

POU CHEN CORPORATION

BALANCE SHEETS

JUNE 30, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

ASSETS	2008		2007		LIABILITIES AND STOCKHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 745,407	1	\$ 5,804,257	9	Short-term borrowings	\$ 3,240,000	5	\$ 4,995,000	8
Financial assets at fair value through profit or loss, current	3,826,975	6	2,996,817	5	Notes payable	89,779	-	53,738	-
Notes receivable	3,803	-	4,289	-	Notes payable to affiliates	46,021	-	72,770	-
Notes receivable from affiliates	12,823	-	33,639	-	Accounts payable	869,513	2	740,875	1
Accounts receivable	133,918	-	399,264	1	Accounts payable to affiliates	131,920	-	391,907	1
Accounts receivable from affiliates	1,597,193	3	1,425,087	2	Income tax payable	513	-	401,984	1
Other financial assets, current	473,619	1	1,882,217	3	Derivate financial liabilities held for hedging, current	-	-	91,424	-
Inventories	160,053	-	142,736	-	Other payables	3,233,474	5	4,856,073	8
Other current assets	107,324	-	103,142	-	Current portion of long-term liabilities	1,626,517	3	5,000,000	8
					Other current liabilities	63,954	-	46,635	-
Total current assets	7,061,115	11	12,791,448	20	Total current liabilities	9,301,691	15	16,650,406	27
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	50,373,415	78	43,098,292	68	Bonds payable	-	-	10,987	-
Hedging derivative assets, noncurrent	52,389	-	36,816	-	Long-term debt	12,375,000	19	9,000,000	14
Financial assets carried at cost, noncurrent	50,000	-	50,000	-	Total long-term liabilities	12,375,000	19	9,010,987	14
Total funds and long-term investments	50,475,804	78	43,185,108	68	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
PROPERTY, PLANT AND EQUIPMENT					OTHER LIABILITIES				
Cost	5,409,224	9	5,298,893	9	Accrued pension cost	565,719	1	546,780	1
Revaluation increment	279,008	-	279,008	-	Advance deposits from customers	2,276	-	2,382	-
	5,688,232	9	5,577,901	9	Others	103,399	-	37,308	-
Less accumulated depreciation	(1,660,574)	(3)	(1,478,132)	(2)	Total other liabilities	671,394	1	586,470	1
Construction in progress and prepayments for equipment	12,550	-	117,589	-	Total liabilities	22,434,632	35	26,334,410	42
Property, plant and equipment, net	4,040,208	6	4,217,358	7	STOCKHOLDERS' EQUITY				
OTHER ASSETS	3,189,264	5	3,204,451	5	Capital stock	25,136,070	39	24,452,459	38
					Stock dividends to be distributed	2,744,315	4	637,714	1
					Capital surplus	5,795,974	9	3,984,037	6
					Retained earnings	12,387,016	19	10,546,121	17
					Cumulative translation adjustments	(2,460,619)	(4)	135,410	-
					Unrealized losses on financial instruments	(164,222)	-	(911,503)	(1)
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(1,241,416)	(2)	(1,914,924)	(3)
					Total stockholders' equity	42,331,759	65	37,063,955	58
TOTAL	\$ 64,766,391	100	\$ 63,398,365	100	TOTAL	\$ 64,766,391	100	\$ 63,398,365	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 5,984,237	101	\$ 5,888,628	100
LESS SALES RETURNS AND ALLOWANCES	<u>(36,109)</u>	<u>(1)</u>	<u>(29,237)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	5,948,128	100	5,859,391	100
COST OF GOODS SOLD	<u>4,541,326</u>	<u>76</u>	<u>4,504,542</u>	<u>77</u>
GROSS PROFIT BEFORE REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	1,406,802	24	1,354,849	23
REALIZED (UNREALIZED) GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>175</u>	<u>-</u>	<u>(253)</u>	<u>-</u>
GROSS PROFIT	<u>1,406,977</u>	<u>24</u>	<u>1,354,596</u>	<u>23</u>
OPERATING EXPENSES				
Selling expenses	116,521	2	117,818	2
General and administrative expenses	799,689	14	674,082	12
Research and development expenses	<u>429,034</u>	<u>7</u>	<u>423,205</u>	<u>7</u>
Total operating expenses	<u>1,345,244</u>	<u>23</u>	<u>1,215,105</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>61,733</u>	<u>1</u>	<u>139,491</u>	<u>2</u>
NON-OPERATING INCOME				
Interest income	1,793	-	26,480	1
Investment income recognized under equity method	3,957,249	67	2,190,116	37
Gain on disposal of property, plant and equipment	1,206	-	1,153	-
Gain on disposal of investments	350	-	-	-
Gain on physical inventory	32	-	-	-
Foreign exchange gain, net	-	-	13,594	-
Rental income	85,167	1	96,350	2
Reversal of provision for bad debts	-	-	7,500	-
Reversal of provision for inventory valuation	-	-	4,000	-
Valuation gain on financial assets	625,057	11	-	-
Others	<u>70,448</u>	<u>1</u>	<u>63,955</u>	<u>1</u>
Total non-operating income	<u>4,741,302</u>	<u>80</u>	<u>2,403,148</u>	<u>41</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

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

	2008		2007	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 212,296	4	\$ 196,701	3
Loss on disposal of property, plant and equipment	1,723	-	304	-
Loss on disposal of investments	-	-	22,818	-
Foreign exchange loss, net	256,369	4	-	-
Provision for loss on inventory	7,000	-	-	-
Valuation loss on financial assets	-	-	12,184	-
Others	<u>32,987</u>	<u>1</u>	<u>32,651</u>	<u>1</u>
Total non-operating expenses	<u>510,375</u>	<u>9</u>	<u>264,658</u>	<u>4</u>
INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAX	4,292,660	72	2,277,981	39
INCOME TAX BENEFIT (EXPENSE)	<u>6,750</u>	<u>-</u>	<u>(403,630)</u>	<u>(7)</u>
NET INCOME	<u>\$ 4,299,410</u>	<u>72</u>	<u>\$ 1,874,351</u>	<u>32</u>
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.56</u>	<u>\$ 1.56</u>	<u>\$ 0.86</u>	<u>\$ 0.71</u>
Diluted	<u>\$ 1.54</u>	<u>\$ 1.54</u>	<u>\$ 0.85</u>	<u>\$ 0.70</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(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:

	2008		2007	
NET INCOME	<u>\$ 4,299,410</u>		<u>\$ 1,999,726</u>	
	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.56</u>	<u>\$ 1.56</u>	<u>\$ 0.87</u>	<u>\$ 0.72</u>
Diluted	<u>\$ 1.53</u>	<u>\$ 1.53</u>	<u>\$ 0.86</u>	<u>\$ 0.71</u>

(Concluded)

POU CHEN CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2008 AND 2007
(In Thousands of New Taiwan Dollars)**

	Capital Surplus						Retained Earnings			Other Adjustments of Stockholders' Equity				Total
	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	
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
Appropriation of earnings														
Legal reserve	-	-	-	-	-	-	480,025	-	(480,025)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(1,313,097)	1,313,097	-	-	-	-	-
Bonuses to directors and supervisors	-	-	-	-	-	-	-	-	(169,000)	-	-	-	-	(169,000)
Bonuses to employees	-	273,216	-	-	-	-	-	-	(273,216)	-	-	-	-	-
Stock dividends	-	2,471,099	-	-	-	-	-	-	(2,471,099)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(2,471,099)	-	-	-	-	(2,471,099)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	(1,086,041)	(1,086,041)
Effect of changes of ownership interest in investees	-	-	-	-	-	373,941	-	-	-	-	-	-	-	373,941
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(135,051)	-	-	(135,051)
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	58,539	-	-	58,539
Execution of employee stock warrants	17,530	-	-	-	-	-	-	-	-	-	-	-	-	17,530
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(2,303,535)	-	-	-	(2,303,535)
Net income for the six months ended June 30, 2008	-	-	-	-	-	-	-	-	4,299,410	-	-	-	-	4,299,410
BALANCE, JUNE 30, 2008	<u>\$25,136,070</u>	<u>\$ 2,744,315</u>	<u>\$ 808,054</u>	<u>\$ 1,492,700</u>	<u>\$ 1,757,844</u>	<u>\$ 1,737,376</u>	<u>\$ 4,749,843</u>	<u>\$ 110,153</u>	<u>\$ 7,527,020</u>	<u>\$ (2,460,619)</u>	<u>\$ (164,222)</u>	<u>\$ 134,641</u>	<u>\$ (1,241,416)</u>	<u>\$42,331,759</u>
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
Executive 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	<u>\$24,452,459</u>	<u>\$ 637,714</u>	<u>\$ 808,054</u>	<u>\$ 1,486,867</u>	<u>\$ 277,004</u>	<u>\$ 1,412,112</u>	<u>\$ 4,269,818</u>	<u>\$ 1,423,250</u>	<u>\$ 4,853,053</u>	<u>\$ 135,410</u>	<u>\$ (911,503)</u>	<u>\$ 134,641</u>	<u>\$ (1,914,924)</u>	<u>\$37,063,955</u>

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 4,299,410	\$ 1,874,351
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	197,886	187,144
Provision for (reversal of) bad debts	1,754	(7,500)
Provision for (reversal of) loss on inventory	7,000	(4,000)
Investment income recognized under equity method	(3,957,249)	(2,190,116)
Cash dividends received from investees under equity method	-	3,935,633
(Realized) unrealized gross profit from inter-affiliate transactions	(175)	253
Net loss (gain) on disposal of property, plant and equipment	517	(849)
(Gain) loss on disposal of investments	(350)	22,818
Valuation (gain) loss on financial assets	(625,057)	12,184
Net changes in operating assets and liabilities		
Notes receivable	(3,422)	6,765
Notes receivable from affiliates	13,702	(11,983)
Accounts receivable	281,234	8,639
Accounts receivable from affiliates	(237,910)	(244,186)
Other financial assets, current	(32,034)	(22,030)
Inventories	(32,255)	(38,858)
Other current assets	(20,611)	12,924
Deferred income tax asset, noncurrent	(2,740)	(1,910)
Temporary income tax payment	1,592	-
Notes payable	36,762	(45,073)
Notes payable to affiliates	(7,595)	(23,194)
Accounts payable	37,861	94,777
Accounts payable to affiliates	(285,976)	183,708
Income tax payable	(418,223)	400,092
Other payables	77,071	50,655
Other current liabilities	10,514	(45,738)
Foreign exchange adjustment on Euro Convertible Bonds	(101)	281
Reserve for retirement plan	11,424	7,139
Net cash (used in) provided by operating activities	<u>(646,971)</u>	<u>4,161,926</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit or loss	\$ (121,801)	\$ (978,870)
Increase in investments accounted for by the equity method	(429,187)	(298,598)
Proceeds from capital reduction of long-term equity investments	1,922,115	-
Increase in financial assets carried at cost, noncurrent	-	(50,000)
Acquisition of property, plant and equipment	(56,147)	(224,166)
Acquisition of leased equipment	(1,110)	-
Proceeds from disposal of property, plant and equipment	27,411	1,885
Proceeds from disposal of leased equipment	1,894	-
(Increase) decrease in refundable deposits	(38)	2,857
Increase in deferred charges	<u>(30,415)</u>	<u>(28,094)</u>
Net cash provided by (used in) investing activities	<u>1,312,722</u>	<u>(1,574,986)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	80,000	1,705,000
Redeemed domestic secured bonds	(5,000,000)	-
Increase in long-term debt	5,000,000	-
Decrease in guarantee deposits received	(420)	-
Transfer treasury stock to employees	-	338,528
Remuneration to directors and supervisors	-	(156,191)
Execution of employee stock warrants	17,530	20,870
Acquisitions of treasury stock	<u>(1,086,041)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(988,931)</u>	<u>1,908,207</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(323,180)	4,495,147
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>\$ 745,407</u>	<u>\$ 5,827,075</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 206,526</u>	<u>\$ 193,031</u>
Income tax	<u>\$ 416,630</u>	<u>\$ 2,408</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized (loss) gain on available-for-sale financial assets	<u>\$ (135,051)</u>	<u>\$ 174,581</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Unrealized gain on cash flow hedge financial liabilities	\$ 58,539	\$ 113,231
Effect of changes in ownership interest in investees	\$ 373,941	\$ 1,380,672
Current portion of long-term liabilities	\$ 1,626,517	\$ 5,000,000
Translation adjustments on foreign long-term investments	\$ (2,303,535)	\$ 336,768
Bonuses to directors and supervisors	\$ 169,000	\$ -
Dividends payable	\$ 2,471,099	\$ 4,375,883
Adjustments in stockholders' equity on disposal of investments in the parent company of subsidiaries	\$ -	\$ 288,346
Convertible bonds transferred to common stock	\$ -	\$ 13,088
Treasury stock transferred to employees	\$ -	\$ (57,638)
Cash paid during the period for acquisition of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 42,171	\$ 124,021
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	(14,643)	(32,023)
Cash paid during the period for acquisition of property, plant and equipment	\$ 56,147	\$ 224,166

(Concluded)