Stockholders' Equity
  (3) Net Profit Ratio (%)＝Net income after tax／Net Sales
  (4) Earnings Per Share (NT$)＝（Net income after tax－Stock Div.-Preferred）／weight average outstanding common stocks
- Cash Flow：
  (1) Cash Flow Ratio (%)＝Net cash provided by operating activities／Current Liabilities
  (2) Cash Flow Adequacy Ratio (%)＝Net cash provided by operating activities in recently five year／Recently five year of (capital expenses＋Increase of inventories+ Cash dividend)
  (3) Cash Reinvestment Ratio (%)＝(Net cash provided by operating activities-Cash dividend)／(Property, plant and equipment, gross +Long-Term Investment + other assets + Working Capital)
- Leverage：
  (1) Operating Leverage＝(Net Sales－changes of operating cost and expense) ／ operating income
  (2) Financial Leverage＝operating income／(operating income－interest expense)

3.Supervisors' Report

The Board of Directors have prepared and submitted to us the Company's 2007 Business Report, Financial Statements, and proposal for allocating profit. The CPAs of Deloitte & Touche were retained to audit the Financial Statements and have submitted a report relating there too. The above Business Report, and Financial Statements and proposal have been further examined as being correct and accurate by the undersigned, the supervisors of the Company. According to the Article 219 of the Company Law, we hereby submit this report.

K Laser Technology Inc.

Supervisors：

Wei-Chung Hung

Sun-Tai Lin

Apr. 28,2008

4. Financial Statements and Independent Auditors' Report：Please see the page41o page105 of Chinese Annual Report.
5. Group Consolidated Financial Statements：Please see the page106 to page171 of Chinese Annual Report.
6. Financial Distress in Company and Subsidiaries：None.

Financial Status, Operating Results and Risk Management

1. Financial status Analysis

Unit：NT $Thousands

Item \ Year	2007	2006	Difference		Notes
			Amount	%	
Current Assets	438,421	583,367	-144,946	-24.85%	(Note 1)
Fixed Assets	350,586	405,393	-54,807	-13.52%	
Other Assets	201,012	217,672	-16,660	-7.65%	
Total Assets	3,349,348	3,057,373	291,975	9.55%	
Current Liabilities	341,782	508,343	-166,561	-32.77%	(Note 2)
Long-term Liabilities	536,047	418,250	117,797	28.16%	(Note 3)
Total Liabilities	990,378	1,051,008	-60,630	-5.77%	
Capital	1,371,794	1,371,794	0	0.00%	
Additional Paid in Capital	334,865	472,134	-137,269	-29.07%	(Note 4)
Retained Earnings	474,122	260,915	213,207	81.72%	(Note 5)
Total Equity	2,358,970	2,006,365	352,605	17.57%	

Analysis

Note 1：Due to decrease cash & cash equivalents、receivables – related parties and other current assets.

Note 2：Due to decrease bank credit loans.

Note 3：Due to issue convertible bonds and decrease long-term bank credit loans.

Note 4：Due to equity investment companies decrease their capital stock.

Note 5：Due to much better operating results in 2007.

2. Operating Results and Analysis

Unit：NT $Thousands

Item \ Year	2007	2006	Difference		Notes
			Amount	%	
Net Sales	$954,047	$817,866	136,181	16.65%	
Cost of Goods Sold	639,304	565,837	73,467	12.98%	
Gross Profit	314,743	252,029	62,714	24.88%	(Note1)
+ (-): Realized (Unrealized) Gross Margin	4,007	-6,554	10,561	161.14%	(Note2)
Operating Expense	176,074	153,610	22,464	14.62%	
Operating Income	142,676	91,865	50,811	55.31%	(Note1)
Non-Operating Revenue	392,623	187,426	205,197	109.48%	(Note3)
Non-Operating Expenses	66,290	41,286	25,004	60.56%	(Note4)
Income Before Tax	469,009	238,005	231,004	97.06%	(Note1)
Tax Expense (Benefit)	52,620	26,100	26,520	101.61%	(Note1)
Cumulative Effect of Changes in Accounting Principles	0	-1,288	1,288	100.00%	
Net Income	$416,389	$262,817	153,572	58.43%	(Note1)

Analysis

Note 1：Increase in gross profit in 2007 was mainly due to sales high margin production. KLT successfully transfer lower margin production to subsidiaries and concentrate on working high margin production.

Note 2：Increase in realized (unrealized) gross margin was mainly due to in 2007 the products sold to subsidiaries, and subsidiaries inventories have been sold, and is transferred to in realized gross margin in 2007.

Note 3：Increase in non-operating revenue in 2007 was mainly due to investment income recognized under equity method increase in 2007.

Note 4：Increase in non-operating expenses in 2007 was mainly due to loss on valuation of financial liability increase in 2007.

3. Cash flow and Analysis

3.1 Cash Flow Liquidity and Analysis

Unit：NT $Thousands

Beginning Cash on Jan 1,2007	Projected Cash Inflow from Operating Activities (2007)	Projected Cash Outflow	Projected Ending Cash Balance on Dec 31,2007	Remedy for Cash Shortfall	
				Investment Plan	Financial Plan
277,451	212,594	(366,648)	123,397	-	-

Cash flow variety analysis of 2007

1. Operating Activities：Make a good profit in 2007, Net income increased NT$153,572 (thousands) than in 2006.
2. Investing & Financing Activities：Due to increase long-term equity investments NT$168,621 (thousands) and issue Corporate bonds NT$500,000 (thousands) and decrease long-term liabilities NT$681,250 (thousands).

3.2 Remedy for Cash Shortfall and Analysis of Cash Liquidity：Not Applicable

3.3 Analysis of Cash Liquidity for 2008

Unit：NT$ Thousands

Beginning Cash on Jan 1,2008	Projected Cash Inflow from Operating Activities (2008)	Projected Cash Outflow	Projected Ending Cash Balance on Dec 31,2008	Remedy for Cash Shortfall	
				Investment Plan	Financing Plan
123,397	157,150	(28,601)	251,946	-	-

4. Major Capital Expenditure and Analysis

4.1 Major Capital Expenditure and Its Source of Capital

Unit：NT$ Thousands

Planning Items	Actual or Planned Sourced Capital	Actual or Planned Completion Date	Total Amount Capital Required	The Execution of Actual or Planned Major Capital Expenditure	
				2007	2006
Machine	Own Capital	Dec 31,2007	16,831	16,831	—
R&D Equipment	Own Capital	Dec 31,2007	22,418	19,624	2,794

4.2 Estimated Possible Benefits

The equipment were set up ready in 2007 to increase production and sales. Purchase equipments can keep the competition superiority of hologram technology and combine Hologram Exposure technology and high-color shim, generally application with special hot stamping and printing requirement make us can offer the advance security labels satisfied customers' requirement. Recommend the security technology of valuable securities and production management system to pursue our outstanding technology and competitive product.

5. Long-Term Investment Analysis:

5.1 Investment of 2007

Subsidiary-We invested US$ 728 thousand dollars to K Laser Technology (Thailand) Co., Ltd. in Mar.2007. K Laser Technology (Thailand) Co., Ltd. set up in the year 1995, the net income of 2007 and 2006 was US$ 334 and US$ 517 thousand dollars；K Laser Technology (Thailand) Co., Ltd. market share and total performance always keep well. It was a long distance between factory and office of K Laser Technology (Thailand) Co., Ltd. In order to increase efficiency, our BOD meeting approved increasing the capital of K Laser Technology (Thailand) Co., Ltd. to purchase land and relocated the factory and office.

5.2 Investment Plan of 2008

In the future year, we plan to increase our subsidiaries' capital of Amagic Holographics, Inc and Amagic Holographics Mexico,S.A. de C.V. for purchasing equipment and factory to further strengthen the competitiveness.

6. Risk Management Analysis & Evaluation

6.1 Management of Economic Risk：Interest Rate Risk, Foreign Exchange Risk, Inflation

The interest expense was NT$18,803 thousands in 2007, and foreign exchange gain was NT$675 thousands；The interest expense was NT$4,336 thousands in 2008Q1，and foreign exchange loss was NT$18,583 thousands. We estimate bank interest rate in regular time, and refer to all kinds of derivatives to avoid the risk. As to the exchange rate，gather the international financial information and variation of exchange rate any time, and operate foreign exchange by the policy exactly and tightly control the flow path.

6.2 Management of Financial Risk

6.2-1 High Risk of Financial Transactions：

To control management financial risk, we are not engaged in high-risk investment. To control transaction risk, we set up healthy financial and operating internal control according F.S.C related rules, we operated derivatives by our company「Derivatives trade process program」.

6.2-2 Status of Endorsement and Guarantee：Rule by "Procedures for Endorsement and Guarantee".

Unit：Thousands

Name	Relation	2007	Mar 31, 2008
K Laser China Group Co., Ltd.	KLT direct investment by holding 72% company	US$ 3,000	US$ 3,000
Holoprint Co., Ltd.	KLT indirect investment by holding 72% company	US$ 1,500	US$ 1,500
K Laser Technology (Dong Guan) Co., Ltd.	KLT indirect investment by holding 72% company	RMB$10,000	RMB$10,000

6.2-3 Status of Lending Funds to Other Parties：None.

6.3 Upcoming Research & Development Plans and Estimates Investments

Unit：NT$ Thousands

Items	R&D Projects	Expenditure	Estimated Mass Production
1	High resolution (10000dpi) hologram mastering system	12,000	Dec., 2008
2	1M hologram mastering system with LCD panel	6,000	Mar., 2009

6.4 Political and Regulatory Environment：None

6.5 Technological Development Risk：None

6.6 Safety, Health and Environment Protection：None

6.7 Mergers and Acquisition：None

6.8 Factory Building Expansions：None

6.9 Procurement and Sales Concentration

▪ Purchase：

- Univacco Technology Inc is one of K Laser major suppliers. We purchased from UTTW was 53% of the net total purchasing goods in 2007. The major reason is due to K Laser main product is hot stamping foil business and UTTW product is our main material. To control the material source and production quality, we used the methods of combining up- stream supply and making alliance agreement in the future to decrease product cost and supply risk, K Laser is the largest legal shareholder of UTTW, so we not only have no problem of supply centralization, but have beneficial result of stable supply source.
- Nan-Ya Plastic is one of K Laser major suppliers. We purchased from Nan-Ya Plastic was 13% of the net total purchasing goods in 2007. The major reason is due to Nan-Ya Plastic is the few domestic company that product PVC and correspond the international quality standard. Although we purchase PVC from other companies also, but considering the quality and delivery date, Nan-Ya Plastic have the priority to consolidate the good will of K Laser.

▪ Sales：

K Laser China Group Co., Ltd. is one of the major customers. K Laser sold to China Group was 15% of net sales in 2007. K Laser China Group Co., Ltd. set up in Tortola, British Virgin Islands, is K Laser 72% holding company. We sell product to Wuxi and Dong Guan though China Group. K Laser keeps high technology product and special raw material in Taiwan to product and sell to wide market of China. That is reasonable and no having sales centralization risk.

6.10 Large Changes by Director, Supervisors, or Shareholders with Greater than 10%：None

6.11 Change in Operational Control：None

6.12 Litigious or Non-Litigious Matters：None

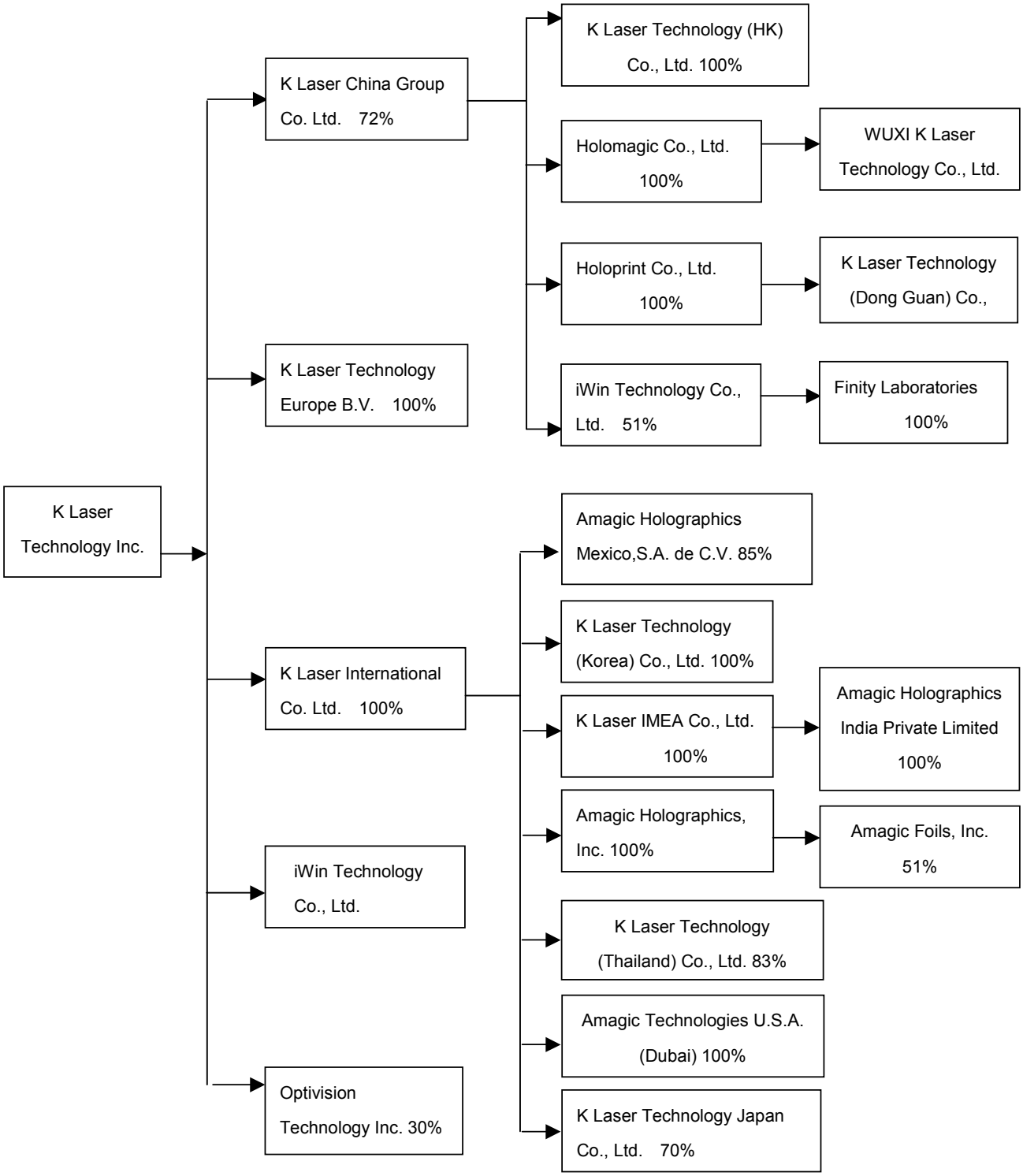
6.13 Risk from Other Important Issues：None

7. Other Necessary Supplements：None

Special Disclosures

1. Affiliates Company Information

1.1-1 Group Brief Introduction



1.1-2 Background Information of the Affiliated Companies

Unit: Original $Thousands

Entity	Date of Incorporation	Address	Capital	Main Operation or Business Items
Amagic Technologies U.S.A. (Dubai)	1996/12/03	Jebel Alfree Zone R.A.8 CA-02 P.O. BOX 61306 Dubai, UAE.	AED $ 913	Sales of Holographic Products
K Laser China Group Co., Ltd.	2000/10/31	TrustNet Chambers, P.O. Box 3444, Poad Town, Tortola, British Virgin Islands	US $ 16,983	Investment Business
K Laser International Co., Ltd.	2000/10/31	TrustNet Chambers, P.O. Box 3444, Poad Town, Tortola, British Virgin Islands	US $ 20,137	Investment Business
K Laser Technology Europe B.V.	2003/08/20	Eglantierbaan 8,2908 LV Capelle aan den IJssel The Netherlands	EUR $ 403	Sales of Holographic Products
K Laser Technology Japan Co., Ltd.	2003/07/11	大阪市阿倍野区松崎町三丁目14番22號	JPY $ 96,000	Production and Sales of Holographic Products
Optivision Technology Inc.	2004/07/01	No.1,Li-Hsin Rd. VI, SBIP, Hsinchu, Taiwan	NT$ 243,500	Production and Sales of Optical Instrument and Electronic Components
iWin Technology Co., Ltd	2005/03/22	Jipfa Building, 3th Floor, Main Street, Road Town, Tortola, British Virgin Islands	US $ 1,000	Investment Business
Amagic Holographics Mexico,S.A.DE C.V.	2001/09/07	Iranciso I. Madero #21 Col. San Juan Lxhuatepec Tlalnepantla Edo. Mex C.P. 54189	MXN $ 1,960	Sales of Holographic Products
Amagic Holographics, Inc.	1993/02/18	7152 Patterson Drive Garden Grove, California 92841 U.S.A.	US $ 6,000	Production and Sales of Holographic Products
K Laser Technology (Thailand) Co., Ltd.	1995/12/18	226/8 Pattanakarn RD., Pravet, Bangkok 10250,Thailand	THB $ 112,200	Production and Sales of Holographic Products
K Laser Technology (Korea) Co., Ltd.	2002/08/26	2300-4 Daehwa-Dong Goyang-Si Ilsan-Gu Gyeonggi-Do, Korea	KRW $ 1,378,000	Sales of Holographic Products
K Laser IMEA Co., Ltd.	2003/07/03	Suite 802, St James Court St Denis Street, Port Louis, Mauritius	US $ 3,250	Investment Business
K Laser Technology (HK) Co., Ltd.	2000/06/28	No. 6, 1/F, Trust Centre, 912 Cheung Sha Wan Road, Kowloon, Hong Kong.	HK $ 1,284	Sales of Holographic Products
Holomagic Co., Ltd.	2000/09/29	TrustNet Chambers, P.O. Box 3444, Poad Town, Tortola, British Virgin Islands	US $ 12,051	Investment Business
Holoprint Co., Ltd.	2000/09/29	TrustNet Chambers, P.O. Box 3444, Poad Town, Tortola, British Virgin Islands	US $ 13,780	Investment Business
WUXI K Laser Technology Co., Ltd.	2000/12/29	(#60Segmen, Changjiang road Wuxi New District Zone, Wuxi Jiangsu, China)	RMB $ 126,339	Production and Sales of Holographic Products
K Laser Technology (Dong Guan) Co., Ltd.	2001/09/07	(Da Hsui Hu Area, Da Pian Mei Village, Daling Shang, Dong Guan City)	RMB $ 91,060	Production and Sales of Holographic Products
Amagic Holographics India Private Limited.	2003/07/11	B-74 Ambad MIDC Industrial Area, Ambad, Nashik 422010	INR $ 109,156	Production and Sales of Holographic Products
Amagic Foils, Inc.	2005/04/20	7152 Patterson Drive Garden Grove, California 92841 U.S.A.	US $ 1,000	Sales of Holographic Products
Finity Laboratories	2001/11/16	922 San Leandro AVE. Suites D&E Mountain View, Santa Clara California 94043 U.S.A.	US $ 700	R&D of Holographic Technology

Note: Up to 2007/12/31.

1.1-3 Information Regarding Same Shareholders of Affiliated Companies Who Is Deemed to Have Control or Subject to Significant Influence：None

1.1-4Directors, Supervisors, and Presidents of the Affiliated Companies

Entity	Title	Name of the Representation	Shareholding	
			Shares	Holding (%)
Amagic Technologies U.S.A (Dubai)	Chairman (K Laser)	Alex Kuo	-	100.00%
K Laser China Group Co., Ltd.	Director (K Laser)	Alex Kuo	12,175,266	71.69%
	Director (K Laser)	Daniel Kuo	-	-
	Director (K Laser)	C. L. Kuo	-	-
	Director (K Laser)	Teresa Huang	-	-
	Director (IP Fund)	Cho Te Chin	489,374	2.64%
	Director (DBS)	Wong, Ngai-Lun	1,666,667	9.81%
K Laser International Co., Ltd.	Director (K Laser)	Alex Kuo	20,136,665	100.00%
K Laser Technology Europe B.V.	Director (K Laser)	Pen Cheng	402,500	100.00%
K Laser Japan Co., Ltd.	Chairman (International)	Daniel Kuo	1,344	70.00%
	Director	Jun Murata	575	30.00%
	Director	Alex Kuo		
	Director	Lisa Hsu		
	Director	Shiro Murata		
	Supervisor	Hiroaki Soejima		
Optivision Technology Inc	Chairman	Daniel Kuo	617,962	2.54%
	Director (K Laser)	Alex Kuo	7,298,170	29.97%
	Director (IP Fund)	Cho Te Chin	2,310,000	9.49%
	Director (茂伯投資)	Meiling Li Wang	2,750,000	11.29%
	Director (元奇投資)	Kun Feng Huang	4,400,000	18.07%
	Supervisor	ShiXian Chen	275,000	1.13%
iWin Technology Co., Ltd	Director (K Laser)	Alex Kuo	490,000	49%
	Director (KLCN)	Alex Kuo	510,000	51%
Amagic Holographics Mexico,S.A.DE C.V.	Chairman (International)	Alex Kuo	170,000	85.00%
Amagic Holographics, Inc.	Chairman (International)	Alex Kuo		
	Director (International)	Daniel Kuo	6,000,000	100.00%
	Director (International)	Morgan Tsai		
K Laser Technology (Thailand) Co., Ltd.	Chairman (International)	Alex Kuo	9,277,984	82.69%
	Director & G.M.	Simon Fwu	1,000,000	8.91%
	Director	S. L. Yang	202,998	1.81%
	Director	Mrs. Arunrat	302,016	2.69%
K Laser Technology (Korea) Co., Ltd.	Chairman (International)	Daniel Kuo		
	Director (International)	Pen Cheng	275,600	100.00%
	Supervisor (International)	Howard Chen		
K Laser IMEA Co., Ltd.	Director (International)	Alex Kuo	3,250,390	100.00%
K Laser Technology (HK) Co., Ltd.	Director (China Group)	Alex Kuo	1,283,499	100.00%
Holomagic Co., Ltd.	Director (China Group)	Alex Kuo	12,050,656	100.00%
Holoprint Co., Ltd.	Director (China Group)	Alex Kuo	13,780,381	100.00%
WUXI K Laser Technology Co., Ltd.	Director (Holomagic)	Alex Kuo	-	100.00%
K Laser Technology (Dong Guan) Co., Ltd.	Director (Holoprint)	Alex Kuo	-	100.00%
Amagic Holographics India Private Limited.	Director (IMEA)	Alex Kuo	10,915,954	100.00%
Amagic Foils, Inc.	Director (Amagic Holograpgic)	Alex Kuo	510,000	51.00%
	Director (Univacco)	K.L. Tsai	490,000	49.00%
Finity Laboratories	Director (iWin)	Alex Kuo	700,000	100.00%

Note: Up to 2007/12/31.

1.1-5 Operating Highlights of the Affiliated Companies

Financial Status and Operating Results

Unit：NT$ Thousands

Entity	Capital	Total Assets	Total Liabilities	Net Worth	Sales	Operating Income	Net Income (After Tax)	EPS (NT$) (After Tax)	Face value (original dollar)
Amagic Technologies U.S.A. (Dubai)	8,060	81,589	32,080	49,509	108,507	11,007	10,457	N/A	—
K Laser China Group Co., Ltd.	550,987	1,920,383	406,741	1,513,641	138,916	(8,230)	324,606	19.11	USD 1
K Laser International Co., Ltd.	653,294	589,607	5,448	584,159	83,051	1,390	51,076	2.54	USD 1
K Laser Technology Europe B.V.	19,051	2,135	88	2,047	686	(559)	(1,016)	(2.52)	EUR 1
K Laser Japan Co., Ltd.	27,936	80,728	28,957	51,770	116,380	15,375	9,953	5,183.92	JPY 50,000
Optivision Technology Inc.	300,000	431,917	111,411	320,506	99,274	(46,127)	(33,047)	(1.10)	NT10
iWin Technology Co., Ltd	32,443	35,711	0	35,711	0	(78)	(6,472)	(6.47)	USD 1
Amagic Holographics Mexico,S.A..DE C.V.	5,837	45,833	37,598	8,235	50,649	3,514	1,784	8.92	MXN 9.8
Amagic Holographics, Inc.	194,658	138,389	1,843	136,546	62,433	(3,004)	349	0.06	USD 1
K Laser Technology (Thailand) Co., Ltd.	121,737	215,918	37,062	178,856	182,730	17,151	16,982	1.51	THB10
K Laser Technology (Korea) Co., Ltd.	47,817	91,449	10,266	81,183	106,393	14,150	10,975	39.82	KRW 5,000
K Laser IMEA Co., Ltd.	105,452	68,137	476	67,660	616	(34)	(4,853)	(1.49)	USD 1
K Laser Technology (HK) Co., Ltd.	5,339	27,900	838	27,062	78,334	3,137	3,764	2.93	HKD1
Holomagic Co., Ltd.	390,959	1,123,034	28,354	1,094,680	137,782	(10,898)	223,658	18.56	USD 1
Holoprint Co., Ltd.	447,077	774,621	91,982	682,639	18,741	(5,983)	113,615	8.24	USD 1
WUXI K Laser Technology Co., Ltd.	561,196	1,491,352	413,382	1,077,969	1,490,454	257,276	231,273	N/A	—
K Laser Technology (Dong Guan) Co., Ltd.	404,491	986,414	456,707	529,707	807,520	117,276	118,873	N/A	—
Amagic Holographics India Private Limited.	89,945	69,958	26,561	43,397	45,214	(4,123)	(1,224)	(0.11)	INR10
Amagic Foils, Inc.	32,443	74,348	40,632	33,716	106,470	2,857	2,336	2.34	USD 1
Finity Laboratories	22,710	15,652	829	14,823	25,003	(8,097)	(6,871)	(9.82)	USD 1

Note: Up to 2007/12/31.

B/S Exchange Rate：

$ 1 USD= $ 32.443 NT	$ 1 EUR= $ 47.331 NT
$ 1 HKD=$ 4.160 NT	$ 1 RMB=$ 4.442 NT
$ 1 JPY=$ 0.291 NT	$ 1 DHS=$ 8.942 NT
$ 1 THB=$ 1.085 NT	$ 1 KRW=$ 0.0347 NT
$ 1 MXN=$ 2.978 NT	$ 1 INR =$ 0.824 NT

I/S Exchange Rate：

$ 1 USD =$ 32.844 NT	$ 1 EUR =$ 44.976 NT
$ 1 HKD =$ 4.211 NT	$ 1 RMB =$ 4.318 NT
$ 1 JPY =$ 0.279 NT	$ 1 DHS =$ 8.942 NT
$ 1 THB =$ 1.015 NT	$ 1 KRW =$ 0.035 NT
$ 1 MXN =$ 3.008 NT	$ 1 INR =$ 0.798 NT

1.2 Consolidated Financial Statements: Please Refer to KLT's Consolidated Financial Statements.

2. Private Placement Securities：None
3. K Laser Shares Held or Sold by its Subsidiaries：None
4. Other Necessary Supplements：None

Major items to affect equity or stock price

Major Items to Affect Equity or Stock Price：None

光群雷射科技股份有限公司

K LASER TECHNOLOGY INC

負責人 / Chairman ： 郭維武 / Alex Kuo

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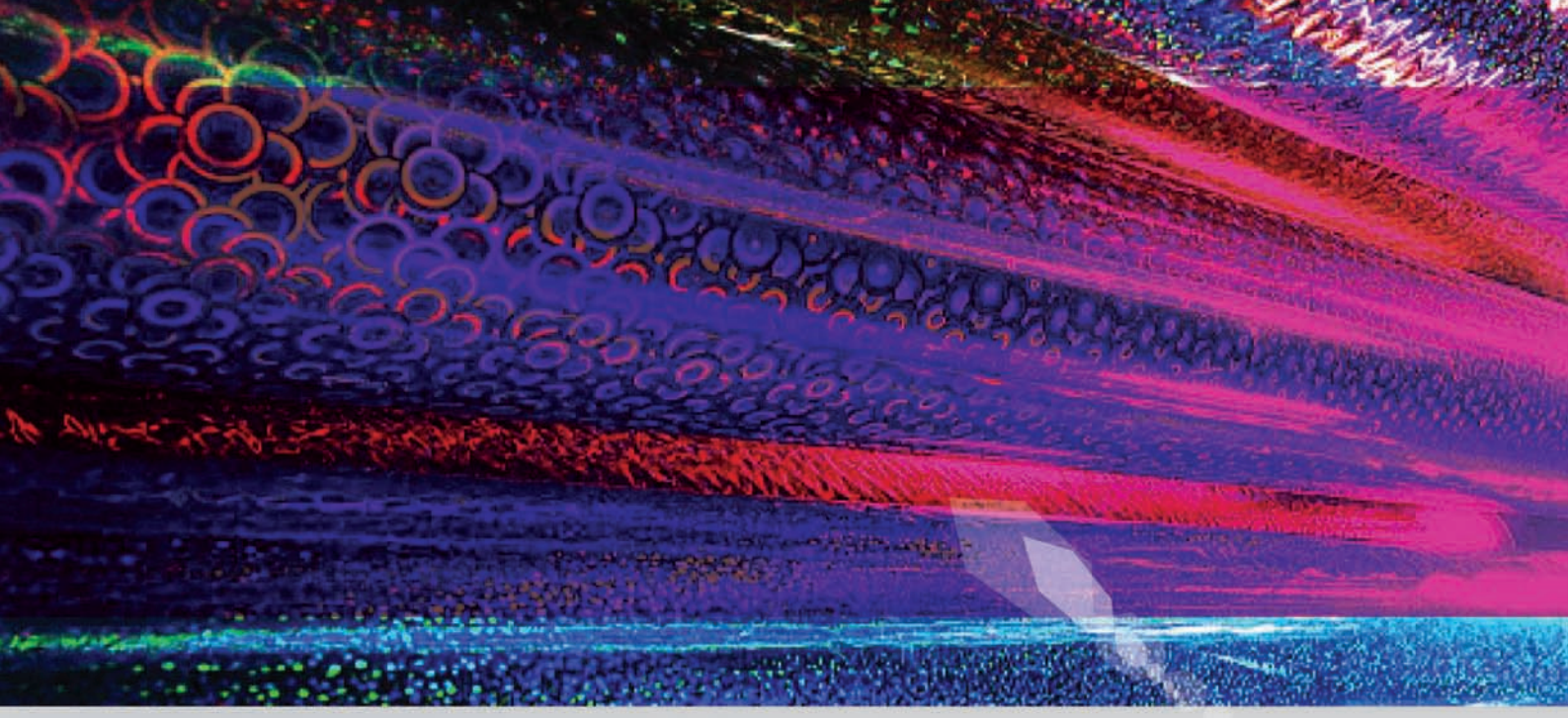
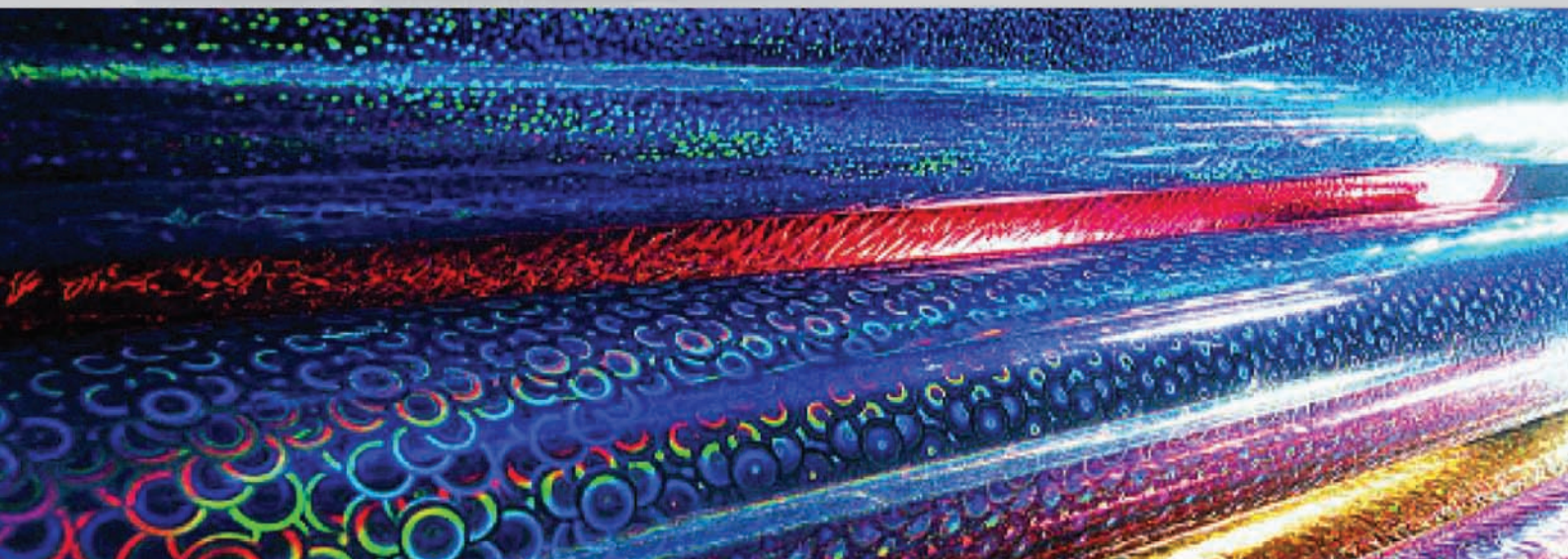


K LASER
TAIWAN
www.klasergroup.com

光群雷射科技股份有限公司
K LASER TECHNOLOGY INC
新竹科學工業園區力行六路1號
No.1 Li-Hsin Rd., VI, Science-Based Industrial Park,
Hsinchu, Taiwan
TEL:886-3-577-0316 FAX:866-3-577-0888
www.klasergroup.com

儒風 承印
RU FON (02) 2225-1430