



# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED (Notes 4, 27 and 35)	\$ 50,783,229	100	\$ 57,231,600	100
COST OF GOODS SOLD (Notes 28 and 35)	<u>40,017,698</u>	<u>79</u>	<u>43,188,425</u>	<u>75</u>
GROSS PROFIT	<u>10,765,531</u>	<u>21</u>	<u>14,043,175</u>	<u>25</u>
OPERATING EXPENSES (Note 28)				
Selling expenses	4,364,914	9	4,643,397	8
General and administrative expenses	3,652,305	7	4,116,433	7
Research and development expenses	<u>1,512,683</u>	<u>3</u>	<u>1,563,808</u>	<u>3</u>
Total operating expenses	<u>9,529,902</u>	<u>19</u>	<u>10,323,638</u>	<u>18</u>
INCOME FROM OPERATIONS	<u>1,235,629</u>	<u>2</u>	<u>3,719,537</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 28)	584,313	1	319,180	-
Other gains and losses (Note 28)	132,204	-	583,814	1
Finance costs (Note 28)	(353,385)	-	(415,717)	(1)
Investment income in associates and joint ventures recognized under the equity method (Notes 2 and 16)	<u>640,893</u>	<u>1</u>	<u>920,750</u>	<u>2</u>
Total non-operating income and expenses	<u>1,004,025</u>	<u>2</u>	<u>1,408,027</u>	<u>2</u>
INCOME BEFORE INCOME TAX	2,239,654	4	5,127,564	9
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(190,441)</u>	<u>-</u>	<u>(233,921)</u>	<u>-</u>
NET INCOME	<u>2,049,213</u>	<u>4</u>	<u>4,893,643</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME, NET				
Exchange differences on translating foreign operations	1,522,609	3	(1,342,126)	(2)
Unrealized gain on available-for-sale financial assets	255,644	1	104,960	-
Cash flow hedges	2,788	-	9,310	-
Other comprehensive income in associates and joint ventures recognized under the equity method	<u>(2,447,367)</u>	<u>(5)</u>	<u>679,916</u>	<u>1</u>
Other comprehensive income, net	<u>(666,326)</u>	<u>(1)</u>	<u>(547,940)</u>	<u>(1)</u>

(Continued)

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## CONSOLIDATED STATEMENTS OF INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,382,887</u>	<u>3</u>	<u>\$ 4,345,703</u>	<u>8</u>
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,321,954	3	\$ 2,407,283	4
Non-controlling interests	<u>727,259</u>	<u>1</u>	<u>2,486,360</u>	<u>5</u>
	<u>\$ 2,049,213</u>	<u>4</u>	<u>\$ 4,893,643</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 670,479	1	\$ 1,988,940	4
Non-controlling interests	<u>712,408</u>	<u>2</u>	<u>2,356,763</u>	<u>4</u>
	<u>\$ 1,382,887</u>	<u>3</u>	<u>\$ 4,345,703</u>	<u>8</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 0.45</u>		<u>\$ 0.82</u>	
Diluted	<u>\$ 0.44</u>		<u>\$ 0.81</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2013)

(Concluded)

**POU CHEN CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owner of the Company												
	Retained Earnings						Other Equity					Non-controlling Interests	Total Equity
	Capital Stock	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Stock	Total		
BALANCE AT JANUARY 1, 2012	\$ 29,241,469	\$ -	\$ 3,835,905	\$ 6,740,247	\$ 3,283,792	\$ 14,529,965	\$ -	\$ (906,495)	\$ (34,351)	\$ (194,789)	\$ 56,495,743	\$ 69,257,725	\$ 125,753,468
Net income for the three months ended March 31, 2012	-	-	-	-	-	2,407,283	-	-	-	-	2,407,283	2,486,360	4,893,643
Other comprehensive income (loss) for the three months ended March 31, 2012	-	-	-	-	-	-	(1,171,435)	743,782	9,310	-	(418,343)	(129,597)	(547,940)
Total other comprehensive income (loss) for the three months ended March 31, 2012	-	-	-	-	-	2,407,283	(1,171,435)	743,782	9,310	-	1,988,940	2,356,763	4,345,703
Execution of employee stock warrants (Note 31)	161,370	7,098	1,464	-	-	-	-	-	-	-	169,932	-	169,932
Change in capital surplus from acquisition or disposal of interests in subsidiaries (Note 4)	-	-	-	-	-	20,457	-	-	-	-	20,457	-	20,457
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,222,787)	(3,222,787)
Change in equity for the three months ended March 31, 2012	161,370	7,098	1,464	-	-	2,427,740	(1,171,435)	743,782	9,310	-	2,179,329	(866,024)	1,313,305
BALANCE AT MARCH 31, 2012	<u>\$ 29,402,839</u>	<u>\$ 7,098</u>	<u>\$ 3,837,369</u>	<u>\$ 6,740,247</u>	<u>\$ 3,283,792</u>	<u>\$ 16,957,705</u>	<u>\$ (1,171,435)</u>	<u>\$ (162,713)</u>	<u>\$ (25,041)</u>	<u>\$ (194,789)</u>	<u>\$ 58,675,072</u>	<u>\$ 68,391,701</u>	<u>\$ 127,066,773</u>
BALANCE AT JANUARY 1, 2013	\$ 29,431,849	\$ -	\$ 4,298,105	\$ 7,320,919	\$ 3,128,375	\$ 20,234,617	\$ (1,843,619)	\$ (176,725)	\$ (5,430)	\$ (188,728)	\$ 62,199,363	\$ 70,345,509	\$ 132,544,872
Special reserve under Rule No.1010012865 issued by the FSC (Note 26)	-	-	-	-	134,641	(134,641)	-	-	-	-	-	-	-
Net income for the three months ended March 31, 2013	-	-	-	-	-	1,321,954	-	-	-	-	1,321,954	727,259	2,049,213
Other comprehensive income (loss) for the three months ended March 31, 2013	-	-	-	-	-	-	1,524,569	(2,178,832)	2,788	-	(651,475)	(14,851)	(666,326)
Total other comprehensive income (loss) for the three months ended March 31, 2013	-	-	-	-	-	1,321,954	1,524,569	(2,178,832)	2,788	-	670,479	712,408	1,382,887
Execution of employee stock warrants (Note 31)	5,952	-	6,071	-	-	-	-	-	-	-	12,023	-	12,023
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,768,848	1,768,848
Change in equity for the three months ended March 31, 2013	5,952	-	6,071	-	134,641	1,187,313	1,524,569	(2,178,832)	2,788	-	682,502	2,481,256	3,163,758
BALANCE AT MARCH 31, 2013	<u>\$ 29,437,801</u>	<u>\$ -</u>	<u>\$ 4,304,176</u>	<u>\$ 7,320,919</u>	<u>\$ 3,263,016</u>	<u>\$ 21,421,930</u>	<u>\$ (319,050)</u>	<u>\$ (2,355,557)</u>	<u>\$ (2,642)</u>	<u>\$ (188,728)</u>	<u>\$ 62,881,865</u>	<u>\$ 72,826,765</u>	<u>\$ 135,708,630</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2013)

# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Three Months Ended March 31</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,239,654	\$ 5,127,564
Adjustments for:		
Depreciation expenses	1,900,901	2,000,939
Amortization expenses	104,919	101,992
Gain on fair value change of financial instruments at fair value through profit or loss, net	(101,177)	(368,712)
Finance costs	353,385	415,717
Interest income	(76,271)	(105,976)
Dividend income	(436)	(455)
Compensation (income) cost of employee share options	(4,658)	23,254
Investment income in associates and joint ventures recognized under the equity method	(640,893)	(920,750)
Loss on disposal of property, plant and equipment, net	26,496	54,865
Gain on disposal of associates	-	(180,629)
Impairment loss (reversal of impairment loss)	71,128	(556)
Changes in operating assets and liabilities		
(Increase) decrease in financial instruments at fair value through profit or loss	(159,171)	105,964
(Increase) decrease in notes receivable	(985)	42,490
Decrease (increase) in accounts receivable	1,256,090	(7,166,110)
Decrease (increase) in other receivable	400,735	(100,599)
Increase in inventories	(1,552,445)	(161,919)
Increase in other current assets	(2,214,250)	(1,745,202)
(Increase) decrease in other operating assets	(60,824)	92,279
Decrease in notes payable	(11,920)	(20,221)
Decrease in accounts payable	(752,537)	(2,258,605)
Decrease in amounts due to customers for construction contracts	-	(59,260)
(Decrease) increase in other payable	(3,785,964)	2,649,393
Increase in other current liabilities	966,311	1,757,316
Increase in accrued pension liabilities	<u>2,293</u>	<u>2,139</u>
Cash used in operations	(2,039,619)	(715,082)
Interest paid	(353,995)	(394,681)
Income tax paid	<u>(156,947)</u>	<u>(227,132)</u>
Net cash used in operating activities	<u>(2,550,561)</u>	<u>(1,336,895)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	-	(25,279)
Acquisition of debt investments with no active market	(3,733)	-
Proceeds on sale of debt investments with no active market	-	47,989
Acquisition of financial assets measured at cost	-	(219,307)
Acquisition of investments accounted for under the equity method	(128,546)	-

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# POU CHEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Three Months Ended March 31</b>	
	<b>2013</b>	<b>2012</b>
Proceeds on sale of investments accounted for under the equity method	-	13,014
Net cash outflow on acquisition of subsidiaries	-	(207,367)
Acquisition of property, plant and equipment	(1,364,407)	(2,733,734)
Proceeds from disposal of property, plant and equipment	199,363	108,503
Increase in refundable deposits	(4,037)	(12,432)
Acquisition of goodwill	-	(367,153)
Acquisition of intangible assets	(11)	(387,686)
Acquisition of investment properties	(76)	-
Proceeds from disposal of investment properties	-	5,527
Interest received	135,758	111,379
Dividend received	<u>244,007</u>	<u>152,732</u>
Net cash used in investing activities	<u>(921,682)</u>	<u>(3,513,814)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	1,957,509	7,950,837
Increase (decrease) in short-term bills payable	62,227	(17,818)
Increase (decrease) in long-term debt	1,213,974	(1,083,794)
(Decrease) increase in guarantee deposits received	(734)	257
Execution of employee stock warrants	12,023	169,932
Change in non-controlling interests	<u>1,768,848</u>	<u>(3,222,787)</u>
Net cash generated from financing activities	<u>5,013,847</u>	<u>3,796,627</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(1,049,980)</u>	<u>1,272,725</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>491,624</b>	<b>218,643</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u><b>28,854,625</b></u>	<u><b>25,185,059</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u><b>\$ 29,346,249</b></u>	<u><b>\$ 25,403,702</b></u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2013)

(Concluded)