

POU CHEN CORPORATION

BALANCE SHEETS

JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 793,126	1	\$ 745,407	1	Short-term loans	\$ 2,600,000	4	\$ 3,240,000	5
Financial assets at fair value through profit or loss, current	111,726	-	3,826,975	6	Notes payable	48,286	-	89,779	-
Available-for-sale financial assets, current	2,404,472	4	-	-	Notes payable to affiliates	37,219	-	46,021	-
Notes receivable	1,181	-	3,803	-	Accounts payable	664,340	1	869,513	2
Notes receivable from affiliates	45,820	-	12,823	-	Accounts payable to affiliates	161,125	-	131,920	-
Accounts receivable	148,449	-	133,918	-	Income tax payable	2,427	-	513	-
Accounts receivable from affiliates	1,029,318	2	1,597,193	3	Hedging derivative liabilities, current	41,268	-	-	-
Other receivables	349,815	-	473,619	1	Other payables	2,035,035	3	3,233,474	5
Inventories	161,212	-	160,053	-	Current portion of long-term liabilities	4,500,000	7	1,626,517	3
Other current assets	70,736	-	107,324	-	Other current liabilities	22,645	-	63,954	-
Total current assets	5,115,855	7	7,061,115	11	Total current liabilities	10,112,345	15	9,301,691	15
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	55,351,964	82	50,373,415	78	Long-term debt	9,875,000	15	12,375,000	19
Hedging derivative assets, noncurrent	-	-	52,389	-	Hedging derivative liabilities, noncurrent	126,017	-	-	-
Financial assets carried at cost, noncurrent	-	-	50,000	-	Total long-term liabilities	10,001,017	15	12,375,000	19
Total funds and long-term investments	55,351,964	82	50,475,804	78	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
PROPERTY, PLANT AND EQUIPMENT					OTHER LIABILITIES				
Cost	5,408,334	9	5,409,224	9	Accrued pension cost	589,495	1	565,719	1
Revaluation increment	279,008	-	279,008	-	Guarantee deposits received	2,288	-	2,276	-
	5,687,342	9	5,688,232	9	Others	30,935	-	103,399	-
Less accumulated depreciation	(1,854,636)	(3)	(1,660,574)	(3)	Total other liabilities	622,718	1	671,394	1
Construction in progress and prepayments for equipment	3,954	-	12,550	-	Total liabilities	20,822,627	31	22,434,632	35
Property, plant and equipment, net	3,836,660	6	4,040,208	6	STOCKHOLDERS' EQUITY				
OTHER ASSETS	3,098,847	5	3,189,264	5	Capital stock	27,055,675	40	25,136,070	39
					Stock dividends to be distributed	1,372,183	2	2,744,315	4
					Capital surplus	7,075,706	10	5,795,974	9
					Retained earnings	13,329,648	20	12,387,016	19
					Cumulative translation adjustments	1,268,168	2	(2,460,619)	(4)
					Unrealized losses on financial instruments	(2,413,906)	(3)	(164,222)	-
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(1,241,416)	(2)	(1,241,416)	(2)
					Total stockholders' equity	46,580,699	69	42,331,759	65
TOTAL	\$ 67,403,326	100	\$ 64,766,391	100	TOTAL	\$ 67,403,326	100	\$ 64,766,391	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 4,997,510	100	\$ 5,984,237	101
LESS SALES RETURNS AND ALLOWANCES	<u>(6,662)</u>	<u>-</u>	<u>(36,109)</u>	<u>(1)</u>
NET SALES AND REVENUES EARNED	4,990,848	100	5,948,128	100
COST OF GOODS SOLD	<u>3,729,800</u>	<u>75</u>	<u>4,548,294</u>	<u>76</u>
GROSS PROFIT BEFORE UNREALIZED OR REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	1,261,048	25	1,399,834	24
(UNREALIZED) REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(198)</u>	<u>-</u>	<u>175</u>	<u>-</u>
GROSS PROFIT	<u>1,260,850</u>	<u>25</u>	<u>1,400,009</u>	<u>24</u>
OPERATING EXPENSES				
Selling expenses	95,754	2	116,521	2
General and administrative expenses	754,405	15	799,689	14
Research and development expenses	<u>428,332</u>	<u>8</u>	<u>429,034</u>	<u>7</u>
Total operating expenses	<u>1,278,491</u>	<u>25</u>	<u>1,345,244</u>	<u>23</u>
(LOSS) INCOME FROM OPERATIONS	<u>(17,641)</u>	<u>-</u>	<u>54,765</u>	<u>1</u>
NON-OPERATING INCOME				
Interest income	5,244	-	1,793	-
Investment income recognized under equity method	2,936,765	59	3,957,249	67
Gain on disposal of property, plant and equipment	104	-	1,206	-
Gain on disposal of investments	43	-	350	-
Rental income	85,210	2	85,167	1
Reversal of provision for bad debts	694	-	-	-
Valuation gain on financial assets	1,727	-	625,057	11
Others	<u>168,676</u>	<u>3</u>	<u>70,448</u>	<u>1</u>
Total non-operating income	<u>3,198,463</u>	<u>64</u>	<u>4,741,270</u>	<u>80</u>

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POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 174,148	4	\$ 212,296	4
Loss on disposal of property, plant and equipment	121	-	1,723	-
Foreign exchange loss, net	15,391	-	256,369	4
Others	<u>32,109</u>	<u>1</u>	<u>32,987</u>	<u>1</u>
Total non-operating expenses	<u>221,769</u>	<u>5</u>	<u>503,375</u>	<u>9</u>
INCOME BEFORE INCOME TAX	2,959,053	59	4,292,660	72
INCOME TAX (EXPENSE) BENEFIT	<u>(41,932)</u>	<u>(1)</u>	<u>6,750</u>	<u>-</u>
NET INCOME	<u>\$ 2,917,121</u>	<u>58</u>	<u>\$ 4,299,410</u>	<u>72</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 1.06</u>	<u>\$ 1.05</u>	<u>\$ 1.49</u>	<u>\$ 1.49</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.05</u>	<u>\$ 1.04</u>	<u>\$ 1.47</u>	<u>\$ 1.47</u>

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POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Pro-forma information, assuming common shares of the Company held by its subsidiaries were not treated as treasury stock:

	2009		2008	
NET INCOME	<u>\$ 2,917,121</u>		<u>\$ 4,299,410</u>	
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 1.06</u>	<u>\$ 1.04</u>	<u>\$ 1.48</u>	<u>\$ 1.49</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.05</u>	<u>\$ 1.03</u>	<u>\$ 1.46</u>	<u>\$ 1.46</u>

(Concluded)

POU CHEN CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	Capital Surplus					Retained Earnings				Other Equity				Total
	Capital Stock	Stock Dividends to be Distributed	Additional Paid-in Capital of Common Stock	Additional Paid-in Capital of Bonds Conversion	Treasury Stock	Long-Term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrealized Losses on Financial Instruments	Unrealized Revaluation Increment	Treasury Stock	
BALANCE, JANUARY 1, 2009	\$27,400,055	\$ -	\$ 793,573	\$ 1,465,950	\$ 1,574,683	\$ 3,410,318	\$ 4,749,843	\$ 110,153	\$ 8,214,800	\$ 1,416,859	\$ (4,151,134)	\$ 134,641	\$ (1,499,640)	\$43,620,101
Appropriation of earnings														
Legal reserve	-	-	-	-	-	-	498,719	-	(498,719)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	2,489,480	(2,489,480)	-	-	-	-	-
Stock dividends	-	1,331,134	-	-	-	-	-	-	(1,331,134)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(1,331,134)	-	-	-	-	(1,331,134)
Transfer of employee bonuses to common stock	-	41,049	29,308	-	-	-	-	-	-	-	-	-	-	70,357
Effect of changes of ownership interest in investees	-	-	-	-	-	(28,734)	-	-	(1)	-	-	-	-	(28,735)
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	582,634	-	-	582,634
Adjustments on changes of investee's unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	1,132,562	-	-	1,132,562
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	22,032	-	-	22,032
Execution of employee stock warrants	620	-	-	-	-	-	-	-	-	-	-	-	-	620
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(148,691)	-	-	-	(148,691)
Acquisition of treasury stock - 17,300 thousand shares	-	-	-	-	-	-	-	-	-	-	-	-	(256,168)	(256,168)
Retirement of treasury stock - 34,500 thousands shares	(345,000)	-	(9,992)	(18,458)	(140,942)	-	-	-	-	-	-	-	514,392	-
Net income for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	2,917,121	-	-	-	-	2,917,121
BALANCE, JUNE 30, 2009	\$27,055,675	\$ 1,372,183	\$ 812,889	\$ 1,447,492	\$ 1,433,741	\$ 3,381,584	\$ 5,248,562	\$ 2,599,633	\$ 5,481,453	\$ 1,268,168	\$ (2,413,906)	\$ 134,641	\$ (1,241,416)	\$46,580,699
BALANCE, JANUARY 1, 2008	\$25,118,540	\$ -	\$ 808,054	\$ 1,492,700	\$ 1,757,844	\$ 1,363,435	\$ 4,269,818	\$ 1,423,250	\$ 7,778,952	\$ (157,084)	\$ (87,710)	\$ 134,641	\$ (155,375)	\$43,747,065
Appropriation of earnings														
Legal reserve	-	-	-	-	-	-	480,025	-	(480,025)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(1,313,097)	1,313,097	-	-	-	-	-
Bonuses to directors and supervisors	-	-	-	-	-	-	-	-	(169,000)	-	-	-	-	(169,000)
Bonuses to employees	-	273,216	-	-	-	-	-	-	(273,216)	-	-	-	-	-
Stock dividends	-	2,471,099	-	-	-	-	-	-	(2,471,099)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(2,471,099)	-	-	-	-	(2,471,099)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	(1,086,041)	(1,086,041)
Effect of changes of ownership interest in investees	-	-	-	-	-	373,941	-	-	-	-	-	-	-	373,941
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(135,051)	-	-	(135,051)
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	58,539	-	-	58,539
Execution of employee stock warrants	17,530	-	-	-	-	-	-	-	-	-	-	-	-	17,530
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(2,303,535)	-	-	-	(2,303,535)
Net income for the six months ended June 30, 2008	-	-	-	-	-	-	-	-	4,299,410	-	-	-	-	4,299,410
BALANCE, JUNE 30, 2008	\$25,136,070	\$ 2,744,315	\$ 808,054	\$ 1,492,700	\$ 1,757,844	\$ 1,737,376	\$ 4,749,843	\$ 110,153	\$ 7,527,020	\$ (2,460,619)	\$ (164,222)	\$ 134,641	\$ (1,241,416)	\$42,331,759

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,917,121	\$ 4,299,410
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	164,586	197,886
(Reversal of) provision for bad debts	(694)	1,754
Investment income recognized under equity method	(2,936,765)	(3,957,249)
Unrealized (realized) gross profit from inter-affiliate transactions	198	(175)
Net loss on disposal of property, plant and equipment	17	517
Gain on disposal of investments	(43)	(350)
Valuation gain on financial assets	(1,727)	(625,057)
Net changes in operating assets and liabilities		
Notes receivable	35,846	(3,422)
Notes receivable from affiliates	(43,293)	13,702
Accounts receivable	51,008	281,234
Accounts receivable from affiliates	42,681	(237,910)
Other receivables	101,298	(32,034)
Inventories	(12,408)	(25,255)
Deferred income tax asset, current	12,280	-
Other current assets	(5,544)	(20,611)
Deferred income tax asset, noncurrent	29,120	(2,740)
Income tax prepayment	-	1,592
Notes payable	12,241	36,762
Notes payable to affiliates	(19,077)	(7,595)
Accounts payable	16,020	37,861
Accounts payable to affiliates	38,368	(285,976)
Income tax payable	1,914	(418,223)
Other payables	54,767	77,071
Other current liabilities	(2,027)	10,514
Foreign exchange adjustment on Euro Convertible Bonds	-	(101)
Reserve for retirement plan	12,248	11,424
Net cash provided by (used in) operating activities	<u>468,135</u>	<u>(646,971)</u>

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POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit or loss, current	\$ (9,957)	\$ (121,801)
Increase in investments accounted for by the equity method	(40)	(429,187)
Proceeds from capital reduction of long-term equity investments	-	1,922,115
Acquisitions of property, plant and equipment	(22,112)	(56,147)
Acquisitions of leased equipment	(152)	(1,110)
Proceeds from disposal of property, plant and equipment	944	27,411
Proceeds from disposal of leased equipment	-	1,894
Decrease (increase) in refundable deposits	734	(38)
Increase in deferred charges	<u>(6,024)</u>	<u>(30,415)</u>
Net cash (used in) provided by investing activities	<u>(36,607)</u>	<u>1,312,722</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(960,000)	80,000
Redeemed domestic secured bonds	-	(5,000,000)
(Decrease) increase in long-term debt	(1,625,000)	5,000,000
Decrease in guarantee deposits received	-	(420)
Execution of employee stock warrants	620	17,530
Cash paid for acquisitions of treasury stock	<u>(256,168)</u>	<u>(1,086,041)</u>
Net cash used in by financing activities	<u>(2,840,548)</u>	<u>(988,931)</u>
NET DECREASE CASH AND CASH EQUIVALENTS	(2,409,020)	(323,180)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,202,146</u>	<u>1,068,587</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 793,126</u>	<u>\$ 745,407</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 193,527</u>	<u>\$ 206,526</u>
Income tax	<u>\$ 374</u>	<u>\$ 416,630</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Adjustments on changes of unrealized gain (loss) on available-for-sale financial assets	<u>\$ 1,715,196</u>	<u>\$ (135,051)</u>
Adjustments on changes of unrealized gain on cash flow hedge financial liabilities	<u>\$ 22,032</u>	<u>\$ 58,539</u>
Effect of changes in ownership interest in investees	<u>\$ (28,735)</u>	<u>\$ 373,941</u>
Current portion of long-term liabilities	<u>\$ 4,500,000</u>	<u>\$ 1,626,517</u>
Translation adjustments on foreign long-term investments	<u>\$ (148,691)</u>	<u>\$ (2,303,535)</u>
Bonuses to directors and supervisors	<u>\$ -</u>	<u>\$ 169,000</u>
Dividends payable	<u>\$ 1,331,134</u>	<u>\$ 2,471,099</u>
Stock dividends to be distributed	<u>\$ 1,401,491</u>	<u>\$ 2,744,315</u>
Cash paid during the period for acquisitions of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 21,201	\$ 42,171
Add payables for acquisitions of property, plant and equipment at beginning of period	4,906	28,619
Less payables for acquisitions of property, plant and equipment at end of period	<u>(3,995)</u>	<u>(14,643)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 22,112</u>	<u>\$ 56,147</u>

(Concluded)