



English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2007		December 31, 2006		Liabilities and Shareholders' Equity	December 31, 2007		December 31, 2006	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets	125,641,957	38.71	117,462,275	36.02	Current Liabilities	117,868,056	36.31	122,416,338	37.54
Cash and cash equivalents	37,135,988	11.44	41,236,865	12.64	Short-term loans	27,460,038	8.46	29,190,032	8.95
Financial assets at fair value through profit or loss- current	2,453,757	0.76	1,022,935	0.31	Short-term notes and bills payable	1,535,353	0.47	1,125,053	0.34
Available-for-sale financial assets - current	3,323	-	3,933	-	Financial liabilities at fair value through profit or loss- current	9,869	0.01	9,602	-
Held-to-maturity financial assets - current	4,607	-	2,058	-	Notes payable	145,991	0.04	397,692	0.12
Derivative financial assets for hedging - current	8,097	-	11,627	-	Accounts payable	40,159,329	12.37	47,002,910	14.40
Financial assets carried at cost - current	327,235	0.10	101,785	0.03	Accounts payable- affiliates	482,301	0.15	324,662	0.10
Debt investments without active market	170,294	0.05	-	-	Tax payable	618,223	0.19	286,236	0.09
Notes receivable, net	1,359,590	0.42	1,565,514	0.48	Other payables- affiliates	51,268	0.02	134,783	0.04
Notes receivable- affiliates, net	151,469	0.05	-	-	Other payables	15,464,418	4.76	13,641,897	4.18
Accounts receivable, net	42,348,863	13.05	31,000,826	9.50	Derivative financial liabilities for hedging - current	-	-	35,699	0.01
Accounts receivable- affiliates, net	3,030,231	0.93	1,855,089	0.57	Advanced receipts	4,833,050	1.49	1,854,821	0.57
Other receivables, net	4,450,272	1.37	2,769,350	0.85	Current portion of long-term debt	26,272,651	8.09	27,724,040	8.50
Other receivables- affiliates, net	1,886,661	0.58	231,106	0.07	Other current liabilities	835,565	0.26	688,911	0.16
Inventories, net	26,822,626	8.26	34,449,866	10.56					
Prepayments	1,949,331	0.60	1,531,042	0.47	Long-term Liabilities	71,897,456	22.15	91,341,848	27.98
Noncurrent assets held for sale, net	1,965,078	0.61	-	-	Financial liabilities at fair value through profit or loss- noncurrent	2,228,591	0.69	1,447,211	0.44
Deferred tax assets-current	37,811	0.01	111,475	0.06	Bonds payable	6,080,784	1.87	7,700,717	2.36
Restricted assets- current	1,125,784	0.35	956,837	0.29	Long-term loans	63,071,513	19.43	81,724,748	25.04
Other current assets- others	410,940	0.13	611,967	0.19	Derivative financial liabilities for hedging - noncurrent	6,500	-	89,499	0.03
					Long-term payable	510,068	0.16	350,719	0.11
					Leased payable-noncurrent	-	-	28,954	0.01
Funds and Investments	14,053,487	4.34	10,827,424	3.32	Reserves	4,469,215	1.38	5,021,785	1.54
Long-term investments accounted for under the equity method	10,126,140	3.12	9,674,129	2.97	Reserve for incremental tax on land revaluation	4,469,215	1.38	5,021,785	1.54
Prepayments for long-term investments	2,397,546	0.74	188,100	0.06					
Financial assets at fair value through profit or loss- noncurrent	40,000	0.01	-	-	Other Liabilities	8,393,459	2.59	10,190,255	3.30
Available-for-sale financial assets- noncurrent	802,216	0.25	431,416	0.13	Accrued pension liability	6,739,762	2.08	7,486,779	2.29
Derivative financial assets for hedging - noncurrent	85,183	0.03	44,516	0.01	Deposits in	135,194	0.04	95,320	0.04
Financial assets carried at cost- noncurrent	602,402	0.19	489,263	0.15	Deferred tax liabilities-noncurrent	1,307,787	0.40	820,650	0.42
					Deferred credit among affiliates	228	-	253	-
					Other liabilities- others	210,488	0.07	1,787,253	0.55
Property, Plant and Equipment	169,628,300	52.25	187,097,902	57.34	Total Liabilities	202,628,186	62.43	228,970,226	70.37
Cost					Total Shareholders' Equity	121,934,989	37.57	96,699,170	29.63
Land	5,965,275	1.84	7,160,653	2.19	Capital stock	44,877,758	13.82	43,487,072	13.33
Buildings	45,343,356	13.97	43,522,536	13.34	Capital reserve				
Machinery and equipment	159,478,293	49.14	149,618,503	45.85	Premium on convertible bonds	164,471	0.05	127,936	0.04
Transportation equipment	632,706	0.19	649,395	0.20	Treasury stock transactions	37,802	0.01	36,652	0.01
Instrument of equipment	1,616,984	0.50	2,824,318	0.87	Long-term investments	11,781,400	3.63	11,839,896	3.63
Leased assets	115,724	0.04	20,401	0.01					
Rental assets	192,192	0.06	79,222	0.02	Retained earnings				
Leasehold improvements	757,994	0.23	323,356	0.10	Accumulated deficits	(11,232,973)	(3.46)	(14,322,741)	(4.39)
Miscellaneous equipment	46,358,417	14.28	41,175,858	12.62					
Revaluation increment	19,084,076	5.88	18,591,942	5.70	Adjusting items in shareholder's equity				
Subtotal	279,545,017	86.13	263,966,184	80.90	Cumulative translation adjustment	869,239	0.27	504,366	0.15
Less: accumulated depreciation	(112,126,822)	(34.55)	(97,123,936)	(29.76)	Unrecognized net loss on pension cost	(1,020,706)	(0.31)	(1,269,341)	(0.39)
Less: accumulated impairment	(520,222)	(0.16)	(689,134)	(0.21)	Unrealized gain or loss on financial instruments	(554,422)	(0.17)	(834,064)	(0.26)
Construction in progress and prepayment for equipments	2,730,327	0.83	20,944,788	6.41	Unrealized gain or loss on cash flow hedge	711	-	23,944	0.01
					Unrealized increment of revaluation	222,059	0.07	20,311	0.01
Intangible Assets	8,033,692	2.48	3,514,492	0.80					
Goodwill	1,138,692	0.35	416,987	0.13	Treasury stock	(902,257)	(0.28)	(1,084,760)	(0.33)
Deferred pension cost	1,453,684	0.45	1,889,786	0.58	Total equity attributable to stockholders of the parent	44,243,082	13.63	38,529,271	11.81
Land use rights	415,179	0.13	305,870	0.09					
Other intangible assets	5,026,137	1.55	901,849	-	Minority interest	77,691,907	23.94	58,169,899	17.83
Other Assets	7,205,739	2.22	6,767,303	2.07					
Refundable deposits	627,816	0.19	421,134	0.13					
Deferred charges	1,736,740	0.54	2,642,286	0.81					
Long-term receivables, net	446,531	0.14	71,052	0.02					
Other assets- others	4,394,652	1.35	3,632,831	1.11					
Total Assets	324,563,175	100.00	325,669,396	100.00	Total Liabilities and Shareholders' Equity	324,563,175	100.00	325,669,396	100.00

English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings (Loss) Per Share)

Contents	January 1 to December 31, 2007			January 1 to December 31, 2006		
	Subtotal	Total	%	Subtotal	Total	%
Operating revenues						
Sales revenues		231,469,628	101.08		196,367,775	103.29
Less: Sales returns	(1,064,539)			(3,212,699)		
Sales allowances	(1,414,396)	(2,478,935)	(1.08)	(3,033,045)	(6,245,744)	(3.29)
Net operating revenues		228,990,693	100.00		190,122,031	100.00
Operating cost		(195,486,293)	(85.37)		(181,816,213)	(95.63)
Gross profit including deferred intercompany profit		33,504,400	14.63		8,305,818	4.37
Realized (unrealized) intercompany profit, net		25	-		(253)	-
Net Gross profit		33,504,425	14.63		8,305,565	4.37
Operating expenses		(20,407,237)	(8.91)		(18,925,204)	(9.95)
Sales and marketing	(7,881,085)			(9,086,304)		
General and administrative	(4,742,714)			(4,274,006)		
Research and development	(7,783,438)			(5,564,894)		
Operating income (loss)		13,097,188	5.72		(10,619,639)	(5.58)
Non-operating income		7,564,883	3.29		4,704,600	2.47
Interest income	1,032,553			986,613		
Investment gain accounted for under the equity method	117,366			-		
Dividend income	8,151			19,072		
Gain on disposal of property, plant and equipment	68,109			20,463		
Gain on disposal of investments	4,032,921			1,090,438		
Foreign exchange gain	1,035,291			662,424		
Gain on financial assets at fair value through profit or loss, net	364,979			365,250		
Gain on financial liabilities at fair value through profit or loss, net	-			588,518		
Miscellaneous income	905,513			971,822		
Non-operating expenses		(9,329,644)	(4.07)		(10,208,269)	(5.37)
Interest expenses	(5,947,565)			(6,061,065)		
Investment loss accounted for under the equity method	-			(311,240)		
Loss on disposal of property, plant and equipment	(83,952)			(226,205)		
Loss on disposal of investments	(3,779)			(1,046)		
Loss on decline and obsolescence of inventories	(444,332)			(882,811)		
Impairment loss	(767,921)			(1,213,916)		
Loss on financial liabilities at fair value through profit or loss	(108,898)			-		
Miscellaneous expenses	(1,973,197)			(1,511,986)		
Income (loss) from continuing operating units before income tax		11,332,427	4.94		(16,123,308)	(8.48)
Income tax expense		(853,529)	(0.36)		(476,203)	(0.25)
Net income (loss) from continuing operating units		10,478,898	4.58		(16,599,511)	(8.73)
Cumulative effect of changes in accounting principles (net amount after deducting income tax expense \$0)		-	-		(806,379)	(0.42)
Consolidated net income(loss)		10,478,898	4.58		(17,405,890)	(9.15)
Attributed to:						
Shareholders of the parent		3,576,628	1.56		(8,179,964)	(4.30)
Minority interest		6,902,270	3.02		(9,225,926)	(4.85)
Consolidated net income (loss)		10,478,898	4.58		(17,405,890)	(9.15)
Earnings (loss) per share-basic (in New Taiwan dollars)						
Income (loss) from continuing operating units before income tax		2.58	2.39		(3.89)	(4.00)
Consolidated net income (loss)		2.58	2.39		(4.09)	(4.20)
Minority interest		1.76	1.58		(2.23)	(2.23)
Consolidated net income (loss) attributable to shareholders of the parent		0.82	0.81		(1.86)	(1.97)
Earnings per share-diluted (in New Taiwan dollars)						
Income from continuing operating units before income tax		2.51	2.33			
Consolidated net income		2.51	2.33			
Minority interest		1.71	1.54			
Consolidated net income attributable to shareholders of the parent		0.80	0.79			



English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars)

Description	Capital Stock	Capital Reserve	Retained Earnings	Cumulative Translation Adjustment	Unrecognized Net Loss on Pension Cost	Unrealized Gain/Loss on Financial Instruments	Unrealized Gain/Loss on Cash Flow Hedge	Unrecognized Increment of Revaluation	Treasury Stock	Minority interest	Total
Balance as of January 1, 2006 (Before Adjustment)	\$41,981,446	\$11,516,385	\$(6,113,896)	\$204,134	\$(1,309,407)	\$(833,941)	\$-	\$38,453	\$(860,961)	\$67,600,554	\$112,222,767
The effect of initial adopting SFAS NO.34						84,622					\$84,622
Balance as of January 1, 2006 (After Adjustment)	41,981,446	11,516,385	(6,113,896)	204,134	(1,309,407)	(749,319)	-	38,453	(860,961)	67,600,554	\$112,307,389
Net loss for 2006			(8,179,964)							(9,225,926)	\$(17,405,890)
Changes in retained earnings of equity investees			(1,608)								\$(1,608)
Changes in capital reserve of equity investees		323,517									\$323,517
Adjustments due to disposal of long-term investments		(6)									\$(6)
Changes in unrealized gain (loss) on available-for-sale financial assets of equity investees						(48,692)					\$(48,692)
Cumulative translation adjustment				300,232							\$300,232
Changes in unrecognized net loss on pension cost of equity investees					(131,571)						\$(131,571)
Changes in unrecognized net loss on pension cost					171,637						\$171,637
Changes in treasury stock of equity investees									(269,916)		\$(269,916)
Exercise of employee stock options	204,628		(27,273)								\$177,355
Convertible bonds converted into common stock	1,300,998	127,936									\$1,428,934
Changes in unrealized loss on available-for-sale financial assets						(36,053)					\$(36,053)
Adjustments due to treasury stock transactions of equity investees		36,652							46,117		\$82,769
Adjustments due to unrecognized revaluation increment of equity investees								(18,142)			\$(18,142)
Adjustments due to unrealized gain on cash flow hedge of equity investees							23,944				\$23,944
Changes in Minority interest										(204,729)	\$(204,729)
Balance as of December 31, 2006	43,487,072	12,004,484	(14,322,741)	504,366	(1,269,341)	(834,064)	23,944	20,311	(1,084,760)	58,169,899	\$96,699,170
Transfer capital reserve and make up accumulated deficits		(164,588)	164,588								\$-
Net income for 2007			3,576,628							6,902,270	\$10,478,898
Changes in retained earnings of equity investees			(636,788)								\$(636,788)
Changes in capital reserve of equity investees		(41,661)									\$(41,661)
Adjustments due to disposal of long-term investments		(16,835)									\$(16,835)
Changes in unrealized gain (loss) on available-for-sale financial assets of equity investees						139,514					\$139,514
Cumulative translation adjustment				364,873							\$364,873
Changes in unrecognized net loss on pension cost of equity investees					32,736						\$32,736
Changes in unrecognized net loss on pension cost					215,899						\$215,899
Adjustments due to unrecognized revaluation increment of equity investees								201,748			\$201,748
Changes in treasury stock of equity investees									32,967		\$32,967
Exercise of employee stock options	203,762		(14,660)								\$189,102
Convertible bonds converted into common stock	1,186,924	164,471									\$1,351,395
Changes in unrealized loss on available-for-sale financial assets						140,128					\$140,128
Adjustments due to treasury stock transaction of equity investees		37,802							149,536		\$187,338
Adjustments due to unrealized loss on cash flow hedge of equity investees							(23,233)				\$(23,233)
Changes in Minority interest										12,619,738	\$12,619,738
Balance as of December 31, 2007	\$44,877,758	\$11,983,673	\$(11,232,973)	\$869,239	\$(1,020,706)	\$(554,422)	\$711	\$222,059	\$(902,257)	\$77,691,907	\$121,934,989



English Translations of Consolidated Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2007 and 2006
(Expressed in Thousands of New Taiwan Dollars)

	January 1 to December 31, 2007	January 1 to December 31, 2006
Cash flows from operating activities:		
Consolidated net income (loss)	10,478,898	(17,405,890)
Adjustments to reconcile consolidated net income (loss) to net cash provided by operating activities:		
Effects on foreign exchange	(32,512)	(11,970)
Depreciation	27,091,143	23,994,119
Amortization (including other losses)	2,465,446	2,170,082
Investment (income) loss accounted for under the equity method	(117,366)	311,240
Gain on disposal of investments	(4,032,921)	(1,089,392)
Gain on financial assets at fair value through profit or loss, net	(364,979)	(588,518)
Loss (gain) on financial liabilities at fair value through profit or loss, net	108,898	(365,250)
Cash dividends received under the equity method	177,688	215,300
Gain on disposal of property, plant and equipment	(68,109)	(20,463)
Loss on disposal of property, plant and equipment	83,952	226,205
Impairment loss	767,921	1,213,916
Realized long-term deferred revenues	-	(28,839)
Changes in assets and liabilities:		
Financial assets at fair value through profit and loss	(1,430,822)	1,516,947
Derivative financial assets for hedging	(37,137)	(56,143)
Notes receivable	205,924	(269,404)
Notes receivable- affiliates	(151,469)	-
Accounts receivable	(11,348,037)	6,999,140
Accounts receivable- affiliates	(1,175,142)	(708,860)
Other receivables	(1,680,922)	(1,378,445)
Other receivables- affiliates	(1,655,555)	463,610
Inventories	7,627,240	(5,975,953)
Prepayments	(418,289)	(654,932)
Other current assets	201,027	(269,803)
Financial liabilities at fair value through profit and loss- current	781,647	1,181,289
Notes payable	(251,701)	358,623
Accounts payable	(6,843,581)	333,654
Accounts payable- affiliates	157,639	145,120
Other payables- affiliates	(83,515)	(90,499)
Other payables	1,822,521	(2,704,420)
Derivative financial liabilities for hedging	(118,698)	125,198
Other current liabilities	146,654	(54,722)
Tax payable	331,987	88,365
Advanced receipts	(21,771)	445,332
Reserve for incremental tax on land revaluation	(552,570)	(66,938)
Accrued pension liability	(747,017)	984,275
Deferred tax assets	73,664	(95,228)
Deferred tax liabilities	487,137	647,213
Foreign exchange gain on bonds payable	-	(10,225)
Compensation interest payable	92,199	288,862
Deferred credit- intercompany profit	(25)	253
Other liabilities- others	(1,576,765)	1,573,640
Net cash provided by operating activities	20,392,682	11,436,489
Cash flows from investing activities:		
(Increase) decrease in restricted assets	(168,947)	64,613
(Increase) decrease in available-for-sale financial assets	(370,190)	232,277
(Increase) decrease in held-to-maturity financial assets	(2,549)	2,765
(Increase) decrease in financial assets carried at cost	(338,589)	330,000
Increase in debt investments without active market	(170,294)	-
Acquisition of long-term investments accounted for under the equity method	(3,086,196)	(3,877,732)
Proceeds from disposal of long-term investments accounted for under the equity method	58,005	1,139,490
(Increase) refund of prepayments for long-term investments	(2,397,546)	410,553
Increase of intangible assets	(5,060,446)	-
Proceeds from disposal of property, plant and equipment	663,100	686,511
Advanced receipts from disposal of plant and equipment	3,000,000	-
Acquisition of property, plant and equipment	(11,410,963)	(18,296,865)
Acquisition of land use rights	(104,652)	(10,790)
Increase in refundable deposits	(206,682)	(45,800)
Increase in other assets	(761,821)	(610,920)
(Increase) decrease in long-term receivables	(375,479)	278,806
Increase in deferred charges	(759,452)	(1,399,670)
Net cash used in investing activities	(21,492,701)	(21,096,762)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(1,729,994)	2,766,994
Increase (decrease) in short-term notes and bills payable	410,300	(688,553)
(Decrease) increase in leased payable-noncurrent	(28,954)	28,788
(Decrease) increase in long-term loans	(20,104,624)	4,042,707
Increase in deposits-in	39,874	18,386
Increase in long-term payable	159,349	254,392
Issuance of convertible bonds	7,868,626	6,028,245
Decrease in bonds payable	(1,619,933)	(857,201)
Endowment revenues	-	(12,098)
Exercise of employees' stock options	757,212	177,355
Minority interest	12,619,738	(204,729)
Net cash (used in) provided by financing activities	(1,628,406)	11,554,286
Effects on initial consolidated of subsidiaries	(1,295,085)	-
Effects on foreign exchange	(77,367)	44,914
Net (decrease) increase in cash and cash equivalents	(4,100,877)	1,938,927
Cash and cash equivalents, at beginning of the period	41,236,865	39,297,938
Cash and cash equivalents, at end of the period	37,135,988	41,236,865
Supplemental disclosures of cash flow information:		
Cash paid for interest	5,765,525	5,655,275
Cash paid for income tax	442,531	550,677
Investing and financing activities not affecting cash flows:		
Current portion of convertible bonds and long-term debt	26,272,651	27,724,040
Acquisition of long-term investments by disposal of inventories and property, plant and equipment	-	4,201,963
Conversion of convertible bonds into common stock	9,587,805	1,428,934
Property, plant and equipment reclassified as noncurrent assets held for sale, net	1,965,078	-