

**FORMOSAN RUBBER GROUP INC.**

**BALANCE SHEETS**

**JUNE 30, 2008 AND 2007**

(Expressed in Thousands of New Taiwan Dollars)

| Assets |   | JUNE 30, 2008 |      | JUNE 30, 2007 |      | Liabilities and shareholders' equity |  | JUNE 30, 2008 |     | JUNE 30, 2007 |     |
|--------|---|---------------|------|---------------|------|--------------------------------------|--|---------------|-----|---------------|-----|
| CODE   | DESCRIPTION   | AMOUNT        | %    | AMOUNT        | %    | CODE                                 | DESCRIPTION                                      | AMOUNT        | %   | AMOUNT        | %   |
| 11xx   | Current assets  | \$ 5,170,223  | 52   | \$ 4,734,498  | 50   | 21xx                                 | Current liabilities                              | \$ 2,076,807  | 21  | \$ 1,680,632  | 18  |
| 1100   | Cash and cash equivalents                                       | 363,019       | 4    | 562,106       | 6    | 2120                                 | Notes payable                                    | 140,846       | 1   | 173,237       | 2   |
| 1310   | Financial assets at fair value through profit or loss - current | 531,870       | 5    | 853,171       | 9    | 2140                                 | Accounts payable                                 | 107,668       | 1   | 64,512        | 1   |
| 1320   | Available-for-sale financial assets - current                   | 361,236       | 4    | 431,286       | 5    | 2228                                 | Other payables                                   | 78,758        | 1   | 84,614        | 1   |
| 1120   | Notes receivable, net   | 37,075        | —    | 104,952       | 1    | 2216                                 | Dividend Payable                                 | 183,154       | 2   | 183,430       | 2   |
| 1140   | Accounts receivable, net  | 99,242        | 1    | 119,205       | 1    | 2260                                 | Advance in real estate receipts                  | 1,420,265     | 14  | 967,698       | 10  |
| 1160   | Other receivables   | 16,640        | —    | 10,485        | —    | 2270                                 | Current portion of long-term liabilities         | 50,000        | 1   | 99,999        | 1   |
| 1190   | Other financial assets - current                                | 30,836        | —    | 31,340        | —    | 2280                                 | Other current liabilities                        | 96,116        | 1   | 107,142       | 1   |
| 1210   | Inventories   | 456,639       | 5    | 487,612       | 5    | 24xx                                 | Long-term liabilities                            | —             | —   | 50,000        | 1   |
| 1224   | Construction in progress  | 2,940,097     | 30   | 1,947,566     | 21   | 2410                                 | Bonds payable                                    | —             | —   | 50,000        | 1   |
| 1260   | Prepaid expenses  | 46,547        | —    | 35,256        | —    | 2510                                 | Reserve for land value increment tax             | 217,530       | 2   | 217,530       | 2   |
| 1285   | Deferred Marketing Expenses                                     | 287,022       | 3    | 151,519       | 2    | 28xx                                 | Other liabilities                                | 43,552        | 1   | 139,655       | 1   |
| 14xx   | Investments   | 1,703,066     | 17   | 1,550,726     | 16   | 2810                                 | Accrued pension cost                             | 7,223         | —   | 104,727       | 1   |
| 1480   | Financial assets carried at cost - noncurrent                   | 289,414       | 3    | 293,761       | 3    | 2888                                 | Others   | 36,329        | 1   | 34,928        | —   |
| 1421   | Investments accounted for by the equity method                  | 638,009       | 6    | 741,371       | 8    | 28xx                                 | Total liabilities                                | 2,337,889     | 24  | 2,087,817     | 22  |
| 1423   | Investments in real estate                                      | 856,188       | 9    | 596,139       | 6    | 31xx                                 | Capital stock                                    | 5,232,964     | 52  | 5,240,824     | 55  |
| 1440   | Other financial assets - noncurrent                             | 20,000        | —    | 20,000        | —    | 32xx                                 | Capital surplus                                  | 563,473       | 6   | 564,312       | 6   |
| 1499   | Less: Accumulated impairment- real estate                       | (100,545)     | (1)  | (100,545)     | (1)  | 3211                                 | Additional paid-in capital from common stock     | 900           | —   | 901           | —   |
| 15xx   | Fixed assets- net   | 2,967,989     | 30   | 3,028,545     | 32   | 3213                                 | Paid-in capital from convertible bond conversion | 557,677       | 6   | 558,515       | 6   |
| 15x1   | Cost  | 3,887,278     | 39   | 3,935,026     | 41   | 3240                                 | Gain on sale of fixed assets                     | 1,237         | —   | 1,237         | —   |
| 1501   | Land  | 355,385       | 4    | 327,416       | 3    | 3260                                 | Long-term investments                            | 3,659         | —   | 3,659         | —   |
| 1521   | Buildings   | 2,380,423     | 24   | 2,371,493     | 25   | 33xx                                 | Retained earnings                                | 724,889       | 7   | 347,280       | 4   |
| 1531   | Machinery and equipment   | 942,403       | 9    | 1,027,024     | 11   | 3310                                 | Legal reserve                                    | 224,212       | 2   | 199,170       | 2   |
| 1551   | Transportation equipment  | 23,138        | —    | 23,148        | —    | 3320                                 | Special reserve                                  | 65,241        | 1   | 38,492        | 1   |
| 1681   | Other equipment   | 185,929       | 2    | 185,945       | 2    | 3350                                 | Unappropriated earnings                          | 435,436       | 4   | 109,618       | 1   |
| 15x8   | Revaluation increment   | 539,720       | 6    | 539,720       | 6    | 34xx                                 | Other equity                                     | 1,079,811     | 11  | 1,215,741     | 13  |
| 15xy   | Cost and revaluation increment                                  | 4,426,998     | 45   | 4,474,746     | 47   | 3430                                 | Net loss not recognized as pension cost          | (4,158)       | —   | (38,492)      | —   |
| 15x9   | Less: Accumulated depreciation                                  | (1,464,418)   | (15) | (1,446,570)   | (15) | 3450                                 | Unrealized gain (loss) on financial instruments  | (20,757)      | —   | 98,890        | 1   |
| 1670   | Prepayments for equipment                                       | 5,409         | —    | 369           | —    | 3460                                 | Unrealized revaluation increment                 | 1,104,726     | 11  | 1,155,343     | 12  |
| 1770   | Deferred pension cost   | 6,114         | —    | 56,162        | 1    | 3xxx                                 | Total shareholders' equity                       | 7,601,137     | 76  | 7,368,157     | 78  |
| 18xx   | Other assets  | 91,634        | 1    | 86,043        | 1    |                                      |  |               |     |               |     |
| 1820   | Refundable deposits   | 1,799         | —    | 1,799         | —    |                                      |  |               |     |               |     |
| 1830   | Deferred charges  | 19,691        | —    | 14,100        | —    |                                      |  |               |     |               |     |
| 1880   | Others  | 140,443       | 2    | 140,443       | 2    |                                      |  |               |     |               |     |
| 1899   | Less: Accumulated impairment- other assets                      | (70,299)      | (1)  | (70,299)      | (1)  |                                      |  |               |     |               |     |
|        | Total assets  | \$ 9,939,026  | 100  | \$ 9,455,974  | 100  |                                      | Total liabilities and shareholders' equity       | \$ 9,939,026  | 100 | \$ 9,455,974  | 100 |