

# POU CHEN CORPORATION

## BALANCE SHEETS

March 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 1,778,184	3	\$ 1,506,859	3	Short-term borrowings	\$ 4,310,000	7	\$ 3,360,000	6
Financial assets measured at fair value through profit or loss, current	4,462,159	7	1,712,532	3	Notes payable	75,500	-	60,577	-
Notes receivable	2,508	-	5,201	-	Notes payable to affiliates	30,827	-	49,493	-
Notes receivable from affiliates	17,703	-	22,128	-	Accounts payable	1,109,408	2	878,415	2
Accounts receivable	85,464	-	261,263	-	Accounts payable to affiliates	152,268	-	239,212	-
Accounts receivable from affiliates	1,609,125	3	1,305,310	2	Income tax payable	418,736	-	4,235	-
Other financial assets, current	583,750	1	487,980	1	Derivative financial liabilities held for hedging, current	46,193	-	-	-
Inventories	260,046	-	164,806	-	Other payables	488,989	1	606,717	1
Other current assets	101,018	-	84,685	-	Current portion of long-term liabilities	5,001,520	8	-	-
					Other current liabilities	59,537	-	51,056	-
Total current assets	8,899,957	14	5,550,764	9	Total current liabilities	11,692,978	18	5,249,705	9
<b>FUNDS AND LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Long-term investments at equity method	48,139,062	75	45,983,760	78	Bonds payable	-	-	5,024,504	9
Hedging derivative financial asset, noncurrent	26,676	-	-	-	Long-term debt	9,000,000	14	9,000,000	15
Financial assets carried at cost, noncurrent	50,000	-	-	-	Derivate financial liabilities held for hedging, noncurrent	-	-	166,275	-
Total funds and long-term investments	48,215,738	75	45,983,760	78	Total long-term liabilities	9,000,000	14	14,190,779	24
<b>PROPERTY, PLANT AND EQUIPMENT</b>					<b>RESERVE FOR LAND VALUE INCREMENT TAX</b>	86,547	-	86,547	-
Cost	5,410,635	9	5,285,470	9	<b>OTHER LIABILITIES</b>				
Revaluation increment	279,008	-	279,008	-	Accrued pension cost	560,059	1	543,134	1
	5,689,643	9	5,564,478	9	Advance deposits from customers	2,696	-	2,382	-
Less accumulated depreciation	(1,615,446)	(3)	(1,425,411)	(2)	Others	41,821	-	37,392	-
Construction in progress and prepayments on purchase of equipment	31,908	-	114,744	-	Total other liabilities	604,576	1	582,908	1
Property, plant and equipment, net	4,106,105	6	4,253,811	7	Total liabilities	21,384,101	33	20,109,939	34
<b>OTHER ASSETS</b>	3,195,041	5	3,211,084	6	<b>STOCKHOLDERS' EQUITY</b>				
					Capital stock	25,136,070	39	24,426,857	41
					Capital surplus	5,427,644	8	2,652,322	5
					Retained earnings	16,441,556	26	14,645,728	25
					Cumulative translation adjustments	(2,694,838)	(4)	400,936	1
					Unrealized losses on financial instruments	(170,917)	-	(1,059,914)	(2)
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(1,241,416)	(2)	(2,311,090)	(4)
					Total stockholders' equity	43,032,740	67	38,889,480	66
<b>TOTAL</b>	<b>\$ 64,416,841</b>	<b>100</b>	<b>\$ 58,999,419</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 64,416,841</b>	<b>100</b>	<b>\$ 58,999,419</b>	<b>100</b>

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 2,882,110	101	\$ 2,636,488	100
LESS SALES RETURNS AND ALLOWANCES	<u>(18,926)</u>	<u>(1)</u>	<u>(7,831)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	2,863,184	100	2,628,657	100
COST OF GOODS SOLD	<u>2,217,855</u>	<u>77</u>	<u>2,018,014</u>	<u>77</u>
GROSS PROFIT BEFORE REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	645,329	23	610,643	23
REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>1,943</u>	<u>-</u>	<u>221</u>	<u>-</u>
GROSS PROFIT	<u>647,272</u>	<u>23</u>	<u>610,864</u>	<u>23</u>
OPERATING EXPENSES				
Selling expenses	59,834	2	62,772	2
General and administrative expenses	318,496	11	335,614	13
Research and development expenses	<u>210,448</u>	<u>8</u>	<u>209,568</u>	<u>8</u>
Total operating expenses	<u>588,778</u>	<u>21</u>	<u>607,954</u>	<u>23</u>
INCOME FROM OPERATIONS	<u>58,494</u>	<u>2</u>	<u>2,910</u>	<u>-</u>
NON-OPERATING INCOME				
Interest income	8	-	1,777	-
Long-term equity investment income	2,579,450	90	945,114	36
Gain on disposal of property, plant and equipment	374	-	467	-
Foreign exchange gains, net	-	-	34,137	1
Rental income	49,666	2	41,956	2
Reversal of provision for bad debts	1,546	-	-	-
Revaluation gain on financial assets	610,101	22	-	-
Others	<u>33,000</u>	<u>1</u>	<u>37,770</u>	<u>2</u>
Total non-operating income	<u>3,274,145</u>	<u>115</u>	<u>1,061,221</u>	<u>41</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	2008		2007	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES</b>				
Interest expense	\$ 106,293	4	\$ 94,253	3
Loss on disposal of property, plant and equipment	65	-	161	-
Loss on disposal of investments	-	-	21,368	1
Foreign exchange loss, net	248,224	9	-	-
Revaluation loss on financial assets	-	-	123,953	5
Others	<u>17,151</u>	<u>-</u>	<u>16,646</u>	<u>1</u>
Total non-operating expenses	<u>371,733</u>	<u>13</u>	<u>256,381</u>	<u>10</u>
<b>INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAX</b>				
	2,960,906	104	807,750	31
<b>INCOME TAX EXPENSE</b>				
	<u>8,630</u>	<u>-</u>	<u>(3,580)</u>	<u>-</u>
<b>NET INCOME</b>				
	<u>\$ 2,969,536</u>	<u>104</u>	<u>\$ 804,170</u>	<u>31</u>
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
<b>EARNINGS PER SHARE</b>				
Basic	<u>\$ 1.19</u>	<u>\$ 1.19</u>	<u>\$ 0.34</u>	<u>\$ 0.34</u>
Diluted	<u>\$ 1.18</u>	<u>\$ 1.18</u>	<u>\$ 0.34</u>	<u>\$ 0.33</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

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Pro-forma information, assuming common shares of the Company held by its subsidiaries were not treated as treasury stock:

	2008		2007	
NET INCOME	<u>\$ 2,969,536</u>		<u>\$ 929,545</u>	
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.19</u>	<u>\$ 1.19</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>
Diluted	<u>\$ 1.17</u>	<u>\$ 1.17</u>	<u>\$ 0.37</u>	<u>\$ 0.37</u>

(Concluded)

**POU CHEN CORPORATION**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
THREE MONTHS ENDED MARCH 31, 2008 AND 2007  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)**

	Capital Stock	Capital Surplus			Retained Earnings			Other Adjustments of Stockholders' Equity				Total	
		Additional Paid-in Capital of Common Stock	Additional Paid-in Capital of Bonds Conversion	Treasury Stock	Long-Term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrealized Losses on Financial Instruments	Unrealized Revaluation Increment		Treasury Stock
BALANCE, JANUARY 1, 2008	\$ 25,118,540	\$ 808,054	\$ 1,492,700	\$ 1,757,844	\$ 1,363,435	\$ 4,269,818	\$ 1,423,250	\$ 7,778,952	\$ (157,084)	\$ (87,710)	\$ 134,641	\$ (155,375)	\$ 43,747,065
Effect of changes of ownership interest in investees	-	-	-	-	5,611	-	-	-	-	-	-	-	5,611
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	(69,840)	-	-	(69,840)
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	(13,367)	-	-	(13,367)
Acquisition of treasury stocks	-	-	-	-	-	-	-	-	-	-	-	(1,086,041)	(1,086,041)
Execution of employee stock warrants	17,530	-	-	-	-	-	-	-	-	-	-	-	17,530
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	(2,537,754)	-	-	-	(2,537,754)
Net income for three months ended March 31, 2008	-	-	-	-	-	-	-	2,969,536	-	-	-	-	2,969,536
<b>BALANCE, MARCH 31, 2008</b>	<b>\$ 25,136,070</b>	<b>\$ 808,054</b>	<b>\$ 1,492,700</b>	<b>\$ 1,757,844</b>	<b>\$ 1,369,046</b>	<b>\$ 4,269,818</b>	<b>\$ 1,423,250</b>	<b>\$ 10,748,488</b>	<b>\$ (2,694,838)</b>	<b>\$ (170,917)</b>	<b>\$ 134,641</b>	<b>\$ (1,241,416)</b>	<b>\$ 43,032,740</b>
BALANCE, JANUARY 1, 2007	\$ 24,426,857	\$ 808,054	\$ 1,478,511	\$ 209,267	\$ 31,440	\$ 3,692,621	\$ 1,434,839	\$ 8,714,098	\$ (201,358)	\$ (1,221,891)	\$ 134,641	\$ (2,451,485)	\$ 37,055,594
Effect of changes of ownership interest in investees	-	-	-	-	(325)	-	-	-	-	-	-	-	(325)
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	137,837	-	-	137,837
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	1,564	-	-	1,564
Sales of parent company's stock by subsidiary	-	-	-	125,375	-	-	-	-	-	22,576	-	140,395	288,346
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	602,294	-	-	-	602,294
Net income for three months ended March 31, 2007	-	-	-	-	-	-	-	804,170	-	-	-	-	804,170
<b>BALANCE, MARCH 31, 2007</b>	<b>\$ 24,426,857</b>	<b>\$ 808,054</b>	<b>\$ 1,478,511</b>	<b>\$ 334,642</b>	<b>\$ 31,115</b>	<b>\$ 3,692,621</b>	<b>\$ 1,434,839</b>	<b>\$ 9,518,268</b>	<b>\$ 400,936</b>	<b>\$ (1,059,914)</b>	<b>\$ 134,641</b>	<b>\$ (2,311,090)</b>	<b>\$ 38,889,480</b>

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,969,536	\$ 804,170
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization	101,118	93,201
(Recovery from) provision for doubtful accounts	(1,546)	4,600
Unrealized gross profit from inter-affiliate transactions	(1,943)	(221)
Investment income recognized under equity method	(2,579,450)	(945,114)
Net gain on disposal of property, plant and equipment	(309)	(306)
Revaluation (gain) loss on financial assets	(610,101)	123,953
Net changes in operating assets and liabilities		
Notes receivable	(2,127)	5,853
Notes receivable from affiliates	8,822	(472)
Accounts receivable	332,988	134,540
Accounts receivable from affiliates	(249,842)	(124,409)
Other financial assets, current	(142,165)	25,408
Inventories	(125,248)	(64,928)
Other current assets	(12,114)	26,188
Deferred income tax asset, noncurrent	(1,400)	(1,070)
Notes payable	22,483	(38,234)
Notes payable to affiliates	(22,789)	(46,471)
Accounts payable	277,756	232,317
Accounts payable to affiliates	(265,628)	31,013
Other payables	(22,998)	124,055
Other current liabilities	6,098	(41,317)
Foreign exchange adjustment on Euro Convertible Bonds	(102)	710
Reserve for retirement plan	5,764	3,493
Net cash (used in) provided by operating activities	<u>(313,197)</u>	<u>346,959</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in financial assets measured at fair value through profit or loss, current	\$ (772,291)	\$ 193,646
Increase in long-term equity investments	(170,000)	(298,598)
Proceeds from capital reduction of long-term equity investments	1,922,115	-
Acquisition of property, plant and equipment	(40,802)	(135,025)
Proceeds from disposal of property, plant and equipment	4,791	1,176

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# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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	2008	2007
Increase in refundable deposits	-	(140)
Increase in deferred charges	<u>(2,508)</u>	<u>(3,087)</u>
Net cash provided by (used in) investing activities	<u>941,305</u>	<u>(242,028)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	1,150,000	70,000
Execution of employee stock warrants	17,530	-
Acquisition of treasury stocks	<u>(1,086,041)</u>	<u>-</u>
Net cash provided by financing activities	<u>81,489</u>	<u>70,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	709,597	174,931
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,068,587</u>	<u>1,331,928</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,778,184</u>	<u>\$ 1,506,859</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 82,096</u>	<u>\$ 70,741</u>
Income tax	<u>\$ -</u>	<u>\$ 157</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Unrealized (loss) gain on available-for-sale financial assets	<u>\$ (69,840)</u>	<u>\$ 137,837</u>
Provision for unrealized (loss) gain on cash flow hedge financial liabilities	<u>\$ (13,367)</u>	<u>\$ 1,564</u>
Effect of changes in ownership interest in investees	<u>\$ 5,611</u>	<u>\$ (325)</u>
Long-term liabilities, current portion	<u>\$ 5,001,520</u>	<u>\$ -</u>
Translation adjustments on foreign long-term investments	<u>\$ (2,537,754)</u>	<u>\$ 602,294</u>
Stockholders' equity adjustments on sale of capital stock held by subsidiaries	<u>\$ -</u>	<u>\$ 288,346</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

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	2008	2007
Cash paid during the period for acquisition of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 22,510	\$ 90,351
Add payables for acquisition of property, plant and equipment at beginning of period	28,619	132,168
Less payables for acquisition of property, plant and equipment at end of period	<u>(10,327)</u>	<u>(87,494)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 40,802</u>	<u>\$ 135,025</u>

(Concluded)