

**FORMOSAN RUBBER GROUP INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**  
(Expressed in Thousands of New Taiwan Dollars)

CODE	DESCRIPTION	2007		2006	
		AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 2,127,325	100	\$ 1,229,231	100
4110	Sales	1,197,307	56	1,088,059	89
4170	Less: Sales returns	(9,841)	(1)	(4,892)	—
4190	Sales allowances	(7,563)	—	(12,134)	(1)
4100	Net sales	1,179,903	55	1,071,033	88
4330	Rental revenue	170,528	8	158,198	12
4500	Construction revenue	776,894	37	—	—
5000	Operating costs	1,381,288	65	1,006,034	82
5110	Cost of goods sold	1,079,130	51	949,924	77
5300	Rental cost	72,656	3	56,110	5
5500	Construction cost	229,502	11	—	—
5910	Gross profit	746,037	35	223,197	18
6000	Operating expenses	354,304	17	182,998	15
6100	Selling expenses	109,490	5	53,470	4
6200	General and administrative expenses	226,112	11	116,100	10
6300	Research and development expenses	18,702	1	13,428	1
6900	Operating income	391,733	18	40,199	3
7100	Nonoperating income and gains	123,650	6	213,418	17
7110	Interest income	6,303	—	4,543	—
7121	Investment income on equity method	—	—	40,542	3
7122	Dividend income	28,640	2	45,263	4
7140	Gain on sale of investments	69,107	3	—	—
7160	Exchange gain	5,769	—	—	—
7310	Valuation gain on financial assets	—	—	115,862	9
7480	Miscellaneous income	13,831	1	7,208	1
7500	Nonoperating expenses and losses	244,909	11	42,944	3
7510	Interest expense	4,106	—	12,271	1
7521	Investment loss on equity method	85,280	4	—	—
7522	Other investment losses	566	—	316	—
7530	Loss on disposal of fixed assets	438	—	353	—
7550	Loss on physical inventory	6,021	—	6,207	1
7560	Exchange loss	—	—	606	—
7570	Provision for loss on inventories	2,334	—	2,956	—
7630	Impairment loss	—	—	13,575	1
7640	Valuation loss on financial assets	141,823	7	—	—
7880	Miscellaneous expenses	4,341	—	6,660	—
7900	Income before income tax from continuing operations	270,474	13	210,673	17
8110	Income tax expense	(20,060)	(1)	(22,334)	(2)
8900	Net income from continuing operations	\$ 250,414	12	\$ 188,339	15
9300	Cumulative effect of changes in accounting principles	—	—	24,328	2
9600	Net income	\$ 250,414	12	\$ 212,667	17
9750	Basic earnings per share	Before income tax	After income tax	Before income tax	After income tax
9710	Net income from continuing operations	\$ 0.52	\$ 0.48	\$ 0.41	\$ 0.36
9740	Cumulative effect of changes in accounting principles	—	—	0.05	0.05
9750	Net income	\$ 0.52	\$ 0.48	\$ 0.46	\$ 0.41