

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.
UNAUDITED BALANCE SHEETS
As of September 30, 2008 and 2007
(Expressed in Thousands of New Taiwan Dollars)

Assets	September 30, 2008		September 30, 2007		Liabilities and Shareholders' Equity	September 30, 2008		September 30, 2007	
	Amount	%	Amount	%		Amount	%	Amount	%
Current Assets	22,514,480	24.02	22,684,149	24.74	Current Liabilities	24,643,212	26.30	23,154,981	25.26
Cash and cash equivalents	1,635,765	1.75	2,023,560	2.21	Short-term loans	9,789,946	10.45	8,302,823	9.06
Financial assets at fair value through profit or loss- current	16,656	0.02	1,098	-	Short-term notes and bills payable	1,145,187	1.22	1,145,397	1.25
Notes receivable	829,274	0.88	619,143	0.68	Financial liabilities at fair value through profit or loss- current	-	-	2,743	-
Notes receivable- affiliates, net	451,029	0.48	1,002,185	1.09	Accounts payable	3,667,116	3.91	4,272,260	4.66
Accounts receivable, net	5,205,396	5.56	5,569,265	6.07	Accounts payable- affiliates	3,475,511	3.71	3,055,348	3.33
Accounts receivable- affiliates, net	1,827,959	1.95	3,733,968	4.07	Other payables- affiliates	1,544,784	1.65	1,449,349	1.58
Other receivables, net	1,404,182	1.50	1,341,274	1.46	Other payables	2,144,699	2.29	2,583,146	2.82
Other receivables- affiliates, net	3,995,803	4.26	2,858,728	3.12	Advance receipts	629,366	0.67	833,872	0.91
Inventories, net	6,259,948	6.68	4,770,337	5.20	Current portion of long-term debt	1,626,931	1.74	1,295,756	1.41
Prepayments	565,470	0.60	465,660	0.51	Other current liabilities	516,935	0.55	115,697	0.13
Restricted assets- current	13,442	0.01	117,201	0.13	Deferred tax liabilities- current	102,737	0.11	98,590	0.11
Other current assets- others	309,556	0.33	181,730	0.20					
					Long-term Liabilities	17,408,420	18.57	16,398,325	17.89
					Financial liabilities at fair value through profit or loss- noncurrent	195,275	0.21	-	-
					Bonds payable	1,994,809	2.13	-	-
Funds and Investments	63,852,784	68.12	62,288,621	67.94	Long-term loans	15,218,336	16.23	16,398,325	17.89
Long-term investments accounted for under the equity method	63,690,304	67.94	61,893,859	67.51					
Other financial assets- noncurrent	-	-	9	-	Reserves	3,418	-	3,418	-
Available-for-sale financial assets- noncurrent	81,205	0.09	313,478	0.34	Reserve for incremental tax on land revaluation	3,418	-	3,418	-
Financial assets carried at cost- noncurrent	81,275	0.09	81,275	0.09					
					Other Liabilities	7,252,002	7.73	7,367,826	8.03
					Accrued pension liability	3,517,129	3.75	4,029,618	4.40
Property, Plant and Equipment	4,686,772	5.00	3,387,782	3.69	Deposits in	2,163	-	2,890	-
Cost					Deferred credit among affiliates	844,876	0.90	801,874	0.87
Buildings	1,665,055	1.78	1,672,011	1.82	Other liabilities- others	2,887,834	3.08	2,533,444	2.76
Machinery and equipment	5,650,623	6.03	6,186,665	6.75					
Transportation equipment	93,784	0.09	94,040	0.10	Total Liabilities	49,307,052	52.60	46,924,550	51.18
Instrument of equipment	952,382	1.02	1,036,052	1.13					
Leased assets	114,643	0.12	92,251	0.10	Total Shareholders' Equity	44,431,631	47.40	44,753,097	48.82
Miscellaneous equipment	2,008,067	2.14	2,186,788	2.39	Capital stock	45,471,886	48.51	44,298,244	48.32
Revaluation increment	258,351	0.28	258,351	0.28	Capital stock to be registered	23,390	0.02	409,828	0.45
Subtotal	10,742,905	11.46	11,526,158	12.57					
Less: accumulated depreciation	(7,835,257)	(8.36)	(8,192,521)	(8.94)	Capital reserve	-	-	1,027	-
Construction in progress and prepayment for equipments	1,779,124	1.90	54,145	0.06	Premium on capital stock	-	-	138,857	0.15
					Premium on convertible bonds	33,038	0.04	37,802	0.04
					Treasury stock transactions	-	-	-	-
Intangible Assets	881,049	0.94	1,176,566	1.28	Long-term investments	11,931,088	12.73	12,557,412	13.70
Computer software cost	-	-	4,622	-					
Deferred pension cost	858,960	0.92	1,145,280	1.25	Retained earnings	-	-	(10,677,523)	(11.65)
Other intangible assets	22,089	0.02	26,664	0.03	Accumulated deficits	(10,795,458)	(11.53)	(10,677,523)	(11.65)
Other Assets	1,803,598	1.92	2,140,529	2.35	Adjusting items in shareholders' equity	-	-	-	-
Refundable deposits	224,910	0.24	152,300	0.17	Cumulative translation adjustment	887,942	0.95	621,175	0.68
Deferred charges	2,166	-	4,789	0.01	Unrecognized net loss on pension cost	(1,020,706)	(1.09)	(1,266,283)	(1.38)
Long-term receivables- affiliates, net	1,068,563	1.14	1,374,807	1.50	Unrealized gain or loss on financial instruments	(944,389)	(1.01)	(384,364)	(0.42)
Deferred tax assets- noncurrent	433,152	0.46	523,233	0.57	Unrealized gain or loss on cash flow hedge	(4,737)	-	(6,125)	-
Other assets- others	74,807	0.08	85,400	0.10	Unrealized increment of revaluation	222,059	0.24	20,311	0.02
					Treasury stock	(1,372,482)	(1.46)	(997,264)	(1.09)
Total Assets	93,738,683	100.00	91,677,647	100.00	Total Liabilities and Shareholders' Equity	93,738,683	100.00	91,677,647	100.00

English Translations of Financial Statements Originally Issued in Chinese

TATUNG CO., LTD.

UNAUDITED STATEMENTS OF OPERATIONS

For the Nine-Month Periods Ended September 30, 2008 and 2007

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Contents	January 1 to September 30, 2008			January 1 to September 30, 2007		
	Subtotal	Total	%	Subtotal	Total	%
Operating revenues						
Sales revenues		28,093,591	100.45		30,658,272	100.14
Less: Sales returns	(125,052)			(39,544)		
Sales allowances	(1,558)	(126,610)	(0.45)	(3,026)	(42,570)	(0.14)
Net operating revenues		27,966,981	100.00		30,615,702	100.00
Operating cost		(25,746,938)	(92.06)		(28,819,288)	(94.13)
Gross profit, including deferred intercompany profit		2,220,043	7.94		1,796,414	5.87
Unrealized intercompany profit		(43,002)	(0.15)		-	-
Realized intercompany profit		48,505	0.17		-	-
Net Gross profit		2,225,546	7.96		1,796,414	5.87
Operating expenses		(3,041,021)	(10.87)		(3,010,976)	(9.84)
Sales and marketing	(1,801,444)			(1,669,607)		
General and administrative	(529,851)			(460,069)		
Research and development	(709,726)			(881,300)		
Operating loss		(815,475)	(2.92)		(1,214,562)	(3.97)
Non-operating income		2,401,118	8.59		5,705,470	18.64
Interest income	8,979			10,326		
Investment income accounted for under the equity method	1,441,573			4,782,302		
Dividend income	9,613			5,740		
Gain on disposal of property, plant and equipment	14,308			9,018		
Gain on disposal of investments	173,399			706,226		
Foreign exchange gain, net	-			13,357		
Gain on financial assets at fair value through profit or loss, net	10,060			9,198		
Gain on financial liabilities at fair value through profit or loss, net	337,175			-		
Miscellaneous income	406,011			169,303		
Non-operating expenses		(1,129,547)	(4.04)		(941,982)	(3.08)
Interest expenses	(898,969)			(703,415)		
Loss on disposal of property, plant and equipment	(39,189)			(7,630)		
Foreign exchange loss, net	(103,794)			-		
Loss on decline and obsolescence of inventories	(22,732)			(19,872)		
Impairment loss	-			(81,096)		
Loss on financial liabilities at fair value through profit or loss	-			(2,743)		
Miscellaneous expenses	(64,863)			(127,226)		
Income from continuing operating units before income tax		456,096	1.63		3,548,926	11.59
Income tax expense		(41,078)	(0.15)		(36,603)	(0.12)
Net income		415,018	1.48		3,512,323	11.47
Earnings per share-basic (in New Taiwan dollars)						
Income from continuing operating units before income tax		0.10			0.81	
Net income		0.09			0.80	
Earnings per share-diluted (in New Taiwan dollars)						
Income from continuing operating units before income tax		0.04			0.79	
Net income		0.03			0.78	
Pro forma information on gain as if subsidiaries' investment in the Company is not treated as treasury stock						
Net income		415,018			3,550,125	
Earnings per share-basic (in New Taiwan dollars)		0.09			0.80	
Earnings per share-diluted (in New Taiwan dollars)		0.03			0.78	

TATUNG CO., LTD.
 UNAUDITED STATEMENTS OF CASH FLOWS
 For the Nine-Month Periods Ended September 30, 2008 and 2007
 (Expressed in Thousands of New Taiwan Dollars)

	January 1 to September 30, 2008	January 1 to September 30, 2007
Cash flows from operating activities:		
Net income	415,018	3,512,323
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Effects on foreign exchange	(1,803)	(14,753)
Depreciation	424,676	453,545
Amortization (including other losses)	5,874	26,515
Discount on bonds payable	78,917	-
Investment income accounted for under the equity method	(1,441,573)	(4,782,302)
Impairment loss	-	81,096
Cash dividends received under the equity method	1,879,034	916,581
Gain on disposal of investments	(173,399)	(706,226)
Gain on financial assets at fair value through profit or loss	(10,060)	(9,198)
(Gain) loss on financial liabilities at fair value through profit or loss	(337,175)	2,743
Gain on disposal of property, plant and equipment	(14,308)	(9,018)
Loss on disposal of property, plant and equipment	39,189	7,630
Changes in assets and liabilities :		
Notes receivable	(235,193)	64,137
Accounts receivable, net	2,318,443	33,153
Other receivables, net	288,219	(1,238,803)
Notes receivable- affiliates, net	(6,537)	(859,721)
Accounts receivable- affiliates, net	1,260,376	(664,518)
Other receivables- affiliates, net	(50,629)	84,584
Inventories, net	(479,509)	864,881
Transfer of inventories into property, plant and equipment	3,202	(10,984)
Prepayments	(261,025)	(223,964)
Other current assets	(48,140)	45,899
Accounts payable	(1,150,837)	854,444
Accounts payable- affiliates	(1,305,102)	180,614
Other payables	243,905	1,077,084
Other payables- affiliates	(428,652)	208,799
Advance receipts	31,540	(591,228)
Other current liability- others	360,913	(71,222)
Accrued pension liability	45,671	(88,590)
Deferred tax assets	24,869	13,918
Deferred tax liabilities	14,560	17,408
Deferred credit- intercompany profit	(5,503)	-
Net cash provided by (used in) operating activities	1,484,961	(825,173)
Cash flows from investing activities:		
Decrease in restricted assets	90,724	80,772
Proceeds from disposal of available-for-sale financial assets	393,636	28,272
Acquisition of available-for-sale financial assets	(200,000)	-
Proceeds from disposal of financial assets carried at cost	-	528,169
Acquisition of long-term investments accounted for under the entity method	(1,688,416)	(1,604,135)
Proceeds from disposal of long-term investments accounted for under the equity method	3,085	784,514
Proceeds from disposal of property, plant and equipment	134,533	29,167
Acquisition of property, plant and equipment	(1,253,505)	(428,733)
Increase in deferred charges	(500)	(2,772)
Decrease in refundable deposits	31,132	57,687
Net cash used in investing activities	(2,489,311)	(527,059)
Cash flows from financing activities:		
Increase in short-term loans	812,052	854,102
(Decrease) increase in short-term notes and bills payable	(300,353)	99,838
Decrease in bonds payable	(27,681)	-
(Decrease) increase in long-term loans	(194,040)	891,762
Decrease in deposits in	(647)	(443)
(Decrease) increase in other liabilities- others	(1,750)	53
Exercise of employees' stock options	385,425	148,413
Net cash provided by financing activities	673,006	1,993,725
Effects on foreign exchange	1,803	14,753
Net (decrease) increase in cash and cash equivalents	(329,541)	656,246
Cash and cash equivalents, at beginning of the period	1,965,306	1,367,314
Cash and cash equivalents, at end of the period	1,635,765	2,023,560
Supplemental disclosures of cash flow information:		
Cash paid for interest	801,266	671,830
Cash paid for income tax	-	-
Investing and financing activities not affecting cash flows:		
Current portion of long-term debt	1,626,931	1,295,756
Conversion of convertible bonds into capital stock	192,128	1,201,237