

POU CHEN CORPORATION

BALANCE SHEETS

September 30, 2010 AND 2009

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2010		2009		LIABILITIES AND STOCKHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 730,656	1	\$ 1,138,109	2	Short-term loans	\$ 5,500,000	7	\$ 4,150,000	6
Available-for-sale financial assets, current	3,349,321	4	3,238,292	5	Notes payable	35,452	-	35,338	-
Notes receivable	1,477	-	1,506	-	Notes payable to affiliates	59,620	-	36,886	-
Notes receivable from affiliates	-	-	56,740	-	Accounts payable	1,770,911	3	914,102	1
Accounts receivable	92,690	-	83,869	-	Accounts payable to affiliates	243,217	-	197,083	1
Accounts receivable from affiliates	1,891,197	3	1,237,770	2	Income tax payable	474,057	1	2,261	-
Other receivables	265,286	-	312,538	-	Other payables	989,197	1	900,347	1
Inventories	435,337	1	279,722	-	Hedging derivative liabilities, current	9,332	-	33,589	-
Other current assets	65,899	-	69,436	-	Current portion of long-term liabilities	-	-	4,500,000	6
					Other current liabilities	21,406	-	25,831	-
Total current assets	6,831,863	9	6,417,982	9					
					Total current liabilities	9,103,192	12	10,795,437	15
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	61,367,157	82	58,748,742	82	Long-term debt	10,375,000	14	9,875,000	14
Investments in real estate	187,371	-	187,371	-	Hedging derivative liabilities, noncurrent	85,144	-	122,862	-
Available-for-sale financial assets, noncurrent	9	-	-	-					
Financial assets carried at cost, noncurrent	-	-	-	-	Total long-term liabilities	10,460,144	14	9,997,862	14
Total funds and long-term investments	61,554,537	82	58,936,113	82	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
					OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT					Accrued pension cost	670,474	1	596,548	1
Cost	5,422,789	7	5,378,620	8	Guarantee deposits received	3,202	-	2,288	-
Revaluation increment	279,008	1	279,008	-	Others	71,063	-	42,615	-
	5,701,797	8	5,657,628	8					
Less accumulated depreciation	(2,059,237)	(3)	(1,871,474)	(3)	Total other liabilities	744,739	1	641,451	1
Prepayments for equipments	2,059	-	-	-					
Property, plant and equipment, net	3,644,619	5	3,786,154	5	Total liabilities	20,394,622	27	21,521,297	30
					STOCKHOLDERS' EQUITY				
OTHER ASSETS	3,021,332	4	3,082,183	4	Capital stock	28,997,559	39	28,427,858	39
					Capital surplus	8,043,813	11	7,107,618	10
					Retained earnings	19,405,913	26	15,721,719	22
					Cumulative translation adjustments	(1,305,981)	(2)	244,923	-
					Net loss not recognized as pension cost	(40,706)	-	-	-
					Unrealized gains on financial instruments	663,906	1	305,792	1
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(1,241,416)	(2)	(1,241,416)	(2)
					Total stockholders' equity	54,657,729	73	50,701,135	70
TOTAL	\$ 75,052,351	100	\$ 72,222,432	100	TOTAL	\$ 75,052,351	100	\$ 72,222,432	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 10,339,561	100	\$ 7,665,665	100
LESS SALES RETURNS AND ALLOWANCES	<u>(13,885)</u>	<u>-</u>	<u>(14,131)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	10,325,676	100	7,651,534	100
COST OF GOODS SOLD	<u>7,893,718</u>	<u>77</u>	<u>5,767,158</u>	<u>75</u>
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	2,431,958	23	1,884,376	25
UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(2,617)</u>	<u>-</u>	<u>(1,255)</u>	<u>-</u>
GROSS PROFIT	<u>2,429,341</u>	<u>23</u>	<u>1,883,121</u>	<u>25</u>
OPERATING EXPENSES				
Selling expenses	110,123	1	133,592	2
General and administrative expenses	1,468,267	14	1,200,112	16
Research and development expenses	<u>612,751</u>	<u>6</u>	<u>640,102</u>	<u>8</u>
Total operating expenses	<u>2,191,141</u>	<u>21</u>	<u>1,973,806</u>	<u>26</u>
INCOME (LOSS) FROM OPERATIONS	<u>238,200</u>	<u>2</u>	<u>(90,685)</u>	<u>(1)</u>
NON-OPERATING INCOME				
Interest income	135	-	5,432	-
Investment income recognized under equity method	6,595,921	64	5,400,997	71
Dividend income	158,930	1	39,938	-
Gain on disposal of property, plant and equipment	1,680	-	970	-
Gain on disposal of investments	302,503	3	3,583	-
Rental income	124,605	1	127,214	2
Reversal of bad debts	1,257	-	-	-
Others	<u>74,583</u>	<u>1</u>	<u>200,005</u>	<u>3</u>
Total non-operating income	<u>7,259,614</u>	<u>70</u>	<u>5,778,139</u>	<u>76</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 170,576	2	\$ 247,484	3
Loss on disposal of property, plant and equipment	117	-	2,789	-
Foreign exchange loss, net	55,872	-	49,875	1
Others	<u>48,557</u>	<u>-</u>	<u>48,232</u>	<u>1</u>
Total non-operating expenses	<u>275,122</u>	<u>2</u>	<u>348,380</u>	<u>5</u>
INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAX	7,222,692	70	5,339,074	70
INCOME TAX EXPENSE	<u>(490,870)</u>	<u>(5)</u>	<u>(29,882)</u>	<u>(1)</u>
NET INCOME	<u>\$ 6,731,822</u>	<u>65</u>	<u>\$ 5,309,192</u>	<u>69</u>
	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 2.54</u>	<u>\$ 2.37</u>	<u>\$ 1.88</u>	<u>\$ 1.87</u>
Diluted	<u>\$ 2.49</u>	<u>\$ 2.32</u>	<u>\$ 1.86</u>	<u>\$ 1.84</u>

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

	2010	2009
NET INCOME	<u>\$ 6,746,869</u>	<u>\$ 5,313,968</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

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

(Reviewed, Not Audited)

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE				
Basic	<u>\$ 2.53</u>	<u>\$ 2.36</u>	<u>\$ 1.87</u>	<u>\$ 1.86</u>
Diluted	<u>\$ 2.49</u>	<u>\$ 2.32</u>	<u>\$ 1.85</u>	<u>\$ 1.84</u>

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009 (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	Net Loss Not Recognized as Pension Cost	Unrealized Losses on Financial Instruments	Unrealized Revaluation Increment	Treasury Stock	
BALANCE, JANUARY 1, 2010	\$ 28,430,847	\$ 812,890	\$ 1,447,492	\$ 1,438,517	\$ 3,754,538	\$ 5,248,562	\$ 2,599,633	\$ 9,585,573	\$ (127,367)	\$ (40,706)	\$ (364,936)	\$ 134,641	\$ (1,241,416)	\$ 51,678,268
Appropriation of earnings														
Legal reserve	-	-	-	-	-	702,124	-	(702,124)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	(2,201,265)	2,201,265	-	-	-	-	-	-
Stock dividends	559,962	-	-	-	-	-	-	(559,962)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(4,199,715)	-	-	-	-	-	(4,199,715)
Effect of changes of ownership interest in investees	-	-	-	-	575,329	-	-	-	-	-	-	-	-	575,329
Adjustments on changes of investees' unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	595,254	-	-	595,254
Cash dividends received by subsidiaries	-	-	-	15,047	-	-	-	-	-	-	-	-	-	15,047
Adjustments on changes of unrealized loss on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	34,196	-	-	34,196
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	399,392	-	-	399,392
Execution of employee stock warrants	6,750	-	-	-	-	-	-	-	-	-	-	-	-	6,750
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	(1,178,614)	-	-	-	-	(1,178,614)
Net income for the nine months ended September 30, 2010	-	-	-	-	-	-	-	6,731,822	-	-	-	-	-	6,731,822
BALANCE, SEPTEMBER 30, 2010	\$ 28,997,559	\$ 812,890	\$ 1,447,492	\$ 1,453,564	\$ 4,329,867	\$ 5,950,686	\$ 398,368	\$ 13,056,859	\$ (1,305,981)	\$ (40,706)	\$ 663,906	\$ 134,641	\$ (1,241,416)	\$ 54,657,729
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 investees' unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	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

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 6,731,822	\$ 5,309,192
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	239,250	243,276
(Reversal of) provision for bad debts	(1,257)	3,326
Investment income recognized under equity method	(6,595,921)	(5,400,997)
Cash dividends received from investees under equity method	116,330	84,266
Unrealized gross profit from inter-affiliate transactions	2,617	1,255
Net (gain) loss on disposal of property, plant and equipment	(1,563)	1,819
Gain on disposal of investments	(302,503)	(3,583)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss, current	830	103,582
Notes receivable	1,193	35,521
Notes receivable from affiliates	-	(54,213)
Accounts receivable	9,334	111,568
Accounts receivable from affiliates	(357,723)	(165,771)
Other receivables	(11,680)	138,575
Inventories	(259,959)	(130,918)
Deferred income tax asset, current	3,240	2,140
Other current assets	(11,833)	5,819
Deferred income tax asset, noncurrent	15,820	27,750
Other assets	(1,977)	(552)
Notes payable	(2,120)	(707)
Notes payable to affiliates	1,367	(19,410)
Accounts payable	647,899	265,782
Accounts payable to affiliates	65,638	74,326
Income tax payable	418,269	1,748
Other payables	107,937	250,819
Other current liabilities	(846)	1,159
Reserve for retirement plan	<u>25,200</u>	<u>19,301</u>
Net cash provided by operating activities	<u>839,364</u>	<u>905,073</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for by the equity method	\$ (405)	\$ (242,510)
Proceeds from disposal of investments accounted for by the equity method	4,224,408	-
Proceeds from capital reduction of long-term equity investments	-	120,000
Increase in investments in real estate	-	(187,371)
Acquisitions of property, plant and equipment	(62,859)	(35,315)
Acquisitions of leased assets	(399)	(153)
Proceeds from disposal of property, plant and equipment	4,107	6,369
Decrease refundable deposits	804	217
Increase in deferred charges	<u>(5,017)</u>	<u>(8,665)</u>
Net cash provided by (used in) investing activities	<u>4,160,639</u>	<u>(347,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	1,059,000	590,000
Decrease in long-term debt	(1,750,000)	(1,625,000)
Acquisitions of treasury stock	-	(256,168)
Cash dividends	(4,199,715)	(1,331,134)
Execution of employee stock warrants	6,750	620
Increase in guarantee deposits received	<u>914</u>	<u>-</u>
Net cash used in financing activities	<u>(4,883,051)</u>	<u>(2,621,682)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	116,952	(2,064,037)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>613,704</u>	<u>3,202,146</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 730,656</u>	<u>\$ 1,138,109</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 176,923</u>	<u>\$ 266,837</u>
Income tax	<u>\$ 55,518</u>	<u>\$ 552</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 34,196</u>	<u>\$ 32,867</u>
Unrealized gain on available-for-sale financial assets	<u>\$ 399,392</u>	<u>\$ 1,416,454</u>
Unrealized gain on investees' available-for-sale financial assets	<u>\$ 595,254</u>	<u>\$ 3,007,605</u>
Effect of changes in ownership interest in investees	<u>\$ 575,329</u>	<u>\$ (1,599)</u>
Adjustments of retained earnings by subsidiaries	<u>\$ -</u>	<u>\$ (1)</u>
Cash dividend received by subsidiaries	<u>\$ 15,047</u>	<u>\$ 4,776</u>
Current portion of long-term liabilities	<u>\$ -</u>	<u>\$ 4,500,000</u>
Translation adjustments on foreign long-term equity investments	<u>\$ (1,178,614)</u>	<u>\$ (1,171,936)</u>
Transfer of the unappropriated earnings and the bonus to employees to capital stock	<u>\$ 559,962</u>	<u>\$ 1,401,492</u>
CASH PAID DURING THE PERIOD FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 76,302	\$ 34,799
Add payables for acquisitions of property, plant and equipment at beginning of period	5,682	4,906
Less payables for acquisitions of property, plant and equipment at end of period	<u>(19,125)</u>	<u>(4,390)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 62,859</u>	<u>\$ 35,315</u>

(Concluded)