

TATUNG announced its financial results in 1H 2008 on Sept. 1, 2008.

Unit: NT\$ Thousand	2008 1H	Margin (%)	2007 1H	Margin (%)	YOY (%)
Revenues	19,082,060		19,447,045		-1.88%
Gross Profit	1,491,111	7.81%	1,081,333	5.56%	*2.25%
Operating Income	(494,457)	-2.59%	(884,976)	-4.55%	*1.96%
Net Non-Operating Income	2,180,477		2,722,058		-19.90%
Net Income	1,644,942	8.62%	1,825,960	9.39%	*-0.77%
EPS (NT\$)	0.37		0.42		-11.90%

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

Revenue in 1H 2008 reached NT\$19,082 million or 1.88% lower than that of 1H 2007. However, gross margin improved 37.9% to NT\$1,491 million from NT\$1,081 million, or gross margin rates rose from 5.56% to 7.81% the same period a year earlier. Operating loss reduced 44.13% to NT\$494 million. Net income was NT\$1,645 million or lower by 0.77% than 1H 2007. Earnings per share was NT\$0.37.

The digital consumer business contributed about 46.68% revenue in first half of 2008, mainly LCD TV and monitors. Digital Consumer business revenue slightly declined by 3.34% as the same period 2007, yet gross margin improved dramatically, boosted by cutting off losing projects and effective material cost control. Home Appliances, Industrial Appliances and Wire & Cable accounted for 12.92%, 19.70% and 20.65% of revenues respectively. As a result of the margin improvement in Digital Consumer business and continuous progress in operating performance from other business units, operating losses reduced by NT\$391 million to NT\$ 494 million and operating loss rate dropped by 1.96% to 2.59%.

Non-operating incomes was reported NT\$2,180 million or 2.57% lower than the same period last year. Equity-accounted investment income totaled NT\$2,448 million, about the same level as the first half of 2007. However, there was a major structural difference in non-operating income between 1H 2007 and 1H 2008. The major contributor in 1H 2007 was divestment income from Green Energy Technology (“GET”) through Shan Chih Semiconductor Corp. (“SCSC”), whereas in 1H 2008 the major contributor was investment income recognition from equity-accounted investments. Shan Chih Asset Development (“SCAD”) launched its third project “TATUNG Tomorrow Land” in Nankang of Taipei city in the first quarter 2008. The pre-sell status reached over 90%. The project kicked off the construction in late July, 2008. TATUNG Consumer Products Corp. (“TCPC”) continued to outperform in the first half, due to the previous expansion plan in the store number and unrelenting efforts in improving operating performance.

Revenue in 2Q 2008 reached NT\$9,550 million or 0.19% higher than that of the previous quarter. Percentages in revenue from Digital Consumer business and Home Appliances were down from last quarter to 44.31% and 12.43% respectively, whereas those of Industrial Appliances and Wire and Cable business were up to 21.32% and 21.87% correspondingly. These structural changes were factored by

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 1H 2008, and are expected to grow by expanding oversea business. Gross margins rose from 7.59% to 8.04% QoQ or up 1.63% YoY. Operating loss reduced to NT\$268 million from NT\$448 million or 1.64% YoY improvement in operating margin. Net income was NT\$701 million. Earnings per share was NT\$0.16.