



TATUNG announced its financial results in Q1 2008 on April 30th, 2008.

Unit: NT\$ Thousand	2007 Q1	Margin (%)	2008 Q1	Margin (%)	YOY (%)
Revenues	9,383,333		9,532,013		1.58%
Gross Profit	436,383	4.65%	723,443	7.59%	65.78%
Operating Income	(437,087)	-4.66%	(226,258)	-2.37%	48.24%
Net Non-Operating Income	1,432,627		1,202,396		-16.07%
Net Income	990,192	10.55%	944,069	9.90%	-4.66%
EPS (NT\$)	0.23		0.21		-8.70%

Revenue in Q1 2008 reached NT\$9,532 million or 1.58% higher than the same quarter a year ago. However, gross margins improved 65.78% to NT\$723 million from NT\$436 million, or gross margin rates rose from 4.65% to 7.59% the same period a year earlier. Operating loss reduced 48.24% to NT\$226 million. Net income was NT\$944 million or lower by 4.66% than Q1 2007. Earnings per share was NT\$0.21.

The digital consumer business contributed about 49.05% revenue in first quarter 2008, mainly LCD TV and monitors. Digital consumer business revenue slightly declined by 3.70% as the same quarter 2007, yet gross margin improved, boosted by cutting off losing projects and effective material cost control. Home Appliances, Industrial Appliances and Wire & Cable accounted for 13.4%, 18.1% and 19.4% of revenues respectively. As a result of the margin improvement in Digital Consumer business, operating losses reduced by NT\$211 million and operating loss rate dropped by 2.29%.

Non-operating incomes was reported NT\$1,202 million or 16.07% lower than the same period last year. Equity-accounted investment income totaled NT\$1,667 million, about the same amount as the first quarter a year ago. There was a major structural difference in non-operating income between Q1 2007 and Q1 2008.



The major contributor in Q1 2007 was divestment income from Green Energy Technology (“GET”) through Shan Chih Semiconductor Corp. (“SCSC”). (Chunghwa Picture Tube (“CPT”) and Elitegroup Computer Systems (“ECS”) were losing big money) whereas in Q1 2008 the major contributor was investment income from profits in CPT, SCSC/GET, ECS etc. Shan Chih Asset Development (“SCAD”) launched its third project “TATUNG Tomorrow Land” in Nankang of Taipei city in the first quarter 2008. The foreseeable influx of revenue and profit from this project will be negligible under pre-selling stage in the first half of 2008. TATUNG Consumer Products Corp. (“TCPC”) outperformed in the first quarter. The number of stores expanded to 200 and Q1 2008 profit was close to the annual profits in 2007 along with sales growth since it is well over BEP.

As a result of the adoption of the newly released R.O.C. Statements of Financial Accounting Standards No. 34, “Financial Instruments: Recognition and Measurement” (R.O.C. SFAS No. 34), first quarter 2008 recognized NT\$410 million loss on valuation of financial liabilities at fair value. NT\$234 million reflected the loss recognition from higher stock price over conversion price of convertible bonds. NT\$170 million reflected the reclassification of forward and options from financial assets to financial liabilities. Net income, hence, declined by 4.66% to NT\$944 million as the same period last year. Earnings per share was NT\$0.21.