

POU CHEN CORPORATION

BALANCE SHEETS

JUNE 30, 2007 AND 2006

(In Thousands of New Taiwan Dollars)

ASSETS	2007		2006		LIABILITIES AND STOCKHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 5,804,257	9	\$ 977,445	2	Short-term borrowings	\$ 4,995,000	8	\$ 750,000	2
Financial assets measured at fair value through profit or loss, current	2,996,817	5	1,715,369	3	Notes payable	53,738	-	46,130	-
Notes receivable	4,289	-	11,549	-	Notes payable to affiliates	72,770	-	30,933	-
Notes receivable from affiliates	33,639	-	7,343	-	Accounts payable	740,875	1	863,778	2
Accounts receivable	399,264	1	225,345	1	Accounts payable to affiliates	391,907	1	185,421	-
Accounts receivable from affiliates	1,425,087	2	2,478,879	5	Income tax payable	401,984	1	19,116	-
Other financial assets, current	1,882,217	3	647,205	1	Derivative financial liabilities held for hedging, current	91,424	-	-	-
Inventories	142,736	-	90,824	-	Other payables	4,856,073	8	4,502,464	8
Other current assets	97,796	-	92,506	-	Current portion of long-term liabilities	5,000,000	8	-	-
Total current assets	12,786,102	20	6,246,465	12	Other current liabilities	46,635	-	51,816	-
					Total current liabilities	16,650,406	27	6,449,658	12
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Long-term investments at equity method	43,098,292	68	40,988,363	74	Bonds payable	10,987	-	5,083,514	9
Available-for-sale financial assets, noncurrent	-	-	434,798	1	Long-term debt	9,000,000	14	9,000,000	17
Hedging derivative financial assets, noncurrent	36,816	-	-	-	Derivate financial liabilities held for hedging, noncurrent	-	-	168,109	-
Financial assets carried at cost, noncurrent	50,000	-	-	-	Total long-term liabilities	9,010,987	14	14,251,623	26
Total funds and long-term investments	43,185,108	68	41,423,161	75					
PROPERTY, PLANT AND EQUIPMENT					RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Cost	5,298,893	9	4,634,149	9	OTHER LIABILITIES				
Revaluation increment	279,008	-	279,008	-	Accrued pension cost	546,780	1	511,767	1
	5,577,901	9	4,913,157	9	Advance deposits from customers	2,382	-	1,000	-
Less accumulated depreciation	(1,478,132)	(2)	(1,300,842)	(2)	Others	37,308	-	40,204	-
Construction in progress and prepayments on purchase of equipment	117,589	-	337,549	-	Total other liabilities	586,470	1	552,971	1
Property, plant and equipment, net	4,217,358	7	3,949,864	7	Total liabilities	26,334,410	42	21,340,799	39
OTHER ASSETS	3,209,797	5	3,435,488	6	STOCKHOLDERS' EQUITY				
					Capital stock	24,452,459	38	23,079,858	42
					Stock dividends to be distributed	637,714	1	1,270,265	2
					Capital surplus	4,118,678	6	2,836,884	5
					Retained earnings	10,546,121	17	12,037,627	22
					Cumulative translation adjustments	135,410	-	(478,082)	(1)
					Unrealized losses on financial instruments	(911,503)	(1)	(1,573,045)	(3)
					Treasury stock	(1,914,924)	(3)	(3,459,328)	(6)
					Total stockholders' equity	37,063,955	58	33,714,179	61
TOTAL	\$ 63,398,365	100	\$ 55,054,978	100	TOTAL	\$ 63,398,365	100	\$ 55,054,978	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 5,888,628	100	\$ 8,120,019	101
LESS SALES RETURNS AND ALLOWANCES	<u>(29,237)</u>	<u>(-)</u>	<u>(68,276)</u>	<u>(1)</u>
NET SALES AND REVENUES EARNED	5,859,391	100	8,051,743	100
COST OF GOODS SOLD	<u>4,504,542</u>	<u>77</u>	<u>6,714,949</u>	<u>83</u>
GROSS PROFIT BEFORE REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	1,354,849	23	1,336,794	17
UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	(253)	-	-	-
REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>-</u>	<u>-</u>	<u>5,123</u>	<u>-</u>
GROSS PROFIT	<u>1,354,596</u>	<u>23</u>	<u>1,341,917</u>	<u>17</u>
OPERATING EXPENSES				
Selling expenses	117,818	2	146,445	2
General and administrative expenses	674,082	12	551,375	7
Research and development expenses	<u>423,205</u>	<u>7</u>	<u>468,231</u>	<u>6</u>
Total operating expenses	<u>1,215,105</u>	<u>21</u>	<u>1,166,051</u>	<u>15</u>
INCOME FROM OPERATIONS	<u>139,491</u>	<u>2</u>	<u>175,866</u>	<u>2</u>
NON-OPERATING INCOME				
Interest income	26,480	1	7,960	-
Long-term equity investment income	2,190,116	37	3,214,538	40
Gain on disposal of property, plant and equipment	1,153	-	2,471	-
Gain on disposal of investments	-	-	5,410	-
Foreign exchange gain, net	13,594	-	-	-
Rental income	96,350	2	38,350	1
Reversal of provision for bad debts	7,500	-	-	-
Reversal of provision for inventory valuation	4,000	-	25,300	-
Revaluation gain on financial assets	-	-	161,857	2
Others	<u>63,955</u>	<u>1</u>	<u>209,311</u>	<u>3</u>
Total non-operating income	<u>2,403,148</u>	<u>41</u>	<u>3,665,197</u>	<u>46</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 196,701	3	\$ 254,669	3
Loss on disposal of property, plant and equipment	304	-	449	-
Foreign exchange loss, net	22,818	-	21,639	1
Revaluation loss on financial assets	12,184	-	-	-
Others	<u>32,651</u>	-	<u>15,393</u>	-
Total non-operating expenses	<u>264,658</u>	<u>4</u>	<u>292,150</u>	<u>4</u>
INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAX	2,277,981	39	3,548,913	44
INCOME TAX EXPENSE	<u>(403,630)</u>	<u>(7)</u>	<u>(26,400)</u>	-
INCOME BEFORE CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES	1,874,351	32	3,522,513	44
CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES	<u>-</u>	-	<u>445,527</u>	<u>5</u>
NET INCOME	<u>\$ 1,874,351</u>	<u>32</u>	<u>\$ 3,968,040</u>	<u>49</u>
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.96</u>	\$ 0.79	<u>\$ 1.53</u>	\$ 1.52
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.19</u>
		<u>\$ 0.79</u>		<u>\$ 1.71</u>
DILUTED EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.95</u>	\$ 0.78	<u>\$ 1.50</u>	\$ 1.49
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.19</u>
		<u>\$ 0.78</u>		<u>\$ 1.68</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

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

	2007		2006	
NET INCOME	<u>\$ 1,999,726</u>		<u>\$ 3,968,040</u>	
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.96</u>	\$ 0.80	<u>\$ 1.45</u>	\$ 1.44
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.18</u>
		<u>\$ 0.80</u>		<u>\$ 1.62</u>
DILUTED EARNINGS PER SHARE				
Income from continuing operations	<u>\$ 0.95</u>	\$ 0.79	<u>\$ 1.43</u>	\$ 1.41
Cumulative effect of changes in accounting principles		<u>-</u>		<u>0.18</u>
		<u>\$ 0.79</u>		<u>\$ 1.59</u>

(Concluded)

POU CHEN CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(In Thousands of New Taiwan Dollars)**

	Capital Surplus						Retained Earnings			Other Adjustments of Stockholders' Equity				
	Capital Stock	Stock Dividends to be Distributed	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	Total
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
Appropriation of earnings														
Legal reserve	-	-	-	-	-	-	577,197	-	(577,197)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(11,589)	11,589	-	-	-	-	-
Bonuses to directors and supervisors	-	-	-	-	-	-	-	-	(156,191)	-	-	-	-	(156,191)
Bonuses to employees	-	151,505	-	-	-	-	-	-	(151,505)	-	-	-	-	-
Stock dividends	-	486,209	-	-	-	-	-	-	(486,209)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(4,375,883)	-	-	-	-	(4,375,883)
Convertible bonds transferred to common stock	4,732	-	-	8,356	-	-	-	-	-	-	-	-	-	13,088
Effect of changes of ownership interest in investees	-	-	-	-	-	1,380,672	-	-	-	-	-	-	-	1,380,672
Treasury stock transferred to employees	-	-	-	-	(57,638)	-	-	-	-	-	-	-	396,166	338,528
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	174,581	-	-	174,581
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	113,231	-	-	113,231
Sales of parent company's stock by subsidiary	-	-	-	-	125,375	-	-	-	-	-	22,576	-	140,395	288,346
Execution of employee stock warrants	20,870	-	-	-	-	-	-	-	-	-	-	-	-	20,870
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	336,768	-	-	-	336,768
Net income for the six months ended June 30, 2007	-	-	-	-	-	-	-	-	1,874,351	-	-	-	-	1,874,351
BALANCE, JUNE 30, 2007	\$24,452,459	\$ 637,714	\$ 808,054	\$ 1,486,867	\$ 277,004	\$ 1,412,112	\$ 4,269,818	\$ 1,423,250	\$ 4,853,053	\$ 135,410	\$ (911,503)	\$ 134,641	\$ (1,914,924)	\$37,063,955
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)
Appropriation of earnings														
Legal reserve	-	-	-	-	-	-	422,795	-	(422,795)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(989,158)	989,158	-	-	-	-	-
Bonuses to directors and supervisors	-	-	-	-	-	-	-	-	(143,829)	-	-	-	-	(143,829)
Bonuses to employees	-	139,514	-	-	-	-	-	-	(139,514)	-	-	-	-	-
Stock dividends	-	1,130,751	-	-	-	-	-	-	(1,130,751)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(3,392,253)	-	-	-	-	(3,392,253)
Effect of changes of ownership interest in investees	-	-	-	-	-	185,876	-	-	-	-	-	-	-	185,876
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	14,787	-	-	14,787
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	63,241	-	-	63,241
Execution of employee stock warrants	21,930	-	4,386	-	-	-	-	-	-	-	-	-	-	26,316
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(513,576)	-	-	-	(513,576)
Net income for the six months ended June 30, 2006	-	-	-	-	-	-	-	-	3,968,040	-	-	-	-	3,968,040
BALANCE, JUNE 30, 2006	\$23,079,858	\$ 1,270,265	\$ 807,290	\$ 1,439,788	\$ 255,097	\$ 200,068	\$ 3,692,621	\$ 1,434,839	\$ 6,910,167	\$ (478,082)	\$ (1,573,045)	\$ 134,641	\$ (3,459,328)	\$33,714,179

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,874,351	\$ 3,968,040
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	187,144	134,907
Gain on redeemed and repurchased Euro convertible bonds	-	(152,864)
Provision for doubtful accounts	(7,500)	1,000
Reversal of provision for inventory devaluation	(4,000)	(25,300)
Investment income recognized under equity method	(2,190,116)	(3,214,538)
Cash dividends received from investees under equity method	3,935,633	-
(Realized) unrealized gross profit from inter-affiliate transactions	253	(5,123)
Net (gain) loss on disposal of property, plant and equipment	(849)	(2,022)
Revaluation gain on financial assets	12,184	(161,857)
Net changes in operating assets and liabilities		
Notes receivable	6,765	(960)
Notes receivable from affiliates	(11,983)	13,558
Accounts receivable	8,639	73,395
Accounts receivable from affiliates	(244,186)	(496,046)
Other financial assets, current	(22,030)	(115,795)
Inventories	(38,858)	1,009,355
Other current assets	12,924	162,520
Deferred income tax asset, noncurrent	(1,910)	(8,540)
Income tax prepayment	-	2,113
Notes payable	(45,073)	(1,893)
Notes payable to affiliates	(23,194)	(71,971)
Accounts payable	94,777	(452,692)
Accounts payable to affiliates	183,708	(35,350)
Income tax payable	400,092	(12,067)
Other payables	50,655	(65,084)
Other current liabilities	(45,738)	2,970
Foreign exchange adjustment on Euro Convertible Bonds	281	(12,471)
Interest compensation payable	-	108,259
Reserve for retirement plan	7,139	34,820
Net cash provided by operating activities	<u>4,139,108</u>	<u>230,839</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in financial assets measured at fair value through profit or loss, current	\$ (978,870)	\$ 207,946
Increase in long-term equity investments	(298,598)	(252,076)
(Increase) decrease in financial assets carried at cost, noncurrent	(50,000)	-
Acquisition of property, plant and equipment	(224,166)	(903,302)
Proceeds from disposal of property, plant and equipment	1,885	7,860
Decrease in refundable deposits	2,857	4,794
Increase in deferred charges	<u>(28,094)</u>	<u>(31,218)</u>
Net cash used in investing activities	<u>(1,574,986)</u>	<u>(965,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	1,705,000	(730,000)
Redeemed and repurchased overseas convertible bonds	-	(3,103,474)
Increase in long-term borrowings	-	4,500,000
Transfer treasury stock to employees	338,528	-
Remuneration to directors and supervisors	(156,191)	-
Execution of employee stock warrants	<u>20,870</u>	<u>26,316</u>
Net cash provided by (used in) financing activities	<u>1,908,207</u>	<u>692,842</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	4,472,329	(42,317)
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>\$ 5,804,257</u>	<u>\$ 977,445</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 193,031</u>	<u>\$ 241,926</u>
Income tax	<u>\$ 2,408</u>	<u>\$ 30,067</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING, 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>\$ 174,581</u>	<u>\$ 14,787</u>
Provision for unrealized gain on cash flow hedge financial liabilities	<u>\$ 113,231</u>	<u>\$ 63,241</u>
Effect of changes in ownership interest in investees	<u>\$ 1,380,672</u>	<u>\$ 185,876</u>
Long-term liabilities, current portion	<u>\$ 5,000,000</u>	<u>\$ -</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Translation adjustments on foreign long-term investments	\$ 336,768	(\$ 513,576)
Bonuses to directors and supervisors	<u>\$ -</u>	<u>\$ 143,829</u>
Dividends payable	<u>\$ 4,375,883</u>	<u>\$ 3,392,253</u>
Adjustments in stockholders' equity on disposal of investments in the parent company of subsidiaries	<u>\$ 288,346</u>	<u>\$ -</u>
Convertible bonds transferred to common stock	<u>\$ 13,088</u>	<u>\$ -</u>
Treasury stock transferred to employees	<u>(\$ 57,638)</u>	<u>\$ -</u>
Cash paid during the period for acquisition of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 124,021	\$ 1,331,958
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>(32,023)</u>	<u>(606,198)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 224,166</u>	<u>\$ 903,302</u>

(Concluded)