

POU CHEN CORPORATION

BALANCE SHEETS

March 31, 2005 AND 2004

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2005		2004		LIABILITIES AND STOCKHOLDERS' EQUITY	2005		2004	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 3,719,948	7	\$ 11,568,983	20	Short-term borrowings	\$ -	-	\$ 2,450,000	4
Short-term investments	3,771,938	7	914,014	2	Notes payable	68,951	-	75,199	-
Notes receivable	3,695	-	7,393	-	Notes payable to affiliates	66,032	-	81,971	-
Accounts receivable	279,796	1	213,885	-	Accounts payable	1,139,487	2	1,369,698	3
Accounts receivable from affiliates	1,650,742	3	1,513,345	3	Accounts payable to affiliates	331,142	1	249,757	1
Other financial assets, current	343,610	1	659,729	1	Other payables	512,725	1	631,215	1
Inventories	560,367	1	529,146	1	Current portion of long-term liabilities	9,463,500	19	3,454,065	6
Other current assets	<u>114,985</u>	-	<u>111,684</u>	-	Deferred income tax liability	153,645	-	10,600	-
Total current assets	<u>10,445,081</u>	<u>20</u>	<u>15,518,179</u>	<u>27</u>	Other current liabilities	<u>17,264</u>	-	<u>31,031</u>	-
					Total current liabilities	<u>11,752,746</u>	<u>23</u>	<u>8,353,536</u>	<u>15</u>
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Long-term equity investments under equity method	35,158,906	68	36,179,453	64	Bonds payable	<u>8,114,479</u>	<u>16</u>	<u>14,907,500</u>	<u>26</u>
Long-term equity investments under cost method	<u>567,164</u>	<u>1</u>	<u>397,013</u>	<u>1</u>	RESERVE FOR LAND VALUE INCREMENT TAX	<u>86,547</u>	-	<u>136,199</u>	-
Total long-term equity investments	<u>35,726,070</u>	<u>69</u>	<u>36,576,466</u>	<u>65</u>	OTHER LIABILITIES				
					Accrued pension cost	408,537	1	309,731	1
OTHER FINANCIAL ASSETS, NONCURRENT	<u>39,440</u>	-	<u>50,709</u>	-	Advance deposits from customers	1,000	-	1,020	-
					Others	<u>74,340</u>	-	<u>73,943</u>	-
PROPERTY, PLANT AND EQUIPMENT					Total other liabilities	<u>483,877</u>	<u>1</u>	<u>384,694</u>	<u>1</u>
Cost	3,648,438	7	3,228,346	5	Total liabilities	<u>20,437,649</u>	<u>40</u>	<u>23,781,929</u>	<u>42</u>
Revaluation increment	<u>293,249</u>	<u>1</u>	<u>293,249</u>	<u>1</u>	STOCKHOLDERS' EQUITY				
	3,941,687	8	3,521,595	6	Capital stock	20,948,164	40	18,847,994	33
Less accumulated depreciation	(1,246,543)	(3)	(1,113,378)	(2)	Capital surplus	2,515,503	5	2,334,161	4
Construction in progress and prepayments on purchase of equipment	<u>2,075,493</u>	<u>4</u>	<u>1,302,332</u>	<u>3</u>	Retained earnings	13,905,910	27	14,415,284	26
Property, plant and equipment, net	<u>4,770,637</u>	<u>9</u>	<u>3,710,549</u>	<u>7</u>	Provision for decline in market value of long-term equity investments	(1,255,027)	(2)	(978,331)	(2)
					Cumulative translation adjustments	(1,390,729)	(3)	262,814	1
OTHER ASSETS					Treasury stock	<u>(3,459,328)</u>	<u>(7)</u>	<u>(2,090,068)</u>	<u>(4)</u>
Leased assets	375,973	1	379,242	1	Total stockholders' equity	<u>31,264,493</u>	<u>60</u>	<u>32,791,854</u>	<u>58</u>
Deferred charges	174,520	1	186,546	-					
Deferred income tax assets	106,125	-	81,600	-					
Others	<u>64,296</u>	-	<u>70,492</u>	-					
Total other assets	<u>720,914</u>	<u>2</u>	<u>717,880</u>	<u>1</u>					
TOTAL	<u>\$ 51,702,142</u>	<u>100</u>	<u>\$ 56,573,783</u>	<u>100</u>	TOTAL	<u>\$ 51,702,142</u>	<u>100</u>	<u>\$ 56,573,783</u>	<u>100</u>

POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2005 AND 2004

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

(Reviewed, Not Audited)

	2005		2004	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 3,195,446	100	\$ 3,054,317	100
LESS SALES RETURNS AND ALLOWANCES	<u>(4,899)</u>	<u>-</u>	<u>(10,839)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	3,190,547	100	3,043,478	100
COST OF GOODS SOLD	<u>2,496,780</u>	<u>78</u>	<u>2,248,594</u>	<u>74</u>
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	693,767	22	794,884	26
REALIZED (UNREALIZED) GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>1,288</u>	<u>-</u>	<u>(1,983)</u>	<u>-</u>
GROSS PROFIT	<u>695,055</u>	<u>22</u>	<u>792,901</u>	<u>26</u>
OPERATING EXPENSES				
Selling expenses	70,528	2	69,451	2
General and administrative expenses	275,588	9	283,119	9
Research and development expenses	<u>214,801</u>	<u>7</u>	<u>206,392</u>	<u>7</u>
Total operating expenses	<u>560,917</u>	<u>18</u>	<u>558,962</u>	<u>18</u>
INCOME FROM OPERATIONS	<u>134,138</u>	<u>4</u>	<u>233,939</u>	<u>8</u>
NON-OPERATING INCOME				
Interest income	11,472	-	32,877	1
Long-term equity investment income	802,069	25	1,580,642	52
Gain on disposal of property, plant and equipment	401	-	7,815	-
Gain on disposal of investments	140,955	5	-	-
Foreign exchange gains, net	16,307	1	118,181	4
Rental income	8,920	-	8,298	1
Others	<u>106,963</u>	<u>3</u>	<u>60,397</u>	<u>2</u>
Total non-operating income	<u>1,087,087</u>	<u>34</u>	<u>1,808,210</u>	<u>60</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2005 AND 2004

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

(Reviewed, Not Audited)

	2005		2004	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 96,033	3	\$ 118,585	4
Loss on disposal of property, plant and equipment	79	-	709	-
Loss on disposal of investments	-	-	325,721	11
Others	<u>3,086</u>	<u>-</u>	<u>2,357</u>	<u>-</u>
Total non-operating expenses	<u>99,198</u>	<u>3</u>	<u>447,372</u>	<u>15</u>
INCOME BEFORE INCOME TAX	1,122,027	35	1,594,777	53
INCOME TAX (EXPENSE) BENEFIT	<u>(17,640)</u>	<u>-</u>	<u>11,600</u>	<u>-</u>
NET INCOME	<u>\$ 1,104,387</u>	<u>35</u>	<u>\$ 1,606,377</u>	<u>53</u>

	2005		2004	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 0.58</u>	<u>\$ 0.57</u>	<u>\$ 0.81</u>	<u>\$ 0.81</u>
Diluted	<u>\$ 0.50</u>	<u>\$ 0.49</u>	<u>\$ 0.72</u>	<u>\$ 0.72</u>

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

	2005		2004	
NET INCOME	<u>\$ 1,104,387</u>		<u>\$ 1,606,377</u>	
EARNINGS PER SHARE				
Basic	<u>\$ 0.55</u>	<u>\$ 0.54</u>	<u>\$ 0.76</u>	<u>\$ 0.77</u>
Diluted	<u>\$ 0.48</u>	<u>\$ 0.47</u>	<u>\$ 0.68</u>	<u>\$ 0.69</u>

(Concluded)

POU CHEN CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2005 AND 2004
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)**

	Capital Surplus				Retained Earnings			Other Adjustments of Stockholders' Equity			Total	
	Capital Stock	Additional Paid-in Capital of Common Stock	Additional Paid-in Capital of Bonds Conversion	Treasury Stock	Revaluation Increment on Property, Plant and Equipment	Legal Reserve	Special Reserve	Unappropriated Earnings	Provision for Decline in Market Value of Long-Term Equity Investments	Cumulative Translation Adjustments		Treasury Stock
BALANCE, JANUARY 1, 2005	\$ 20,936,734	\$ 792,119	\$ 1,439,788	\$ 144,154	\$ 84,989	\$ 2,845,193	\$ 59,232	\$ 9,950,045	\$ (1,203,354)	\$ (1,220,643)	\$ (3,459,328)	\$ 30,368,929
Effect of changes of ownership interest in investees	-	-	-	-	-	-	-	(52,947)	-	-	-	(52,947)
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(170,086)	-	(170,086)
Provision for decline in market value of long-term equity investments	-	-	-	-	-	-	-	-	(51,673)	-	-	(51,673)
Adjustments for permanent reduction of land value increment tax	-	-	-	-	49,652	-	-	-	-	-	-	49,652
Execution of employee stock warrants	11,430	4,801	-	-	-	-	-	-	-	-	-	16,231
Net income for three months ended March 31, 2005	-	-	-	-	-	-	-	1,104,387	-	-	-	1,104,387
BALANCE, MARCH 31, 2005	\$ 20,948,164	\$ 796,920	\$ 1,439,788	\$ 144,154	\$ 134,641	\$ 2,845,193	\$ 59,232	\$ 11,001,485	\$ (1,255,027)	\$ (1,390,729)	\$ (3,459,328)	\$ 31,264,493
BALANCE, JANUARY 1, 2004	\$ 18,847,994	\$ 767,288	\$ 1,439,788	\$ 42,096	\$ 84,989	\$ 2,210,357	\$ -	\$ 10,669,932	\$ (1,198,824)	\$ 1,139,592	\$ (2,055,319)	\$ 31,947,893
Effect of changes of ownership interest in investees	-	-	-	-	-	-	-	(71,382)	-	-	-	(71,382)
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(876,778)	-	(876,778)
Adjustments for decline in market value of long-term equity investments	-	-	-	-	-	-	-	-	220,493	-	-	220,493
Acquisition of treasury stocks	-	-	-	-	-	-	-	-	-	-	(34,749)	(34,749)
Net income for three months ended March 31, 2004	-	-	-	-	-	-	-	1,606,377	-	-	-	1,606,377
BALANCE, MARCH 31, 2004	\$ 18,847,994	\$ 767,288	\$ 1,439,788	\$ 42,096	\$ 84,989	\$ 2,210,357	\$ -	\$ 12,204,927	\$ (978,331)	\$ 262,814	\$ (2,090,068)	\$ 32,791,854

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,104,387	\$ 1,606,377
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	46,114	48,867
Amortization of the cost of issuing Euro Convertible Bonds	18,958	19,302
Gain on redeemed and repurchased Euro convertible bonds	(5,255)	-
(Realized) unrealized gross profit from inter-affiliate transactions	(1,288)	1,983
Investment income recognized under equity method	(802,069)	(1,580,642)
Cash dividends received from investees under equity method	1,543,565	-
Net loss on disposal of long-term equity investments	12,543	192,739
Net gain on disposal of property, plant and equipment	(322)	(7,105)
Net changes in operating assets and liabilities		
Short-term investments	(950,272)	1,249,255
Notes receivable	6,544	(1,523)
Accounts receivable	316,588	(107,779)
Accounts receivable from affiliates	(245,879)	(440,996)
Other financial assets, current	(23,987)	(162,551)
Inventories	(76,116)	(393,987)
Deferred income tax asset, current	-	74,900
Other current assets	3,183	(69,048)
Income tax prepayment	(767)	(2,172)
Deferred income tax asset, noncurrent	(6,400)	2,750
Notes payable	7,380	43,448
Notes payable to affiliates	(24,260)	7,614
Accounts payable	282,005	678,112
Accounts payable to affiliates	(56,112)	11,348
Income tax payable	-	(46,039)
Other payables	66,317	126,661
Deferred income tax liability, current	24,040	10,600
Other current liabilities	(44,273)	4,846
Foreign exchange adjustment on Euro Convertible Bonds	(58,689)	(380,785)
Interest compensation payable	64,030	71,846
Reserve for retirement plan	26,000	24,417
Net cash provided by operating activities	<u>1,225,965</u>	<u>982,438</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2005	2004
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long-term equity investments	\$ (1,195,911)	\$ (1,140,381)
Proceeds from disposal of long-term equity investments	-	1,274,746
Acquisition of property, plant and equipment	(240,177)	(217,947)
Proceeds from disposal of property, plant and equipment	34,378	21,135
Decrease (increase) in refundable deposits	6,818	(229)
Increase in deferred charges	<u>(29,924)</u>	<u>(5,174)</u>
Net cash used in investing activities	<u>(1,424,816)</u>	<u>(67,850)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	2,450,000
Redeemed and repurchased overseas convertible bonds	(206,322)	-
Execution of employee stock warrants	16,231	-
Acquisition of treasury stocks	<u>-</u>	<u>(34,749)</u>
Net cash (used in) provided by financing activities	<u>(190,091)</u>	<u>2,415,251</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(388,942)	3,329,839
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,108,890</u>	<u>8,239,144</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,719,948</u>	<u>\$ 11,568,983</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 64,109</u>	<u>\$ 73,650</u>
Income tax	<u>\$ 767</u>	<u>\$ 2,172</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES		
Long-term equity investments transferred to short-term investments	<u>\$ 253,681</u>	<u>\$ -</u>
(Provision for) recovery from decline in market value of investees' and the Company's long-term equity investments	<u>\$ (51,673)</u>	<u>\$ 220,493</u>
Effect of changes in ownership interest in investees	<u>\$ (52,947)</u>	<u>\$ (71,382)</u>
Long-term liabilities, current portion	<u>\$ 9,463,500</u>	<u>\$ 3,454,065</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2005 AND 2004 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2005	2004
Translation adjustments on foreign long-term investments	<u>\$ (170,086)</u>	<u>\$ (876,778)</u>
Stockholders' equity adjustments for revaluation increment on property, plant and equipment	<u>\$ 49,652</u>	<u>\$ -</u>
Cash paid during the period for acquisition of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 251,956	\$ 208,997
Add payables for acquisition of property, plant and equipment at beginning of period	51,500	162,412
Less payables for acquisition of property, plant and equipment at end of period	<u>(63,279)</u>	<u>(153,462)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 240,177</u>	<u>\$ 217,947</u>

(Concluded)