

POU CHEN CORPORATION

BALANCE SHEETS

JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 3,121,354	4	\$ 970,463	1	Short-term loans	\$ 2,410,000	3	\$ 2,040,000	3
Financial assets at fair value through profit or loss, current	547,263	1	50,595	-	Notes payable	55,985	-	38,677	-
Available-for-sale financial assets, current	4,000,329	5	2,758,993	4	Notes payable to affiliates	43,203	-	69,127	-
Notes receivable	2,520	-	1,754	-	Accounts payable	1,776,307	2	1,300,356	2
Notes receivable from affiliates	14,130	-	-	-	Accounts payable to affiliates	160,144	1	204,751	-
Accounts receivable	131,722	-	69,012	-	Income tax payable	36,573	-	468,320	1
Accounts receivable from affiliates	1,858,988	2	1,723,011	2	Hedging derivative liabilities, current	24,869	-	15,556	-
Other receivables	248,456	-	291,885	1	Other payables	4,217,297	5	5,234,359	7
Inventories	273,309	1	283,494	1	Deferred income tax liability, current	761,049	1	-	-
Other current assets	32,749	-	65,734	-	Other current liabilities	25,989	-	21,410	-
Total current assets	10,230,820	13	6,214,941	9	Total current liabilities	9,511,416	12	9,392,556	13
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	64,720,280	79	59,086,790	82	Long-term debt	17,000,000	21	10,375,000	15
Investments in real estate	187,371	-	187,371	-	Hedging derivative liabilities, noncurrent	24,869	-	88,262	-
Available-for-sale financial assets, noncurrent	8	-	8	-	Total long-term liabilities	17,024,869	21	10,463,262	15
Financial assets carried at cost, noncurrent	-	-	-	-	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Total funds and long-term investments	64,907,659	79	59,274,169	82	OTHER LIABILITIES				
PROPERTY, PLANT AND EQUIPMENT					Accrued pension cost	707,383	1	662,107	1
Cost	5,413,982	7	5,408,638	8	Guarantee deposits received	3,452	-	2,288	-
Revaluation increment	279,008	-	279,008	-	Others	33,433	-	73,455	-
	5,692,990	7	5,687,646	8	Total other liabilities	744,268	1	737,850	1
Less accumulated depreciation	(2,156,918)	(3)	(2,013,569)	(3)	Total liabilities	27,367,100	34	20,680,215	29
Prepayments for equipment	-	-	9	-	STOCKHOLDERS' EQUITY				
Property, plant and equipment, net	3,536,072	4	3,674,086	5	Capital stock	29,004,359	36	28,431,097	39
OTHER ASSETS	2,977,256	4	3,039,665	4	Stock dividends to be distributed	-	-	559,962	1
					Capital surplus	8,298,957	10	7,745,290	11
					Retained earnings	19,830,359	24	16,865,850	23
					Cumulative translation adjustments	(5,061,682)	(7)	128,441	-
					Net loss not recognized as pension cost	(57,341)	-	(40,706)	-
					Unrealized gain (loss) on financial instruments	2,290,789	3	(1,060,513)	(1)
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(1,241,416)	(2)
					Total stockholders' equity	54,284,707	66	51,522,646	71
TOTAL	\$ 81,651,807	100	\$ 72,202,861	100	TOTAL	\$ 81,651,807	100	\$ 72,202,861	100

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 7,083,877	100	\$ 6,583,467	100
LESS SALES RETURNS AND ALLOWANCES	<u>(6,781)</u>	<u>-</u>	<u>(5,964)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	7,077,096	100	6,577,503	100
COST OF GOODS SOLD	<u>5,574,482</u>	<u>79</u>	<u>4,991,028</u>	<u>76</u>
GROSS PROFIT	1,502,614	21	1,586,475	24
UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(36)</u>	<u>-</u>	<u>(2,617)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,502,578</u>	<u>21</u>	<u>1,583,858</u>	<u>24</u>
OPERATING EXPENSES				
Selling expenses	73,030	1	73,220	1
General and administrative expenses	999,758	14	945,948	15
Research and development expenses	<u>426,977</u>	<u>6</u>	<u>401,673</u>	<u>6</u>
Total operating expenses	<u>1,499,765</u>	<u>21</u>	<u>1,420,841</u>	<u>22</u>
INCOME FROM OPERATIONS	<u>2,813</u>	<u>-</u>	<u>163,017</u>	<u>2</u>
NON-OPERATING INCOME				
Interest income	4,335	-	110	-
Investment income recognized under equity method	2,973,642	42	4,227,277	64
Gain on disposal of property, plant and equipment	4,700	-	742	-
Gain on disposal of investments	490	-	301,756	5
Foreign exchange gain, net	-	-	6,772	-
Rental income	82,943	1	82,825	1
Reversal of provision for doubtful accounts	626	-	883	-
Valuation gain on financial assets	3,263	-	595	-
Others	<u>24,211</u>	<u>1</u>	<u>50,185</u>	<u>1</u>
Total non-operating income	<u>3,094,210</u>	<u>44</u>	<u>4,671,145</u>	<u>71</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 131,629	2	\$ 116,938	2
Loss on disposal of property, plant and equipment	376	-	94	-
Foreign exchange loss, net	34,692	-	-	-
Valuation loss on financial liabilities	14,476	-	-	-
Others	<u>35,690</u>	<u>1</u>	<u>32,441</u>	<u>-</u>
Total non-operating expenses	<u>216,863</u>	<u>3</u>	<u>149,473</u>	<u>2</u>
INCOME BEFORE INCOME TAX	2,880,160	41	4,684,689	71
INCOME TAX EXPENSE	<u>(138,983)</u>	<u>(2)</u>	<u>(492,930)</u>	<u>(7)</u>
NET INCOME	<u>\$ 2,741,177</u>	<u>39</u>	<u>\$ 4,191,759</u>	<u>64</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 1.00</u>	<u>\$ 0.95</u>	<u>\$ 1.65</u>	<u>\$ 1.47</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.98</u>	<u>\$ 0.93</u>	<u>\$ 1.63</u>	<u>\$ 1.45</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

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

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

	2011		2010	
NET INCOME	<u>\$ 2,741,177</u>		<u>\$ 4,191,759</u>	
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 1.00</u>	<u>\$ 0.95</u>	<u>\$ 1.64</u>	<u>\$ 1.47</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.98</u>	<u>\$ 0.93</u>	<u>\$ 1.62</u>	<u>\$ 1.45</u>

(Concluded)

POU CHEN CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	Capital Surplus						Retained Earnings				Other Equity				Total	
	Capital Stock	Stock Dividends to be Distributed	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	Net Loss not Recognized as Pension Cost	Unrealized Gain (Loss) on Financial Instruments	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
Appropriation of 2010 earnings																
Legal reserve	-	-	-	-	-	-	789,561	-	-	(789,561)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	2,885,424	-	(2,885,424)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(3,480,523)	-	-	-	-	-	(3,480,523)
Effect of changes of ownership interest in investees	-	-	-	-	-	-	126,164	-	-	-	-	-	-	-	-	126,164
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	419,488	-	-	419,488
Investee's unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	645,799	-	-	645,799
Unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	-	-	22,780	-	-	22,780
Execution of employee stock warrants	6,800	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,800
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	-	(497,869)	-	-	-	-	(497,869)
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	-	-	-	-	109,681	(257,635)	-	-	-	-	-	-	-	-	1,086,041	938,087
Net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	-	2,741,177	-	-	-	-	-	2,741,177
BALANCE, JUNE 30, 2011	\$ 29,004,359	\$ -	\$ 812,890	\$ 1,447,492	\$ 1,563,245	\$ -	\$ 4,475,330	\$ 6,740,247	\$ 3,283,792	\$ 9,806,320	\$ (5,061,682)	\$ (57,341)	\$ 2,290,789	\$ 134,641	\$ (155,375)	\$ 54,284,707
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
Appropriation of 2009 earnings																
Legal reserve	-	-	-	-	-	-	702,124	-	-	(702,124)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(2,201,265)	2,201,265	-	-	-	-	-	-	-
Stock dividends	-	559,962	-	-	-	-	-	-	-	(559,962)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(4,199,715)	-	-	-	-	-	(4,199,715)
Effect of changes of ownership interest in investees	-	-	-	-	-	-	291,853	-	-	-	-	-	-	-	-	291,853
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(190,937)	-	-	(190,937)
Investee's unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(529,494)	-	-	(529,494)
Unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	-	-	24,854	-	-	24,854
Execution of employee stock warrants	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	250
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	-	255,808	-	-	-	-	255,808
Net income for the six months ended June 30, 2010	-	-	-	-	-	-	-	-	-	4,191,759	-	-	-	-	-	4,191,759
BALANCE, JUNE 30, 2010	\$ 28,431,097	\$ 559,962	\$ 812,890	\$ 1,447,492	\$ 1,438,517	\$ -	\$ 4,046,391	\$ 5,950,686	\$ 398,368	\$ 10,516,796	\$ 128,441	\$ (40,706)	\$ (1,060,513)	\$ 134,641	\$ (1,241,416)	\$ 51,522,646

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,741,177	\$ 4,191,759
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Depreciation and amortization	143,618	160,396
Reversal of provision for doubtful accounts	(626)	(883)
Investment income recognized under equity method	(2,973,642)	(4,227,277)
Unrealized gross profit from inter-affiliate transactions	36	2,617
Net gain on disposal of property, plant and equipment	(4,324)	(648)
Gain on disposal of investments	(490)	(301,756)
Valuation gain on financial assets	(3,263)	(595)
Valuation loss on financial liabilities	14,476	-
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	(557,986)	(49,918)
Notes receivable	(497)	916
Notes receivable from affiliates	(8,359)	-
Accounts receivable	(36,589)	32,638
Accounts receivable from affiliates	(92,753)	(189,537)
Other receivables	(227)	3,310
Inventories	40,662	(108,116)
Deferred income tax asset, current	-	9,650
Other current assets	9,945	(17,084)
Deferred income tax asset, noncurrent	(2,286)	17,210
Income tax prepayment	-	(1,977)
Notes payable	17,631	1,105
Notes payable to affiliates	(5,588)	10,874
Accounts payable	109,815	177,344
Accounts payable to affiliates	(43,299)	27,172
Income tax payable	(394,718)	412,532
Other payables	101,088	162,077
Deferred income tax liabilities, current	311,159	-
Other current liabilities	823	(842)
Accrued pension cost	12,770	16,833
Net cash (used in) provided by operating activities	<u>(363,812)</u>	<u>327,800</u>

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POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for by the equity method	\$ (1,200,000)	\$ (405)
Proceeds from disposal of investments accounted for by the equity method	-	4,224,408
Acquisitions of property, plant and equipment	(44,807)	(42,645)
Acquisitions of leased equipment	(155)	(399)
Proceeds from disposal of property, plant and equipment	15,116	2,015
Proceeds from disposal of leased equipment	25,378	-
Decrease in refundable deposits	258	670
Increase in deferred charges	<u>(34,210)</u>	<u>(3,935)</u>
Net cash (used in) provided by investing activities	<u>(1,238,420)</u>	<u>4,179,709</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(1,429,000)	(2,401,000)
Increase (decrease) in long-term debt	4,875,000	(1,750,000)
Execution of employee stock warrants	6,800	250
Transferring treasury stock to employees	<u>938,087</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>4,390,887</u>	<u>(4,150,750)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,788,655	356,759
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>332,699</u>	<u>613,704</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 3,121,354</u>	<u>\$ 970,463</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 111,780</u>	<u>\$ 124,781</u>
Income tax	<u>\$ 224,828</u>	<u>\$ 55,515</u>

(Continued)

POU CHEN CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain (loss) on available-for-sale financial assets	<u>\$ 419,488</u>	<u>\$ (190,937)</u>
Investee's unrealized gain (loss) on available-for-sale financial assets	<u>\$ 645,799</u>	<u>\$ (529,494)</u>
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 22,780</u>	<u>\$ 24,854</u>
Effect of changes of ownership interest in investees	<u>\$ 126,164</u>	<u>\$ 291,853</u>
Translation adjustments on foreign long-term investments	<u>\$ (497,869)</u>	<u>\$ 255,808</u>
Cash dividends payable	<u>\$ 3,480,523</u>	<u>\$ 4,199,715</u>
Transfer of the unappropriated earnings and the bonus to employees to capital stock	<u>\$ -</u>	<u>\$ 559,962</u>
Adjustments on capital surplus from treasury stock transfer to employees	<u>\$ 109,681</u>	<u>\$ -</u>
CASH PAID DURING THE PERIOD FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 39,836	\$ 47,395
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>(6,357)</u>	<u>(10,432)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 44,807</u>	<u>\$ 42,645</u>

(Concluded)