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Foxconn International Holdings Limited
富士康國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2038

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board of directors ("Board") of Foxconn International Holdings Limited ("Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries ("Group") for the period of six months ended 30 June 2007 together with comparative figures for the previous corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Six months ended	
		30.6.2007	30.6.2006
		US$'000	*US$'000*
	NOTES	**(unaudited)**	(unaudited)
Turnover	*4*	**4,590,582**	4,377,930
Cost of sales		**(4,153,145)**	(3,936,093)
Gross profit		**437,437**	441,837
Other income		**47,909**	21,426
Selling expenses		**(7,675)**	(10,766)
General and administrative expenses		**(98,748)**	(68,515)
Research and development expenses		**(32,788)**	(30,568)
Interest expense on bank loans		**(10,493)**	(8,092)
Restructuring costs	*5*	**–**	(7,881)
Profit before tax	*6*	**335,642**	337,441
Income tax expense	*7*	**(11,096)**	(37,183)
Profit for the period		**324,546**	300,258
Attributable to:			
Equity holders of the parent		**323,988**	301,692
Minority interests		**558**	(1,434)
		324,546	300,258
Earnings per share			
Basic	*9*	**US4.62 cents**	US4.34 cents
Diluted		**US4.45 cents**	US4.20 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2007

	NOTES	**30.6.2007** *US$'000* **(unaudited)**	31.12.2006 *US$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**1,263,002**	1,003,904
Prepaid lease payments		**113,508**	102,817
Goodwill		**63,075**	63,075
Available-for-sale investments		**1,008**	1,010
Deferred tax assets	*11*	**22,925**	15,806
Deposits for acquisition of property, plant and equipment		**19,406**	28,716
		1,482,924	1,215,328
Current assets			
Inventories		**898,050**	744,198
Investments held for trading		**81**	565
Trade and other receivables	*12*	**1,471,796**	1,877,660
Bank deposits		**364,680**	31,567
Cash and cash equivalents		**1,024,592**	633,090
		3,759,199	3,287,080
Current liabilities			
Trade and other payables	*13*	**1,569,519**	1,862,729
Bank loans	*14*	**725,707**	139,563
Provision	*15*	**66,798**	58,212
Tax payable		**58,529**	54,952
		2,420,553	2,115,456

	NOTES	**30.6.2007**	31.12.2006
		US$'000	*US$'000*
		(unaudited)	(audited)
Net current assets		**1,338,646**	1,171,624
		2,821,570	2,386,952
Capital and reserves			
Share capital		**280,684**	279,598
Reserves		**2,494,390**	2,089,384
Equity attributable to equity holders of the parent		**2,775,074**	2,368,982
Minority interests		**12,536**	12,020
Total equity		**2,787,610**	2,381,002
Non-current liabilities			
Deferred tax liabilities	*11*	**1,324**	1,909
Deferred income	*16*	**32,636**	4,041
		2,821,570	2,386,952

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. INDEPENDENT REVIEW

The interim results for the period of six months ended 30 June 2007 are unaudited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The unmodified review report is included in the interim report to be sent to shareholders.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with International Accounting Standard 34 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 except as described below.

In the current interim period, the Group has applied, for the first time, those new standards, amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board ("IASB") which are effective for the Group's financial year beginning 1 January 2007. The adoption of these new IFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipated that application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group's turnover and results are entirely derived from the manufacture and trading of handsets. The directors consider that these activities constitute one business segment since these activities are related and are subject to common risks and returns.

Segment information regarding the Group's sales and results by geographical market, irrespective of the origin of the goods/services, and other analysis by geographical area is presented below.

	Six months ended	
	30.6.2007	30.6.2006
	US$'000	*US$'000*
	(unaudited)	(unaudited)
EXTERNAL SALES		
Asia	**2,832,963**	2,746,021
Europe	**765,387**	547,324
America	**992,232**	1,084,585
Total	**4,590,582**	4,377,930
RESULTS		
Asia	**268,567**	270,656
Europe	**69,905**	49,657
America	**91,290**	102,877
	429,762	423,190
Unallocated corporate income	**47,909**	21,426
Unallocated corporate expenses	**(131,536)**	(99,083)
Unallocated interest expense on bank loans	**(10,493)**	(8,092)
Profit before tax	**335,642**	337,441
Income tax expense	**(11,096)**	(37,183)
Profit for the period	**324,546**	300,258

5. RESTRUCTURING COSTS

	Six months ended	
	30.6.2007	30.6.2006
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Impairment losses on property, plant and equipment	**–**	3,384
Redundancy and other costs	**–**	4,497
	–	7,881

The amount represented those costs incurred and provision made in connection with the Group's restructuring and relocating its European operations during the six months period ended 30 June 2006. No restructuring cost was incurred in current period.

6. PROFIT BEFORE TAX

	Six months ended	
	30.6.2007	30.6.2006
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
(Write back) allowance for doubtful debts	**(655)**	1,740
Write down of inventories	**9,106**	16,037
Amortisation of prepaid lease payments (included in general and administrative expenses)	**847**	84
Cost of inventories recognised as expense	**4,111,891**	3,896,969
Provision for warranty	**32,148**	23,087
Depreciation of property, plant and equipment	**77,430**	48,676
Decrease in fair value of investments held for trading	**484**	1,135
Interest income from bank	**(9,383)**	(5,922)

7. INCOME TAX EXPENSE

	Six months ended	
	30.6.2007	30.6.2006
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Current tax	**18,957**	38,441
(Over)/underprovision in prior years	**(299)**	133
Deferred tax for current period *(note 11)*	**(7,562)**	(1,391)
	11,096	37,183

Taxation charge mainly consists of income tax in the People's Republic of China (the "PRC") attributable to the assessable profits subject to tax rates ranging from 15% to 16.5%. The taxation charge is calculated at the applicable rates prevailing in the PRC. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The Company's subsidiaries operating in the PRC are also eligible for certain tax holiday and concession.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax ("New Law") by Order No. 63 of the President of the People's Republic of China, which will change the tax rate from 33% statutory rate to 25% statutory rate from 1 January 2008. The directors are of the opinion that there had no material financial impact on the condensed consolidated financial statements of the Group.

8. DIVIDEND

The directors do not recommend the payment of an interim dividend during the six months ended 30 June 2007.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2007 is based on the profit attributable to equity holders of the parent for the period of US$323,988,000 (2006: US$301,692,000) and the weighted average number of 7,006,958,845 (2006: 6,958,056,025) shares in issue during the period.

The calculation of the diluted earnings per share attributable to the equity holders of the parent is based on the following data:

	Six months ended 30.6.2007 US$'000 (unaudited)	30.6.2006 US$'000 (unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to equity holders of the parent)	**323,988**	301,692
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**7,006,958,845**	6,958,056,025
Effect of dilutive potential ordinary shares:		
Share options	**273,075,255**	226,001,822
Share awards	**–**	2,576,905
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**7,280,034,100**	7,186,634,752

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately US$326,683,000 (2006: US$177,109,000).

In addition, the Group disposed of certain property, plant and equipment with a carrying amount of US$20,105,000 (2006: US$5,788,000) for proceeds of US$31,340,000 (2006: US$6,625,000), resulting in a profit on disposal of US$11,235,000 (2006: US$837,000) for the period of which US$9,801,000 was carried as deferred income as of 30 June 2007 as explained below.

In May 2007, the Group entered into sale and leaseback agreements for its building for the proceeds of US$24,202,000. The leaseback is classified as an operating lease with a term of 5 years. An amount of US$9,801,000, representing the excess of the sale price over fair value of the building, is deferred and amortised over the period for which the building is expected to be used.

During the six months period ended 30 June 2006, an impairment loss of US$3,384,000 was recognised in respect of certain production facilities (see note 5).

11. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon for the period:

	Allowances for inventories, trade and other receivables *US$'000*	Warranty provision *US$'000*	Accelerated tax depreciation *US$'000*	Tax losses *US$'000*	Deferred income *US$'000*	Others *US$'000*	Total *US$'000*
At 1 January 2006	(279)	–	2,923	(8,996)	–	(991)	(7,343)
Charge (credit) to income for the period	(3,248)	–	(867)	2,258	–	466	(1,391)
Exchange differences	32	–	(22)	230	–	114	354
At 30 June 2006	(3,495)	–	2,034	(6,508)	–	(411)	(8,380)
At 1 January 2007	(4,516)	(7,512)	1,909	(2,529)	–	(1,249)	(13,897)
Charge (credit) to income for the period	(1,534)	(1,258)	(1,051)	(1,595)	(2,516)	392	(7,562)
Exchange differences	(10)	(17)	3	(88)	(32)	2	(142)
At 30 June 2007	(6,060)	(8,787)	861	(4,212)	(2,548)	(855)	(21,601)

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30.6.2007 ***US$'000*** **(unaudited)**	31.12.2006 *US$'000* (audited)
Deferred tax assets	**(22,925)**	(15,806)
Deferred tax liabilities	**1,324**	1,909
	(21,601)	(13,897)

At 30 June 2007, the Group has unused tax losses of US$39,498,000 (31.12.2006: US$21,617,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately US$15,057,000 (31.12.2006: US$10,115,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$24,441,000 (31.12.2006: US$11,502,000) either due to the unpredictability of future profit streams or because it is not probable that the unused tax losses will be available for utilisation before their expiry. The unrecognised tax losses will expire before 2012.

By reference to financial budgets, management believes that there will be sufficient future profits or taxable temporary differences available in the future for the realisation of deferred tax assets which have been recognised in respect of tax losses.

The Group did not have material temporary differences associated with undistributed earnings of subsidiaries as at 30 June 2007. In addition, the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

12. TRADE AND OTHER RECEIVABLES

	30.6.2007	31.12.2006
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade receivables	**1,360,801**	1,814,813
Other receivables, deposits and prepayments	**110,995**	62,847
	1,471,796	1,877,660

The Group normally allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the balance sheet date:

	30.6.2007	31.12.2006
	US$'000	*US$'000*
	(unaudited)	(audited)
0-90 days	**1,335,910**	1,806,005
91-180 days	**24,467**	8,352
181-360 days	**380**	385
Over 360 days	**44**	71
	1,360,801	1,814,813

13. TRADE AND OTHER PAYABLES

	30.6.2007	31.12.2006
	US$'000	*US$'000*
	(unaudited)	(audited)
Trade payables	**1,223,317**	1,540,285
Accruals and other payables	**346,202**	322,444
	1,569,519	1,862,729

The following is an aged analysis of trade payables at the balance sheet date:

	30.6.2007	31.12.2006
	US$'000	*US$'000*
	(unaudited)	(audited)
0-90 days	**1,210,300**	1,468,343
91-180 days	**7,068**	62,039
181-360 days	**3,985**	7,053
Over 360 days	**1,964**	2,850
	1,223,317	1,540,285

14. BANK LOANS

The bank loans are repayable within one year, unsecured and carry interest at fixed interest rates at 0.2% plus LIBOR (31.12.2006: 0.2% plus LIBOR) per annum fixed at the time the loans are raised.

15. PROVISION

	Warranty provision *US$'000*
At 1 January 2006	23,635
Exchange adjustments	1,366
Provision in the year	61,323
Utilisation of provision	(28,112)
At 31 December 2006	58,212
Exchange adjustments	1,593
Provision in the period	32,148
Utilisation of provision	(25,155)
At 30 June 2007	66,798

The warranty provision represents management's best estimate of the Group's liability under twelve to twenty four months' warranty granted to handset products, based on prior experience and industry averages for defective products.

16. DEFERRED INCOME

	30.6.2007 ***US$'000*** **(unaudited)**	31.12.2006 *US$'000* (audited)
Government subsidies	**22,835**	4,041
Sale and leaseback transaction *(note 10)*	**9,801**	-
	32,636	4,041

Government subsidies granted to the Company's subsidiaries in the PRC are released to income over the useful lives of the related depreciable assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Results and Operations

For the six-month period ended 30 June 2007, our Group recorded a 4.87% year-on-year increase in consolidated turnover of US$4,591 million (2006: US$4,378 million). Profit for the period was US$325 million representing a 8.33% growth over the US$300 million profit for the same period last year. Basic earnings per share for the period was US4.62 cents.

Although global handset shipment continued its healthy expansion during the first half of 2007, the industry witnessed significant shifts in market shares among global OEM brands. Volatile customer demand made a major impact on the handset manufacturing industry, causing many of our peers in the industry supply chain to suffer significant decline in their businesses. However, thanks to the relentless efforts in further diversifying our customer base as well as the strength in other key customers' sales performance, we managed to achieve revenue growth amid market turbulence. This was achieved with our continuous global footprint expansion including places like Reynosa, Mexico and Chennai, India. Our customers greatly appreciated our presence in these regions, and accordingly, business generated from these areas will continue to be a key growth driver for our Group. We will remain diligent in retaining our role as the supplier of choice for our key customers in each of their key markets.

To meet surging demand for JDVM (joint development manufacture) and JDSM (joint design manufacture) projects, we are expanding our design teams in different parts of the world, and investing in more design and testing centers in China. To bring further value to our customers, aside from our continuous expansion of technical capabilities in the fields of mechanical, optical and electrical engineering, and investments in green manufacturing, material sciences and surface treatment, we are also expanding our software and ID design teams. We continue to be seen as the partner of choice for our customers' technically demanding projects.

Liquidity and Financial Resources

As at 30 June 2007, we had a cash balance of US$1,025 million. The cash balance is expected to finance our working capital and capital expenditure plans in light of our continuing fast growth. Our gearing ratio, expressed as a percentage of interest bearing external borrowings of US$726 million over total assets of US$5,242 million, was 13.85%.

Net cash generated from operating activities for the six-month period ended 30 June 2007 was US$411 million.

Net cash used in investing activities for the six-month period ended 30 June 2007 was US$626 million. Our expenditures for investing activities were for purchase of property, plant and equipment related to our facilities in our major sites in China, India, Mexico, etc.

Net cash from financing activities for the six-month period ended 30 June 2007 was US$592 million, primarily due to net increase in bank loans of US$575 million and proceeds of US$17 million from the issue of shares to employees for such period.

Capital Commitments and Contingent Liabilities

As at 30 June 2007, the capital commitment of the Group was US$215.28 million (2006: US$57.39 million). As at the same date, we had no contingent liabilities.

Pledge of Assets

A subsidiary of the Company namely Foxconn Oy has pledged its corporate assets of approximately US$5.38 million (2006: US$4.6 million) to secure general banking facilities granted to the Group.

Significant Investments

In 2007 first half, we invested in key sites in Asia and other regions to enhance our capabilities and capacities to serve our customers. These investments were instrumental in gaining more business, and further enhanced our working partnerships with our key customers. We expect to continue such investments in 2007 second half and in 2008.

Outlook

Looking forward, competition within the handset industry continues to intensify. The recent notable mergers and acquisitions in the manufacturing services industry are testament to the foresight of our business model of vertical integration. Our end-to-end solutions and one-stop-shopping advantages are key successes that remain the ones to be emulated by our competitors. We believe that our unique globalized design, tooling, manufacturing and logistics platform is not only well-established, but is also critical in maintaining our leading edge in this competitive environment. With the demands of customer requirements and ever-present competition, our management firmly believes that the only way to continue our success story is to invest in people, technology and customer partnership. We remain optimistic in our operation performance for 2007 and beyond.

Employees

As at 30 June 2007, our Group had a total of 119,164 employees. Total staff costs incurred during the period of six months ended 30 June 2007 amounted to US$247 million (2006: US$159 million). Our Group offers a comprehensive remuneration policy which is reviewed by the management on a regular basis.

The Company has adopted a share scheme and a share option scheme respectively. The share option scheme complies with the requirements laid down by Chapter 17 of the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period of six months ended 30 June 2007.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with the requirements of the Listing Rules and the Code on Corporate Governance Practices ("CCGP"). Its primary duties are to review and supervise the Company's financial reporting process and internal control system, nominate and monitor external auditors and provide advices and comments to the Board. The audit committee is comprised of three non-executive directors, two of whom are independent non-executive directors.

The audit committee has reviewed the unaudited interim results of the Group for the period of six months ended 30 June 2007.

Further, the interim results for the period of six months ended 30 June 2007 are unaudited, but have been reviewed by the Company's auditors, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors and all the directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the period covered by the interim report, in compliance with the CCGP as set out in Appendix 14 to the Listing Rules save as disclosed in this announcement.

Under code provision A.2.1 of the CCGP, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chin Wai Leung, Samuel currently holds both positions in the Company. In the light of the current market turbulence and the handset industry continuing going through a 3C convergence and consolidation period and taking into account the continuation in the implementation of business plans and formulation of business strategies, the Board considers that the present arrangement for Mr. Chin, the chairman, to hold the office of chief executive officer of the Company at the same time is beneficial to and in the interests of the Company and its shareholders as a whole. However, in the spirit of corporate governance, the Board will continue to review in the current year the roles of chairman and chief executive officer and, if considered appropriate, separate the two roles in compliance with code provision A.2.1 of the CCGP.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The 2007 interim report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Chin Wai Leung, Samuel
Chairman and Chief Executive Officer

Hong Kong, 11 September 2007

* *For identification purposes only*

As at the date of this announcement, the executive directors are Messrs. Chin Wai Leung, Samuel and Dai Feng Shuh, the non-executive directors are Messrs. Chang Ban Ja, Jimmy, Lee Jin Ming and Lu Fang Ming and Miss Gou Hsiao Ling and the independent non-executive directors are Messrs. Lau Siu Ki, Mao Yu Lang and Daniel Joseph Mehan.