

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 26,987,166	11	\$ 22,562,939	10	Short-term loans	\$ 32,971,710	13	\$ 19,058,143	9
Financial assets at fair value through profit or loss, current	2,435,444	1	1,188,957	1	Short-term bills payable	2,018,719	1	1,599,706	1
Available-for-sale financial assets, current	11,020,282	4	9,674,892	4	Notes payable	61,742	-	43,389	-
Notes receivable	69,096	-	42,040	-	Notes payable to affiliates	26,698	-	59,620	-
Notes receivable from affiliates	8,466	-	-	-	Accounts payable	14,329,759	6	12,336,200	6
Accounts receivable	28,799,912	12	27,006,759	12	Accounts payable to affiliates	1,882,795	1	1,686,895	1
Accounts receivable from affiliates	947,016	-	841,424	-	Income tax payable	1,043,849	-	1,028,530	-
Other receivables	6,142,170	2	5,222,788	2	Financial liabilities at fair value through profit or loss, current	223,890	-	674,958	-
Inventories					Hedging derivative liabilities, current	21,056	-	9,332	-
Inventories - manufacturing	31,508,872	13	23,352,270	11	Other payables	14,857,360	6	12,689,438	6
Inventories - construction	4,144,302	2	3,929,305	2	Progressive billings in excess of construction in progress	197,525	-	-	-
Construction in progress in excess of progressive bills	-	-	94,021	-	Current portion of long-term liabilities	11,454,572	5	4,238,735	2
Noncurrent assets held for sale	1,121,359	-	-	-	Other current liabilities	3,206,748	1	2,516,400	1
Other current assets	8,397,506	4	7,998,001	4					
					Total current liabilities	82,296,423	33	55,941,346	26
Total current assets	121,581,591	49	101,913,396	46					
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	40,035,775	16	32,220,051	14	Bonds payable	-	-	8,253,515	4
Investments in real estate	186,123	-	186,123	-	Long-term debt	39,580,671	16	34,431,369	16
Financial assets at fair value through profit or loss, noncurrent	929,319	-	1,601,544	1	Hedging derivative liabilities, noncurrent	21,056	-	85,144	-
Available-for-sale financial assets, noncurrent	597,283	-	1,909,774	1	Long-term accounts payable	95,677	-	-	-
Financial assets carried at cost, noncurrent	1,063,485	1	1,251,652	1					
					Total long-term liabilities	39,697,404	16	42,770,028	20
Total funds and long-term investments	42,811,985	17	37,169,144	17					
PROPERTY, PLANT AND EQUIPMENT					RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Cost	104,328,072	43	100,369,273	47					
Revaluation increment	293,323	-	293,323	-	OTHER LIABILITIES				
	104,621,395	43	100,662,596	47	Accrued pension cost	715,884	-	670,513	-
Less accumulated depreciation	(46,628,661)	(19)	(43,624,562)	(20)	Guarantee deposits received	7,146	-	6,005	-
Less accumulated impairment	(11,594)	-	(99,232)	-	Deferred income tax liability, noncurrent	1,007,059	1	788,471	-
Construction in progress and prepayments for equipment	6,185,155	2	2,838,352	1	Others	11,412	-	66,623	-
Property, plant and equipment, net	64,166,295	26	59,777,154	28	Total other liabilities	1,741,501	1	1,531,612	-
					Total liabilities	123,821,875	50	100,329,533	46
INTANGIBLE ASSETS	11,306,426	4	9,845,288	5					
					STOCKHOLDERS' EQUITY				
OTHER ASSETS	9,692,663	4	9,779,740	4	Capital stock	29,086,389	12	28,997,559	14
					Capital surplus	8,474,526	3	8,043,813	2
					Retained earnings	21,736,338	9	19,405,913	10
					Cumulative translation adjustments	(1,815,659)	(1)	(1,305,981)	(1)
					Net loss not recognized as pension cost	(57,341)	-	(40,706)	-
					Unrealized gain on financial instruments	560,639	-	663,906	-
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(1,241,416)	-
					Minority interest	67,772,927	27	63,497,460	29
					Total stockholders' equity	125,737,085	50	118,155,189	54
TOTAL	\$249,558,960	100	\$ 218,484,722	100	TOTAL	\$ 249,558,960	100	\$ 218,484,722	100

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Not Reviewed by Independent Accountants)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$151,009,710	100	\$146,037,146	100
LESS SALES RETURNS AND ALLOWANCES	<u>(21,119)</u>	<u>-</u>	<u>(68,247)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	150,988,591	100	145,968,899	100
COST OF GOODS SOLD	<u>115,185,325</u>	<u>76</u>	<u>107,194,074</u>	<u>73</u>
GROSS PROFIT	<u>35,803,266</u>	<u>24</u>	<u>38,774,825</u>	<u>27</u>
OPERATING EXPENSES				
Selling expenses	11,750,545	7	11,042,829	7
General and administrative expenses	10,496,819	7	12,759,055	9
Research and development expenses	<u>4,058,493</u>	<u>3</u>	<u>3,856,201</u>	<u>3</u>
Total operating expenses	<u>26,305,857</u>	<u>17</u>	<u>27,658,085</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>9,497,409</u>	<u>7</u>	<u>11,116,740</u>	<u>8</u>
NON-OPERATING INCOME				
Interest income	238,227	-	256,846	-
Investment income recognized under equity method	1,293,920	1	2,390,207	2
Dividend income	448,755	-	502,130	-
Gain on disposal of property, plant and equipment	118,775	-	122,077	-
Gain on disposal of investments	13,370	-	832,764	1
Foreign exchange gain	614,491	1	216,483	-
Valuation gain on financial assets	-	-	221,013	-
Valuation gain on financial liabilities	559,617	-	-	-
Others	<u>564,458</u>	<u>-</u>	<u>774,156</u>	<u>-</u>
Total non-operating income	<u>3,851,613</u>	<u>2</u>	<u>5,315,676</u>	<u>3</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Not Reviewed by Independent Accountants)

	2011		2010	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 1,163,453	1	\$ 1,315,906	1
Loss on disposal of property, plant and equipment	15,464	-	179,109	-
Impairment loss	221,098	-	187,435	-
Valuation loss on financial assets	944,776	1	-	-
Valuation loss on financial liabilities	-	-	351,978	-
Others	<u>101,787</u>	<u>-</u>	<u>107,226</u>	<u>-</u>
Total non-operating expenses	<u>2,446,578</u>	<u>2</u>	<u>2,141,654</u>	<u>1</u>
INCOME BEFORE INCOME TAX	10,902,444	7	14,290,762	10
INCOME TAX EXPENSE	<u>(849,608)</u>	<u>(-)</u>	<u>(1,685,248)</u>	<u>(1)</u>
CONSOLIDATED NET INCOME	<u>\$ 10,052,836</u>	<u>7</u>	<u>\$ 12,605,514</u>	<u>9</u>
ATTRIBUTED TO				
Parent Company's shareholders	\$ 4,647,156	3	\$ 6,731,822	5
Minority interest	<u>5,405,680</u>	<u>4</u>	<u>5,873,692</u>	<u>4</u>
	<u>\$ 10,052,836</u>	<u>7</u>	<u>\$ 12,605,514</u>	<u>9</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 3.78</u>	<u>\$ 3.49</u>	<u>\$ 5.02</u>	<u>\$ 4.43</u>
Attributed to shareholders of the Parent Company		<u>\$ 1.61</u>		<u>\$ 2.37</u>
DILUTED EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 3.71</u>	<u>\$ 3.42</u>	<u>\$ 4.93</u>	<u>\$ 4.35</u>
Attributed to shareholders of the Parent Company		<u>\$ 1.58</u>		<u>\$ 2.32</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

(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:

	2011	2010
CONSOLIDATED NET INCOME ATTRIBUTED TO SHAREHOLDERS OF THE PARENT COMPANY	<u>\$ 4,659,434</u>	<u>\$ 6,746,869</u>

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 3.77</u>	<u>\$ 3.48</u>	<u>\$ 5.01</u>	<u>\$ 4.42</u>
Attributed to shareholders of the Parent Company		<u>\$ 1.61</u>		<u>\$ 2.36</u>
DILUTED EARNINGS PER SHARE				
Included income for minority interests	<u>\$ 3.70</u>	<u>\$ 3.41</u>	<u>\$ 4.92</u>	<u>\$ 4.34</u>
Attributed to shareholders of the Parent Company		<u>\$ 1.58</u>		<u>\$ 2.32</u>

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 10,052,836	\$ 12,605,514
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	5,068,330	5,541,076
Valuation loss (gain) on financial assets	944,776	(221,013)
Valuation (gain) loss on financial liabilities	(559,617)	351,978
Compensation expense	56,083	32,607
Provision for (reversal of) doubtful accounts	80,762	(6,848)
Investment income recognized under equity method	(1,293,920)	(2,390,207)
Cash dividends received from investees under equity method	386,099	1,450,403
Net gain on disposal of investments	(13,370)	(832,764)
Net (gain) loss on disposal of property, plant and equipment	(103,311)	57,032
Impairment loss	221,098	187,435
Compensation cost of treasury stock transfer to employees	257,635	-
Amortization of Euro Convertible Bonds	344,289	362,848
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(1,560,591)	130,153
Notes receivable	(37,447)	(18,912)
Notes receivable from affiliates	(2,695)	-
Accounts receivable	(7,595,608)	(4,586,211)
Accounts receivable from affiliates	(455,216)	103,755
Other receivables	(1,133,646)	1,014,073
Inventories	(8,571,887)	1,289,499
Construction in progress in excess of progressive bills	-	(94,021)
Other current assets	(2,113,818)	(1,386,203)
Deferred income tax assets	2,833	17,058
Other assets	(122,934)	(762,292)
Notes payable	13,754	(1,990)
Notes payable to affiliates	(22,093)	1,367
Accounts payable	2,234,286	(1,900,470)
Accounts payable to affiliates	484,988	515,005
Income tax payable	98,479	362,873
Other payables	2,401,409	(2,343,205)
Progressive billings in excess of construction in progress	143,780	(56,846)
Other current liabilities	1,108,026	297,162
Long-term accounts payable	95,677	-
Deferred income tax liability	183,125	(46,244)
Accrued pension cost	21,271	4,260
Minority interest	1,529,737	(1,649,488)
Net cash provided by operating activities	<u>2,143,120</u>	<u>8,027,384</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2011	2010
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for by the equity method	\$ (7,679,914)	(717,336)
(Increase) decrease in available-for-sale financial assets	(282,559)	63,655
Decrease in financial assets carried at cost	69,088	24,130
Acquisition of leased assets	(693)	(399)
Acquisition of property, plant and equipment	(10,758,399)	(6,026,628)
Proceeds from disposal of property, plant and equipment	914,542	396,147
(Increase) decrease in refundable deposits	(55,063)	219,506
Increase in goodwill	(445,130)	-
Increase in other intangible assets	(1,399,006)	-
Increase in deferred charges	<u>(494,742)</u>	<u>(190,926)</u>
Net cash used in investing activities	<u>(20,131,876)</u>	<u>(6,231,851)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	18,645,518	(6,352,352)
Increase (decrease) in short-term bills payable	654,341	(179,368)
Redeemed of Euro convertible bonds	-	(789,403)
Increase (decrease) in long-term debt	4,274,258	(18,114,430)
Increase in guarantee deposits received	1,000	171
Execution of employee stock warrants	88,830	6,750
Cash dividends	(3,468,191)	(4,184,390)
Transferring treasury stock to employees	<u>938,087</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>21,133,843</u>	<u>(29,613,022)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>(401,503)</u>	<u>1,992,330</u>
CASH RECEIVED (PAID) FOR ACQUISITION OF SUBSIDIARIES	<u>43,586</u>	<u>(8,496)</u>
CASH RECEIVED FROM DISPOSAL OF SUBSIDIARY	<u>-</u>	<u>757,130</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,787,170	(25,076,525)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>24,199,996</u>	<u>47,639,464</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 26,987,166</u>	<u>\$ 22,562,939</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars) (Not Reviewed by Independent Accountants)

	2011	2010
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 1,135,343</u>	<u>\$ 1,388,122</u>
Income tax	<u>\$ 913,038</u>	<u>\$ 394,160</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized (loss) gain on available-for-sale financial assets	<u>\$ (113,709)</u>	<u>\$ 399,392</u>
Investee's unrealized (loss) gain on available-for-sale financial assets from investees	<u>\$ (558,781)</u>	<u>\$ 595,254</u>
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 30,407</u>	<u>\$ 34,196</u>
Effect of changes in ownership interest in investees	<u>\$ 289,455</u>	<u>\$ 575,329</u>
Cash dividends received by subsidiaries	<u>\$ 12,278</u>	<u>\$ 15,047</u>
Translation adjustments on foreign long-term equity investments	<u>\$ 2,748,154</u>	<u>\$ (1,178,614)</u>
Transfer of the unappropriated earnings 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>
Current portion of long-term liabilities	<u>\$ 11,454,572</u>	<u>\$ 4,238,735</u>
Cash paid during the period for acquisitions of property, plant and equipment		
Fair value of property, plant and equipment acquired	\$ 11,197,731	\$ 6,477,375
Add payables for acquisitions of property, plant and equipment at beginning of period	438,101	183,739
Less payables for acquisitions of property, plant and equipment at end of period	<u>(877,433)</u>	<u>(634,486)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 10,758,399</u>	<u>\$ 6,026,628</u>

(Concluded)