

## II. Financial Analysis from 2003 to 2007

Subject (Note 2)		Year (Note 1)	Financial Analysis from 2003 to 2007					
			2003	2004	2005	2006	2007	
Financial structure (%)	Liabilities to assets ratio		28.40	30.71	42.80	31.45	27.61	
	Long-term capital to fixed assets ratio		622.84	580.75	646.95	789.25	819.41	
Ability to repay debt (%)	Current ratio		256.89	206.77	164.00	201.67	169.14	
	Quick ratio		190.53	130.92	79.83	146.45	125.04	
	Debt service coverage ratio		57.15	176.06	25.64	4.24	8.22	
Utility	A/R turnover (time)		7.91	7.90	8.10	8.73	6.44	
	Average days of payment		46.00	46.00	45.00	42.00	57.00	
	Inventory turnover (time)		7.74	6.15	4.38	5.16	6.57	
	Payable turnover (time)		5.46	5.71	4.68	5.19	6.41	
	Average daily sales		47.00	59.00	83.00	71.00	56.00	
	Fixed assets turnover (time)		10.65	12.18	15.77	16.22	10.07	
	Total assets turnover (time)		1.26	1.45	1.39	1.59	0.94	
Profitability	Return on Assets (%)		6.14	4.82	0.86	0.86	5.42	
	Return on equity (%)		8.66	7.39	1.05	1.05	6.95	
	Ratio to be paid in capital (%)	Operating income		57.86	37.27	31.87	11.79	9.05
		EBT		63.85	28.90	22.52	2.17	20.18
	Net profit rate (%)		10.12	4.24	3.02	0.45	5.22	
	EPS (\$)	Cum-dividend		5.81	2.60	2.03	0.29	1.98
Ex-dividend			4.21	5.02	2.41	2.03	-	
Cash flow	Cash flow ratio (%)		22.30	16.36	-	26.21	11.02	
	Cash flow adequacy ratio (%)		65.96	65.78	47.94	36.67	20.43	
	Cash reinvestment ratio (%)		0.84	-	-	0.79	-	
Leverage	Operation leverage		1.32	1.56	1.64	3.01	3.08	
	Financial leverage		1.02	1.00	1.03	1.06	1.45	

Reasons for the changes in financial ratios in the recent 2 years: (fluctuation of over 20%)

Debt service coverage ratio: Due to a significant increase in income before income tax in 2007 compared to 2006  
A/R turnover & Average days of payment: Due to a decrease in sales revenue in 2007 compared to 2006, with no equal decrease in outstanding balance of A/R  
Inventory turnover & Average daily sales: Due to a significant decrease in cost of goods sold in 2007 compared to 2006 with a slight decline in inventory

Fixed assets turnover & Total assets turnover: Due to a significant decrease in net sales in 2007 compared to 2006 with a slight decline in fixed assets and total assets  
Return on assets, Return on equity, Operating income/EBT on paid-in capital ratio, Net profit rate and EPS: Due to a significant increase in gains on investment in 2008 derived from investment accounted for under the equity method, which accordingly caused a dramatic rise in net income compared to 2006  
Financial leverage: Due to a significant increase in interest expenses generated from the issuance of ECB in 2007

Note 1: Specified if the statement for specific year is unaudited.

Note 2: The equation for calculation shall be stated at the end of this table in the annual report.

Note 3: Companies with stocks traded at the TSE or OTC shall include the financial analysis covering the quarter before this report is printed.

Note 4: Until the date of the annual report published by the Company for the first quarter of 2008 by CPA nuclear read.

1. Financial structure
    - (1) Liabilities to assets ratio = total liabilities/ total assets.
    - (2) Long-term capital to fixed assets ratio = (net shareholder's equity + long-term liabilities)/net fixed assets.
  2. Ability to repay debt
    - (1) Current ratio = current assets/current liabilities
    - (2) Quick ratio = (current assets- inventory – prepayments)/current liabilities
    - (3) Debt service coverage ratio=EBIT/interest expense for current period.
  3. Utility
    - (1) Account receivable (including account receivable and note receivable from business) turnover = net sales/average balance of account receivable (including account receivable and note receivable from operation).
    - (2) Average daily payment=365/account receivable turnover
    - (3) Inventory turnover= cost of goods sold/average inventory
    - (4) Account payable (including account payable and note payable from operation) turnover = cost of goods sold/average balance of account payable (including account payable and note payable from operation).
    - (5) Average daily sales = 365/inventory turnover
    - (6) Fixed assets turnover = net sales /net fixed assets.
    - (7) Total assets turnover = net sales/total assets.
  4. Profitability
    - (1) Return on Assets = [Earning + interest expenses x (1-tax rate)]/average total assets.
    - (2) Return on Equity = Earning /average net equity
    - (3) Net profit rate = Earning/net sales
    - (4) Earning per share = (Earning – dividend from preferred shares)/weighed average number of outstanding shares (Note 3).
  5. Cash Flow
    - (1) Cash flow ratio = (net sales – variable cost and expenses from operation)/operating income.
    - (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/(capital spending +addition to inventory + cash dividend) over the last five years.
    - (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross fixed assets + long-term investment + other assets + working capital) (Note 4).
  6. Leverage:
    - (1) Operation leverage= (net sales – variable cost and expenses from operation)/operating income (Note 5).
    - (2) Financial leverage= operating income/(operating income-operating expenses).
- Note 3: When using the aforementioned equations for the calculation of earning per share, pay attention to the followings:
1. The number of common shares shall be based on the weighed average method and not the outstanding shares as of the end of the year.
  2. Where there may be additional capital raised from the issuance of new shares or may be treasury shares trade, the outstanding period of the shares shall be considered in calculating the weighed average number of outstanding shares.
  3. Where there may be the capitalization of retained earnings or of capital surplus, adjustment shall be made in proportion to the amount capitalized when calculating the earning per share for the previous year and the interim period. The term of the capitalization of retained earnings or capital surplus for new capital is not required for consideration.
  4. If the preferred shares are non-convertible accumulated preferred shares, the dividend for current period (whether or not being paid out) should be deducted from earning or added to earning. If the preferred shares are not accumulative, dividend for preferred shares should be deducted from earning if there is a surplus. If there is loss after taxation, no adjustment is required.
- Note 4: When conducting analysis on cash flow, pay attention to the followings:
1. Cash flow from operation shall be referred to the net cash inflow from operation as stated in the statement of cash flow.
  2. Capital spending shall be referred to cash outflow for capital investment each year.
  3. Addition to inventory shall be referred to the value at the end of the ending period is greater than that of the beginning period. If there is decrease in inventory, put a zero.
  4. Cash dividend shall be referred to the cash dividends for common shares and preferred shares.
  5. Gross fixed assets shall be referred to the total fixed assets before the subtraction of accumulated depreciations
- Note 5: The issuer shall classify the cost of operation and expenses of operation as fixed and variable. If estimation or subjective judgment is required, constituency with justifiable reasons shall be required.