

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 25,489,898	10	\$ 21,002,525	9	Short-term loans	\$ 26,923,827	11	\$ 20,939,076	10
Financial assets at fair value through profit or loss, current	733,426	-	1,552,158	1	Short-term bills payable	2,800,325	1	1,138,591	-
Available-for-sale financial assets, current	11,320,875	5	10,667,715	5	Notes payable	48,081	-	72,069	-
Financial assets carried at cost, current	23,215	-	289,567	-	Notes payable to affiliates	48,139	-	31,045	-
Notes receivable	56,825	-	55,700	-	Accounts payable	12,086,110	5	13,171,314	6
Notes receivable from affiliates	2,298	-	183	-	Accounts payable to affiliates	1,906,538	1	1,581,992	1
Accounts receivable	30,221,829	12	28,386,014	13	Income tax payable	1,012,177	-	1,017,991	-
Accounts receivable from affiliates	789,810	-	870,528	-	Financial liabilities at fair value through profit or loss, current	127,784	-	624,360	-
Other receivables	3,977,098	2	6,991,874	3	Hedging derivative liabilities, current	16,695	-	16,998	-
Inventories					Other payables	18,121,229	7	15,148,832	7
Inventories - manufacturing	33,400,858	13	27,722,023	13	Billings on construction in process	-	-	131,805	-
Inventories - construction	4,254,060	2	4,006,749	2	Current portion of long-term liabilities	3,920,184	2	16,628,779	8
Construction in progress in excess of progressive bills	-	-	59,313	-	Noncurrent liabilities held for sale	1,349,935	-	-	-
Noncurrent assets held for sale	3,306,389	1	-	-	Other current liabilities	4,648,141	2	2,841,216	1
Other current assets	8,743,119	4	6,792,774	3					
Total current assets	122,319,700	49	108,397,123	49	Total current liabilities	73,009,165	29	73,344,068	33
FUNDS AND LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Investments accounted for by the equity method	41,004,203	16	30,748,282	14	Long-term debt	47,325,766	19	27,318,227	12
Investments in real estate	186,123	-	186,123	-	Hedging derivative liabilities, noncurrent	8,346	-	47,143	-
Prepayments for long-term investments	326,912	-	-	-	Long-term accounts payable	-	-	173,136	-
Financial assets at fair value through profit or loss, noncurrent	565,558	-	1,060,678	-	Total long-term liabilities	47,334,112	19	27,538,506	12
Available-for-sale financial assets, noncurrent	483,724	-	1,493,410	1	RESERVE FOR LAND VALUE INCREMENT TAX	86,547	-	86,547	-
Financial assets carried at cost, noncurrent	1,046,611	1	1,204,255	1	OTHER LIABILITIES				
Total funds and long-term investments	43,613,131	17	34,692,748	16	Accrued pension cost	787,014	-	700,561	-
PROPERTY, PLANT AND EQUIPMENT					Guarantee deposits received	7,142	-	7,038	-
Cost	107,285,378	43	98,439,046	45	Deferred income tax liability, noncurrent	1,070,534	1	979,843	1
Revaluation increment	293,323	-	293,323	-	Others	11,412	-	11,412	-
	107,578,701	43	98,732,369	45	Total other liabilities	1,876,102	1	1,698,854	1
Less accumulated depreciation	(48,194,596)	(19)	(43,295,255)	(20)	Total liabilities	122,305,926	49	102,667,975	46
Less accumulated impairment	(7,149)	-	(37,753)	-	STOCKHOLDERS' EQUITY				
Construction in progress and prepayments for equipment	4,415,750	2	4,438,223	2	Capital stock	29,402,839	12	29,000,619	13
Property, plant and equipment, net	63,792,706	26	59,837,584	27	Advance receipts for capital stock	7,098	-	-	-
INTANGIBLE ASSETS	17,480,619	7	16,032,032	7	Capital surplus	8,624,633	3	8,290,495	4
OTHER ASSETS	2,764,651	1	3,177,171	1	Retained earnings	25,311,169	10	22,121,374	10
TOTAL	\$ 249,970,807	100	\$ 222,136,658	100	Cumulative translation adjustments	(3,326,174)	(1)	(3,847,354)	(2)
					Net loss not recognized as pension cost	(114,235)	-	(57,341)	-
					Unrealized gains (losses) on financial instruments	(247,300)	-	1,459,821	1
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(155,375)	-
					Minority interest	68,027,585	27	62,521,803	28
					Total stockholders' equity	127,664,881	51	119,468,683	54
					TOTAL	\$ 249,970,807	100	\$ 222,136,658	100

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Not Reviewed by Independent Accountants)

	2012		2011	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 57,233,272	100	\$ 50,581,024	100
LESS SALES RETURNS AND ALLOWANCES	<u>(1,672)</u>	<u>-</u>	<u>(4,086)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	57,231,600	100	50,576,938	100
COST OF GOODS SOLD	<u>43,188,425</u>	<u>75</u>	<u>37,365,207</u>	<u>74</u>
GROSS PROFIT	<u>14,043,175</u>	<u>25</u>	<u>13,211,731</u>	<u>26</u>
OPERATING EXPENSES				
Selling expenses	4,643,397	8	3,819,457	8
General and administrative expenses	4,121,573	7	4,400,849	9
Research and development expenses	<u>1,563,808</u>	<u>3</u>	<u>1,354,447</u>	<u>2</u>
Total operating expenses	<u>10,328,778</u>	<u>18</u>	<u>9,574,753</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>3,714,397</u>	<u>7</u>	<u>3,636,978</u>	<u>7</u>
NON-OPERATING INCOME				
Interest income	105,976	-	70,984	-
Investment income recognized under equity method	984,903	2	705,401	1
Dividend income	455	-	6,379	-
Gain on disposal of property, plant and equipment	2,440	-	11,291	-
Gain on disposal of investments	294	-	252	-
Foreign exchange gains, net	219,586	-	79,615	-
Reversal of impairment loss	556	-	2,261	-
Valuation gain on financial assets	81,751	-	-	-
Valuation gain on financial liabilities	286,667	1	149,824	-
Others	<u>212,749</u>	<u>-</u>	<u>171,010</u>	<u>1</u>
Total non-operating income	<u>1,895,377</u>	<u>3</u>	<u>1,197,017</u>	<u>2</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2012 AND 2011

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

(Not Reviewed by Independent Accountants)

	2012		2011	
	Amount	%	Amount	%
NON-OPERATING EXPENSES				
Interest expense	\$ 415,717	1	\$ 387,515	1
Loss on disposal of property, plant and equipment	57,305	-	16,904	-
Valuation loss on financial assets	-	-	180,640	-
Others	<u>130,804</u>	<u>-</u>	<u>49,640</u>	<u>-</u>
Total non-operating expenses	<u>603,826</u>	<u>1</u>	<u>634,699</u>	<u>1</u>
INCOME BEFORE INCOME TAX	5,005,948	9	4,199,296	8
INCOME TAX EXPENSE	<u>(233,921)</u>	<u>(1)</u>	<u>(356,768)</u>	<u>(1)</u>
CONSOLIDATED NET INCOME	<u>\$ 4,772,027</u>	<u>8</u>	<u>\$ 3,842,528</u>	<u>7</u>
ATTRIBUTED TO				
Parent Company's shareholders	\$ 2,415,264	4	\$ 1,551,669	3
Minority interest	<u>2,356,763</u>	<u>4</u>	<u>2,290,859</u>	<u>4</u>
	<u>\$ 4,772,027</u>	<u>8</u>	<u>\$ 3,842,528</u>	<u>7</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income attributed to minority interests	<u>\$ 1.71</u>	<u>\$ 1.63</u>	<u>\$ 1.47</u>	<u>\$ 1.34</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.83</u>		<u>\$ 0.54</u>
DILUTED EARNINGS PER SHARE				
Included income attributed to minority interests	<u>\$ 1.69</u>	<u>\$ 1.61</u>	<u>\$ 1.44</u>	<u>\$ 1.31</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.82</u>		<u>\$ 0.53</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(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:

	2012		2011	
CONSOLIDATED NET INCOME ATTRIBUTED TO SHAREHOLDERS OF THE PARENT COMPANY	<u>\$ 2,415,264</u>		<u>\$ 1,551,669</u>	
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE				
Included income attributed to minority interests	<u>\$ 1.71</u>	<u>\$ 1.63</u>	<u>\$ 1.46</u>	<u>\$ 1.34</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.82</u>		<u>\$ 0.54</u>
DILUTED EARNINGS PER SHARE				
Included income attributed to minority interests	<u>\$ 1.69</u>	<u>\$ 1.61</u>	<u>\$ 1.43</u>	<u>\$ 1.31</u>
Attributed to shareholders of the Parent Company		<u>\$ 0.81</u>		<u>\$ 0.53</u>

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 4,772,027	\$ 3,842,528
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation	2,008,450	1,701,373
Amortization	94,481	101,288
Valuation (gain) loss on financial assets	(81,751)	180,640
Valuation gain on financial liabilities	(286,667)	(149,824)
Compensation cost of employee stock options	23,254	14,553
Investment income recognized under equity method	(984,903)	(705,401)
Cash dividends received from investees under equity method	152,178	119,819
Net gain on disposal of investments	(294)	(252)
Net loss on disposal of property, plant and equipment	54,865	5,613
Reversal of impairment loss	(556)	(2,261)
Compensation cost of treasury stock transfer to employees	-	257,635
Amortization of the cost of issuing Euro Convertible Bonds	-	116,016
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	105,964	(43,773)
Notes receivable	901	(24,051)
Notes receivable from affiliates	41,589	5,588
Accounts receivable	(7,081,175)	(7,100,948)
Accounts receivable from affiliates	(84,935)	(378,728)
Other receivables	(95,097)	(1,255,100)
Inventories	(161,919)	(4,647,485)
Construction in progress in excess of progressive bills	-	(10,937)
Other current assets	(1,712,743)	(604,639)
Deferred income tax assets	(26,703)	(20,759)
Other assets	(13,938)	(4,977)
Notes payable	(42,517)	24,081
Notes payable to affiliates	22,296	(17,746)
Accounts payable	(2,241,698)	1,075,841
Accounts payable to affiliates	(16,907)	184,185
Income tax payable	(42,595)	72,621
Other payables	2,669,069	2,783,867
Progressive billings in excess of construction in progress	(59,260)	78,060
Other current liabilities	1,757,316	521,205
Long-term accounts payable	-	173,136
Deferred income tax liabilities	143,976	377,198
Accrued pension cost	7,286	5,948
Minority interest	(3,222,787)	(606,567)
Net cash used in operating activities	<u>(4,302,793)</u>	<u>(3,932,253)</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2012	2011
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in investments accounted for by the equity method	\$ 13,014	\$ 254,075
Increase in available-for-sale financial assets	(25,279)	(20,811)
Increase in financial assets carried at cost	(219,307)	(77,536)
Acquisitions of property, plant and equipment	(2,733,734)	(3,731,781)
Proceeds from disposal of property, plant and equipment	114,030	165,810
Increase in refundable deposits	(12,432)	(2,134)
Increase in goodwill	(162,190)	(323,011)
Increase in other intangible assets	(134,640)	(1,159,421)
Increase in deferred charges	<u>(28,363)</u>	<u>(1,926)</u>
Net cash used in investing activities	<u>(3,188,901)</u>	<u>(4,896,735)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	7,950,837	6,612,884
Decrease in short-term bills payable	(17,818)	(225,787)
Decrease in long-term debt	(1,089,529)	(2,278,869)
Increase in guarantee deposits received	257	892
Execution of employee stock warrants	169,932	3,060
Treasury stock transferred to employees	<u>-</u>	<u>940,909</u>
Net cash provided by financing activities	<u>7,013,679</u>	<u>5,053,089</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	<u>898,354</u>	<u>533,446</u>
CASH RECEIVED FROM ACQUISITION OF SUBSIDIARIES	<u>\$ (207,367)</u>	<u>\$ 44,982</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	212,972	(3,197,471)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>25,276,926</u>	<u>24,199,996</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 25,489,898</u>	<u>\$ 21,002,525</u>

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Not Reviewed by Independent Accountants)

	2012	2011
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 394,681</u>	<u>\$ 404,904</u>
Income tax	<u>\$ 227,132</u>	<u>\$ 155,113</u>
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain on available-for-sale financial assets	<u>\$ 104,960</u>	<u>\$ 111,547</u>
Investee's unrealized gain on available-for-sale financial assets	<u>\$ 632,228</u>	<u>\$ 137,174</u>
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 9,310</u>	<u>\$ 8,378</u>
Effect of changes in ownership interest in investees	<u>\$ 66,848</u>	<u>\$ 114,880</u>
Current portion of long-term liabilities	<u>\$ 3,920,184</u>	<u>\$ 16,628,779</u>
Translation adjustments on foreign long-term equity investments	<u>\$ (1,171,192)</u>	<u>\$ 716,459</u>
Adjustments on capital surplus from treasury stock transferred to employees	<u>\$ -</u>	<u>\$ 112,503</u>
Rental assets transferred to property, plant and equipment	<u>\$ 2,692</u>	<u>\$ -</u>
 CASH PAID DURING THE PERIOD FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 2,920,287	\$ 4,080,127
Add payables for acquisitions of property, plant and equipment at beginning of period	941,294	438,101
Less payables for acquisitions of property, plant and equipment at end of period	<u>(1,127,847)</u>	<u>(786,447)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 2,733,734</u>	<u>\$ 3,731,781</u>

(Concluded)