

POU CHEN CORPORATION

BALANCE SHEETS

September 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 1,138,109	2	\$ 1,183,418	2	Short-term loans	\$ 4,150,000	6	\$ 3,735,000	6
Financial assets at fair value through profit or loss, current	-	-	34,400	-	Notes payable	35,338	-	48,615	-
Available-for-sale financial assets, current	3,238,292	5	2,284,247	3	Notes payable to affiliates	36,886	-	65,873	-
Notes receivable	1,954	-	29,868	-	Accounts payable	914,102	1	869,340	1
Notes receivable from affiliates	56,292	-	13,473	-	Accounts payable to affiliates	197,083	1	166,374	-
Accounts receivable	123,708	-	123,103	-	Income tax payable	2,261	-	513	-
Accounts receivable from affiliates	1,197,931	2	1,257,960	2	Other payables	900,347	1	664,496	1
Other receivables	312,538	-	522,861	1	Hedging derivative liabilities, current	33,589	-	-	-
Inventories	279,722	-	284,880	-	Current portion of long-term liabilities	4,500,000	6	1,626,609	3
Other current assets	69,436	-	87,532	-	Other current liabilities	25,831	-	40,355	-
Total current assets	6,417,982	9	5,821,742	8	Total current liabilities	10,795,437	15	7,217,175	11
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	58,748,742	82	54,371,475	81	Long-term debt	9,875,000	14	14,375,000	21
Investments in real estate	187,371	-	-	-	Hedging derivative liabilities, noncurrent	122,862	-	-	-
Hedging derivative asset, noncurrent	-	-	11,699	-	Total long-term liabilities	9,997,862	14	14,375,000	21
Financial assets carried at cost, noncurrent	-	-	50,000	-	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Total funds and long-term investments	58,936,113	82	54,433,174	81	OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT					Accrued pension cost	596,548	1	571,751	1
Cost	5,378,620	8	5,399,010	8	Guarantee deposits received	2,288	-	2,288	-
Revaluation increment	279,008	-	279,008	-	Others	42,615	-	262,180	-
	5,657,628	8	5,678,018	8	Total other liabilities	641,451	1	836,219	1
Less accumulated depreciation	(1,871,474)	(3)	(1,696,416)	(2)	Total liabilities	21,521,297	30	22,514,941	33
Property, plant and equipment, net	3,786,154	5	3,981,602	6	STOCKHOLDERS' EQUITY				
OTHER ASSETS	3,082,183	4	3,171,258	5	Capital stock	28,427,858	39	27,899,255	41
					Capital surplus	7,107,618	10	7,445,956	11
					Retained earnings	15,721,719	22	13,194,178	20
					Cumulative translation adjustments	244,923	-	387,072	1
					Unrealized gains (losses) on financial instruments	305,792	1	(2,926,851)	(4)
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(1,241,416)	(2)	(1,241,416)	(2)
					Total stockholders' equity	50,701,135	70	44,892,835	67
TOTAL	<u>\$ 72,222,432</u>	<u>100</u>	<u>\$ 67,407,776</u>	<u>100</u>	TOTAL	<u>\$ 72,222,432</u>	<u>100</u>	<u>\$ 67,407,776</u>	<u>100</u>

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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

(Reviewed, Not Audited)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 7,665,665	100	\$ 8,786,708	100
LESS SALES RETURNS AND ALLOWANCES	<u>(14,131)</u>	<u>-</u>	<u>(38,148)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	7,651,534	100	8,748,560	100
COST OF GOODS SOLD	<u>5,767,158</u>	<u>75</u>	<u>6,664,871</u>	<u>76</u>
GROSS PROFIT BEFORE REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	1,884,376	25	2,083,689	24
(UNREALIZED) REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(1,255)</u>	<u>-</u>	<u>275</u>	<u>-</u>
GROSS PROFIT	<u>1,883,121</u>	<u>25</u>	<u>2,083,964</u>	<u>24</u>
OPERATING EXPENSES				
Selling expenses	133,592	2	169,691	2
General and administrative expenses	1,200,112	16	1,154,853	13
Research and development expenses	<u>640,102</u>	<u>8</u>	<u>647,299</u>	<u>8</u>
Total operating expenses	<u>1,973,806</u>	<u>26</u>	<u>1,971,843</u>	<u>23</u>
(LOSS) INCOME FROM OPERATIONS	<u>(90,685)</u>	<u>(1)</u>	<u>112,121</u>	<u>1</u>
NON-OPERATING INCOME				
Interest income	5,432	-	2,665	-
Investment income recognized under equity method	5,400,997	71	5,180,305	59
Dividend income	39,938	-	198,718	2
Gain on disposal of property, plant and equipment	970	-	1,592	-
Gain on disposal of investments	3,583	-	350	-
Rental income	127,214	2	129,343	2
Others	<u>200,005</u>	<u>3</u>	<u>96,602</u>	<u>1</u>
Total non-operating income	<u>5,778,139</u>	<u>76</u>	<u>5,609,575</u>	<u>64</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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

(Reviewed, Not Audited)

	2009		2008	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 247,484	3	\$ 340,437	4
Loss on disposal of property, plant and equipment	2,789	-	1,833	-
Foreign exchange loss, net	49,875	1	143,974	2
Valuation loss on financial assets	-	-	16,188	-
Others	<u>48,232</u>	<u>1</u>	<u>49,054</u>	<u>-</u>
Total non-operating expenses	<u>348,380</u>	<u>5</u>	<u>551,486</u>	<u>6</u>
INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAX				
	5,339,074	70	5,170,210	59
INCOME TAX EXPENSE				
	<u>29,882</u>	<u>1</u>	<u>-</u>	<u>-</u>
NET INCOME				
	<u>\$ 5,309,192</u>	<u>69</u>	<u>\$ 5,170,210</u>	<u>59</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.91</u>	<u>\$ 1.90</u>	<u>\$ 1.80</u>	<u>\$ 1.80</u>
Diluted	<u>\$ 1.89</u>	<u>\$ 1.88</u>	<u>\$ 1.77</u>	<u>\$ 1.77</u>

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

	2009	2008
NET INCOME	<u>\$ 5,313,968</u>	<u>\$ 5,178,894</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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

(Reviewed, Not Audited)

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 1.91</u>	<u>\$ 1.90</u>	<u>\$ 1.79</u>	<u>\$ 1.79</u>
Diluted	<u>\$ 1.89</u>	<u>\$ 1.88</u>	<u>\$ 1.77</u>	<u>\$ 1.77</u>

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Capital Surplus				Retained Earnings			Other Adjustments of Stockholders' Equity				Total	
	Capital Stock	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)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(1,331,134)	-	-	-	-	(1,331,134)
Stock dividends	1,331,134	-	-	-	-	-	-	(1,331,134)	-	-	-	-	-
Transfer of employee bonuses to common stock	41,049	29,309	-	-	-	-	-	-	-	-	-	-	70,358
Retirement of treasury stock - 34,500 thousand shares	(345,000)	(9,992)	(18,458)	(140,942)	-	-	-	-	-	-	-	514,392	-
Acquisition of treasury stock - 17,300 thousand shares	-	-	-	-	-	-	-	-	-	-	-	(256,168)	(256,168)
Effect of changes of ownership interest in investees	-	-	-	-	(1,599)	-	-	-	-	-	-	-	(1,599)
Adjustments of retained earnings by subsidiaries	-	-	-	-	-	-	-	(1)	-	-	-	-	(1)
Adjustments on changes of unrealized loss on available-for-sale financial assets from subsidiaries	-	-	-	-	-	-	-	-	-	3,007,605	-	-	3,007,605
Cash dividends received by subsidiaries	-	-	-	4,776	-	-	-	-	-	-	-	-	4,776
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	32,867	-	-	32,867
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	1,416,454	-	-	1,416,454
Execution of employee stock warrants	620	-	-	-	-	-	-	-	-	-	-	-	620
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	(1,171,936)	-	-	-	(1,171,936)
Net income for the nine months ended September 30, 2009	-	-	-	-	-	-	-	5,309,192	-	-	-	-	5,309,192
BALANCE, SEPTEMBER 30, 2009	\$ 28,427,858	\$ 812,890	\$ 1,447,492	\$ 1,438,517	\$ 3,408,719	\$ 5,248,562	\$ 2,599,633	\$ 7,873,524	\$ 244,923	\$ 305,792	\$ 134,641	\$ (1,241,416)	\$ 50,701,135
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 - 43,300 thousand shares	-	-	-	-	-	-	-	-	-	-	-	(1,086,041)	(1,086,041)
Effect of changes of ownership interest in investees	-	-	-	-	2,015,239	-	-	-	-	-	-	-	2,015,239
Adjustments of retained earnings by subsidiaries	-	-	-	-	-	-	-	(63,638)	-	-	-	-	(63,638)
Adjustments on changes of unrealized loss on available-for-sale financial assets from subsidiaries	-	-	-	-	-	-	-	-	-	(1,965,667)	-	-	(1,965,667)
Cash dividends received by subsidiaries	-	-	-	8,684	-	-	-	-	-	-	-	-	8,684
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	17,849	-	-	17,849
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	(891,323)	-	-	(891,323)
Execution of employee stock warrants	36,400	-	-	-	-	-	-	-	-	-	-	-	36,400
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	544,156	-	-	-	544,156
Net income for the nine months ended September 30, 2008	-	-	-	-	-	-	-	5,170,210	-	-	-	-	5,170,210
BALANCE, SEPTEMBER 30, 2008	\$ 27,899,255	\$ 808,054	\$ 1,492,700	\$ 1,766,528	\$ 3,378,674	\$ 4,749,843	\$ 110,153	\$ 8,334,182	\$ 387,072	\$ (2,926,851)	\$ 134,641	\$ (1,241,416)	\$ 44,892,835

POU CHEN CORPORATION

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,309,192	\$ 5,170,210
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	243,276	290,390
Provision for (reversal of) bad debts	3,326	(46)
Investment income recognized under equity method	(5,400,997)	(5,180,305)
Cash dividends received from investees under equity method	84,266	237,515
Unrealized (realized) gross profit from inter-affiliate transactions	1,255	(275)
Net loss on disposal of property, plant and equipment	1,819	241
Gain on disposal of investments	(3,583)	(350)
Valuation loss on financial assets	-	16,188
Net changes in operating assets and liabilities		
Notes receivable	35,073	(29,487)
Notes receivable from affiliates	(53,765)	13,052
Accounts receivable	71,729	293,849
Accounts receivable from affiliates	(125,932)	101,323
Other receivables	138,575	(81,275)
Inventories	(130,918)	(150,082)
Deferred income tax asset, current	2,140	-
Other current assets	5,819	7,931
Deferred income tax asset, noncurrent	27,750	(4,130)
Income tax prepayment	(552)	1,547
Notes payable	(707)	(4,402)
Notes payable to affiliates	(19,410)	12,258
Accounts payable	265,782	37,688
Accounts payable to affiliates	74,326	(251,522)
Income tax payable	1,748	(418,223)
Other payables	250,819	156,282
Other current liabilities	1,159	(13,085)
Foreign exchange adjustment on Euro convertible bonds	-	(11)
Reserve for retirement plan	19,301	17,456
Net cash provided by operating activities	801,491	222,737

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POU CHEN CORPORATION

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

	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in financial assets at fair value through profit or loss, current	\$ 103,582	\$ (146,041)
Increase in investments accounted for by the equity method	(242,510)	(679,187)
Proceeds from capital reduction of long-term equity investments	120,000	1,922,115
Increase in investments in real estate	(187,371)	-
Acquisitions of property, plant and equipment	(35,315)	(72,370)
Acquisitions of leased equipment	(153)	(2,195)
Proceeds from disposal of property, plant and equipment	6,369	33,545
Proceeds from disposal of leased equipment	-	1,894
Decrease (increase) in refundable deposits	217	(74)
Increase in deferred charges	<u>(8,665)</u>	<u>(50,445)</u>
Net cash (used in) provided by investing activities	<u>(243,846)</u>	<u>1,007,242</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	590,000	575,000
Redeemed domestic secured bonds	-	(5,000,000)
(Decrease) increase in long-term debt	(1,625,000)	7,000,000
Acquisitions of treasury stock	(256,168)	(1,086,041)
Decrease in guarantee deposits received	-	(408)
Bonuses to directors and supervisors	-	(169,000)
Cash dividends	(1,331,134)	(2,471,099)
Execution of employee stock warrants	<u>620</u>	<u>36,400</u>
Net cash used in financing activities	<u>(2,621,682)</u>	<u>(1,115,148)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,064,037)	114,831
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>\$ 1,138,109</u>	<u>\$ 1,183,418</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 266,837</u>	<u>\$ 328,553</u>
Income tax	<u>\$ 552</u>	<u>\$ 416,676</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 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 on cash flow hedge financial liabilities	<u>\$ 32,867</u>	<u>\$ 17,849</u>
Adjustments on changes of unrealized gain (loss) on available-for-sale financial assets	<u>\$ 4,424,059</u>	<u>\$ (2,856,990)</u>
Effect of changes in ownership interest in investees	<u>\$ (1,599)</u>	<u>\$ 2,015,239</u>
Adjustments of retained earnings by subsidiaries	<u>\$ (1)</u>	<u>\$ (63,638)</u>
Cash dividend received by subsidiaries	<u>\$ 4,776</u>	<u>\$ 8,684</u>
Current portion of long-term liabilities	<u>\$ 4,500,000</u>	<u>\$ 1,626,609</u>
Translation adjustments on foreign long-term equity investments	<u>\$ (1,171,936)</u>	<u>\$ 544,156</u>
CASH PAID DURING THE PERIOD FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 34,799	\$ 50,302
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>(4,390)</u>	<u>(6,551)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 35,315</u>	<u>\$ 72,370</u>

(Concluded)