

C-MEDIA ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(Unaudited)

2008

ASSETS

CURRENT ASSETS

Cash	\$ 1,124,255
Financial assets at fair value through profit or loss	20,026
Notes receivable	6,232
Accounts receivable, net	59,308
Accounts receivable - related party	65,264
Other receivables	4,492
Inventories, net	41,166
Prepaid expenses	316
Prepayments	20,997
Deferred income tax assets – current	2,378
Other current assets	<u>1,087</u>
	<u>1,345,521</u>

FUNDS AND INVESTMENTS

Financial assets carried at cost - non-current	<u>220,313</u>
	<u>220,313</u>

PROPERTY, PLANT AND EQUIPMENT, NET

Cost	
Land	121,039
Building	61,332
Machinery and equipment	65,609
Office equipment	<u>7,092</u>
	255,072
Less: Accumulated depreciation	<u>(85,050)</u>
	<u>170,022</u>
Other intangibles assets	<u>6,849</u>

OTHER ASSETS

Rental assets	211,571
Deposits out	1,313

Deferred assets	5,161
Deferred income tax assets - non-current	<u>8,274</u>
	<u>226,319</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,969,024</u>

(Continued)

C-MEDIA ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS - (Continued)
SEPTEMBER 30.
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
 (Unaudited)

2008

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Financial liabilities at fair value through profit or loss - current	\$ 25,624
Notes payable	11,774
Accounts payable	2,231
Accounts payable - related party	3,044
Income tax payable	15,604
Accrued expenses	47,384
Other payables	2,204
Collections in advance	3,015
Other current liabilities	<u>1,212</u>
	<u>112,092</u>

LONG-TERM LIABILITIES

Bonds payable	<u>689,049</u>
<u>OTHER LIABILITIES</u>	
Accrued pension cost	1,871
Deposits received	<u>1,005</u>
	<u>2,876</u>
Total Liabilities	<u>804,017</u>

STOCKHOLDERS' EQUITY

Capital stock	
Common stock	627,109
Capital reserve	
Paid-in capital in excess of par value	4,396
Capital reserve from employee stock warrants	11,617
Capital reserve from stock warrants	132,850
Retained earnings	

Legal reserve	214,844
Unappropriated earnings	248,287
Treasury stock	(<u>74,096</u>)
STOCKHOLDERS' EQUITY	<u>1,165,007</u>
Commitments and Contingent Liabilities	
Significant Subsequent Events	
<u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u>	<u>\$ 1,969,024</u>

The figures have not been audited.

C-MEDIA ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE)
(Unaudited)

2008

Operating revenue	
Sales	\$ 278,692
Sales returns	(104)
Net sales	278,588
Other service revenue	<u>261,289</u>
Total revenue	<u>539,877</u>
Operating costs	
Cost of goods sold	(83,037)
	<u>456,840</u>
Gross profit	
Operating expenses	
Selling expenses	(66,254)
Administrative and general expenses	(38,023)
Research and development expenses	(97,395)
Total operating expenses	<u>(201,672)</u>
Operating income	<u>255,168</u>
Non-operating income	
Interest income	13,814
Gain on valuation of financial liabilities	17,176
Gain on disposal of investments	3,812
Rental income	3,551
Other income	<u>925</u>
Total non-operating income	<u>39,278</u>
Non-operating expenses	
Interest expense	(21,102)
Loss on valuation of financial assets	(1,068)

Loss on disposal of property, plant and equipment	(398)
Foreign exchange loss	(3,620)
Provision for loss on inventory obsolescence and market price declines	(1,007)
Impairment loss	(65,000)
Other expenses	(<u>13,219)</u>
Total non-operating expenses	(<u>105,414)</u>
Income before income tax		189,032
Income tax expense	(<u>45,328)</u>
Consolidated net income	\$	<u>143,704</u>
Attributable to:		
Equity holders of the company	\$	<u>143,704</u>

Before tax After tax

Basic earnings per share (In dollars)		
Net income	\$ 3.04	\$ 2.31
Diluted earnings per share (In dollars)		
Net income	\$ 2.88	\$ 2.20

The figures have not been audited.

C-MEDIA ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(Unaudited)

2,008

CASH FLOWS FROM OPERATING ACTIVITIES

Consolidated net income	\$ 143,704
Adjustments to reconcile net income to net cash provided by operating activities:	
Provision for bad debts	4,210
Depreciation (including rental assets)	5,809
Loss on disposal of property, plant and equipment	398
Amortization	9,665
(Gain) loss on valuation of financial assets	1,068
(Gain) loss on valuation of financial liabilities	(17,176)
Loss on inventory obsolescence and market price decline	1,007
Impairment loss on financial assets accounted for under the cost method	65,000
Amortization of discount of cost of convertible bonds	21,096
Changes in assets and liabilities:	
(Increase) decrease in financial assets at fair value through profit or loss	210,000
Notes receivable	(1,516)
Accounts receivable	19,191
Accounts receivable - related party	(16,961)
Other receivables	(7,531)
Inventories	16,591
Prepaid expenses	1,637
Prepayments	(10,014)
Deferred income tax assets	(6,921)
Other current assets	(238)
Notes payable	217
Accounts payable	(1,588)

Accounts payable - related party	(19,316)
Income tax payable	(41,713)
Accrued expenses	13,237
Other payables	489
Collections in advance	2,993
Other current liabilities	526
Accrued pension cost	(82)
Net cash provided by operating activities	<u>393,782</u>

(Continued)

C-MEDIA ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(Uaudited)

2,008

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment (Including rental assets)	(4,574)
Proceeds from disposal of property, plant and equipment	2
Increase in deferred assets	(8,065)
Decrease in deposits-out	648
Net cash used in investing activities	<u>(11,989)</u>

CASH FLOWS FROM FINANCING ACTIVITY

Increase (decrease) in deposits-in	1,005
Cash dividends	(260,477)
Employees' bonus	(14,000)
Remuneration to directors and supervisors	(3,073)
The purchase of treasury stock	(13,456)
Net cash provided by (used in) financing activities	<u>(290,001)</u>

Net increase in cash	91,792
Beginning balance of cash	1,032,463
Ending balance of cash	<u>\$ 1,124,255</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for income tax	\$ 93,962
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The figures have not been audited.