



2008.11.05

TATUNG announced its financial results in 3Q 2008 on Nov. 5, 2008.

Unit: NT\$ Thousand	2008 1-3Q	Margin (%)	2007 1-3Q	Margin (%)	YOY (%)
Revenues	27,966,981		30,615,702		-8.65%
Gross Profit	2,225,546	7.96%	1,796,414	5.87%	*2.09%
Operating Income	(815,475)	-2.92%	(1,214,562)	-3.97%	*1.05%
Net Non-Operating Income	1,271,571		4,763,488		-73.31%
Net Income	415,018	1.48%	3,512,323	11.47%	*-9.99%
EPS (NT\$)	0.09		0.80		

*Note: the changes (%) in gross margin, operating margin and net margin

Revenue of first three quarters in 2008 reached NT\$27,967 million or 8.65% lower than that of the same period in 2007. However, gross margin improved 23.89% to NT\$2,226 million from NT\$1,796 million, or gross margin rates rose from 5.87% to 7.96% of the same period a year earlier. Operating loss reduced 32.86% to NT\$815 million. Net income was NT\$415 million. Earnings per share was NT\$0.09.

The digital consumer business, mainly shipments of LCD TV and monitors, contributed about 44.53% revenue in first three quarters of 2008, down from 52.74% in Dec. 2007. Digital Consumer business revenue declined to NT\$1,245 million or was down by 16.80% as the same period 2007, yet gross margin improved dramatically, boosted by cutting off losing projects and effective material cost control. However, due to the worldwide financial crisis and subsequent economic recessions, most of the new projects were pushed out and down-sized by customers. Continuous drops in ASP also pulled down the sales revenue. This BU did not perform well in 3rd quarter and hit the lowest point in August. Though revenue started to climb back from Sept., strong sales growth may not be expected in traditional peak season owing to the uncertain global economy.

Home Appliances, Industrial Appliances and Wire & Cable accounted for 12.66%, 21.32% and 21.42% of revenues respectively. The average prices increased in industrial market this year. In addition, enterprise customers are less influenced by consumer market. Meanwhile, new orders were received in the late 2nd quarter. The percentage of revenues rose accordingly. As a result of the margin improvement in Digital Consumer business and continuous progress in operating performance from other business units, operating loss reduced by 32.86% to NT\$815 million and operating loss rate dropped by 1.05% to 2.92%.

Non-operating income was reported NT\$1,272 million. Equity-accounted investment income totaled NT\$1,442 million. The major contributor in the first three quarters of 2007 was divestment

income from Green Energy Technology (“GET”) through Shan Chih Semiconductor Corp. (“SCSC”), whereas investment income recognition from equity-accounted investments was the driving force in 1H 2008 because of the operating and profitability improvement from investment companies. However, due to the economy turnaround from the beginning of 2H 2008, particularly in panel industry, investment income from equity-accounted investments was not expected. Shan Chih Asset Development (“SCAD”) launched its third project “TATUNG Tomorrow Land” in Nankang of Taipei city in 2008, which was kicked off the construction in late July, 2008. Assessing from ambiguous outlook in real estate market, new projects will be postponed to better timing. TATUNG Consumer Products Corp. (“TCPC”) completed its periodical expansion plan and will devote unrelenting efforts to improve operating performance.

Revenue in 3Q 2008 reached NT\$8,885 million or 6.96% lower than that of the previous quarter. Digital Consumer business and Home Appliances accounted for 39.92% and 12.11% of revenues respectively, which were about the same from the previous quarter. Industrial Appliances and Wire and Cable business were up to 24.80% and 23.10% correspondingly. These structural changes were factored by the production line and capacity adjustments, coupled with the impact from global economy stagnation. The sub-prime mortgage crisis hampered the consumer market, leading to slowdown in the sales growth in Digital Consumer business and Home Appliances. Industrial Appliances and Wire and Cable business continued to grow in 3Q 2008, and are expected to grow by expanding oversea business. Gross margins rose from 7.59% to 8.04% and further to 8.27% on a quarterly basis in 2008, which was advanced by 1.87% from 6.40% of the same period last year. Operating loss was to NT\$321 million. Net non-operating loss was NT\$909 million, resulting from the investment loss recognition of equity-accounted investments. Net loss was NT\$1,230 million. Earnings per share was -NT\$0.28.