

POU CHEN CORPORATION

BALANCE SHEETS

March 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 715,241	1	\$ 748,927	1	Short-term loans	\$ 3,131,000	4	\$ 440,000	1
Financial assets at fair value through profit or loss, current	22,249	-	414,003	1	Financial liabilities at fair value through profit or loss, current	20,428	-	-	-
Available-for-sale financial assets, current	3,692,387	5	2,933,679	4	Notes payable	62,407	-	33,651	-
Notes receivable	2,848	-	1,717	-	Notes payable to affiliates	31,045	-	45,697	-
Notes receivable from affiliates	183	-	73	-	Accounts payable	1,959,695	3	1,241,513	2
Accounts receivable	90,465	-	92,907	-	Accounts payable to affiliates	219,499	-	227,500	-
Accounts receivable from affiliates	1,856,505	2	1,560,537	2	Income tax payable	431,291	1	144,788	-
Other receivables	300,198	-	605,631	1	Hedging derivative liabilities, current	16,998	-	22,609	-
Inventories	521,448	1	300,666	1	Other payables	705,613	1	953,960	1
Other current assets	25,557	-	57,993	-	Current portion of long-term liabilities	1,750,000	2	-	-
					Deferred income tax liability, current	577,680	1	-	-
Total current assets	7,227,081	9	6,716,133	10	Other current liabilities	21,501	-	22,183	-
					Total current liabilities	8,927,157	12	3,131,901	4
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	63,169,551	82	57,427,076	81	Long-term debt	10,375,000	13	12,625,000	18
Investments in real estate	187,371	-	187,371	-	Hedging derivative liabilities, noncurrent	47,143	-	87,232	-
Available-for-sale financial assets, noncurrent	8	-	10	-	Total long-term liabilities	10,422,143	13	12,712,232	18
Financial assets carried at cost, noncurrent	-	-	-	-	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Total funds and long-term investments	63,356,930	82	57,614,457	81	OTHER LIABILITIES				
					Accrued pension cost	700,465	1	653,798	1
PROPERTY, PLANT AND EQUIPMENT					Guarantee deposits received	3,452	-	2,288	-
Cost	5,407,001	7	5,395,737	8	Others	33,412	-	101,573	-
Revaluation increment	279,008	1	279,008	-	Total other liabilities	737,329	1	757,659	1
	5,686,009	8	5,674,745	8	Total liabilities	20,173,176	26	16,688,339	23
Less accumulated depreciation	(2,112,405)	(3)	(1,967,860)	(3)	STOCKHOLDERS' EQUITY				
Prepayments for equipment	136	-	851	-	Capital stock	29,000,619	37	28,431,097	40
Property, plant and equipment, net	3,573,740	5	3,707,736	5	Capital surplus	8,290,495	11	7,719,412	11
					Retained earnings	22,121,374	29	20,246,496	29
OTHER ASSETS	2,962,305	4	3,070,241	4	Cumulative translation adjustments	(3,847,354)	(5)	(429,754)	(1)
					Net loss not recognized as pension cost	(57,341)	-	(40,706)	-
					Unrealized losses on financial instruments	1,459,821	2	(399,542)	-
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(1,241,416)	(2)
					Total stockholders' equity	56,946,880	74	54,420,228	77
TOTAL	\$ 77,120,056	100	\$ 71,108,567	100	TOTAL	\$ 77,120,056	100	\$ 71,108,567	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 3,372,632	100	\$ 3,039,234	100
LESS SALES RETURNS AND ALLOWANCES	<u>(3,137)</u>	<u>-</u>	<u>(3,012)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	3,369,495	100	3,036,222	100
COST OF GOODS SOLD	<u>2,668,018</u>	<u>79</u>	<u>2,315,591</u>	<u>76</u>
GROSS PROFIT BEFORE UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	701,477	21	720,631	24
UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(15)</u>	<u>-</u>	<u>(1,890)</u>	<u>-</u>
GROSS PROFIT	<u>701,462</u>	<u>21</u>	<u>718,741</u>	<u>24</u>
OPERATING EXPENSES				
Selling expenses	37,980	1	35,525	1
General and administrative expenses	655,499	20	443,185	15
Research and development expenses	<u>213,329</u>	<u>6</u>	<u>199,543</u>	<u>6</u>
Total operating expenses	<u>906,808</u>	<u>27</u>	<u>678,253</u>	<u>22</u>
INCOME (LOSS) FROM OPERATIONS	<u>(205,346)</u>	<u>(6)</u>	<u>40,488</u>	<u>2</u>
NON-OPERATING INCOME				
Interest income	277	-	1	-
Investment income recognized under equity method	1,928,493	57	2,585,815	85
Gain on disposal of property, plant, equipment and leased assets	3,989	-	282	-
Gain on disposal of investment	-	-	301,673	10
Foreign exchange gains, net	15,395	1	-	-
Rental income	41,359	1	41,162	1
Valuation gain on financial assets	249	-	3	-
Others	<u>12,334</u>	<u>-</u>	<u>26,077</u>	<u>1</u>
Total non-operating income	<u>2,002,096</u>	<u>59</u>	<u>2,955,013</u>	<u>97</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 60,120	2	\$ 64,020	2
Loss on disposal of property, plant, equipment and leased assets	346	-	63	-
Foreign exchange loss, net	-	-	11,440	-
Valuation loss on financial liabilities	39,196	1	-	-
Others	<u>18,709</u>	<u>-</u>	<u>16,320</u>	<u>1</u>
Total non-operating expenses	<u>118,371</u>	<u>3</u>	<u>91,843</u>	<u>3</u>
INCOME FROM CONTINUING OPERATIONS				
BEFORE INCOME TAX	1,678,379	50	2,903,658	96
INCOME TAX EXPENSE	<u>(126,710)</u>	<u>(4)</u>	<u>(90,930)</u>	<u>(3)</u>
NET INCOME	<u>\$ 1,551,669</u>	<u>46</u>	<u>\$ 2,812,728</u>	<u>93</u>

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 0.59</u>	<u>\$ 0.54</u>	<u>\$ 1.02</u>	<u>\$ 0.99</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.57</u>	<u>\$ 0.53</u>	<u>\$ 1.01</u>	<u>\$ 0.98</u>

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

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME	<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	<u>\$ 0.58</u>	<u>\$ 0.54</u>	<u>\$ 1.02</u>	<u>\$ 0.98</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.57</u>	<u>\$ 0.53</u>	<u>\$ 1.00</u>	<u>\$ 0.97</u>

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Capital Surplus					Retained Earnings				Other Items of Stockholders' Equity					Total
	Capital Stock	Additional Paid-in Capital of Common Stock	Additional Paid-in Capital of Bonds Conversion	Treasury Stock	Employee Stock Option	Long-Term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrealized Losses on Financial Instruments	Unrealized Revaluation Increment	Unrealized Revaluation Increment	Treasury Stock	
BALANCE, JANUARY 1, 2011	\$ 28,997,559	\$ 812,890	\$ 1,447,492	\$ 1,453,564	\$ -	\$ 4,349,166	\$ 5,950,686	\$ 398,368	\$ 14,220,651	\$ (4,563,813)	\$ (57,341)	\$ 1,202,722	\$ 134,641	\$ (1,241,416)	\$ 53,105,169
Effect of changes of ownership interest in investees	-	-	-	-	-	114,880	-	-	-	-	-	-	-	-	114,880
Adjustments on changes of unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	111,547	-	-	-	111,547
Adjustments on changes of investee's unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	137,174	-	-	-	137,174
Adjustments on changes of unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	8,378	-	-	-	8,378
Execution of employee stock warrants	3,060	-	-	-	-	-	-	-	-	-	-	-	-	-	3,060
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	716,459	-	-	-	-	-	716,459
Compensation cost of treasury stock transfer to employees	-	-	-	-	257,635	-	-	-	-	-	-	-	-	-	257,635
Adjustments on capital surplus from transfer treasury stock to employees - 43,300 thousand shares	-	-	-	112,503	(257,635)	-	-	-	-	-	-	-	-	1,086,041	940,909
Net income for three months ended March 31, 2011	-	-	-	-	-	-	-	-	1,551,669	-	-	-	-	-	1,551,669
BALANCE, MARCH 31, 2011	\$ 29,000,619	\$ 812,890	\$ 1,447,492	\$ 1,566,067	\$ -	\$ 4,464,046	\$ 5,950,686	\$ 398,368	\$ 15,772,320	\$ (3,847,354)	\$ (57,341)	\$ 1,459,821	\$ 134,641	\$ (155,375)	\$ 56,946,880
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
Effect of changes of ownership interest in investees	-	-	-	-	-	265,975	-	-	-	-	-	-	-	-	265,975
Adjustments on changes of unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(16,249)	-	-	-	(16,249)
Adjustments on changes of investee's unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	(37,188)	-	-	-	(37,188)
Adjustments on changes of unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	18,831	-	-	-	18,831
Execution of employee stock warrants	250	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(302,387)	-	-	-	-	(302,387)
Net income for three months ended March 31, 2010	-	-	-	-	-	-	-	-	2,812,728	-	-	-	-	-	2,812,728
BALANCE, MARCH 31, 2010	\$ 28,431,097	\$ 812,890	\$ 1,447,492	\$ 1,438,517	\$ -	\$ 4,020,513	\$ 5,248,562	\$ 2,599,633	\$ 12,398,301	\$ (429,754)	\$ (40,706)	\$ (399,542)	\$ 134,641	\$ (1,241,416)	\$ 54,420,228

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,551,669	\$ 2,812,728
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	74,064	87,874
Provision for doubtful accounts	631	342
Unrealized gross profit from inter-affiliate transactions	15	1,890
Investment income recognized under equity method	(1,928,493)	(2,585,815)
Net gain on disposal of property, plant, equipment and leased assets	(3,643)	(219)
Gain on disposal of investments	-	(301,673)
Valuation gain on financial assets	(249)	(3)
Valuation loss on financial liabilities	39,196	-
Compensation cost of treasury stock transfer to employees	257,635	-
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss, current	(22,000)	(414,000)
Notes receivable	(825)	880
Notes receivable from affiliates	5,588	-
Accounts receivable	3,411	7,425
Accounts receivable from affiliates	(90,270)	(26,970)
Other receivables	(51,969)	(355,523)
Inventories	(207,477)	(125,889)
Deferred income tax asset, current	-	3,560
Other current assets	16,255	(4,120)
Deferred income tax asset, noncurrent	(1,080)	(1,630)
Income tax prepayment	(21)	-
Financial liabilities at fair value through profit or loss, current	(18,768)	-
Notes payable	24,053	(3,921)
Notes payable to affiliates	(17,746)	(12,556)
Accounts payable	293,203	118,501
Accounts payable to affiliates	16,056	49,921
Income tax payable	-	89,000
Other payables	69,263	87,394
Deferred income tax liabilities, current	127,790	-
Other current liabilities	(3,665)	(68)
Accrued pension cost	5,852	8,524
Net cash provided by (used in) operating activities	<u>138,475</u>	<u>(564,348)</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments accounted for by the equity method	\$ -	\$ 4,224,408
Acquisitions of property, plant and equipment	(28,499)	(24,356)
Proceeds from disposal of property, plant and equipment	11,690	570
Acquisitions of leased assets	(154)	(400)
Proceeds from disposal of leased assets	25,378	-
Decrease in refundable deposits	318	451
Increase in deferred charges	(<u>635</u>)	(<u>352</u>)
Net cash provided by investing activities	<u>8,098</u>	<u>4,200,321</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(708,000)	(4,001,000)
Increase in long-term debt	-	500,000
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>235,969</u>	(<u>3,500,750</u>)
NET INCREASE IN CASH AND CASH EQUIVALENTS	382,542	135,223
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>332,699</u>	<u>613,704</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 715,241</u>	<u>\$ 748,927</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 51,097</u>	<u>\$ 65,059</u>
Income tax	<u>\$ 22</u>	<u>\$ -</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>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2011	2010
Effect of changes in ownership interest in investees	<u>\$ 114,880</u>	<u>\$ 265,975</u>
Current portion of long-term liabilities	<u>\$ 1,750,000</u>	<u>\$ -</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 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 24,192	\$ 23,105
Add payables for acquisition of property, plant and equipment at beginning of period	11,328	5,682
Less payables for acquisition of property, plant and equipment at end of period	(<u>7,021</u>)	(<u>4,431</u>)
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 28,499</u>	<u>\$ 24,356</u>
		(Concluded)