

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 23,298,739	10	\$ 26,987,166	11	Short-term loans	\$ 17,359,206	7	\$ 32,971,710	13
Financial assets at fair value through profit or loss, current	948,418	-	2,435,444	1	Short-term bills payable	2,354,753	1	2,018,719	1
Available-for-sale financial assets, current	11,991,399	5	11,020,282	4	Financial liabilities at fair value through profit or loss, current	177,971	-	223,890	-
Notes receivable	69,196	-	69,096	-	Hedging derivative liabilities, current	11,121	-	21,056	-
Notes receivable from affiliates	153	-	8,466	-	Notes payable	28,580	-	61,742	-
Accounts receivable	27,688,510	11	28,799,912	12	Notes payable to affiliates	37,788	-	26,698	-
Accounts receivable from affiliates	639,464	-	947,016	-	Accounts payable	11,403,504	5	14,329,759	6
Other receivables	5,213,136	2	6,904,170	3	Accounts payable to affiliates	1,716,950	1	1,882,795	1
Inventories					Income tax payable	1,115,890	-	1,043,849	-
Inventories - manufacturing	35,524,911	15	31,508,872	13	Other payables	16,056,053	7	14,807,924	6
Inventories - construction	3,106,165	1	4,144,302	2	Progressive billings in excess of construction in progress	-	-	197,525	-
Long-term investment classified as held for sale	64,273	-	-	-	Current portion of long-term liabilities	14,324,563	6	11,454,572	5
Noncurrent assets classified as held for sale	-	-	1,121,359	-	Other current liabilities	<u>3,748,503</u>	<u>1</u>	<u>3,206,748</u>	<u>1</u>
Other current assets	<u>6,947,236</u>	<u>3</u>	<u>8,242,393</u>	<u>3</u>					
Total current assets	<u>115,491,600</u>	<u>47</u>	<u>122,188,478</u>	<u>49</u>	Total current liabilities	<u>68,334,882</u>	<u>28</u>	<u>82,246,987</u>	<u>33</u>
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets at fair value through profit or loss, noncurrent	120,753	-	929,319	-	Long-term debt	40,195,923	17	39,580,671	16
Available-for-sale financial assets, noncurrent	523,446	-	597,283	-	Hedging derivative liabilities, noncurrent	-	-	21,056	-
Financial assets carried at cost, noncurrent	922,449	1	1,063,485	1	Long-term payable	<u>633,211</u>	<u>-</u>	<u>145,113</u>	<u>-</u>
Investments accounted for by the equity method	42,178,558	17	40,035,775	16	Total long-term liabilities	<u>40,829,134</u>	<u>17</u>	<u>39,746,840</u>	<u>16</u>
Investments in real estate	298,437	-	186,123	-					
Prepayments for investment	<u>57,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	RESERVE FOR LAND VALUE INCREMENT TAX	<u>86,547</u>	<u>-</u>	<u>86,547</u>	<u>-</u>
Total funds and long-term investments	<u>44,100,680</u>	<u>18</u>	<u>42,811,985</u>	<u>17</u>					
PROPERTY, PLANT AND EQUIPMENT					OTHER LIABILITIES				
Cost	109,387,299	46	104,328,072	43	Accrued pension cost	801,884	-	715,884	-
Revaluation increment	<u>293,323</u>	<u>-</u>	<u>293,323</u>	<u>-</u>	Guarantee deposits received	11,645	-	7,146	-
	109,680,622	46	104,621,395	43	Deferred income tax liability, noncurrent	1,208,096	1	1,007,059	1
Less accumulated depreciation	(50,318,157)	(21)	(46,628,661)	(19)	Others	<u>11,412</u>	<u>-</u>	<u>11,412</u>	<u>-</u>
Less accumulated impairment	(7,139)	-	(11,594)	-	Total other liabilities	<u>2,033,037</u>	<u>1</u>	<u>1,741,501</u>	<u>1</u>
Construction in progress and prepayments for equipment	<u>3,368,871</u>	<u>1</u>	<u>6,185,155</u>	<u>2</u>	Total liabilities	<u>111,283,600</u>	<u>46</u>	<u>123,821,875</u>	<u>50</u>
Property, plant and equipment, net	<u>62,724,197</u>	<u>26</u>	<u>64,166,295</u>	<u>26</u>					
INTANGIBLE ASSETS	<u>18,681,809</u>	<u>8</u>	<u>17,019,110</u>	<u>7</u>	STOCKHOLDERS' EQUITY				
OTHER ASSETS	<u>2,473,247</u>	<u>1</u>	<u>3,373,092</u>	<u>1</u>	Capital stock	29,431,849	12	29,086,389	12
					Capital surplus	8,652,350	4	8,474,526	3
					Retained earnings	27,466,589	11	21,736,338	9
					Cumulative translation adjustments	(3,663,994)	(2)	(1,815,659)	(1)
					Net loss not recognized as pension cost	(114,235)	-	(57,341)	-
					Unrealized gain on financial instruments	725,682	-	560,639	-
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(153,449)	-	(155,375)	-
					Minority interest	<u>69,708,500</u>	<u>29</u>	<u>67,772,927</u>	<u>27</u>
					Total stockholders' equity	<u>132,187,933</u>	<u>54</u>	<u>125,737,085</u>	<u>50</u>
TOTAL	<u>\$243,471,533</u>	<u>100</u>	<u>\$249,558,960</u>	<u>100</u>	TOTAL	<u>\$ 243,471,533</u>	<u>100</u>	<u>\$ 249,558,960</u>	<u>100</u>

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

(Not Reviewed by Independent Accountants)

	2012		2011	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$168,909,155	100	\$151,009,710	100
LESS SALES RETURNS AND ALLOWANCES	<u>(19,156)</u>	<u>-</u>	<u>(21,119)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	168,889,999	100	150,988,591	100
COST OF GOODS SOLD	<u>127,308,916</u>	<u>75</u>	<u>115,185,325</u>	<u>76</u>
GROSS PROFIT	<u>41,581,083</u>	<u>25</u>	<u>35,803,266</u>	<u>24</u>
OPERATING EXPENSES				
Selling expenses	14,050,502	8	11,750,545	7
General and administrative expenses	11,188,989	7	10,496,819	7
Research and development expenses	<u>4,470,306</u>	<u>3</u>	<u>4,058,493</u>	<u>3</u>
Total operating expenses	<u>29,709,797</u>	<u>18</u>	<u>26,305,857</u>	<u>17</u>
INCOME FROM OPERATIONS	<u>11,871,286</u>	<u>7</u>	<u>9,497,409</u>	<u>7</u>
NON-OPERATING INCOME				
Interest income	297,632	-	238,227	-
Investment income recognized under equity method	3,719,904	2	1,293,920	1
Dividend income	440,416	-	448,755	-
Gain on disposal of property, plant, equipment and leased-out assets	388,022	-	118,775	-
Gain on disposal of investments	63,208	-	13,370	-
Foreign exchange gain, net	473,922	1	614,491	1
Valuation gain on financial liabilities	276,482	-	559,617	-
Others	<u>613,813</u>	<u>1</u>	<u>564,458</u>	<u>-</u>
Total non-operating income	<u>6,273,399</u>	<u>4</u>	<u>3,851,613</u>	<u>2</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Not Reviewed by Independent Accountants)

	2012		2011	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 1,221,773	1	\$ 1,163,453	1
Loss on disposal of property, plant, equipment and leased-out assets	1,207	-	15,464	-
Impairment loss	652,009	1	221,098	-
Valuation loss on financial assets	376,609	-	944,776	1
Others	<u>333,054</u>	<u>-</u>	<u>101,787</u>	<u>-</u>
Total non-operating expenses	<u>2,584,652</u>	<u>2</u>	<u>2,446,578</u>	<u>2</u>
INCOME BEFORE INCOME TAX	15,560,033	9	10,902,444	7
INCOME TAX EXPENSE	<u>(962,774)</u>	<u>(1)</u>	<u>(849,608)</u>	<u>(-)</u>
CONSOLIDATED NET INCOME	<u>\$ 14,597,259</u>	<u>8</u>	<u>\$ 10,052,836</u>	<u>7</u>
ATTRIBUTED TO				
Parent Company's stockholders	\$ 8,394,850	5	\$ 4,647,156	3
Minority interest	<u>6,202,409</u>	<u>3</u>	<u>5,405,680</u>	<u>4</u>
	<u>\$ 14,597,259</u>	<u>8</u>	<u>\$ 10,052,836</u>	<u>7</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income for minority interest	<u>\$ 5.31</u>	<u>\$ 4.98</u>	<u>\$ 3.78</u>	<u>\$ 3.49</u>
Attributed to stockholders of the Parent Company		<u>\$ 2.87</u>		<u>\$ 1.61</u>
DILUTED EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 5.23</u>	<u>\$ 4.91</u>	<u>\$ 3.71</u>	<u>\$ 3.42</u>
Attributed to stockholders of the Parent Company		<u>\$ 2.82</u>		<u>\$ 1.58</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

(Not Reviewed by Independent Accountants)

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

	2012		2011	
CONSOLIDATED NET INCOME ATTRIBUTED TO STOCKHOLDERS OF THE PARENT COMPANY	<u>\$ 8,408,144</u>		<u>\$ 4,659,434</u>	
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 5.30</u>	<u>\$ 4.97</u>	<u>\$ 3.77</u>	<u>\$ 3.48</u>
Attributed to stockholders of the Parent Company		<u>\$ 2.86</u>		<u>\$ 1.61</u>
DILUTED EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 5.22</u>	<u>\$ 4.90</u>	<u>\$ 3.70</u>	<u>\$ 3.41</u>
Attributed to stockholders of the Parent Company		<u>\$ 2.82</u>		<u>\$ 1.58</u>

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 14,597,259	\$ 10,052,836
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation	5,710,946	4,788,760
Amortization	310,121	279,570
Valuation loss on financial assets	376,609	944,776
Valuation gain on financial liabilities	(276,482)	(559,617)
Compensation cost of employee stock options	48,614	56,083
Investment income recognized under equity method	(3,719,904)	(1,293,920)
Cash dividends received from investees under equity method	494,239	386,099
Gain on disposal of investments	(63,208)	(13,370)
Net gain on disposal of property, plant, equipment and leased-out assets	(386,815)	(103,311)
Impairment loss	652,009	221,098
Compensation cost of treasury stock transfer to employees	-	257,635
Amortization of Euro Convertible Bonds	-	344,289
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(67,338)	(1,560,591)
Notes receivable	(11,470)	(37,447)
Notes receivable from affiliates	43,734	(2,695)
Accounts receivable	(4,547,856)	(7,514,846)
Accounts receivable from affiliates	65,411	(455,216)
Other receivables	(1,331,135)	(1,167,396)
Inventories	(1,138,077)	(8,571,887)
Other current assets	219,167	(2,073,536)
Deferred income tax asset	(47,790)	2,833
Other assets	225,883	(122,934)
Notes payable	(62,018)	13,754
Notes payable to affiliates	11,945	(22,093)
Accounts payable	(2,924,304)	2,234,286
Accounts payable to affiliates	(206,495)	484,988
Income tax payable	61,118	98,479
Other payables	1,703,165	2,289,048
Progressive billings in excess of construction in progress	(59,260)	143,780
Other current liabilities	884,508	1,108,026
Long-term payable	633,211	145,113
Deferred income tax liability	71,874	183,125
Accrued pension cost	22,156	21,271
Net cash provided by operating activities	<u>11,289,817</u>	<u>556,990</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in investments accounted for by the equity method	\$ 290,356	\$ (7,679,914)
Cash dividends received from investments accounted for by the equity method	486,007	-
Decrease (increase) in available-for-sale financial assets	70,945	(282,559)
(Increase) decrease in financial assets carried at cost	(193,716)	69,088
Acquisition of property, plant, equipment and leased-out assets	(6,350,114)	(10,759,092)
Proceeds from disposal of property, plant, equipment and leased-out assets	1,193,942	914,542
Acquisitions of investments in real estate	(43,355)	-
Decrease in refundable deposits	390	1,330
Increase in goodwill	(1,191,252)	(445,130)
Increase in other intangible assets	(902,909)	(1,429,120)
Increase in deferred charges	<u>(5,816)</u>	<u>(464,628)</u>
Net cash used in investing activities	<u>(6,645,522)</u>	<u>(20,075,483)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(1,613,784)	18,645,518
(Decrease) increase in short-term bills payable	(463,390)	654,341
Increase in long-term debt	2,185,007	4,274,258
Increase in guarantee deposits received	4,760	1,000
Execution of employee stock warrants	195,180	88,830
Cash dividends	(3,798,600)	(3,468,191)
Minority interest	(5,387,518)	1,529,737
Treasury stock transferred to employees	<u>-</u>	<u>938,087</u>
Net cash (used in) provided by financing activities	<u>(8,878,345)</u>	<u>22,663,580</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>2,068,931</u>	<u>(401,503)</u>
CASH RECEIVED FOR ACQUISITION OF SUBSIDIARIES	<u>76,929</u>	<u>43,586</u>
CASH RECEIVED FROM DISPOSAL OF SUBSIDIARY	<u>110,003</u>	<u>-</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2012	2011
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,978,187)	2,787,170
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>25,276,926</u>	<u>24,199,996</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 23,298,739</u>	<u>\$ 26,987,166</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 1,180,876</u>	<u>\$ 1,135,343</u>
Income tax	<u>\$ 1,186,307</u>	<u>\$ 913,038</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 14,324,563</u>	<u>\$ 11,454,572</u>
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 441,642</u>	<u>\$ (113,709)</u>
Investee's unrealized gain (loss) on available-for-sale financial assets	<u>\$ 1,252,862</u>	<u>\$ (558,781)</u>
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 23,230</u>	<u>\$ 30,407</u>
Effect of changes in ownership interest in investees	<u>\$ 75,338</u>	<u>\$ 289,455</u>
Cash dividend received by subsidiaries	<u>\$ 13,294</u>	<u>\$ 12,278</u>
Adjustments of stockholders' equity from sale of parent company's stock by subsidiaries	<u>\$ 6,269</u>	<u>\$ -</u>
Translation adjustments on foreign long-term equity investments	<u>\$ (1,509,012)</u>	<u>\$ 2,748,154</u>
Adjustments on capital surplus from treasury stock transfer to employees	<u>\$ -</u>	<u>\$ 109,681</u>
CASH PAID DURING THE PERIOD FOR ACQUISITIONS OF PROPERTY, PLANT, EQUIPMENT AND LEASED-OUT ASSETS		
Fair value of property, plant, equipment and leased-out assets acquired	\$ 6,270,546	\$ 11,198,424
Add payables for acquisitions of property, plant, equipment and leased-out assets at beginning of period	941,294	438,101
Less payables for acquisitions of property, plant, equipment and leased-out assets at end of period	<u>(861,726)</u>	<u>(877,433)</u>
Cash paid during the period for acquisitions of property, plant and equipment and leased-out assets	<u>\$ 6,350,114</u>	<u>\$ 10,759,092</u>

(Concluded)