

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2008

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2008	
	Amount	%		Amount	%
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 26,183,522	13	Short-term borrowings	\$ 25,149,913	12
Financial assets measured at fair value through profit or loss, current	12,643,061	6	Short-term bills	798,138	-
Hedging derivative financial asset, current	7,453	-	Notes payable	122,976	-
Notes receivable	261,189	-	Notes payable to affiliates	30,827	-
Accounts receivable	28,093,271	13	Accounts payable	14,696,780	7
Accounts receivable from affiliates	1,986,356	1	Accounts payable to affiliates	1,043,219	1
Other financial assets, current	4,479,092	2	Income tax payable	987,095	1
Inventories	21,909,466	11	Financial liabilities measured at fair value through profit or loss, current	1,519,757	1
Other current assets	<u>7,527,884</u>	<u>4</u>	Derivative financial liabilities held for hedging, current	46,193	-
Total current assets	<u>103,091,294</u>	<u>50</u>	Other payables	13,063,921	6
			Current portion of long-term liabilities	15,573,854	7
FUNDS AND LONG-TERM INVESTMENTS			Other current liabilities	<u>4,160,402</u>	<u>2</u>
Long-term investments at equity method	28,436,250	14	Total current liabilities	<u>77,193,075</u>	<u>37</u>
Investments in real estate	1,143,859	1			
Available-for-sale financial assets, noncurrent	965,960	-	LONG-TERM LIABILITIES		
Hedging derivative financial asset, noncurrent	26,676	-	Bonds payable	7,406,747	4
Financial assets carried at cost, noncurrent	<u>880,180</u>	<u>-</u>	Long-term debt	<u>32,459,558</u>	<u>16</u>
Total funds and long-term investments	<u>31,452,925</u>	<u>15</u>	Total long-term liabilities	<u>39,866,305</u>	<u>20</u>
PROPERTY, PLANT AND EQUIPMENT			RESERVE FOR LAND VALUE INCREMENT TAX	<u>142,664</u>	<u>-</u>
Cost	91,731,221	44			
Revaluation increment	<u>293,323</u>	<u>-</u>	OTHER LIABILITIES		
	92,024,544	44	Accrued pension cost	582,113	-
Less accumulated depreciation	(35,363,327)	(17)	Advance deposits from customers	<u>27,600</u>	<u>-</u>
Less accumulated impairment	(164,021)	-	Total other liabilities	<u>609,713</u>	<u>-</u>
Construction in progress and prepayments on purchase of equipment	<u>2,901,407</u>	<u>1</u>	Total liabilities	<u>117,811,757</u>	<u>57</u>
Property, plant and equipment, net	<u>59,398,603</u>	<u>28</u>			
			STOCKHOLDERS' EQUITY		
INTANGIBLE ASSETS			Capital stock	25,136,070	12
Goodwill	6,572,827	3	Capital surplus	5,427,644	3
Deferred pension cost	<u>1,970</u>	<u>-</u>	Retained earnings	16,441,556	8
Total intangible assets	<u>6,574,797</u>	<u>3</u>	Cumulative translation adjustments	(2,694,838)	(1)
			Unrealized losses on financial instruments	(170,917)	-
OTHER ASSETS	<u>7,268,737</u>	<u>4</u>	Unrealized revaluation increment	134,641	-
			Treasury stock	(1,241,416)	(1)
			Minority interest	<u>46,941,859</u>	<u>22</u>
			Total stockholders' equity	<u>89,974,599</u>	<u>43</u>
TOTAL	<u>\$ 207,786,356</u>	<u>100</u>	TOTAL	<u>\$ 207,786,356</u>	<u>100</u>

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008

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

(Reviewed, Not Audited)

	2008	
	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 53,376,921	100
LESS SALES RETURNS AND ALLOWANCES	<u>(92,211)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	53,284,710	100
COST OF GOODS SOLD	<u>41,279,379</u>	<u>77</u>
GROSS PROFIT	<u>12,005,331</u>	<u>23</u>
OPERATING EXPENSES		
Selling expenses	2,617,275	5
General and administrative expenses	3,395,814	7
Research and development expenses	<u>1,242,021</u>	<u>2</u>
Total operating expenses	<u>7,255,110</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>4,750,221</u>	<u>9</u>
NON-OPERATING INCOME		
Interest income	162,871	-
Long-term equity investment income	389,304	1
Dividend income	21,339	-
Gain on disposal of property, plant and equipment	2,084	-
Gain on disposal of investments	5,606	-
Rental income	9,886	-
Revaluation gain on financial assets	1,693,111	3
Others	<u>93,852</u>	<u>-</u>
Total non-operating income	<u>2,378,053</u>	<u>4</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008

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

(Reviewed, Not Audited)

	2008	
	Amount	%
NON-OPERATING EXPENSES		
Interest expense	\$ 943,602	2
Loss on disposal of property, plant and equipment	53,184	-
Foreign exchange loss, net	416,642	1
Loss on inventory devaluation and obsolescence	26,427	-
Revaluation loss on financial liabilities	628,331	1
Others	<u>71,941</u>	<u>-</u>
Total non-operating expenses	<u>2,140,127</u>	<u>4</u>
INCOME BEFORE INCOME TAX	4,988,147	9
INCOME TAX EXPENSE	<u>(106,493)</u>	<u>-</u>
CONSOLIDATED NET INCOME	<u>\$ 4,881,654</u>	<u>9</u>
ATTRIBUTED TO		
Parent Company's stockholders	\$ 2,969,536	5
Minority interest	<u>1,912,118</u>	<u>4</u>
	<u>\$ 4,881,654</u>	<u>9</u>

	2008	
	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE		
Included income for minority interests	<u>\$ 2.01</u>	<u>\$ 1.96</u>
Attributed to stockholders of the Parent Company		<u>\$ 1.19</u>
DILUTED EARNINGS PER SHARE		
Included income for minority interests	<u>\$ 1.98</u>	<u>\$ 1.94</u>
Attributed to stockholders of the Parent Company		<u>\$ 1.18</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2008

(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:

	2008	
	Before Income Tax	After Income Tax
CONSOLIDATED NET INCOME ATTRIBUTED TO STOCKHOLDERS OF THE PARENT COMPANY		<u>\$ 2,969,536</u>
BASIC EARNINGS PER SHARE		
Included income for minority interests	<u>\$ 2.00</u>	<u>\$ 1.95</u>
Attributed to stockholders of the Parent Company		<u>\$ 1.19</u>
DILUTED EARNINGS PER SHARE		
Included income for minority interests	<u>\$ 1.98</u>	<u>\$ 1.93</u>
Attributed to stockholders of the Parent Company		<u>\$ 1.17</u>

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 2008

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2008
CASH FLOWS FROM OPERATING ACTIVITIES	
Consolidated net income	\$ 4,881,654
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	1,775,063
Amortization of the cost of issuing Euro Convertible Bonds	211,768
Revaluation gain on financial assets	(1,693,111)
Revaluation loss on financial liabilities	628,331
Provision for doubtful accounts	37,294
Provision for inventory devaluation and obsolescence	26,427
Investment income recognized under equity method	(389,304)
Cash dividends received from investees under equity method	68,524
Net gain on disposal of investments	(5,606)
Net loss on disposal of property, plant and equipment	51,100
Net changes in operating assets and liabilities	
Notes receivable	9,573
Accounts receivable	(839,689)
Accounts receivable from affiliates	(733,315)
Other financial assets, current	(176,780)
Inventories	(778,664)
Other current assets	(1,028,342)
Deferred income tax asset, noncurrent	(2,963)
Long-term accounts receivable	6,211
Other assets	727
Notes payable	45,278
Notes payable to affiliates	(22,789)
Accounts payable	(2,612,069)
Accounts payable to affiliates	(74,934)
Income tax payable	(80,343)
Other payables	2,613,935
Other current liabilities	2,012,106
Reserve for retirement plan	6,158
Minority interest	70,758
Net cash provided by operating activities	<u>4,006,998</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 2008

(In Thousands of New Taiwan Dollars)

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2008

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in financial assets measured at fair value through profit or loss, current	\$ (1,672,889)
Increase in long-term equity investments	(1,577,332)
Increase in available-for-sale financial assets, noncurrent	(94,663)
Acquisition of property, plant and equipment	(2,753,969)
Proceeds from disposal of property, plant and equipment	120,251
Increase in investment in real estate	(384,389)
Increase in refundable deposits	(624,940)
Decrease in goodwill	24,941
Increase in deferred charges	<u>(160,618)</u>
Net cash used in investing activities	<u>(7,123,608)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	5,888,770
Increase in short-term bills	21,030
Increase in long-term borrowings	2,957,555
Increase in advance deposits from customers	7,813
Execution of employee stock warrants	17,530
Acquisition of treasury stocks	<u>(1,086,041)</u>
Net cash provided by financing activities	<u>7,806,657</u>

EFFECT OF EXCHANGE RATE CHANGES ON CASH (688,542)

NET INCREASE IN CASH AND CASH EQUIVALENTS 4,001,505

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 22,182,017

CASH AND CASH EQUIVALENTS, END OF PERIOD \$ 26,183,522

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period	
Interest (excluding interest capitalized)	<u>\$ 1,137,535</u>
Income tax	<u>\$ 164,257</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 2008

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2008

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

Unrealized loss on available-for-sale financial assets	<u>\$ (69,840)</u>
Provision for unrealized loss on cash flow hedge financial liabilities	<u>\$ (13,367)</u>
Effect of changes in ownership interest in investees	<u>\$ 5,611</u>
Translation adjustments on foreign long-term investments	<u>\$ (2,537,754)</u>
Long-term liabilities, current portion	<u>\$ 15,573,854</u>
Cash paid during the period for acquisition of property, plant and equipment	
Fair value of property, plant and equipment acquired	\$ 2,606,990
Add payables for acquisition of property, plant and equipment at beginning of period	319,536
Less payables for acquisition of property, plant and equipment at end of period	<u>(172,557)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 2,753,969</u>

(Concluded)