



English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.  
UNAUDITED BALANCE SHEETS  
As of March 31, 2008 and 2007  
(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2008		March 31, 2007		Liabilities and Shareholders' Equity	March 31, 2008		March 31, 2007	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets	21,982,864	23.41	19,743,497	23.21	Current Liabilities	23,387,114	24.92	20,717,990	24.36
Cash and cash equivalents	2,177,564	2.32	1,093,026	1.29	Short-term loans	10,182,387	10.85	7,117,609	8.37
Financial assets at fair value through profit or loss- current	6,038	0.01	-	-	Short-term notes and bills payable	1,438,412	1.53	1,046,740	1.23
Notes receivable	645,482	0.69	610,022	0.72	Accounts payable	3,664,863	3.91	3,799,538	4.47
Notes receivable- affiliates, net	419,716	0.45	172,498	0.20	Accounts payable- affiliates	3,390,026	3.61	3,384,507	3.98
Accounts receivable, net	5,883,736	6.27	5,486,269	6.45	Financial liabilities at fair value through profit or loss- current	169,640	0.18	5,086	0.01
Accounts receivable- affiliates, net	2,385,256	2.54	3,208,811	3.77	Other payables- affiliates	558,157	0.59	1,395,280	1.64
Other receivables, net	1,399,216	1.49	439,791	0.52	Other payables	1,880,405	2.01	1,038,374	1.22
Other receivables- affiliates, net	3,297,231	3.51	2,841,530	3.34	Advance receipts	589,650	0.63	1,086,330	1.28
Inventories, net	5,141,697	5.48	5,147,757	6.05	Current portion of long-term debt	1,193,757	1.27	1,610,264	1.89
Prepayments	370,937	0.39	381,377	0.45	Other current liabilities	198,590	0.21	139,169	0.16
Restricted assets- current	5,186	-	150,995	0.17	Deferred tax liabilities- current	121,227	0.13	95,093	0.11
Other current assets- others	250,805	0.26	211,421	0.25					
					Long-term Liabilities	18,237,438	19.44	15,746,581	18.52
					Financial liabilities at fair value through profit or loss- noncurrent	766,675	0.82	-	-
Funds and Investments	65,128,311	69.41	58,162,931	68.40	Bonds payable	1,949,226	2.08	-	-
Long-term investments accounted for under the equity method	64,769,871	69.02	57,765,087	67.93	Long-term loans	15,521,537	16.54	15,746,581	18.52
Prepayments for long-term investments	-	-	100,000	0.12					
Other financial assets-noncurrent	-	-	9	-	Reserves	3,418	-	3,418	-
Available-for-sale financial assets- noncurrent	277,165	0.30	113,919	0.13	Reserve for increment tax on land revaluation	3,418	-	3,418	-
Financial assets carried at cost- noncurrent	81,275	0.09	183,916	0.22					
					Other Liabilities	6,910,767	7.37	7,583,735	8.93
Property, Plant and Equipment	3,997,392	4.26	3,443,249	4.05	Accrued pension liability	3,390,070	3.62	4,161,222	4.89
Cost					Deposits in	2,810	-	3,333	-
Buildings	1,659,561	1.77	1,672,011	1.96	Deferred credit among affiliates	851,725	0.91	801,874	0.95
Machinery and equipment	5,781,491	6.16	6,220,994	7.32	Other liabilities- others	2,666,162	2.84	2,617,306	3.09
Transportation equipment	93,639	0.10	95,392	0.11					
Instrument of equipment	965,981	1.03	1,020,839	1.20	Total Liabilities	48,538,737	51.73	44,051,724	51.81
Leased assets	114,643	0.12	91,302	0.11					
Miscellaneous equipment	2,074,020	2.21	2,124,681	2.50	Total Shareholders' Equity	45,305,370	48.27	40,987,765	48.19
Revaluation increment	258,351	0.28	258,351	0.30	Capital stock	44,877,758	47.82	44,274,879	52.06
Subtotal	10,947,686	11.67	11,483,570	13.50	Capital stock to be registered	493,220	0.53	-	-
Less: accumulated depreciation	(7,928,837)	(8.45)	(8,061,134)	(9.48)	Capital reserve				
Construction in progress and prepayment for equipments	978,543	1.04	20,813	0.03	Premium on convertible bonds	197,509	0.21	199,187	0.23
					Treasury stock transactions	37,802	0.04	74,454	0.08
Intangible Assets	883,050	0.94	1,190,061	1.41	Long-term investments	11,725,579	12.49	12,353,218	14.53
Computer software cost	61	-	13,379	0.02					
Deferred pension cost	858,960	0.92	1,145,280	1.35	Retained earnings				
Other intangible assets	24,029	0.02	31,402	0.04	Accumulated deficits	(10,394,924)	(11.08)	(13,340,705)	(15.69)
Other Assets	1,852,490	1.98	2,499,751	2.93	Adjusting items in shareholders' equity				
Refundable deposits	226,576	0.24	241,281	0.28	Cumulative translation adjustment	961,842	1.02	504,366	0.59
Deferred charges	2,755	-	10,646	0.01	Unrecognized net loss on pension cost	(1,020,706)	(1.09)	(1,269,286)	(1.49)
Long-term receivables- affiliates, net	1,075,853	1.16	1,619,943	1.90	Unrealized gain or loss on financial instruments	(449,506)	(0.48)	(828,485)	(0.97)
Deferred tax assets- noncurrent	459,003	0.49	545,714	0.64	Unrealized gain or loss on cash flow hedge	(305)	-	23,945	0.03
Other assets- others	88,303	0.09	82,167	0.10	Unrealized increment of revaluation	222,059	0.24	20,311	0.02
					Treasury stock	(1,344,958)	(1.43)	(1,024,119)	(1.20)
Total Assets	93,844,107	100.00	85,039,489	100.00	Total Liabilities and Shareholders' Equity	93,844,107	100.00	85,039,489	100.00



English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.  
 UNAUDITED STATEMENTS OF OPERATIONS  
 For the Three-Month Periods Ended March 31, 2008 and 2007  
 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	January 1 to March 31, 2008			January 1 to March 31, 2007		
	Subtotal	Total	%	Subtotal	Total	%
Operating revenues						
Sales revenues		9,626,643	100.99		9,423,724	100.43
Less: Sales returns	(93,821)			(39,707)		
Sales allowances	(809)	(94,630)	(0.99)	(684)	(40,391)	(0.43)
Net operating revenues		9,532,013	100.00		9,383,333	100.00
Operating cost		(8,807,224)	(92.40)		(8,946,950)	(95.35)
Gross profit		724,789	7.60		436,383	4.65
Unrealized intercompany profit, net		(49,851)	(0.52)		-	-
Realized intercompany profit, net		48,505	0.51		-	-
Net Gross profit		723,443	7.59		436,383	4.65
Operating expenses		(949,701)	(9.96)		(873,470)	(9.31)
Sales and marketing	(549,940)			(460,186)		
Restricted assets- current	(157,073)			(135,607)		
Research and development	(242,688)			(277,677)		
Operating loss		(226,258)	(2.37)		(437,087)	(4.66)
Non-operating income		1,935,028	20.30		1,711,660	18.24
Interest income	3,327			2,071		
Investment income accounted for under equity method	1,666,670			1,169,578		
Dividend income	2,500			-		
Gain on disposal of property, plant and equipment	3,147			160		
Gain on disposal of investments	1,407			484,241		
Foreign exchange gain	117,688			-		
Gain on financial assets at fair value through profit or loss, net	6,020			3,014		
Miscellaneous income	134,269			52,596		
Non-operating expenses		(732,632)	(7.69)		(279,033)	(2.97)
Interest expenses	(296,855)			(213,041)		
Loss on disposal of property, plant and equipment	(8,053)			(746)		
Loss on disposal of investments	-			(249)		
Foreign exchange loss	-			(23,765)		
Loss on decline and obsolescence of inventories	(5,300)			(5,590)		
Loss on financial liabilities at fair value through profit or loss, net	(410,443)			-		
Miscellaneous expenses	(11,981)			(35,642)		
Income from continuing operating units before income tax		976,138	10.24		995,540	10.61
Income tax expense		(32,069)	(0.34)		(5,348)	(0.06)
Net income		944,069	9.90		990,192	10.55
Earnings per share-basic (in New Taiwan dollars)						
Income from continuing operating units before income tax		0.22			0.23	
Net income		0.21			0.23	
Earnings per share-diluted (in New Taiwan dollars)						
Income from continuing operating units before income tax		0.21			0.23	
Net income		0.21			0.22	
Pro forma information on gain as if subsidiaries' investment in the Company is not treated as treasury stock						
Net income		981,871			1,027,994	
Earnings per share-basic (in New Taiwan dollars)		0.22			0.23	
Earnings per share-diluted (in New Taiwan dollars)		0.22			0.23	



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TATUNG CO., LTD.  
UNAUDITED STATEMENTS OF CASH FLOWS  
For the Three-Month Periods Ended March 31, 2008 and 2007  
(Expressed in Thousands of New Taiwan Dollars)

	January 1 to March 31, 2008	January 1 to March 31, 2007
Cash flows from operating activities:		
Net income	944,069	990,192
Adjustments to reconcile net income to net cash used in operating activities:		
Effects on foreign exchange	22,991	1,735
Depreciation	136,648	137,551
Amortization(including other losses)	3,284	9,620
Discount on bonds payable	25,854	-
Investment income accounted for under the equity method	(1,666,670)	(1,169,578)
Gain on disposal of investments	(1,407)	(484,241)
Loss on disposal of investments	-	249
Loss on financial liabilities at fair value through profit or loss, net	410,443	-
Gain on financial assets at fair value through profit or loss, net	(6,020)	(3,014)
Gain on disposal of property, plant and equipment	(3,147)	(160)
Restricted assets- current	8,053	746
Changes in assets and liabilities :		
Notes receivable	(51,401)	73,258
Notes receivable- affiliates	24,776	(30,034)
Accounts receivable	1,640,103	116,149
Other receivables	293,185	(337,290)
Accounts receivable- affiliates	703,079	(139,361)
Other receivables- affiliates	640,653	(143,354)
Inventories	674,743	487,461
Transfer of inventories into property, plant and equipment	778	(7,655)
Prepayments	(66,492)	(2,493)
Other current assets	10,611	16,208
Accounts payable	(1,153,090)	381,722
Accounts payable- affiliates	(1,390,587)	509,773
Other payables- affiliates	(1,415,279)	154,730
Other payables	(20,389)	(467,688)
Advance receipts	(8,176)	(338,770)
Other current liabilities	42,568	(47,750)
Accrued pension liability	(81,388)	43,014
Deferred tax assets	(982)	(8,563)
Deferred tax liabilities	33,050	13,911
Deferred credit- intercompany profit	1,346	-
Net cash used in operating activities	(248,794)	(243,632)
Cash flows from investing activities:		
Decrease in restricted assets	85,484	50,211
Proceeds from disposal of available-for-sale financial assets	-	11,113
Proceeds from disposal of financial assets carried at cost	-	528,169
Acquisition of long-term investments accounted for under the equity method	(610,602)	(317,299)
Proceeds from disposal of long-term investments accounted for under the equity method	2,967	5,438
Proceeds from disposal of property, plant and equipment	83,762	988
Acquisition of property, plant and equipment	(238,928)	(145,330)
Increase in deferred charges	(500)	(2,772)
Decrease(increase) in refundable deposits	29,466	(31,294)
Net cash (used in) provided by investing activities	(648,351)	99,224
Cash flows from financing activities:		
Decrease in short-term loans	1,204,493	(331,112)
(Decrease) increase in short-term notes and bills payable	(7,128)	1,181
(Decrease) increase in long-term loans	(344,213)	150,826
Increase in other liabilities- others	-	52
Exercise of employees' stock options	279,242	50,908
Net cash provided by (used in) financing activities	1,132,394	(128,145)
Effects on foreign exchange	(22,991)	(1,735)
Net increase (decrease) in cash and cash equivalents	212,258	(274,288)
Cash and cash equivalents, at beginning of the period	1,965,306	1,367,314
Cash and cash equivalents, at end of the period	2,177,564	1,093,026
Supplemental disclosures of cash flow information:		
Cash paid for interest	270,473	198,180
Cash paid for income tax	-	8,236
Investing and financing activities not affecting cash flows:		
Current portion of long-term debt	270,473	1,610,264
Conversion of convertible bonds into common stock	159,090	-