

**POU CHEN CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**March 31, 2011 AND 2010**

**(In Thousands of New Taiwan Dollars)**

**(Not Reviewed by Independent Accountants)**

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 21,002,525	9	\$ 40,428,300	17	Short-term loans	\$ 20,939,076	10	\$ 17,211,561	7
Financial assets at fair value through profit or loss, current	1,301,139	1	1,402,610	1	Short-term bills payable	1,138,591	-	1,578,595	1
Available-for-sale financial assets, current	10,667,715	5	8,472,619	4	Notes payable	72,069	-	41,139	-
Financial assets carried at cost, current	289,567	-	-	-	Notes payable to affiliates	31,045	-	45,697	-
Notes receivable	55,700	-	22,904	-	Accounts payable	13,171,314	6	10,639,571	5
Notes receivable from affiliates	183	-	73	-	Accounts payable to affiliates	1,581,992	1	1,739,481	1
Accounts receivable	28,386,014	13	21,922,073	10	Income tax payable	1,017,991	-	732,796	-
Accounts receivable from affiliates	870,528	-	557,515	-	Financial liabilities at fair value through profit or loss, current	624,360	-	382,554	-
Other receivables	6,256,874	3	7,409,149	3	Hedging derivative liabilities, current	16,998	-	22,609	-
Inventories	31,728,772	14	26,525,562	11	Other payables	15,148,832	7	12,904,185	6
Construction in process	59,313	-	20,783	-	Billings on construction in process	131,805	-	70,860	-
Other current assets	6,920,017	3	6,969,826	3	Current portion of long-term liabilities	16,628,779	8	9,082,824	4
					Other current liabilities	2,841,216	1	2,498,185	1
Total current assets	107,538,347	48	113,731,414	49	Total current liabilities	73,344,068	33	56,950,057	25
<b>FUNDS AND LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Financial assets at fair value through profit or loss, noncurrent	1,060,678	-	1,752,911	1	Bonds payable	-	-	8,190,185	4
Available-for-sale financial assets, noncurrent	1,744,429	1	2,127,862	1	Long-term debt	27,318,227	12	46,681,319	20
Financial assets carried at cost, noncurrent	1,204,255	1	1,252,549	1	Hedging derivative liabilities, noncurrent	47,143	-	87,232	-
Investments accounted for by the equity method	30,748,282	14	32,530,907	14	Long-term accounts payable	173,136	-	-	-
Investments in real estate	186,123	-	186,123	-	Total long-term liabilities	27,538,506	12	54,958,736	24
Total funds and long-term investments	34,943,767	16	37,850,352	17	<b>RESERVE FOR LAND VALUE INCREMENT TAX</b>	86,547	-	86,547	-
<b>PROPERTY, PLANT AND EQUIPMENT</b>					<b>OTHER LIABILITIES</b>				
Cost	98,439,046	45	98,717,220	43	Accrued pension cost	700,561	-	653,895	-
Revaluation increment	293,323	-	293,323	-	Guarantee deposits received	7,038	-	4,399	-
	98,732,369	45	99,010,543	43	Deferred income tax liability, noncurrent	979,843	1	820,599	-
Less accumulated depreciation	(43,295,255)	(20)	(42,216,595)	(18)	Others	11,412	-	104,959	-
Less accumulated impairment	(37,753)	-	(100,683)	-	Total other liabilities	1,698,854	1	1,583,852	-
Construction in progress and prepayments for equipment	4,438,223	2	2,747,485	1	Total liabilities	102,667,975	46	113,579,192	49
Property, plant and equipment, net	59,837,584	27	59,440,750	26	<b>STOCKHOLDERS' EQUITY</b>				
<b>INTANGIBLE ASSETS</b>	10,594,208	5	10,062,502	4	Capital stock	29,000,619	13	28,431,097	12
<b>OTHER ASSETS</b>	9,222,752	4	9,471,930	4	Capital surplus	8,290,495	4	7,719,412	4
					Retained earnings	22,121,374	10	20,246,496	8
					Cumulative translation adjustments	(3,847,354)	(2)	(429,754)	-
					Net loss not recognized as pension cost	(57,341)	-	(40,706)	-
					Unrealized gains (losses) on financial instruments	1,459,821	1	(399,542)	-
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(1,241,416)	-
					Minority interest	62,521,803	28	62,557,528	27
					Total stockholders' equity	119,468,683	54	116,977,756	51
<b>TOTAL</b>	<b>\$222,136,658</b>	<b>100</b>	<b>\$230,556,948</b>	<b>100</b>	<b>TOTAL</b>	<b>\$222,136,658</b>	<b>100</b>	<b>\$230,556,948</b>	<b>100</b>

## POU CHEN CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2011 AND 2010

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

(Not Reviewed by Independent Accountants)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 50,581,024	100	\$ 51,383,443	100
LESS SALES RETURNS AND ALLOWANCES	<u>(4,086)</u>	<u>-</u>	<u>(67,196)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	50,576,938	100	51,316,247	100
COST OF GOODS SOLD	<u>37,365,207</u>	<u>74</u>	<u>38,323,169</u>	<u>75</u>
GROSS PROFIT	<u>13,211,731</u>	<u>26</u>	<u>12,993,078</u>	<u>25</u>
OPERATING EXPENSES				
Selling expenses	3,819,457	8	3,650,146	7
General and administrative expenses	4,400,849	9	4,283,501	8
Research and development expenses	<u>1,354,447</u>	<u>2</u>	<u>1,400,341</u>	<u>3</u>
Total operating expenses	<u>9,574,753</u>	<u>19</u>	<u>9,333,988</u>	<u>18</u>
INCOME FROM OPERATIONS	<u>3,636,978</u>	<u>7</u>	<u>3,659,090</u>	<u>7</u>
NON-OPERATING INCOME				
Interest income	70,984	-	47,005	-
Investment income recognized under equity method	705,401	1	895,997	2
Dividend income	6,379	-	3,055	-
Gain on disposal of property, plant and equipment	11,291	-	120,436	-
Gain on disposal of investments	252	-	805,248	2
Foreign exchange gains, net	79,615	-	89,834	-
Reversal of impairment loss	2,261	-	-	-
Valuation gain on financial assets	-	-	116,138	-
Valuation gain on financial liabilities	149,824	-	-	-
Others	<u>171,236</u>	<u>1</u>	<u>174,231</u>	<u>-</u>
Total non-operating income	<u>1,197,243</u>	<u>2</u>	<u>2,251,944</u>	<u>4</u>

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# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Not Reviewed by Independent Accountants)

	2011		2010	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES</b>				
Interest expense	\$ 387,515	1	\$ 448,555	1
Loss on disposal of property, plant and equipment	16,904	-	111,062	-
Impairment loss	-	-	53,320	-
Valuation loss on financial assets	180,866	-	-	-
Valuation loss on financial liabilities	-	-	47,061	-
Others	<u>49,640</u>	-	<u>41,335</u>	-
Total non-operating expenses	<u>634,925</u>	<u>1</u>	<u>701,333</u>	<u>1</u>
<b>INCOME FROM CONTINUING OPERATIONS</b>				
BEFORE INCOME TAX	4,199,296	8	5,209,701	10
INCOME TAX EXPENSE	<u>(356,768)</u>	<u>(1)</u>	<u>(281,270)</u>	<u>(1)</u>
CONSOLIDATED NET INCOME	<u>\$ 3,842,528</u>	<u>7</u>	<u>\$ 4,928,431</u>	<u>9</u>
<b>ATTRIBUTED TO</b>				
Parent Company's shareholders	\$ 1,551,669	3	\$ 2,812,728	5
Minority interest	<u>2,290,859</u>	<u>4</u>	<u>2,115,703</u>	<u>4</u>
	<u>\$ 3,842,528</u>	<u>7</u>	<u>\$ 4,928,431</u>	<u>9</u>
	<b>2011</b>		<b>2010</b>	
	<b>Before Income Tax</b>	<b>After Income Tax</b>	<b>Before Income Tax</b>	<b>After Income Tax</b>
<b>BASIC EARNINGS PER SHARE</b>				
Included income attributed to minority interests	<u>\$ 1.47</u>	<u>\$ 1.34</u>	<u>\$ 1.83</u>	<u>\$ 1.73</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.54</u>		<u>\$ 0.99</u>
<b>DILUTED EARNINGS PER SHARE</b>				
Included income attributed to minority interests	<u>\$ 1.44</u>	<u>\$ 1.31</u>	<u>\$ 1.81</u>	<u>\$ 1.71</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.53</u>		<u>\$ 0.98</u>

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# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)  
(Not Reviewed by Independent Accountants)

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

	2011		2010	
CONSOLIDATED NET INCOME ATTRIBUTED TO SHAREHOLDERS OF THE PARENT COMPANY	<u>\$ 1,551,669</u>		<u>\$ 2,812,728</u>	
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income attributed to minority interests	<u>\$ 1.46</u>	<u>\$ 1.34</u>	<u>\$ 1.82</u>	<u>\$ 1.73</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.54</u>		<u>\$ 0.98</u>
DILUTED EARNINGS PER SHARE				
Included income attributed to minority interests	<u>\$ 1.43</u>	<u>\$ 1.31</u>	<u>\$ 1.80</u>	<u>\$ 1.70</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.53</u>		<u>\$ 0.97</u>

(Concluded)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated net income	\$ 3,842,528	\$ 4,928,431
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	1,802,661	1,784,780
Valuation loss (gain) on financial assets	180,866	(116,138)
Valuation (gain) loss on financial liabilities	(149,824)	47,061
Provision for (reversal of) doubtful accounts	32,306	(31,079)
Investment income recognized under equity method	(705,401)	(895,997)
Cash dividends received from investees under equity method	119,819	659,178
Net gain on disposal of investments	(252)	(805,248)
(Reversal of) provision for impairment loss	(2,261)	53,320
Net loss (gain) on disposal of property, plant and equipment	5,613	(9,374)
Redeemed overseas Convertible Bonds	-	14,858
Compensation expense	14,553	-
Amortization of the cost of issuing Euro Convertible Bonds	116,016	124,972
Compensation cost of treasury stock transfer to employees	257,635	-
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(5,779)	(327,229)
Notes receivable	(24,051)	151
Notes receivable from affiliates	5,588	-
Accounts receivable	(7,133,254)	522,706
Accounts receivable from affiliates	(378,728)	387,664
Other receivables	(1,248,350)	(1,172,288)
Inventories	(4,647,485)	2,045,512
Construction in progress in excess of progressive bills	(10,937)	(20,783)
Deferred income tax assets, current	(19,060)	7,948
Other current assets	(617,051)	(365,976)
Deferred income tax assets, noncurrent	(1,699)	1,867
Other assets	(4,977)	(611)
Notes payable	24,081	(4,240)
Notes payable to affiliates	(17,746)	(12,556)
Accounts payable	1,075,841	(3,597,099)
Accounts payable to affiliates	184,185	567,591
Income tax payable	72,621	67,139
Other payables	2,783,867	535,950
Progressive billings in excess of construction in progress	78,060	14,014

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# POU CHEN CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2011	2010
Deferred income tax liabilities, current	\$ 127,790	\$ (14,933)
Other current liabilities	521,205	293,880
Deferred income tax liabilities, noncurrent	249,408	(14,116)
Accrued pension cost	5,948	(12,358)
Long-term accounts payable	173,136	-
Other liabilities	-	(69,284)
Minority interest	<u>(606,567)</u>	<u>(338,248)</u>
Net cash (used in) provided by operating activities	<u>(3,899,695)</u>	<u>4,249,465</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in investments accounted for by the equity method	254,075	(467,413)
Increase in available-for-sale financial assets, noncurrent	(59,031)	(10,027)
(Increase) decrease in financial assets carried at cost	(77,536)	23,233
Acquisitions of property, plant and equipment	(3,731,627)	(1,513,950)
Proceeds from disposal of property, plant and equipment	165,810	93,740
Acquisitions of leased assets	(154)	(399)
Decrease (increase) in refundable deposits	4,933	(14,336)
(Increase) decrease in goodwill	(323,011)	65,236
Increase in other intangible assets	(1,137,365)	-
Increase in deferred charges	<u>(25,387)</u>	<u>(115,156)</u>
Net cash used in investing activities	<u>(4,929,293)</u>	<u>(1,939,072)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term loans	6,612,884	(8,198,934)
Decrease in short-term bills payable	(225,787)	(200,479)
Decrease in long-term debt	(2,278,869)	(1,020,391)
Redemption of Euro Convertible Bonds	-	(629,715)
Increase (decrease) in guarantee deposits received	892	(1,435)
Execution of employee stock warrants	3,060	250
Transferring treasury stock to employees	<u>940,909</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>5,053,089</u>	<u>(10,050,704)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>533,446</u>	<u>(227,983)</u>

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# POU CHEN CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2011	2010
CASH RECEIVED FROM ACQUISITION OF SUBSIDIARIES	\$ 44,982	\$ -
CASH RECEIVED FROM DISPOSAL OF SUBSIDIARIES	-	757,130
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,197,471)	(7,211,164)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	24,199,996	47,639,464
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 21,002,525</u>	<u>\$ 40,428,300</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 404,904</u>	<u>\$ 564,543</u>
Income tax	<u>\$ 155,113</u>	<u>\$ 133,766</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 111,547</u>	( <u>\$ 16,249</u> )
Investee's unrealized gain (loss) on available-for-sale financial assets	<u>\$ 137,174</u>	( <u>\$ 37,188</u> )
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 8,378</u>	<u>\$ 18,831</u>
Effect of changes in ownership interest in investees	<u>\$ 114,880</u>	<u>\$ 265,975</u>
Current portion of long-term liabilities	<u>\$ 16,628,779</u>	<u>\$ 9,082,824</u>
Translation adjustments on foreign long-term equity investments	<u>\$ 716,459</u>	( <u>\$ 302,387</u> )
Adjustments on capital surplus from treasury stock transfer to employees	<u>\$ 112,503</u>	<u>\$ -</u>
CASH PAID DURING THE PERIOD FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 4,079,973	\$ 1,580,922
Add payables for acquisitions of property, plant and equipment at beginning of period	438,101	183,739
Less payables for acquisitions of property, plant and equipment at end of period	<u>(786,447)</u>	<u>(250,711)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 3,731,627</u>	<u>\$ 1,513,950</u>

(Concluded)