

POU CHEN CORPORATION

BALANCE SHEETS

September 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 1,575,660	2	\$ 194,925	-	Short-term loans	\$ 88,860	-	\$ 3,640,000	4
Financial assets at fair value through profit or loss, current	1,350	-	-	-	Financial liabilities at fair value through profit or loss, current	33,982	-	16,717	-
Available-for-sale financial assets, current	3,724,115	4	3,467,139	4	Hedging derivative liabilities, current	11,121	-	21,056	-
Notes receivable	18,954	-	2,461	-	Notes payable	22,135	-	51,877	-
Notes receivable from affiliates	153	-	8,466	-	Notes payable to affiliates	37,788	-	26,698	-
Accounts receivable	66,663	-	70,162	-	Accounts payable	1,266,305	2	1,752,789	2
Accounts receivable from affiliates	1,610,117	2	1,871,383	2	Accounts payable to affiliates	151,945	-	174,950	-
Other receivables	202,633	-	260,015	-	Income tax payable	616,800	1	370,066	1
Inventories	320,480	-	352,628	1	Other payables	1,112,490	1	909,532	1
Other current assets	<u>34,264</u>	-	<u>45,692</u>	-	Current portion of long-term liabilities	2,500,000	3	-	-
Total current assets	<u>7,554,389</u>	<u>8</u>	<u>6,272,871</u>	<u>7</u>	Deferred income tax liability, current	367,028	-	356,391	1
					Other current liabilities	<u>35,118</u>	-	<u>25,155</u>	-
					Total current liabilities	<u>6,243,572</u>	<u>7</u>	<u>7,345,231</u>	<u>9</u>
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets carried at cost, noncurrent	60,000	-	-	-	Long-term debt	20,000,000	22	17,000,000	20
Investments accounted for by the equity method	75,435,594	84	70,222,595	85	Hedging derivative liabilities, noncurrent	-	-	<u>21,056</u>	-
Investments in real estate	<u>299,685</u>	<u>1</u>	<u>187,371</u>	-	Total long-term liabilities	<u>20,000,000</u>	<u>22</u>	<u>17,021,056</u>	<u>20</u>
Total funds and long-term investments	<u>75,795,279</u>	<u>85</u>	<u>70,409,966</u>	<u>85</u>	RESERVE FOR LAND VALUE INCREMENT TAX	<u>86,547</u>	-	<u>86,547</u>	-
PROPERTY, PLANT AND EQUIPMENT					OTHER LIABILITIES				
Cost	5,915,176	7	5,447,304	7	Accrued pension cost	801,802	1	715,782	1
Revaluation increment	<u>280,685</u>	-	<u>279,008</u>	-	Guarantee deposits received	3,452	-	3,452	-
	6,195,861	7	5,726,312	7	Others	<u>48,742</u>	-	<u>33,341</u>	-
Less accumulated depreciation	(2,454,905)	(3)	(2,199,309)	(3)	Total other liabilities	<u>853,996</u>	<u>1</u>	<u>752,575</u>	<u>1</u>
Prepayments for equipment	<u>400</u>	-	-	-	Total liabilities	<u>27,184,115</u>	<u>30</u>	<u>25,205,409</u>	<u>30</u>
Property, plant and equipment, net	<u>3,741,356</u>	<u>4</u>	<u>3,527,003</u>	<u>4</u>	STOCKHOLDERS' EQUITY				
OTHER ASSETS	<u>2,572,524</u>	<u>3</u>	<u>2,959,727</u>	<u>4</u>	Capital stock	29,431,849	33	29,086,389	35
					Capital surplus	8,652,350	10	8,474,526	10
					Retained earnings	27,466,589	31	21,736,338	26
					Cumulative translation adjustments	(3,663,994)	(4)	(1,815,659)	(2)
					Net loss not recognized as pension cost	(114,235)	-	(57,341)	-
					Unrealized gain on financial instruments	725,682	-	560,639	1
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	<u>(153,449)</u>	-	<u>(153,375)</u>	-
					Total stockholders' equity	<u>62,479,433</u>	<u>70</u>	<u>57,964,158</u>	<u>70</u>
TOTAL	<u>\$ 89,663,548</u>	<u>100</u>	<u>\$ 83,169,567</u>	<u>100</u>	TOTAL	<u>\$ 89,663,548</u>	<u>100</u>	<u>\$ 83,169,567</u>	<u>100</u>

POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

(Reviewed, Not Audited)

	2012		2011	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 7,939,397	100	\$ 10,334,393	100
LESS SALES RETURNS AND ALLOWANCES	<u>(13,514)</u>	<u>-</u>	<u>(12,174)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	7,925,883	100	10,322,219	100
COST OF GOODS SOLD	<u>5,907,917</u>	<u>75</u>	<u>8,022,117</u>	<u>77</u>
GROSS PROFIT	2,017,966	25	2,300,102	23
(UNREALIZED) REALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(1,492)</u>	<u>-</u>	<u>56</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,016,474</u>	<u>25</u>	<u>2,300,158</u>	<u>23</u>
OPERATING EXPENSES				
Selling expenses	73,956	1	101,017	1
General and administrative expenses	1,160,262	14	1,503,114	15
Research and development expenses	<u>710,248</u>	<u>9</u>	<u>652,583</u>	<u>6</u>
Total operating expenses	<u>1,944,466</u>	<u>24</u>	<u>2,256,714</u>	<u>22</u>
INCOME FROM OPERATIONS	<u>72,008</u>	<u>1</u>	<u>43,444</u>	<u>1</u>
NON-OPERATING INCOME				
Interest income	2,774	-	7,337	-
Investment income recognized under equity method	8,886,497	112	4,523,003	44
Dividend income	137,728	2	144,516	1
Gain on disposal of property, plant, equipment and leased-out assets	4,158	-	5,353	-
Gain on disposal of investments	383	-	3,258	-
Foreign exchange gain, net	-	-	100,415	1
Rental income	126,698	2	124,463	1
Reversal of provision for doubtful accounts	600	-	674	-
Valuation gain on financial assets	1,350	-	-	-
Others	<u>44,117</u>	<u>-</u>	<u>56,192</u>	<u>1</u>
Total non-operating income	<u>9,204,305</u>	<u>116</u>	<u>4,965,211</u>	<u>48</u>

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POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

(Reviewed, Not Audited)

	2012		2011	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 269,397	3	\$ 212,264	2
Loss on disposal of property, plant, equipment and leased-out assets	146	-	434	-
Foreign exchange loss, net	29,522	-	-	-
Valuation loss on financial liabilities	16,759	-	30,658	-
Others	<u>44,860</u>	<u>1</u>	<u>51,387</u>	<u>1</u>
Total non-operating expenses	<u>360,684</u>	<u>4</u>	<u>294,743</u>	<u>3</u>
INCOME BEFORE INCOME TAX	8,915,629	113	4,713,912	46
INCOME TAX EXPENSE	<u>(520,779)</u>	<u>(7)</u>	<u>(66,756)</u>	<u>(1)</u>
NET INCOME	<u>\$ 8,394,850</u>	<u>106</u>	<u>\$ 4,647,156</u>	<u>45</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 3.04</u>	<u>\$ 2.87</u>	<u>\$ 1.64</u>	<u>\$ 1.61</u>
DILUTED EARNINGS PER SHARE	<u>\$ 3.00</u>	<u>\$ 2.82</u>	<u>\$ 1.60</u>	<u>\$ 1.58</u>

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

	2012	2011
NET INCOME	<u>\$ 8,408,144</u>	<u>\$ 4,659,434</u>

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POU CHEN CORPORATION

STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

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

(Reviewed, Not Audited)

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 3.04</u>	<u>\$ 2.86</u>	<u>\$ 1.63</u>	<u>\$ 1.61</u>
DILUTED EARNINGS PER SHARE	<u>\$ 2.99</u>	<u>\$ 2.82</u>	<u>\$ 1.60</u>	<u>\$ 1.58</u>

(Concluded)

POU CHEN CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)**

	Capital Surplus						Retained Earnings			Other Equity					
	Capital Stock	Additional Paid-in Capital of Common Stock	Additional Paid-in Capital of Bonds Conversion	Treasury Stock	Employee Stock Options	Long-term Equity Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized (Loss) Gain on Financial Instruments	Unrealized Revaluation Increment	Treasury Stock	Total
BALANCE, JANUARY 1, 2012	\$ 29,241,469	\$ 812,890	\$ 1,447,492	\$ 1,575,523	\$ -	\$ 4,720,416	\$ 6,740,247	\$ 3,283,792	\$ 12,871,866	\$ (2,154,982)	\$ (114,235)	\$ (993,798)	\$ 134,641	\$ (155,375)	\$ 57,409,946
Appropriation of 2011 earnings	-	-	-	-	-	-	580,672	-	(580,672)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	155,417	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(155,417)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(3,824,166)	-	-	-	-	-	(3,824,166)
Effect of changes of ownership interest in investees	-	-	-	-	-	75,338	-	-	-	-	-	-	-	-	75,338
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	441,642	-	-	441,642
Investee's unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	1,252,862	-	-	1,252,862
Unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	-	23,230	-	-	23,230
Cash dividends received by subsidiaries	-	-	-	13,294	-	-	-	-	-	-	-	-	-	-	13,294
Execution of employee stock warrants	190,380	4,800	-	-	-	-	-	-	-	-	-	-	-	-	195,180
Sale of parent company's stock by subsidiaries	-	-	-	2,597	-	-	-	-	-	-	-	1,746	-	1,926	6,269
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(1,509,012)	-	-	-	-	(1,509,012)
Net income for nine months ended September 30, 2012	-	-	-	-	-	-	-	-	8,394,850	-	-	-	-	-	8,394,850
BALANCE, SEPTEMBER 30, 2012	<u>\$ 29,431,849</u>	<u>\$ 817,690</u>	<u>\$ 1,447,492</u>	<u>\$ 1,591,414</u>	<u>\$ -</u>	<u>\$ 4,795,754</u>	<u>\$ 7,320,919</u>	<u>\$ 3,128,375</u>	<u>\$ 17,017,295</u>	<u>\$ (3,663,994)</u>	<u>\$ (114,235)</u>	<u>\$ 725,682</u>	<u>\$ 134,641</u>	<u>\$ (153,449)</u>	<u>\$ 62,479,433</u>
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
Appropriation of 2010 earnings	-	-	-	-	-	-	789,561	-	(789,561)	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	(2,885,424)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	2,885,424	(2,885,424)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(3,480,523)	-	-	-	-	-	(3,480,523)
Effect of changes of ownership interest in investees	-	-	-	-	-	289,455	-	-	-	-	-	-	-	-	289,455
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(113,709)	-	-	(113,709)
Investee's unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(558,781)	-	-	(558,781)
Unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	-	30,407	-	-	30,407
Cash dividends received by subsidiaries	-	-	-	12,278	-	-	-	-	-	-	-	-	-	-	12,278
Execution of employee stock warrants	88,830	-	-	-	-	-	-	-	-	-	-	-	-	-	88,830
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	2,748,154	-	-	-	-	2,748,154
Compensation cost of employee stock options	-	-	-	-	257,635	-	-	-	-	-	-	-	-	-	257,635
Transfer of treasury stock - 43,300 thousand shares	-	-	-	109,681	(257,635)	-	-	-	-	-	-	-	-	1,086,041	938,087
Net income for nine months ended September 30, 2011	-	-	-	-	-	-	-	-	4,647,156	-	-	-	-	-	4,647,156
BALANCE, SEPTEMBER 30, 2011	<u>\$ 29,086,389</u>	<u>\$ 812,890</u>	<u>\$ 1,447,492</u>	<u>\$ 1,575,523</u>	<u>\$ -</u>	<u>\$ 4,638,621</u>	<u>\$ 6,740,247</u>	<u>\$ 3,283,792</u>	<u>\$ 11,712,299</u>	<u>\$ (1,815,659)</u>	<u>\$ (57,341)</u>	<u>\$ 560,639</u>	<u>\$ 134,641</u>	<u>\$ (155,375)</u>	<u>\$ 57,964,158</u>

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 8,394,850	\$ 4,647,156
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	198,046	202,223
Amortization	16,385	21,738
Reversal of provision for doubtful accounts	(600)	(674)
Investment income recognized under equity method	(8,886,497)	(4,523,003)
Cash dividends received from investees under equity method	3,248,157	4,717,912
Valuation gain on financial assets	(1,350)	-
Valuation loss on financial liabilities	16,759	30,658
Unrealized (realized) gross profit from inter-affiliate transactions	1,492	(56)
Net gain on disposal of property, plant, equipment and leased-out assets	(4,012)	(4,919)
Compensation cost of treasury stock transfer to employees	-	257,635
Gain on disposal of investments	(383)	(3,258)
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss, current	226	(11,584)
Notes receivable	(13,530)	(438)
Notes receivable from affiliates	43,734	(2,695)
Accounts receivable	21,912	25,019
Accounts receivable from affiliates	(307,539)	(105,148)
Other receivables	(144)	(11,786)
Inventories	(144,726)	(38,657)
Other current assets	(8,723)	6,552
Deferred income tax asset, noncurrent	(3,945)	(3,647)
Income tax prepayment	3,467	-
Notes payable	(13,569)	13,523
Notes payable to affiliates	11,945	(22,093)
Accounts payable	215,364	86,297
Accounts payable to affiliates	49,198	(28,493)
Income tax payable	159,883	(61,225)
Other payables	274,559	263,744
Deferred income tax liability, current	(94,338)	(93,499)
Other current liabilities	12,060	(11)
Accrued pension cost	22,074	21,169
	<u>3,210,755</u>	<u>5,382,440</u>
Net cash provided by operating activities	<u>3,210,755</u>	<u>5,382,440</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for by the equity method	\$ (324,398)	\$ (7,703,500)
Proceeds from reduction of capital from investments accounted for by the equity method	599,000	-
Cash dividends received from investments accounted for by the equity method	316,901	-
Proceeds from disposal of investments accounted for by the equity method	7,328	50,547
Acquisitions of property, plant and equipment	(104,765)	(77,718)
Acquisitions of investments in real estate	(43,355)	-
Acquisitions of leased-out assets	(198)	(693)
Proceeds from disposal of property, plant and equipment	6,355	16,102
Proceeds from disposal of leased-out assets	-	25,378
Decrease in refundable deposits	6	246
Increase in deferred charges	<u>(4,923)</u>	<u>(52,970)</u>
Net cash provided by (used in) investing activities	<u>451,951</u>	<u>(7,742,608)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(3,661,140)	(199,000)
Decrease in short-term bills payable	(499,133)	-
Increase in long-term debt	5,500,000	4,875,000
Cash dividends	(3,824,166)	(3,480,523)
Execution of employee stock warrants	195,180	88,830
Transferring treasury stock to employees	<u>-</u>	<u>938,087</u>
Net cash (used in) provided by financing activities	<u>(2,289,259)</u>	<u>2,222,394</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,373,447	(137,774)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>202,213</u>	<u>332,699</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,575,660</u>	<u>\$ 194,925</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 260,912</u>	<u>\$ 190,569</u>
Income tax	<u>\$ 457,202</u>	<u>\$ 225,127</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2012	2011
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Current portion of long-term liabilities	<u>\$ 2,500,000</u>	<u>\$ -</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 of 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 AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 119,904	\$ 82,849
Add payables for acquisitions of property, plant and equipment at beginning of period	15,922	11,328
Less payables for acquisitions of property, plant and equipment at end of period	<u>(31,061)</u>	<u>(16,459)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 104,765</u>	<u>\$ 77,718</u>

(Concluded)