

**FORMOSAN RUBBER GROUP INC.**

**BALANCE SHEETS**

**DECEMBER 31, 2007 AND 2006**

(Expressed in Thousands of New Taiwan Dollars)

Assets		DECEMBER 31, 2007		DECEMBER 31, 2006		Liabilities and shareholders' equity		DECEMBER 31, 2007		DECEMBER 31, 2006	
CODE	DESCRIPTION	AMOUNT	%	AMOUNT	%	CODE	DESCRIPTION	AMOUNT	%	AMOUNT	%
11xx	Current assets	\$ 4,751,015	50	\$ 4,575,342	53	21xx	Current liabilities	\$ 1,785,659	19	\$ 870,658	9
1100	Cash and cash equivalents	639,509	7	250,100	3	2100	Short-term loans	—	—	112,000	2
1310	Financial assets at fair value through profit or loss - current	478,805	5	700,635	8	2110	Short-term bills payable	—	—	107,962	1
1320	Available-for-sale financial assets – current	333,766	4	479,359	6	2120	Notes payable	112,316	1	100,394	1
1121	Notes receivable, net	63,716	1	52,951	1	2130	Notes payable - related parties	—	—	22,258	—
1122	Other notes receivable	—	—	30,000	—	2140	Accounts payable	93,963	1	80,452	1
1140	Accounts receivable, net	75,597	1	111,032	2	2210	Other payables	70,984	1	86,493	1
1160	Other receivables	18,561	—	30,469	—	2260	Advance in real estate receipts	1,300,080	14	—	—
1190	Other financial assets – current	31,340	—	31,340	—	2270	Current portion of long-term loans	100,000	1	258,399	3
1210	Inventories	445,755	5	453,353	5	2280	Other current liabilities	108,316	1	102,700	1
1224	Construction in progress	2,334,846	25	2,416,654	28	24xx	Long-term liabilities	—	—	100,000	1
1260	Prepaid expenses	13,847	—	16,582	—	2410	Bonds payable	—	—	100,000	1
1285	Deferred Marketing Expenses	295,310	3	—	—	2510	Reserve for land value increment tax	217,530	2	217,530	3
1280	Other current assets	19,963	—	2,867	—	28xx	Other liabilities	124,241	1	128,085	1
14xx	Investments	1,630,558	17	1,647,973	19	2810	Accrued pension cost	89,255	1	94,474	1
1480	Financial assets carried at cost – noncurrent	289,723	3	299,920	3	2888	Others	34,986	—	33,611	—
1421	Investments accounted for by the equity method	618,537	7	838,328	10	2xxx	Total liabilities	2,127,430	22	1,316,273	15
1423	Investments in real estate	802,843	8	590,270	7	31xx	Capital stock	5,240,824	55	5,125,261	59
1440	Other financial assets – noncurrent	20,000	—	20,000	—	32xx	Capital surplus	564,313	6	521,012	6
1499	Less: Accumulated impairment- real estate	(100,545)	(1)	(100,545)	(1)	3211	Additional paid-in capital from common stock	901	—	901	—
15xx	Fixed assets- net	3,004,048	32	2,327,963	27	3213	Paid-in capital from convertible bond conversion	558,515	6	515,215	6
15x1	Cost	3,951,508	42	3,177,833	37	3240	Gain on sale of fixed assets	1,238	—	1,237	—
1501	Land	355,385	4	246,361	3	3260	Long-term investments	3,659	—	3,659	—
1521	Buildings	2,380,423	25	1,716,227	20	33xx	Retained earnings	493,565	5	430,408	5
1531	Machinery and equipment	1,006,627	11	1,003,381	12	3310	Legal reserve	199,170	2	177,904	2
1551	Transportation equipment	23,138	—	24,484	—	3320	Special reserve	38,492	—	50,572	1
1681	Other equipment	185,935	2	187,380	2	3350	Unappropriated earnings	255,903	3	201,932	2
15x8	Revaluation increment	539,719	6	539,719	6	34xx	Other equity	1,054,445	12	1,301,355	15
15xy	Cost and revaluation increment	4,491,227	47	3,717,552	43	3430	Net loss not recognized as pension cost	(4,158)	—	(38,492)	—
15x9	Less: Accumulated depreciation	(1,487,548)	(16)	(1,414,908)	(16)	3450	Unrealized gain (loss) on financial instruments	(61,083)	—	172,221	2
1670	Construction in progress and prepayments for equipment	369	—	25,319	—	3460	Unrealized revaluation increment	1,131,456	12	1,167,626	13
1770	Deferred pension cost	6,114	—	56,162	—	3510	Treasury stock	(11,770)	—	—	—
18xx	Other assets	88,842	1	86,869	1	3xxx	Total shareholders' equity	7,353,147	78	7,378,036	85
1820	Refundable deposits	1,800	—	1,799	—						
1830	Deferred charges	16,898	—	14,926	—						
1880	Others	140,443	2	140,443	2						
1899	Less: Accumulated impairment- other assets	(70,299)	(1)	(70,299)	(1)						
	<b>Total assets</b>	<b>\$ 9,480,577</b>	<b>100</b>	<b>\$ 8,694,309</b>	<b>100</b>		<b>Total liabilities and shareholders' equity</b>	<b>\$ 9,480,577</b>	<b>100</b>	<b>\$ 8,694,309</b>	<b>100</b>