

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 35,634,004	15	\$ 31,525,386	13	Short-term loans	\$ 26,648,577	11	\$ 33,824,570	14
Financial assets at fair value through profit or loss, current	3,065,228	1	3,724,711	2	Short-term bills payable	1,706,269	1	988,307	-
Available-for-sale financial assets, current	9,363,956	4	6,618,086	3	Notes payable	201,865	-	108,607	-
Notes receivable	8,877	-	57,751	-	Notes payable to affiliates	36,886	-	65,861	-
Accounts receivable	26,389,323	11	32,574,005	13	Accounts payable	12,226,409	5	17,389,980	7
Accounts receivable from affiliates	1,344,745	-	1,207,418	1	Accounts payable to affiliates	1,114,369	1	1,376,305	1
Other receivables	6,793,197	3	5,354,139	2	Income tax payable	618,143	-	514,939	-
Inventories	27,078,689	12	30,401,389	13	Financial liabilities at fair value through profit or loss, current	524,772	-	785,042	-
Other current assets	6,745,405	3	10,983,580	5	Hedging derivative financial liabilities, current	33,589	-	-	-
					Other payables	12,418,270	5	9,684,994	4
Total current assets	<u>116,423,424</u>	<u>49</u>	<u>122,446,465</u>	<u>52</u>	Current portion of long-term liabilities	28,310,399	12	13,266,593	6
					Advance construction receipts	87,177	-	-	-
FUNDS AND LONG-TERM INVESTMENTS					Other current liabilities	<u>2,024,861</u>	<u>1</u>	<u>2,996,756</u>	<u>1</u>
Investments accounted for by the equity method	32,639,581	14	30,951,564	13	Total current liabilities	<u>85,951,586</u>	<u>36</u>	<u>81,001,954</u>	<u>34</u>
Investments in real estate	186,129	-	-	-					
Available-for-sale financial assets, noncurrent	1,210,212	-	1,013,290	-	LONG-TERM LIABILITIES				
Hedging derivative assets, noncurrent	-	-	11,699	-	Bonds payable	-	-	8,069,458	3
Financial assets carried at cost, noncurrent	<u>1,270,479</u>	<u>1</u>	<u>1,268,835</u>	<u>1</u>	Long-term debt	34,249,220	15	38,823,768	17
					Hedging derivative liabilities, noncurrent	<u>122,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds and long-term investments	<u>35,306,401</u>	<u>15</u>	<u>33,245,388</u>	<u>14</u>	Total long-term liabilities	<u>34,372,082</u>	<u>15</u>	<u>46,893,226</u>	<u>20</u>
PROPERTY, PLANT AND EQUIPMENT					RESERVE FOR LAND VALUE INCREMENT TAX	<u>142,664</u>	<u>-</u>	<u>142,664</u>	<u>-</u>
Cost	109,399,904	46	99,090,222	42					
Revaluation increment	<u>293,323</u>	<u>-</u>	<u>293,323</u>	<u>-</u>	OTHER LIABILITIES				
	109,693,227	46	99,383,545	42	Accrued pension cost	617,021	-	594,418	-
Less accumulated depreciation	(45,154,586)	(19)	(39,747,732)	(17)	Guarantee deposits received	4,219	-	3,565	-
Less accumulated impairment	(246,331)	-	(164,021)	-	Deferred income tax liabilities, noncurrent	72,427	-	-	-
Construction in progress and prepayments for equipment	<u>4,396,962</u>	<u>2</u>	<u>4,170,438</u>	<u>2</u>	Others	<u>23,304</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property, plant and equipment, net	<u>68,689,272</u>	<u>29</u>	<u>63,642,230</u>	<u>27</u>	Total other liabilities	<u>716,971</u>	<u>-</u>	<u>597,983</u>	<u>-</u>
					Total liabilities	<u>121,183,303</u>	<u>51</u>	<u>128,635,827</u>	<u>54</u>
INTANGIBLE ASSETS									
Goodwill	7,032,733	3	7,050,013	3	STOCKHOLDERS' EQUITY				
Deferred pension cost	<u>-</u>	<u>-</u>	<u>1,970</u>	<u>-</u>	Capital stock	28,427,858	12	27,899,255	12
Total intangible assets	<u>7,032,733</u>	<u>3</u>	<u>7,051,983</u>	<u>3</u>	Capital surplus	7,107,618	3	7,445,956	3
					Retained earnings	15,721,719	8	13,194,178	6
OTHER ASSETS	<u>8,667,433</u>	<u>4</u>	<u>9,126,577</u>	<u>4</u>	Cumulative translation adjustments	244,923	-	387,072	-
					Unrealized losses on financial instruments	305,792	-	(2,926,851)	(1)
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(1,241,416)	(1)	(1,241,416)	-
					Minority interest	<u>64,234,825</u>	<u>27</u>	<u>61,983,981</u>	<u>26</u>
					Total stockholders' equity	<u>114,935,960</u>	<u>49</u>	<u>106,876,816</u>	<u>46</u>
TOTAL	<u>\$236,119,263</u>	<u>100</u>	<u>\$235,512,643</u>	<u>100</u>	TOTAL	<u>\$236,119,263</u>	<u>100</u>	<u>\$235,512,643</u>	<u>100</u>

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

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

(Not Reviewed by Independent Accountants)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$155,574,586	100	\$160,114,673	100
LESS SALES RETURNS AND ALLOWANCES	<u>(314,528)</u>	<u>-</u>	<u>(311,976)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	155,260,058	100	159,802,697	100
COST OF GOODS SOLD	<u>117,735,685</u>	<u>76</u>	<u>123,900,377</u>	<u>77</u>
GROSS PROFIT	<u>37,524,373</u>	<u>24</u>	<u>35,902,320</u>	<u>23</u>
OPERATING EXPENSES				
Selling expenses	9,621,038	6	9,063,973	6
General and administrative expenses	13,738,479	9	11,108,865	7
Research and development expenses	<u>3,722,995</u>	<u>2</u>	<u>3,900,399</u>	<u>2</u>
Total operating expenses	<u>27,082,512</u>	<u>17</u>	<u>24,073,237</u>	<u>15</u>
INCOME FROM OPERATIONS	<u>10,441,861</u>	<u>7</u>	<u>11,829,083</u>	<u>8</u>
NON-OPERATING INCOME				
Interest income	344,672	-	457,363	-
Investment income recognized under equity method	1,562,912	1	1,075,185	1
Dividend income	120,454	-	611,309	-
Gain on disposal of property, plant and equipment	13,218	-	33,633	-
Gain on disposal of investments	-	-	436,180	-
Foreign exchange gain, net	58,865	-	-	-
Rental income	245,521	-	45,913	-
Reversal of provision for bad debts	25,930	-	40,425	-
Valuation gain on financial assets	-	-	101,851	-
Valuation gain on financial liabilities	847,724	-	-	-
Others	<u>1,587,680</u>	<u>1</u>	<u>228,169</u>	<u>-</u>
Total non-operating income	<u>4,806,976</u>	<u>2</u>	<u>3,030,028</u>	<u>1</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(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:

	2009		2008	
CONSOLIDATED NET INCOME ATTRIBUTED TO STOCKHOLDERS OF THE PARENT COMPANY	<u>\$ 5,313,968</u>		<u>\$ 5,178,894</u>	
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 4.36</u>	<u>\$ 4.13</u>	<u>\$ 3.94</u>	<u>\$ 3.75</u>
Attributed to stockholders of the Parent Company		<u>\$ 1.90</u>		<u>\$ 1.79</u>
DILUTED EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 4.31</u>	<u>\$ 4.08</u>	<u>\$ 3.90</u>	<u>\$ 3.70</u>
Attributed to stockholders of the Parent Company		<u>\$ 1.88</u>		<u>\$ 1.77</u>

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 11,553,287	\$ 10,805,886
Adjustments to reconcile net income to net cash provided by operating activities		
Valuation loss (gain) on financial assets	135,954	(101,851)
Valuation (gain) loss on financial liabilities	(847,724)	27,416
Depreciation and amortization	6,163,019	5,342,062
Reversal of bad debts	(25,930)	(40,425)
Investment income recognized under equity method	(1,562,912)	(1,075,185)
Cash dividends received from investees under equity method	1,174,845	464,887
Compensation cost of employee stock options	124,529	-
Net loss (gain) on disposal of investments	91,453	(436,180)
Net loss on disposal of property, plant and equipment	224,982	153,282
Recovery from loss on devaluation and depreciation of idle assets	(3,405)	(5,166)
Net changes in operating assets and liabilities		
Notes receivable	49,323	213,011
Accounts receivable	1,226,858	(5,242,704)
Accounts receivable from affiliates	127,458	45,623
Other receivables	(2,186,589)	(1,051,827)
Inventories	4,250,672	(8,463,113)
Deferred income tax assets, current	10,751	-
Other current assets	1,733,579	(4,484,038)
Prepaid pension cost	(2,040)	(135)
Long-term accounts receivable	-	(110,916)
Deferred income tax assets, noncurrent	-	(7,253)
Other assets	(10,581)	36
Temporary income tax payment	138	(893)
Notes payable	131,206	30,909
Notes payable to affiliates	(19,410)	12,245
Accounts payable	(2,022,645)	81,131
Accounts payable to affiliates	193,962	258,152
Income tax payable	97,197	(552,499)
Other payables	(1,535,643)	81,366
Other current liabilities	541,296	848,460
Deferred income tax liabilities, noncurrent	61,654	-
Interest compensation payable	467,340	619,364
Reserve for retirement plan	20,768	18,463
Minority interest	(4,125,983)	8,470,658
Net cash provided by operating activities	<u>16,037,409</u>	<u>5,900,766</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financial assets at fair value through profit or loss, current	\$ (10,987)	\$ (3,680,146)
Increase in investments accounted for by the equity method	(542,671)	(2,991,523)
Proceeds from capital reduction of long-term equity investments	-	106,964
Increase in available-for-sale financial assets, noncurrent	(325,563)	(420,998)
Decrease (increase) in financial assets carried at cost, noncurrent	239,813	(345,735)
Acquisition of property, plant and equipment	(7,595,612)	(8,898,645)
Proceeds from disposal of property, plant and equipment	669,434	1,869,019
Acquisition of leased equipment	(153)	(2,195)
Proceeds from disposal of leased equipment	-	1,894
Increase in investments in real estate	(186,129)	-
Decrease (increase) in refundable deposits	122,676	(1,879,670)
Decrease in goodwill	227,085	1,120
Increase in deferred charges	(456,799)	(477,290)
	<u>(7,858,906)</u>	<u>(16,717,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(2,235,315)	14,563,427
Increase in short-term bills payable	853,730	211,199
Increase in long-term loans	12,558,596	11,367,740
Redeemed overseas convertible bonds	(8,925,714)	-
Redeemed domestic secured bonds	-	(5,000,000)
Increase (decrease) in guarantee deposits received	346	(16,222)
Execution of employee stock warrants	620	36,400
Bonuses to directors and supervisors	-	(169,000)
Cash dividends	(1,326,269)	(2,462,255)
Acquisitions of treasury stock	(256,168)	(1,086,040)
	<u>669,826</u>	<u>17,445,249</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(661,361)</u>	<u>840,801</u>
CASH PAID FOR ACQUISITION OF SUBSIDIARIES	<u>(89,511)</u>	<u>1,873,758</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,097,457	9,343,369
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>27,536,547</u>	<u>22,182,017</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 35,634,004</u>	<u>\$ 31,525,386</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2009	2008
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 2,276,642</u>	<u>\$ 2,626,522</u>
Income tax	<u>\$ 465,459</u>	<u>\$ 892,357</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Adjustments on changes of unrealized gain on cash flow hedge financial liabilities	<u>\$ 32,867</u>	<u>\$ 17,849</u>
Effect of changes in ownership interest in investees	<u>\$ (1,599)</u>	<u>\$ 2,015,239</u>
Adjustments on changes of unrealized gain (loss) on available-for-sale financial assets	<u>\$ 4,424,059</u>	<u>\$ (2,856,990)</u>
Adjustments of retained earnings by subsidiaries	<u>\$ (1)</u>	<u>\$ (63,638)</u>
Translation adjustments on foreign long-term equity investments	<u>\$ (1,171,936)</u>	<u>\$ 544,156</u>
Cash dividends received by subsidiaries	<u>\$ 4,776</u>	<u>\$ 8,684</u>
Current portion of long-term liabilities	<u>\$ 28,310,399</u>	<u>\$ 13,266,593</u>
Cash paid during the period for acquisitions of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 7,728,685	\$ 8,887,372
Add payables for acquisitions of property, plant and equipment at beginning of period	199,051	319,536
Less payables for acquisitions of property, plant and equipment at end of period	<u>(332,124)</u>	<u>(308,263)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 7,595,612</u>	<u>\$ 8,898,645</u>

(Concluded)