



TATUNG announced its 2007 financial results on April 30th, 2008.

Unit: NT\$ thousands	2006	Margin (%)	2007	Margin (%)	YOY (%)
Revenues	34,679,438		43,072,137		24.20%
Gross Profit	2,050,853	5.91%	2,443,373	5.67%	19.14%
Operating Income	(2,070,392)	-5.97%	(1,950,599)	-4.53%	5.79%
Net Non-Operating Income	(6,138,094)		5,564,396		190.65%
Net Income	(8,179,964)	-23.59%	3,576,628	8.30%	143.72%
EPS (NT\$)	-1.97		0.81		141.12%

2007 revenue reached NT\$ 43,072 million or 24.20% higher than 2006. Gross margin climbed by 19.14% to NT\$ 2,443 million a year earlier. Operating loss declined to NT\$1,951 million or 5.79% lower than a year ago. Net non-operating income rose by 190.65% to NT\$5,564 million, boosted by Chunghwa Picture Tubes (“CPT”) turnaround in Q2 2007 and divestment income by Green Energy Technology (“GET”) through San-Chih Semiconductor (“SCSC”). In addition, the loss recognition of non-recurring restructuring substantially decreased in 2007. Henceforth, net income climbed to NT\$3,577 million, up 143.72% from a year earlier. Earnings per share surged to NT\$0.81 from NT\$-1.97 in 2006.

Digital consumer business contributed 52.74% of revenue in 2007. Sales of Digital consumer business rose 46.99% and gross margin increased NT\$523 million as a result of product line adjustments and effective cost control. Home Appliances, Industrial Appliances and Wire & Cable accounted for 17.95%, 16.64% and 12.63% of revenues respectively. Revenue in each of these 3 business units grew stably. In consequence of rising material costs and strong price competition from China manufacturers, gross margin rates remained either flat or slightly declined. To ensure the continuous growth in revenue and profit, losing and low-margin models were moved to Vietnam or China in order to improve the cost structure as well as to explore oversea markets.



Operating loss dropped by 5.79% to NT\$1,951 million on a year-to-year basis. With the total, NT\$246 million was spent on infrastructure deployment in WiMAX. TATUNG is expected to receive NT\$1B subsidy from government according to the completion rate in M-Taiwan projects. When TATUNG fully completes M-Taiwan projects in 2009, the infrastructure equipment will be sold to TATUNG InfoComm, 100% owned subsidiary as WiMAX operator for commercial services. This part of the operating loss will be recovered in the future. Excluding NT\$246 million WiMAX expenses in 2007, current operating loss in 4 BUs for 2007 totaled NT\$1,704 million, improved by 17.68% from 2006. Improvements are expected to continue into 2008.

Equity-accounted investment income reported NT\$5,431 million in 2007. CPT contributed NT\$2,229 million. Divestment income amounted NT\$1,114 million, mainly from SCSC. Investment income recognized from SCSC totaled NT\$2,469 million, including NT\$2,024 million divestment income from GET. The total divestment income added up to NT\$3,138 million.

The prospect of investment income in 2008 is expected to be better than that of 2007. CPT recorded NT\$5,118 million profits in Q1 2008 vs. NT\$3,069 million losses in Q1 2007. GET recorded NT\$272 million profits in Q1 2008 vs. NT\$5 million losses in Q1 2007. GET secured long term agreements of materials and customers in Q1 2008 and efficiency is targeted to improve by 35% this year. Elitegroup Computer Systems ("ECS") recorded NT\$165 million profits in Q1 2008 compared to NT\$198 million losses in Q1 2007. Based on the share ownership, TATUNG's non-operating income is expected to grow this year from last year.

Overall, net income was NT\$3,577 million in 2007 and earnings per share rose to NT\$0.81, up by 143.72% and 141.12% respectively.