TAIWAN

CPT

29 October 2008

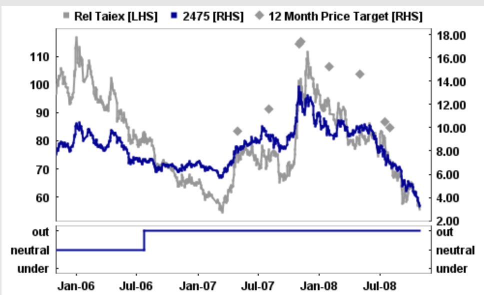
2475 TT		Outperform
Stock price as of 28 Oct 08	NT$	3.23
12-month target	NT$	4.20
Upside/downside	%	+30.0
Valuation	NT$	4.20
- Price To Book		

GICS sector	technology hardware & equipment	
Market cap	NT$m	30,623
30-day avg turnover	NT$m	112.9
Market cap	US$m	917
Foreign ownership	%	12.3
Number shares on issue	m	9,481

Investment fundamentals

Year end 31 Dec		2007A	2008E	2009E	2010E
Total revenue	bn	159.4	123.7	122.7	129.2
Reported profit	bn	8.7	-10.6	-11.7	2.6
Profit bonus exp	bn	8.2	-10.6	-11.7	2.6
Bon exp/rep prof	%	5.2	0.0	0.0	0.0
EPS rep	NT$	1.02	-1.11	-1.23	0.27
EPS rep growth	%	0.0	0.0	-10.7	0.0
EPS bonus exp	NT$	0.97	-1.11	-1.23	0.27
EPS bonus growth	%	0.0	0.0	-10.7	0.0
PE rep	x	3.2	nmf	nmf	11.8
PE bonus exp	x	3.3	0.0	0.0	11.8
Total DPS	NT$	0.41	0.00	0.00	0.05
Total div yield	%	12.6	0.0	0.0	1.5
ROA	%	5.3	-3.5	-4.7	2.6
ROE	%	9.4	-11.5	-15.3	3.6
EV/EBITDA	x	1.9	3.9	4.6	2.5
Net debt/equity	%	49.7	69.9	72.3	47.7
Price/book	x	0.3	0.4	0.4	0.4

2475 TT rel Taiex performance, & rec history



Source: Datastream, Macquarie Research, October 2008
(all figures in NT$ unless noted)

Analyst

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3Q08 net loss of NT$6.1bn

Event

- CPT posted a 3Q08 net loss of NT$6.1bn (vs net income of NT$1.1bn in 2Q08), or a loss per share (LPS) of NT$0.64, below expectations.

Impact

- **3Q08 operating margin** dropped to -20.4% from +6.2% in 2Q08. The decline was the sharpest in the industry, as CPT is highly exposed to monitor panels, for which prices dropped the most. In addition, we believe CPT also offered price protection to customers to secure more orders, which resulted in more expenses as panel prices fell. Sales were NT$26bn (-25% QoQ, -43% YoY), with TFT-LCD large panel-unit shipments down to 5.6m (-18% QoQ, -27% YoY) and large-panel blended ASP down to US$93 (-29% QoQ, -38% YoY) from US$131 in 2Q08.
- Inventory in 3Q08 rose marginally to 49 from 47 days in 2Q08. According to management, the utilisation rate was near 90% in 3Q08.
- **For 4Q08,** CPT expects its large-panel unit shipments to decline by ~16% QoQ to 4.7m units. The company did not comment on pricing but indicated the utilisation rate should be reduced more, as prices have already fallen to its cash cost of production and the company now prefers to preserve more cash on hand. We estimate an LPS of NT$1.1, with the operating margin falling to -38%. With panel prices falling to cash COGS for panel production, this should mark that a cycle bottom in the TFT-LCD industry is near.
- **2009 capex may fall sharply**. Original capex for 2008 was NT$15.9bn. CPT may defer some of this capex to 2009 while delaying or cancelling all other capacity expansion plans.

Earnings revision

- We change our 2008/09E EPS from NT$0.24/0.87 to an LPS of NT$1.1/1.2 using lower ASPs. We also reduce 2010E EPS by 60%.

Price catalyst

- 12-month price target: NT$4.20 based on a Price to Book methodology.
- Catalyst: The demand response to lower retail prices for LCD products will be a key factor for panel price stability and the direction of the TFT-LCD cycle. We look for HannStar to return to profitability in 2H09.

Action and recommendation

- We maintain an Outperform rating but lower our target price from NT$10.0 to NT$4.2 based on a 2009E P/BV of 0.6x. Our previous target price was based on 1.0x our preceding 2008 book value estimate. We lower our target multiple to reflect low demand visibility and concerns over CPT's high debt gearing and credit risk.

Fig 1 Income statement by division

(NT$m)	TFT-LCD division			CRT division		
	3Q08A	2Q08A	3Q07A	3Q08A	2Q08A	3Q07A
Net sales	21,688	31,040	42,107	4,583	4,015	4,233
Gross profit	-2,005	5,870	9,661	-232	-233	-275
Operating expenses	3,050	3,439	3,556	250	235	257
Operating income	-5,055	2,431	6,105	-482	-468	-532
Net non-operating income	-739	-863	-588	11	92	151
Pre-tax income	-5,794	1,568	5,517	-471	-376	-381
EBITDA	1,016	8,846	12,226	-19	-13	40
Margins (%)						
Gross	-9	19	23	-5	-6	-6
Operating	-23	8	14	-11	-12	-13
EBITDA	5	28	29	0	0	1

Source: Company data, Macquarie Research, October 2008

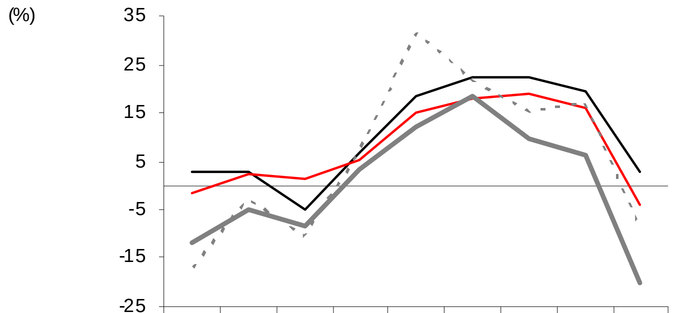
Fig 2 Key comparisons

	AUO	CMO	LGD	SEC	CPT	HannStar
Stock code	2409 TT	3009 TT	034220 KS	005930 KS	2475 TT	6116 TT
Currency	NT$	NT$	Won	Won	NT$	NT$
Stock price	22.8	12.8	19,550	463,500	3.2	5.4
Target price	40.0	20.4	25,000	370,000	4.2	7.0
Rating	Outperform	Outperform	Neutral	Neutral	Outperform	Outperform
P/BV (x)						
2008	0.7	0.4	0.7	1.3	0.4	0.5
2009	0.6	0.4	0.7	1.3	0.4	0.5
ROE (%)						
2008	12	5	22	10	-12	-4
2009	9	4	10	7	-15	-5
Blended ASP						
3Q08 (US$/panel)	137	143	992(US$/sq m)	n/a	93	96
% ch QoQ	-18	-11	-22	n/a	-29	-26
4Q08 outlook (% ch QoQ)	Down by 12-15% for both IT and TV panels	TV down 11-12%. IT down 5-10%	Down 5-10%	TV relatively strong. IT could be down	n/a	Down by 10-15% for large panels. Small/medium up 10%
Panel shipment outlook, 4Q08 (% ch QoQ)	Large panel down by 5-10% with TV down by 15% and IT down by 0-5%	TV down 15%. IT down 10-15%	Up 10-15% in area with TV up by high teen %, IT up by low teen %	Up by 6.8% QoQ with TV up by 10.9% and IT up by 5.3%	Down by 16-17% for both large and small panels	Down 25-30% for large panel shipments while xxx
Inventory (days)						
3Q08	40	50	almost 3 weeks	n/a	49	24
2Q08	40	50	> 3 weeks	n/a	47	20
Capex						
2008	Lowered to NT$100bn from NT$130-140bn previously	Maintained at NT$100bn	Down to Won4.1tr from Won4.5tr	Maintained at Won4.5tr	Maintained at NT$15.9bn but some may be deferred to 2009	Maintained at NT$2.5bn
2009	Around NT$100bn (incl. NT$30-40bn push-out from 2008)	Down >50% to below NT$50bn	Won1.5-2tr	Lower than 2008	Very minor. No major expansion plan	Very minor. No major expansion plan
Sales mix (%)						
TVs	48	57	51		8	
Monitors	17	28	22		66	
Notebooks	20	10	22		26	
Others	15	5	5			

Share prices as of 28 October 2008. Sales mix for SEC based on area. Product mix for CPT based on large panel shipments.

Source: Macquarie Research, Company data, October 2008

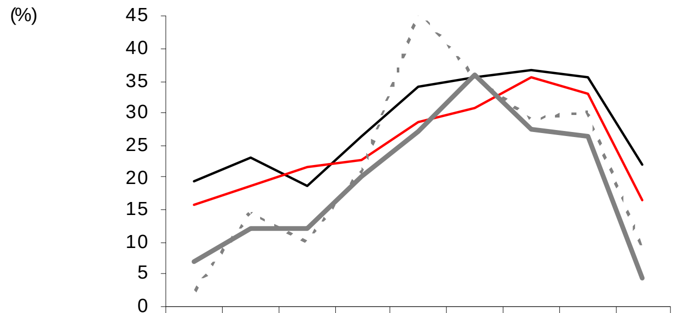
Fig 3 Operating margin comparison



	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08
AUO	2.9	3.0	-5.3	6.5	18.7	22.4	22.2	19.5	2.6
CMO	-1.8	2.3	1.3	5.2	15.2	18.2	19.1	15.9	-4.2
CPT	-11.8	-4.9	-8.4	3.1	12.1	18.5	9.7	6.2	-20.4
HannStar	-17.1	-2.9	-10.5	7.3	31.7	21.9	15.4	17.2	-9.0

Source: Macquarie Research, Company data, October2008

Fig 4 EBITDA margin comparison



	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08
AUO	19.5	23.1	18.5	26.2	34.0	35.6	36.7	35.7	22.0
CMO	15.9	18.8	21.6	22.7	28.7	30.6	35.5	33.0	16.4
CPT	7.0	12.0	12.2	20.0	27.0	35.9	27.4	26.4	4.2
HannStar	2.3	14.5	10.0	21.2	45.8	35.6	29.2	30.1	8.6

Source: Macquarie Research, Company data, October2008

Fig 5 Income statement, reported, quarterly

Year end 31 Dec (NT$m)	1Q08A	2Q08A	3Q08A	4Q08E	1Q09E	2Q09E	3Q09E	4Q09E
Net sales	40,415	34,980	26,257	22,071	22,287	26,792	35,588	38,046
TFT-LCD sales	36,238	31,040	21,688	17,645	18,344	22,372	30,818	33,157
Shipments (large panels, m)	6,872	6,829	5,592	4,700	4,800	5,400	6,240	6,400
% ch YoY/QoQ	-7	-1	-18	-16	2	13	16	3
Blended ASPs (US$/panel)	145	132	96	86	86	94	110	118
% ch YoY/QoQ	-5	-9	-28	-10	0	9	17	7
CRT sales	3,942	4,015	4,583	4,415	3,934	4,410	4,760	4,879
Other sales	235	-75	-14	10	10	10	10	10
Gross profit	7,286	5,551	-2,045	-5,240	-5,206	-2,022	3,935	6,889
Operating expenses	3,356	3,388	3,312	3,140	2,900	3,080	3,260	3,660
Operating income	3,930	2,163	-5,357	-8,380	-8,106	-5,102	675	3,229
Net non-operating income	1,282	-979	-677	-1,800	-600	-600	-600	-600
Pre-tax income	5,212	1,184	-6,034	-10,180	-8,706	-5,702	75	2,629
Income tax (credit)	76	110	41	509	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0
Minority interest	17	3	1	-21	-17	-11	0	5
Net income	5,118	1,071	-6,076	-10,668	-8,689	-5,691	75	2,624
Shares, wgt avg, adj (m)	9,481	9,481	9,481	9,481	9,481	9,481	9,481	9,481
EPS, adj (NT$)	0.54	0.11	-0.64	-1.13	-0.92	-0.60	0.01	0.28
% ch QoQ								
Sales		-13	-25	-16	1	20	33	7
Gross profit		-24	nmf	nmf	nmf	nmf	nmf	75
Operating income		-45	nmf	nmf	nmf	nmf	nmf	378
Net income		-79	nmf	nmf	nmf	nmf	nmf	3,398
EBITDA		-17	-88	nmf	nmf	nmf	410	36
EPS		-79	nmf	nmf	nmf	nmf	nmf	3,398
Margins (%)								
Gross	18.0	15.9	-7.8	-23.7	-23.4	-7.5	11.1	18.1
Operating	9.7	6.2	-20.4	-38.0	-36.4	-19.0	1.9	8.5
Net	12.7	3.1	-23.1	-48.3	-39.0	-21.2	0.2	6.9
EBITDA	27.4	26.4	4.2	-8.2	-7.2	5.3	20.2	25.6

As per ROC GAAP reporting, financials from and including 2008 include bonus expenses.

Source: Macquarie Research, TEJ, Company data, October 2008

Fig 6 Income statement, reported, annual

Year end 31 Dec (NT$m)	2003A	2004A	2005A	2006A	2007A	2008E	2009E	2010E
Net sales	88,971	117,102	103,329	126,605	159,397	123,723	122,713	129,156
TFT-LCD sales	50,786	73,790	77,629	104,672	144,266	106,611	104,690	112,860
Shipments (large panels, m)		10,617	15,330	23,482	28,278	23,993	22,840	25,600
% ch YoY/QoQ		0	44	53	20	-15	-5	12
Blended ASPs (US$/panel)		207	152	129	140	118	103	102
% ch YoY/QoQ		0	-26	-15	8	-16	-12	-1
CRT sales	34,680	39,958	24,661	21,902	15,402	16,955	17,983	16,256
Other sales	3,505	3,354	1,039	31	-271	156	40	40
Gross profit	9,952	18,285	1,775	278	24,381	5,552	3,596	19,177
Operating expenses	5,690	6,748	7,328	10,135	11,695	13,196	12,900	14,180
Operating income	4,262	11,537	-5,552	-9,856	12,685	-7,644	-9,304	4,997
Net non-operating income	-2,812	-211	-1,494	-3,212	-3,862	-2,174	-2,400	-2,400
Pre-tax income	1,450	11,326	-7,046	-13,068	8,823	-9,818	-11,704	2,597
Income tax (credit)	290	548	201	51	196	737	0	0
Extraordinary items	0	0	0	-807	0	0	0	0
Minority interest	212	456	105	40	-76	0	-23	5
Net income	948	10,322	-7,352	-13,967	8,703	-10,555	-11,680	2,592
Shares, wgt avg, adj (m)	5,663	7,038	8,108	8,213	8,503	9,481	9,481	9,481
EPS, adj (NT$)	0.17	1.47	-0.91	-1.70	1.02	-1.11	-1.23	0.27
% ch YoY								
Sales	16	32	-12	23	26	-22	-1	5
Gross profit	20	84	-90	-84	8655	-77	-35	433
Operating income	15	171	nmf	nmf	nmf	nmf	nmf	nmf
Net income	nmf	989	nmf	nmf	nmf	nmf	nmf	nmf
EBITDA	-6	50	-49	15	189	-52	-14	85
EPS	nmf	776	nmf	nmf	nmf	nmf	nmf	nmf
Margins (%)								
Gross	11.2	15.6	1.7	0.2	15.3	4.5	2.9	14.8
Operating	4.8	9.9	-5.4	-7.8	8.0	-6.2	-7.6	3.9
Net	1.1	8.8	-7.1	-11.0	5.5	-8.5	-9.5	2.0
EBITDA	18.0	20.6	11.8	11.1	25.3	15.8	13.6	24.0

As per ROC GAAP reporting, financials from and including 2008 include bonus expenses, while financials before 2008 exclude bonus expenses.

Source: Macquarie Research, TEJ, Company data, October 2008

Fig 7 Income statement, bonus adjusted

Year end 31 Dec (NT$m)	2003A	2004A	2005A	2006A	2007A	2008E	2009E	2010E
Net sales	88,971	117,102	103,329	126,605	159,397	123,723	122,713	129,156
Gross profit	9,952	18,285	1,775	278	24,381	5,552	3,596	19,177
Operating expenses	5,690	7,759	7,706	10,488	12,150	13,196	12,900	14,180
Non-bonus expenses	5,690	6,748	7,328	10,135	11,695	13,196	12,900	13,892
Bonus at market value	0	1,011	379	353	455	0	0	288
Operating income	4,262	10,526	-5,931	-10,209	12,230	-7,644	-9,304	4,997
Net non-operating income	-2,812	-211	-1,494	-3,212	-3,862	-2,174	-2,400	-2,400
Pre-tax income	1,450	10,315	-7,425	-13,422	8,368	-9,818	-11,704	2,597
Income tax (credit)	290	548	201	51	196	737	0	0
Extraordinary items	0	0	0	-807	0	0	0	0
Minority interest	212	456	105	40	-76	0	-23	5
Net income	948	9,311	-7,731	-14,320	8,248	-10,555	-11,680	2,592
Shares, wgt avg, adj (m)	5,663	7,038	8,108	8,213	8,503	9,481	9,481	9,481
EPS (NT$)	0.17	1.32	-0.95	-1.74	0.97	-1.11	-1.23	0.27
Net income before bonus	948	10,322	-7,352	-13,967	8,703	-10,554	-11,680	2,880
Bonus at market value as % of								
Net income before bonus	0	10	-5	-3	5	0	0	10
Net income	0	11	-5	-2	6	0	0	11
Pre-tax income before bonus	0	9	-5	-3	5	0	0	10
Pre-tax income	0	10	-5	-3	5	0	0	11
Operating income before bonus	0	9	-7	-4	4	0	0	5
Operating income	0	10	-6	-3	4	0	0	6
Gross profit	0	6	21	127	2	0	0	2
Sales	0	1	0	0	0	0	0	0
% ch YoY								
Sales	16	32	-12	23	26	-22	-1	5
Gross profit	20	84	-90	-84	8655	-77	-35	433
Operating expenses	24	36	-1	36	16	9	-2	10
Operating income	15	147	nmf	nmf	nmf	nmf	nmf	nmf
Net income	nmf	882	nmf	nmf	nmf	nmf	nmf	nmf
EBITDA	-6	44	-49	15	193	-51	-14	85
EPS	nmf	690	nmf	nmf	nmf	nmf	nmf	nmf
Margins (%)								
Gross	11.2	15.6	1.7	0.2	15.3	4.5	2.9	14.8
Operating	4.8	9.0	-5.7	-8.1	7.7	-6.2	-7.6	3.9
Net	1.1	8.0	-7.5	-11.3	5.2	-8.5	-9.5	2.0
EBITDA	18.0	19.7	11.5	10.8	25.1	15.8	13.6	24.0
Returns (%)								
ROE	1.6	11.7	-8.4	-16.7	9.3	-12.1	-16.3	3.9
ROIC	3.0	10.8	-4.2	-6.0	8.5	-6.2	-9.3	2.4
ROCE	2.9	9.3	-3.2	-4.8	7.6	-5.3	-8.8	2.0
ROA	2.2	6.7	-2.5	-3.5	5.5	-3.8	-6.1	1.4

For income statement data, financials from and including 2008 are reported, while financials before 2008 are pro forma. For return ratios, all data are pro forma.

Source: Macquarie Research, TEJ, Company data, October 2008

Chungwha Picture Tubes (2475 TT, Outperform, Target price: NT$4.20)

Quarterly Results		2Q/08A	3Q/08A	4Q/08E	1Q/09E
Revenue	**m**	**34,980**	**26,257**	**22,071**	**22,287**
Gross Profit	**m**	**5,551**	**-2,045**	**-5,240**	**-5,206**
Operating Expenses	m	-3,388	-3,312	-3,140	-2,900
Operating Income	**m**	**2,163**	**-5,357**	**-8,380**	**-8,106**
Net Non-operating income	m	-979	-677	-1,800	-600
Pre-Tax Income	**m**	**1,184**	**-6,034**	**-10,180**	**-8,706**
Tax Expense	m	-110	-41	-509	0
Exceptionals	m	0	0	0	0
Minority Interests	m	-3	-1	21	17
Reported Earnings	**m**	**1,071**	**-6,076**	**-10,668**	**-8,689**
Reported Earnings (bonus exp)	m	1,071	-6,076	-10,668	-8,689
Bonus exp / Reported Earnings	%	0.0	0.0	0.0	0.0
Adjusted Earnings	**m**	**1,071**	**-6,076**	**-10,668**	**-8,689**
EBITDA	**m**	**9,230**	**1,095**	**-1,820**	**-1,596**
EPS (rep)	NT$	0.11	-0.64	-1.13	-0.92
EPS pcp growth (rep)	%	nmf	nmf	nmf	nmf
EPS (rep bonus exp)	NT$	0.11	-0.64	-1.13	-0.92
EPS pcp growth (rep bonus exp)	%	nmf	nmf	nmf	nmf
Revenue pcp growth	%	3.8	-42.9	-52.0	-44.9
Operating Income pcp growth	%	nmf	nmf	nmf	nmf
Reported Earnings pcp growth	%	nmf	nmf	nmf	nmf
Gross Profit Margin	%	15.9	-7.8	-23.7	-23.4
Operating Income Margin	%	6.2	-20.4	-38.0	-36.4
Reported Earnings Margin	%	3.1	-23.1	-48.3	-39.0
EBITDA Margin	%	26.4	4.2	-8.2	-7.2

Profit and Loss Ratios		2007A	2008E	2009E	2010E
Revenue Growth	%	25.9	-22.4	-0.8	5.3
Gross Profit Growth	%	8,654.6	-77.2	-35.2	433.3
Operating Income Growth	%	nmf	nmf	-21.7	nmf
Reported Earnings Growth	%	nmf	nmf	-10.7	nmf
EBITDA Growth	%	188.6	-51.5	-14.5	85.5
Gross Profit Margin	%	15.3	4.5	2.9	14.8
Operating Income Margin	%	8.0	-6.2	-7.6	3.9
Reported Earnings Margin	%	5.5	-8.5	-9.5	2.0
EBITDA Margin	%	25.3	15.8	13.6	24.0
Payout Ratio	%	42.0	nmf	nmf	18.3
EV/EBITDA	x	1.9	3.9	4.6	2.5
EV/EBIT	x	6.2	-9.8	-8.2	15.2
Balance Sheet Ratios					
ROE	%	9.4	-11.5	-15.3	3.6
ROA	%	5.3	-3.5	-4.7	2.6
ROIC	%	7.9	-5.4	-6.7	4.1
Net Debt/Equity	%	49.7	69.9	72.3	47.7
Interest Cover	x	3.5	-5.2	nmf	nmf
Price/Book	x	0.3	0.4	0.4	0.4
Book Value per Share	NT$	10.8	8.7	7.4	7.7

Profit & Loss		2007A	2008E	2009E	2010E
Revenue	**m**	**159,397**	**123,723**	**122,713**	**129,156**
Gross Profit	**m**	**24,381**	**5,552**	**3,596**	**19,177**
Operating Expenses	m	-11,695	-13,196	-12,900	-14,180
Operating Income	**m**	**12,685**	**-7,644**	**-9,304**	**4,997**
Net Non-operating income	m	-3,862	-2,174	-2,400	-2,400
Pre-Tax Income	**m**	**8,823**	**-9,818**	**-11,704**	**2,597**
Tax Expense	m	-196	-737	0	0
Exceptionals	m	0	0	0	0
Minority Interests	m	76	0	23	-5
Reported Earnings	**m**	**8,703**	**-10,555**	**-11,680**	**2,592**
Reported Earnings (bonus exp)	m	8,248	-10,555	-11,680	2,592
Bonus exp / Reported Earnings	%	5.2	0.0	0.0	0.0
Adjusted Earnings	**m**	**8,703**	**-10,555**	**-11,680**	**2,592**
EBITDA	**m**	**40,390**	**19,570**	**16,736**	**31,037**
EPS (rep)	NT$	1.02	-1.11	-1.23	0.27
EPS growth (rep)	%	nmf	nmf	-10.7	nmf
EPS (rep bonus exp)	NT$	0.97	-1.11	-1.23	0.27
EPS growth (rep bonus exp)	%	nmf	nmf	-10.7	nmf
PE (rep)	x	3.2	nmf	nmf	11.8
PE (rep bonus adj)	x	3.3	nmf	nmf	11.8
PE (adj)	x	3.3	nmf	nmf	11.8
Total DPS	NT$	0.41	0.00	0.00	0.05
Total Div Yield	%	12.6	0.0	0.0	1.5
Weighted Average Shares	m	8,503	9,481	9,481	9,481
Period End Shares	m	9,374	9,481	9,481	9,481

Cashflow Analysis		2007A	2008E	2009E	2010E
Reported Earnings	**m**	**8,703**	**-10,555**	**-11,680**	**2,592**
Depreciation & Amortisation	m	27,704	27,214	26,040	26,040
Chgs in Working Cap	m	-8,992	56	98	-578
Other	m	-644	-9,860	0	-0
Operating Cashflow	**m**	**26,772**	**6,856**	**14,457**	**28,054**
Acquisitions	m	0	0	0	0
Capex	m	-6,198	-10,979	-8,000	-12,000
Asset Sales	m	183	-119	0	0
Other	m	-6,305	-1,089	0	0
Investing Cashflow	**m**	**-12,321**	**-12,187**	**-8,000**	**-12,000**
Dividend (Ordinary)	m	0	-3,862	0	0
Equity Raised	m	0	0	0	0
Debt Movements	m	-23,089	-3,482	0	0
Other	m	838	1,003	-0	0
Financing Cashflow	**m**	**-22,251**	**-6,340**	**-0**	**0**
Net Chg in Cash/Debt	**m**	**-7,443**	**-11,591**	**6,457**	**16,054**
Free Cashflow	m	20,574	-4,124	6,457	16,054
FCF per Share	NT$	2.42	-0.43	0.68	1.69
P/FCF	x	1.3	-7.4	4.7	1.9

Balance Sheet		2007A	2008E	2009E	2010E
Cash	m	27,208	15,617	22,074	38,128
Receivables	m	32,586	18,002	27,807	27,079
Inventories	m	11,650	19,724	13,847	12,542
Investments	m	2,546	6,804	6,804	6,804
Fixed Assets	m	135,094	120,003	101,963	87,923
Intangibles	m	0	0	0	0
Other Assets	m	22,320	21,563	21,563	21,563
Total Assets	**m**	**231,403**	**201,713**	**194,057**	**194,040**
Payables	m	46,279	37,665	41,691	39,080
Short Term Debt	m	28,943	45,201	45,201	45,201
Long Term Debt	m	48,656	27,782	27,782	27,782
Provisions	m	0	0	0	0
Other Liabilities	m	6,041	8,958	8,958	8,958
Total Liabilities	**m**	**129,919**	**119,606**	**123,632**	**121,022**
Total S/H Equity	**m**	**101,484**	**82,106**	**70,426**	**73,018**
Total Liab & S/H Funds	**m**	**231,403**	**201,713**	**194,057**	**194,040**

All figures in NT$ unless noted.
Source: Macquarie Research, TEJ, Company data, October 2008

Important disclosures:

Recommendation definitions

Macquarie - Australia/New Zealand
Outperform – return >5% in excess of benchmark return (>2.5% in excess for listed property trusts)
Neutral – return within 5% of benchmark return (within 2.5% for listed property trusts)
Underperform – return >5% below benchmark return (>2.5% below for listed property trusts)

Macquarie – Asia/Europe
Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie First South - South Africa
Outperform – expected return >+10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie - Canada
Outperform – return >5% in excess of benchmark return
Neutral – return within 5% of benchmark return
Underperform – return >5% below benchmark return

Macquarie - USA
Outperform (Buy) – return >5% in excess of benchmark return
Neutral (Hold) – return within 5% of benchmark return
Underperform (Sell)– return >5% below benchmark return

Recommendations – 12 months

Note: Quant recommendations may differ from Fundamental Analyst recommendations

Volatility index definition*

This is calculated from the volatility of historical price movements.

Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30–40% in a year.

Low–medium – stock should be expected to move up or down at least 25–30% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.
* Applicable to Australian/NZ/Canada stocks only

Financial definitions

All "Adjusted" data items have had the following adjustments made:
Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / efpowa*
ROA = adjusted ebit / average total assets
ROA Banks/Insurance = adjusted net profit /average total assets
ROE = adjusted net profit / average shareholders funds
Gross cashflow = adjusted net profit + depreciation
*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 30 September 2008

	AU/NZ	Asia	RSA	USA	CA	EUR
Outperform	43.17%	61.57%	63.08%	53.60%	71.54%	43.00%
Neutral	41.37%	16.43%	30.77%	37.60%	24.61%	48.00%
Underperform	15.47%	22.00%	6.15%	8.80%	3.85%	9.00%

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