

# POU CHEN CORPORATION

## BALANCE SHEETS

September 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	2011		2010		LIABILITIES AND STOCKHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 194,925	-	\$ 730,656	1	Short-term loans	\$ 3,640,000	4	\$ 5,500,000	7
Available-for-sale financial assets, current	3,467,139	4	3,349,321	4	Notes payable	51,877	-	35,452	-
Notes receivable	2,461	-	1,477	-	Notes payable to affiliates	26,698	-	59,620	-
Notes receivable from affiliates	8,466	-	-	-	Accounts payable	1,752,789	2	1,770,911	3
Accounts receivable	70,162	-	92,690	-	Accounts payable to affiliates	174,950	-	243,217	-
Accounts receivable from affiliates	1,871,383	2	1,891,197	3	Income tax payable	370,066	1	474,057	1
Other receivables	260,015	-	265,286	-	Other payables	909,532	1	989,197	1
Inventories	352,628	1	435,337	1	Hedging derivative liabilities, current	21,056	-	9,332	-
Other current assets	45,692	-	65,899	-	Financial liabilities at fair value through profit or loss, current	16,717	-	-	-
					Deferred income tax liability, current	356,391	1	-	-
Total current assets	<u>6,272,871</u>	<u>7</u>	<u>6,831,863</u>	<u>9</u>	Other current liabilities	25,155	-	21,406	-
					Total current liabilities	<u>7,345,231</u>	<u>9</u>	<u>9,103,192</u>	<u>12</u>
<b>FUNDS AND LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Investments accounted for by the equity method	70,222,595	85	61,367,157	82	Long-term debt	17,000,000	20	10,375,000	14
Investments in real estate	187,371	-	187,371	-	Hedging derivative liabilities, noncurrent	21,056	-	85,144	-
Available-for-sale financial assets, noncurrent	-	-	9	-	Total long-term liabilities	<u>17,021,056</u>	<u>20</u>	<u>10,460,144</u>	<u>14</u>
Financial assets carried at cost, noncurrent	-	-	-	-	<b>RESERVE FOR LAND VALUE INCREMENT TAX</b>	<u>86,547</u>	<u>-</u>	<u>86,547</u>	<u>-</u>
Total funds and long-term investments	<u>70,409,966</u>	<u>85</u>	<u>61,554,537</u>	<u>82</u>	<b>OTHER LIABILITIES</b>				
					Accrued pension cost	715,782	1	670,474	1
<b>PROPERTY, PLANT AND EQUIPMENT</b>					Guarantee deposits received	3,452	-	3,202	-
Cost	5,447,304	7	5,422,789	7	Others	33,341	-	71,063	-
Revaluation increment	279,008	-	279,008	1	Total other liabilities	<u>752,575</u>	<u>1</u>	<u>744,739</u>	<u>1</u>
	5,726,312	7	5,701,797	8	Total liabilities	<u>25,205,409</u>	<u>30</u>	<u>20,394,622</u>	<u>27</u>
Less accumulated depreciation	(2,199,309)	(3)	(2,059,237)	(3)	<b>STOCKHOLDERS' EQUITY</b>				
Prepayments for equipments	-	-	2,059	-	Capital stock	29,086,389	35	28,997,559	39
Property, plant and equipment, net	<u>3,527,003</u>	<u>4</u>	<u>3,644,619</u>	<u>5</u>	Capital surplus	8,474,526	10	8,043,813	11
					Retained earnings	21,736,338	26	19,405,913	26
<b>OTHER ASSETS</b>	<u>2,959,727</u>	<u>4</u>	<u>3,021,332</u>	<u>4</u>	Cumulative translation adjustments	(1,815,659)	(2)	(1,305,981)	(2)
					Net loss not recognized as pension cost	(57,341)	-	(40,706)	-
					Unrealized gain on financial instruments	560,639	1	663,906	1
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(1,241,416)	(2)
					Total stockholders' equity	<u>57,964,158</u>	<u>70</u>	<u>54,657,729</u>	<u>73</u>
<b>TOTAL</b>	<u>\$ 83,169,567</u>	<u>100</u>	<u>\$ 75,052,351</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 83,169,567</u>	<u>100</u>	<u>\$ 75,052,351</u>	<u>100</u>

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 10,334,393	100	\$ 10,339,561	100
LESS SALES RETURNS AND ALLOWANCES	<u>(12,174)</u>	<u>-</u>	<u>(13,885)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	10,322,219	100	10,325,676	100
COST OF GOODS SOLD	<u>8,022,117</u>	<u>77</u>	<u>7,893,718</u>	<u>77</u>
GROSS PROFIT	2,300,102	23	2,431,958	23
REALIZED (UNREALIZED) GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>56</u>	<u>-</u>	<u>(2,617)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>2,300,158</u>	<u>23</u>	<u>2,429,341</u>	<u>23</u>
OPERATING EXPENSES				
Selling expenses	101,017	1	110,123	1
General and administrative expenses	1,503,114	15	1,468,267	14
Research and development expenses	<u>652,583</u>	<u>6</u>	<u>612,751</u>	<u>6</u>
Total operating expenses	<u>2,256,714</u>	<u>22</u>	<u>2,191,141</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>43,444</u>	<u>1</u>	<u>238,200</u>	<u>2</u>
NON-OPERATING INCOME				
Interest income	7,337	-	135	-
Investment income recognized under equity method	4,523,003	44	6,595,921	64
Dividend income	144,516	1	158,930	1
Gain on disposal of property, plant and equipment	5,353	-	1,680	-
Gain on disposal of investments	3,258	-	302,503	3
Foreign exchange gain, net	100,415	1	-	-
Rental income	124,463	1	124,605	1
Reversal of provision for doubtful accounts	674	-	1,257	-
Others	<u>56,192</u>	<u>1</u>	<u>74,583</u>	<u>1</u>
Total non-operating income	<u>4,965,211</u>	<u>48</u>	<u>7,259,614</u>	<u>70</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Reviewed, Not Audited)

	2011		2010	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 212,264	2	\$ 170,576	2
Loss on disposal of property, plant and equipment	434	-	117	-
Foreign exchange loss, net	-	-	55,872	-
Valuation loss on financial liabilities	30,658	-	-	-
Others	<u>51,387</u>	<u>1</u>	<u>48,557</u>	<u>-</u>
Total non-operating expenses	<u>294,743</u>	<u>3</u>	<u>275,122</u>	<u>2</u>
INCOME BEFORE INCOME TAX	4,713,912	46	7,222,692	70
INCOME TAX EXPENSE	<u>(66,756)</u>	<u>(1)</u>	<u>(490,870)</u>	<u>(5)</u>
NET INCOME	<u>\$ 4,647,156</u>	<u>45</u>	<u>\$ 6,731,822</u>	<u>65</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 1.64</u>	<u>\$ 1.61</u>	<u>\$ 2.54</u>	<u>\$ 2.37</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.60</u>	<u>\$ 1.58</u>	<u>\$ 2.49</u>	<u>\$ 2.32</u>

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

	2011	2010
NET INCOME	<u>\$ 4,659,434</u>	<u>\$ 6,746,869</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

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

(Reviewed, Not Audited)

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	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 1.63</u>	<u>\$ 1.61</u>	<u>\$ 2.53</u>	<u>\$ 2.36</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.60</u>	<u>\$ 1.58</u>	<u>\$ 2.49</u>	<u>\$ 2.32</u>

(Concluded)

**POU CHEN CORPORATION**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
NINE MONTHS ENDED SEPTMEBR 30, 2011 AND 2010  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)**

	Capital Surplus						Retained Earnings			Other Items of Stockholders' Equity					Total
	Capital Stock	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	-	-	-	-	-	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 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 nine months ended September 30, 2011	-	-	-	-	-	-	-	-	4,647,156	-	-	-	-	-	4,647,156
BALANCE, SEPTEMBER 30, 2011	\$ 29,086,389	\$ 812,890	\$ 1,447,492	\$ 1,575,523	\$ -	\$ 4,638,621	\$ 6,740,247	\$ 3,283,792	\$ 11,712,299	\$ (1,815,659)	\$ (57,341)	\$ 560,639	\$ 134,641	\$ (155,375)	\$ 57,964,158
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	-	-	-	-	-	575,329	-	-	-	-	-	-	-	-	575,329
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	399,392	-	-	399,392
Investee's unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	595,254	-	-	595,254
Unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	-	34,196	-	-	34,196
Cash dividends received by subsidiaries	-	-	-	15,047	-	-	-	-	-	-	-	-	-	-	15,047
Execution of employee stock warrants	6,750	-	-	-	-	-	-	-	-	-	-	-	-	-	6,750
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	(1,178,614)	-	-	-	-	(1,178,614)
Net income for nine months ended September 30, 2010	-	-	-	-	-	-	-	-	6,731,822	-	-	-	-	-	6,731,822
BALANCE, SEPTEMBER 30, 2010	\$ 28,997,559	\$ 812,890	\$ 1,447,492	\$ 1,453,564	\$ -	\$ 4,329,867	\$ 5,950,686	\$ 398,368	\$ 13,056,859	\$ (1,305,981)	\$ (40,706)	\$ 663,906	\$ 134,641	\$ (1,241,416)	\$ 54,657,729

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 4,647,156	\$ 6,731,822
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	202,223	216,801
Amortization	21,738	22,449
Reversal of provision for doubtful accounts	(674)	(1,257)
Investment income recognized under equity method	(4,523,003)	(6,595,921)
Cash dividends received from investees under equity method	4,717,912	116,330
(Realized) unrealized gross profit from inter-affiliate transactions	(56)	2,617
Net gain on disposal of property, plant and equipment	(4,919)	(1,563)
Valuation loss on financial liabilities	30,658	-
Compensation cost of treasury stock transfer to employees	257,635	-
Gain on disposal of investments	(3,258)	(302,503)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss, current	(11,584)	830
Notes receivable	(438)	1,193
Notes receivable from affiliates	(2,695)	-
Accounts receivable	25,019	9,334
Accounts receivable from affiliates	(105,148)	(357,723)
Other receivables	(11,786)	(11,680)
Inventories	(38,657)	(259,959)
Deferred income tax asset, current	-	3,240
Other current assets	6,552	(11,833)
Deferred income tax asset, noncurrent	(3,647)	15,820
Income tax prepayment	-	(1,977)
Notes payable	13,523	(2,120)
Notes payable to affiliates	(22,093)	1,367
Accounts payable	86,297	647,899
Accounts payable to affiliates	(28,493)	65,638
Income tax payable	(61,225)	418,269
Other payables	263,744	107,937
Deferred income tax liabilities, current	(93,499)	-
Other current liabilities	(11)	(846)
Accrued pension cost	21,169	25,200
Net cash provided by operating activities	<u>5,382,440</u>	<u>839,364</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in investments accounted for by the equity method	\$ (7,703,500)	\$ (405)
Proceeds from disposal of investments accounted for by the equity method	50,547	4,224,408
Acquisitions of property, plant and equipment	(77,718)	(62,859)
Acquisitions of leased assets	(693)	(399)
Proceeds from disposal of property, plant and equipment	16,102	4,107
Proceeds from disposal of leased assets	25,378	-
Decrease in refundable deposits	246	804
Increase in deferred charges	<u>(52,970)</u>	<u>(5,017)</u>
Net cash (used in) provided by investing activities	<u>(7,742,608)</u>	<u>4,160,639</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease) increase in short-term loans	(199,000)	1,059,000
Increase (decrease) in long-term debt	4,875,000	(1,750,000)
Cash dividends	(3,480,523)	(4,199,715)
Execution of employee stock warrants	88,830	6,750
Increase in guarantee deposits received	-	914
Transferring treasury stock to employees	<u>938,087</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>2,222,394</u>	<u>(4,883,051)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(137,774)	116,952
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>332,699</u>	<u>613,704</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 194,925</u>	<u>\$ 730,656</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 190,569</u>	<u>\$ 176,923</u>
Income tax	<u>\$ 225,127</u>	<u>\$ 55,518</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

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	2011	2010
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
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	<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 of ownership interest in investees	<u>\$ 289,455</u>	<u>\$ 575,329</u>
Cash dividend 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 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>
<b>CASH PAID DURING THE PERIOD FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT</b>		
Fair value of property, plant and equipment acquired	\$ 82,849	\$ 76,302
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>(16,459)</u>	<u>(19,125)</u>
Cash paid during the period for acquisition of property, plant and equipment	<u>\$ 77,718</u>	<u>\$ 62,859</u>

(Concluded)