

POU CHEN CORPORATION

BALANCE SHEETS

March 31, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2007		2006		LIABILITIES AND STOCKHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 1,506,859	3	\$ 921,663	2	Short-term borrowings	\$ 3,360,000	6	\$ 200,000	-
Financial assets measured at fair value through profit or loss, current	1,712,532	3	1,957,416	4	Notes payable	60,577	-	63,309	-
Notes receivable	5,201	-	8,779	-	Notes payable to affiliates	49,493	-	35,900	-
Notes receivable from affiliates	22,128	-	15,358	-	Accounts payable	878,415	2	2,049,323	4
Accounts receivable	261,263	-	359,973	1	Accounts payable to affiliates	239,212	-	233,194	1
Accounts receivable from affiliates	1,305,310	2	2,449,236	4	Income tax payable	4,235	-	31,183	-
Other financial assets, current	487,980	1	702,414	1	Other payables	606,717	1	653,050	1
Inventories	164,806	-	1,230,884	2	Current portion of long-term liabilities	-	-	3,121,440	6
Other current assets	84,685	-	239,360	-	Other current liabilities	51,056	-	47,437	-
Total current assets	5,550,764	9	7,885,083	14	Total current liabilities	5,249,705	9	6,434,836	12
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Long-term investments at equity method	45,983,761	78	40,089,996	73	Bonds payable	5,024,504	9	5,083,746	9
Available-for-sale financial assets, noncurrent	-	-	404,505	1	Long-term debt	9,000,000	15	6,500,000	12
Total funds and long-term investments	45,983,761	78	40,494,501	74	Derivate financial liabilities held for hedging	166,275	-	249,268	-
PROPERTY, PLANT AND EQUIPMENT					Total long-term liabilities	14,190,779	24	11,833,014	21
Cost	5,285,470	9	3,472,427	6	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Revaluation increment	279,008	-	279,008	1	OTHER LIABILITIES				
	5,564,478	9	3,751,435	7	Accrued pension cost	543,134	1	494,174	1
Less accumulated depreciation	(1,425,411)	(2)	(1,280,262)	(3)	Advance deposits from customers	2,382	-	1,000	-
Construction in progress and prepayments on purchase of equipment	114,744	-	3,252,151	6	Others	37,393	-	41,930	-
Property, plant and equipment, net	4,253,811	7	5,723,324	10	Total other liabilities	582,909	1	537,104	1
OTHER ASSETS	3,211,084	6	856,233	2	Total liabilities	20,109,940	34	18,891,501	34
TOTAL	\$ 58,999,420	100	\$ 54,959,141	100	STOCKHOLDERS' EQUITY				
					Capital stock	24,426,857	41	23,072,078	42
					Capital surplus	2,652,322	5	2,700,595	5
					Retained earnings	14,645,728	25	15,689,850	29
					Cumulative translation adjustments	400,936	1	(381,680)	(1)
					Unrealized losses on financial instruments	(1,059,914)	(2)	(1,688,516)	(3)
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(2,311,090)	(4)	(3,459,328)	(6)
					Total stockholders' equity	38,889,480	66	36,067,640	66
					TOTAL	\$ 58,999,420	100	\$ 54,959,141	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 2,636,488	100	\$ 4,314,033	101
LESS SALES RETURNS AND ALLOWANCES	<u>(7,831)</u>	<u>-</u>	<u>(55,827)</u>	<u>(1)</u>
NET SALES AND REVENUES EARNED	2,628,657	100	4,258,206	100
COST OF GOODS SOLD	<u>2,018,014</u>	<u>77</u>	<u>3,601,706</u>	<u>84</u>
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	610,643	23	656,500	16
REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>221</u>	<u>-</u>	<u>4,541</u>	<u>-</u>
GROSS PROFIT	<u>610,864</u>	<u>23</u>	<u>661,041</u>	<u>16</u>
OPERATING EXPENSES				
Selling expenses	62,772	2	81,786	2
General and administrative expenses	335,614	13	278,629	6
Research and development expenses	<u>209,568</u>	<u>8</u>	<u>239,124</u>	<u>6</u>
Total operating expenses	<u>607,954</u>	<u>23</u>	<u>599,539</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>2,910</u>	<u>-</u>	<u>61,502</u>	<u>2</u>
NON-OPERATING INCOME				
Interest income	1,777	-	160	-
Long-term equity investment income	945,114	36	2,223,064	52
Gain on disposal of property, plant and equipment	467	-	547	-
Foreign exchange gains, net	34,137	1	13,201	-
Rental income	41,956	2	8,669	-
Revaluation gain on financial assets	-	-	195,959	5
Others	<u>37,770</u>	<u>2</u>	<u>33,324</u>	<u>1</u>
Total non-operating income	<u>1,061,221</u>	<u>41</u>	<u>2,474,924</u>	<u>58</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2007 AND 2006

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

(Reviewed, Not Audited)

	2007		2006	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 94,253	3	\$ 131,482	3
Loss on disposal of property, plant and equipment	161	-	149	-
Loss on disposal of investments	21,368	1	-	-
Loss on inventory devaluation and obsolescence	-	-	25,000	1
Revaluation loss on financial assets	123,953	5	-	-
Others	<u>16,646</u>	<u>1</u>	<u>1,906</u>	<u>-</u>
Total non-operating expenses	<u>256,381</u>	<u>10</u>	<u>158,537</u>	<u>4</u>
INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAX				
	807,750	31	2,377,889	56
INCOME TAX EXPENSE				
	<u>(3,580)</u>	<u>-</u>	<u>(9,500)</u>	<u>-</u>
INCOME BEFORE CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES				
	804,170	31	2,368,389	56
CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES				
	<u>-</u>	<u>-</u>	<u>445,527</u>	<u>10</u>
NET INCOME				
	<u>\$ 804,170</u>	<u>31</u>	<u>\$ 2,813,916</u>	<u>66</u>
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.35</u>	\$ 0.35	<u>\$ 1.05</u>	\$ 1.05
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.20</u>
		<u>\$ 0.35</u>		<u>\$ 1.25</u>
DILUTED EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.34</u>	\$ 0.34	<u>\$ 1.04</u>	\$ 1.04
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.19</u>
		<u>\$ 0.34</u>		<u>\$ 1.23</u>

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POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2007 AND 2006

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

(Reviewed, Not Audited)

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

	2007		2006	
NET INCOME	<u>\$ 929,545</u>		<u>\$ 2,813,916</u>	
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.38</u>	\$ 0.38	<u>\$ 1.00</u>	\$ 0.99
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.19</u>
		<u>\$ 0.38</u>		<u>\$ 1.18</u>
DILUTED EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.38</u>	\$ 0.38	<u>\$ 0.98</u>	\$ 0.98
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.18</u>
		<u>\$ 0.38</u>		<u>\$ 1.16</u>

(Concluded)

POU CHEN CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2007 AND 2006
(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	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, 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
Disposal of common shares held by subsidiaries	-	-	-	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
BALANCE, MARCH 31, 2007	\$ 24,426,857	\$ 808,054	\$ 1,478,511	\$ 334,642	\$ 31,115	\$ 3,692,621	\$ 1,434,839	\$ 9,518,268	\$ 400,936	\$ (1,059,914)	\$ 134,641	\$ (2,311,090)	\$ 38,889,480
BALANCE, JANUARY 1, 2006	\$ 23,057,928	\$ 802,904	\$ 1,439,788	\$ 255,097	\$ 14,192	\$ 3,269,826	\$ 2,423,997	\$ 7,182,111	\$ 35,494	\$ (1,470,331)	\$ 134,641	\$ (3,459,328)	\$ 33,686,319
Adjustments from first adoption of new and amended Financial Accounting Standards	-	-	-	-	-	-	-	-	-	(180,742)	-	-	(180,742)
Effect of changes of ownership interest in investees	-	-	-	-	185,784	-	-	-	-	-	-	-	185,784
Provision for decline in market value of available-for-sale financial assets	-	-	-	-	-	-	-	-	-	(19,525)	-	-	(19,525)
Provision for unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	(17,918)	-	-	(17,918)
Execution of employee stock warrants	14,150	2,830	-	-	-	-	-	-	-	-	-	-	16,980
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	(417,174)	-	-	-	(417,174)
Net income for three months ended March 31, 2006	-	-	-	-	-	-	-	2,813,916	-	-	-	-	2,813,916
BALANCE, MARCH 31, 2006	\$ 23,072,078	\$ 805,734	\$ 1,439,788	\$ 255,097	\$ 199,976	\$ 3,269,826	\$ 2,423,997	\$ 9,996,027	\$ (381,680)	\$ (1,688,516)	\$ 134,641	\$ (3,459,328)	\$ 36,067,640

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 804,170	\$ 2,813,916
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Cumulative effect of changes in accounting principles	-	(445,527)
Depreciation and amortization	93,201	57,215
Provision for (recovery from) doubtful accounts	4,600	(4,100)
Provision for inventory devaluation and obsolescence	-	25,000
Gain on redeemed and repurchased Euro convertible bonds	-	(7,259)
Unrealized gross profit from inter-affiliate transactions	(221)	(4,541)
Investment income recognized under equity method	(945,114)	(2,223,064)
Net gain on disposal of property, plant and equipment	(306)	(398)
Revaluation loss (gain) on financial assets	123,953	(195,959)
Net changes in operating assets and liabilities		
Notes receivable	5,853	1,810
Notes receivable from affiliates	(472)	5,543
Accounts receivable	134,540	(56,133)
Accounts receivable from affiliates	(124,409)	(466,403)
Other financial assets, current	25,408	(171,004)
Inventories	(64,928)	(181,005)
Other current assets	26,188	15,666
Deferred income tax asset, noncurrent	(1,070)	(4,300)
Income tax prepayment	-	2,113
Notes payable	(38,234)	15,286
Notes payable to affiliates	(46,471)	(67,004)
Accounts payable	232,317	732,853
Accounts payable to affiliates	31,013	12,423
Other payables	124,055	(14,896)
Other current liabilities	(41,317)	(1,410)
Foreign exchange adjustment on Euro Convertible Bonds	710	(35,207)
Interest compensation payable	-	63,770
Reserve for retirement plan	3,493	17,227
Net cash provided by (used in) operating activities	<u>346,959</u>	<u>(115,388)</u>

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POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in financial assets measured at fair value through profit or loss, current	\$ 193,646	\$ -
Increase in long-term equity investments	(298,598)	(252,076)
Acquisition of property, plant and equipment	(135,025)	(404,993)
Proceeds from disposal of property, plant and equipment	1,176	1,246
Increase in refundable deposits	(140)	(152)
Increase in deferred charges	<u>(3,087)</u>	<u>(3,536)</u>
Net cash used in investing activities	<u>(242,028)</u>	<u>(659,511)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	70,000	(1,280,000)
Redeemed and repurchased overseas convertible bonds	-	(60,180)
Increase in long-term borrowings	-	2,000,000
Execution of employee stock warrants	<u>-</u>	<u>16,980</u>
Net cash provided by financing activities	<u>70,000</u>	<u>676,800</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	174,931	(98,099)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,331,928</u>	<u>1,019,762</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,506,859</u>	<u>\$ 921,663</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 70,741</u>	<u>\$ 87,502</u>
Income tax	<u>\$ 157</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Adjustments of stockholders' equity from first adoption of new and amended Financial Accounting Standards	<u>\$ -</u>	<u>\$ (180,742)</u>
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 137,837</u>	<u>\$ (19,525)</u>
Provision for Unrealized gain (loss) on cash flow hedge financial liabilities	<u>\$ 1,564</u>	<u>\$ (17,918)</u>
Effect of changes in ownership interest in investees	<u>\$ (325)</u>	<u>\$ 185,784</u>
Long-term liabilities, current portion	<u>\$ -</u>	<u>\$ 3,121,440</u>

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POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2007	2006
Translation adjustments on foreign long-term investments	<u>\$ 602,294</u>	<u>\$ (417,174)</u>
Stockholders' equity adjustments on sale of capital stock held by subsidiaries	<u>\$ 288,346</u>	<u>\$ -</u>
Cash paid during the period for acquisition of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 90,351	\$ 470,127
Add payables for acquisition of property, plant and equipment at beginning of period	132,168	177,542
Less payables for acquisition of property, plant and equipment at end of period	<u>(87,494)</u>	<u>(242,676)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 135,025</u>	<u>\$ 404,993</u>

(Concluded)