

# POU CHEN CORPORATION

## BALANCE SHEETS

JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents	\$ 2,427,825	3	\$ 3,121,354	4	Short-term loans	\$ 1,519,790	2	\$ 2,410,000	3
Financial assets at fair value through profit or loss, current	-	-	547,263	1	Financial liabilities at fair value through profit or loss, current	30,166	-	-	-
Available-for-sale financial assets, current	3,547,564	4	4,000,329	5	Hedging derivative liabilities, current	16,840	-	24,869	-
Notes receivable	11,062	-	2,520	-	Notes payable	35,621	-	55,985	-
Notes receivable from affiliates	206	-	14,130	-	Notes payable to affiliates	45,344	-	43,203	-
Accounts receivable	34,553	-	131,722	-	Accounts payable	905,578	1	1,776,307	2
Accounts receivable from affiliates	1,375,286	2	1,858,988	2	Accounts payable to affiliates	89,689	-	160,144	1
Other receivables	236,667	-	248,456	-	Income tax payable	155,605	-	36,573	-
Inventories	195,115	-	273,309	1	Other payables	4,799,406	5	4,217,297	5
Other current assets	24,983	-	32,749	-	Current portion of long-term liabilities	2,500,000	3	-	-
Total current assets	<u>7,853,261</u>	<u>9</u>	<u>10,230,820</u>	<u>13</u>	Deferred income tax liability, current	696,545	1	761,049	1
					Other current liabilities	34,249	-	25,989	-
					Total current liabilities	<u>10,828,833</u>	<u>12</u>	<u>9,511,416</u>	<u>12</u>
<b>FUNDS AND LONG-TERM INVESTMENTS</b>					<b>LONG-TERM LIABILITIES</b>				
Available-for-sale financial assets, noncurrent	-	-	8	-	Long-term debt	20,000,000	22	17,000,000	21
Financial assets carried at cost, noncurrent	60,000	-	-	-	Hedging derivative liabilities, noncurrent	-	-	24,869	-
Investments accounted for by the equity method	76,175,412	84	64,720,280	79	Total long-term liabilities	<u>20,000,000</u>	<u>22</u>	<u>17,024,869</u>	<u>21</u>
Investments in real estate	299,685	-	187,371	-	<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>76,535,097</u>	<u>84</u>	<u>64,907,659</u>	<u>79</u>	<b>OTHER LIABILITIES</b>				
					Accrued pension cost	794,046	1	707,383	1
<b>PROPERTY, PLANT AND EQUIPMENT</b>					Guarantee deposits received	3,452	-	3,452	-
Cost	5,939,461	7	5,413,982	7	Others	100,274	-	33,433	-
Revaluation increment	282,245	-	279,008	-	Total other liabilities	<u>897,772</u>	<u>1</u>	<u>744,268</u>	<u>1</u>
	6,221,706	7	5,692,990	7	Total liabilities	<u>31,813,152</u>	<u>35</u>	<u>27,367,100</u>	<u>34</u>
Less accumulated depreciation	(2,462,091)	(3)	(2,156,918)	(3)	<b>STOCKHOLDERS' EQUITY</b>				
Prepayments for equipment	1,285	-	-	-	Capital stock	29,416,659	32	29,004,359	36
Property, plant and equipment, net	<u>3,760,900</u>	<u>4</u>	<u>3,536,072</u>	<u>4</u>	Advance receipts for common stock	3,340	-	-	-
					Capital surplus	8,639,021	10	8,298,957	10
<b>OTHER ASSETS</b>	<u>2,588,356</u>	<u>3</u>	<u>2,977,256</u>	<u>4</u>	Retained earnings	24,571,825	27	19,830,359	24
					Cumulative translation adjustments	(2,562,228)	(3)	(5,061,682)	(7)
					Net loss not recognized as pension cost	(114,235)	-	(57,341)	-
					Unrealized (loss) gain on financial instruments	(1,009,186)	(1)	2,290,789	3
					Unrealized revaluation increment	134,641	-	134,641	-
					Treasury stock	(155,375)	-	(155,375)	-
					Total stockholders' equity	<u>58,924,462</u>	<u>65</u>	<u>54,284,707</u>	<u>66</u>
<b>TOTAL</b>	<u>\$ 90,737,614</u>	<u>100</u>	<u>\$ 81,651,807</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 90,737,614</u>	<u>100</u>	<u>\$ 81,651,807</u>	<u>100</u>

# POU CHEN CORPORATION

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
GROSS SALES AND REVENUES EARNED	\$ 5,103,005	100	\$ 7,083,877	100
LESS SALES RETURNS AND ALLOWANCES	<u>(9,859)</u>	<u>-</u>	<u>(6,781)</u>	<u>-</u>
NET SALES AND REVENUES EARNED	5,093,146	100	7,077,096	100
COST OF GOODS SOLD	<u>3,791,118</u>	<u>75</u>	<u>5,574,482</u>	<u>79</u>
GROSS PROFIT	1,302,028	25	1,502,614	21
UNREALIZED GROSS PROFIT FROM INTER-AFFILIATE TRANSACTIONS	<u>(204)</u>	<u>-</u>	<u>(36)</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,301,824</u>	<u>25</u>	<u>1,502,578</u>	<u>21</u>
OPERATING EXPENSES				
Selling expenses	47,673	1	73,030	1
General and administrative expenses	678,814	13	999,758	14
Research and development expenses	<u>450,042</u>	<u>9</u>	<u>426,977</u>	<u>6</u>
Total operating expenses	<u>1,176,529</u>	<u>23</u>	<u>1,499,765</u>	<u>21</u>
INCOME FROM OPERATIONS	<u>125,295</u>	<u>2</u>	<u>2,813</u>	<u>-</u>
NON-OPERATING INCOME				
Interest income	1,304	-	4,335	-
Investment income recognized under equity method	5,878,356	115	2,973,642	42
Gain on disposal of property, plant, equipment and leased-out assets	1,475	-	4,700	-
Gain on disposal of investments	-	-	490	-
Rental income	84,359	2	82,943	1
Reversal of provision for doubtful accounts	600	-	626	-
Valuation gain on financial assets	-	-	3,263	-
Others	<u>23,607</u>	<u>1</u>	<u>24,211</u>	<u>1</u>
Total non-operating income	<u>5,989,701</u>	<u>118</u>	<u>3,094,210</u>	<u>44</u>

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# POU CHEN CORPORATION

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
<b>NON-OPERATING EXPENSES</b>				
Interest expense	\$ 175,272	3	\$ 131,629	2
Loss on disposal of property, plant, equipment and leased-out assets	112	-	376	-
Foreign exchange loss, net	5,403	-	34,692	-
Valuation loss on financial liabilities	12,942	-	14,476	-
Others	<u>30,851</u>	<u>1</u>	<u>35,690</u>	<u>1</u>
Total non-operating expenses	<u>224,580</u>	<u>4</u>	<u>216,863</u>	<u>3</u>
INCOME BEFORE INCOME TAX	5,890,416	116	2,880,160	41
INCOME TAX EXPENSE	<u>(390,330)</u>	<u>(8)</u>	<u>(138,983)</u>	<u>(2)</u>
NET INCOME	<u>\$ 5,500,086</u>	<u>108</u>	<u>\$ 2,741,177</u>	<u>39</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 2.01</u>	<u>\$ 1.88</u>	<u>\$ 1.00</u>	<u>\$ 0.95</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.99</u>	<u>\$ 1.85</u>	<u>\$ 0.98</u>	<u>\$ 0.93</u>

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# POU CHEN CORPORATION

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

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

	2012		2011	
NET INCOME	<u>\$ 5,500,086</u>		<u>\$ 2,741,177</u>	
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
BASIC EARNINGS PER SHARE	<u>\$ 2.01</u>	<u>\$ 1.87</u>	<u>\$ 1.00</u>	<u>\$ 0.95</u>
DILUTED EARNINGS PER SHARE	<u>\$ 1.98</u>	<u>\$ 1.85</u>	<u>\$ 0.98</u>	<u>\$ 0.93</u>

(Concluded)

# POU CHEN CORPORATION

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	Capital Surplus						Retained Earnings			Other Equity					Total	
	Capital Stock	Advance Receipts for Common 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, 2012	\$ 29,241,469	\$ -	\$ 812,890	\$ 1,447,492	\$ 1,575,523	\$ -	\$ 4,720,416	\$ 6,740,247	\$ 3,283,792	\$ 12,871,866	\$ (2,154,982)	\$ (114,235)	\$ (993,798)	\$ 134,641	\$ (155,375)	\$ 57,409,946
Appropriation of 2011 earnings																
Legal reserve	-	-	-	-	-	-	-	580,672	-	(580,672)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(155,417)	155,417	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	-	(3,824,166)	-	-	-	-	-	(3,824,166)
Effect of changes of ownership interest in investees	-	-	-	-	-	-	77,900	-	-	-	-	-	-	-	-	77,900
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	265,091	-	-	265,091
Investee's unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(297,990)	-	-	(297,990)
Unrealized gain on cash flow hedge financial liability	-	-	-	-	-	-	-	-	-	-	-	-	17,511	-	-	17,511
Execution of employee stock warrants	175,190	3,340	4,800	-	-	-	-	-	-	-	-	-	-	-	-	183,330
Translation adjustments on foreign long-term equity investments	-	-	-	-	-	-	-	-	-	-	(407,246)	-	-	-	-	(407,246)
Net income for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	5,500,086	-	-	-	-	-	5,500,086
BALANCE, JUNE 30, 2012	\$ 29,416,659	\$ 3,340	\$ 817,690	\$ 1,447,492	\$ 1,575,523	\$ -	\$ 4,798,316	\$ 7,320,919	\$ 3,128,375	\$ 14,122,531	\$ (2,562,228)	\$ (114,235)	\$ (1,009,186)	\$ 134,641	\$ (155,375)	\$ 58,924,462
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
Treasury stock transfer 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

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 5,500,086	\$ 2,741,177
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation	133,345	135,391
Amortization	11,233	8,227
Reversal of provision for doubtful accounts	(600)	(626)
Investment income recognized under equity method	(5,878,356)	(2,973,642)
Cash dividends received from investees under equity method	9,628	-
Unrealized gross profit from inter-affiliate transactions	204	36
Net gain on disposal of property, plant, equipment and leased-out assets	(1,363)	(4,324)
Gain on disposal of investments	-	(490)
Valuation gain on financial assets	-	(3,263)
Valuation loss on financial liabilities	12,942	14,476
Compensation cost of treasury stock transfer to employees	-	257,635
Net changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss, current	226	(557,986)
Notes receivable	(5,638)	(497)
Notes receivable from affiliates	43,681	(8,359)
Accounts receivable	54,022	(36,589)
Accounts receivable from affiliates	(72,708)	(92,753)
Other receivables	(34,178)	(227)
Inventories	(19,361)	40,662
Other current assets	783	9,945
Deferred income tax asset, noncurrent	(2,569)	(2,286)
Income tax prepayment	3,467	-
Notes payable	(83)	17,631
Notes payable to affiliates	19,501	(5,588)
Accounts payable	(145,363)	109,815
Accounts payable to affiliates	(13,058)	(43,299)
Income tax payable	(301,312)	(394,718)
Other payables	160,561	101,088
Deferred income tax liability	235,179	311,159
Other current liabilities	11,192	823
Accrued pension cost	14,318	12,770
Net cash used in operating activities	<u>(264,221)</u>	<u>(363,812)</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in investments accounted for by the equity method	\$ (324,250)	\$ (1,200,000)
Acquisitions of investments in real estate	(43,355)	-
Acquisitions of property, plant and equipment	(91,892)	(44,807)
Acquisitions of leased-out assets	(198)	(155)
Proceeds from disposal of property, plant and equipment	2,367	15,116
Proceeds from disposal of leased-out assets	-	25,378
Decrease in refundable deposits	33	258
Increase in deferred charges	<u>(6,859)</u>	<u>(34,210)</u>
Net cash used in investing activities	<u>(464,154)</u>	<u>(1,238,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term loans	(2,230,210)	(1,429,000)
Decrease in short-term bills payable	(499,133)	-
Increase in long-term debt	5,500,000	4,875,000
Execution of employee stock warrants	183,330	6,800
Treasury stock transferred to employees	<u>-</u>	<u>938,087</u>
Net cash provided by financing activities	<u>2,953,987</u>	<u>4,390,887</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,225,612	2,788,655
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>202,213</u>	<u>332,699</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,427,825</u>	<u>\$ 3,121,354</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the period		
Interest (excluding interest capitalized)	<u>\$ 175,342</u>	<u>\$ 111,780</u>
Income tax	<u>\$ 457,055</u>	<u>\$ 224,828</u>

(Continued)

# POU CHEN CORPORATION

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

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	2012	2011
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Unrealized gain on available-for-sale financial assets	<u>\$ 265,091</u>	<u>\$ 419,488</u>
Investee's unrealized (loss) gain on available-for-sale financial assets	<u>\$ (297,990)</u>	<u>\$ 645,799</u>
Unrealized gain on cash flow hedge financial liabilities	<u>\$ 17,511</u>	<u>\$ 22,780</u>
Effect of changes of ownership interest in investees	<u>\$ 77,900</u>	<u>\$ 126,164</u>
Translation adjustments on foreign long-term investments	<u>\$ (407,246)</u>	<u>\$ (497,869)</u>
Cash dividends payable	<u>\$ 3,824,166</u>	<u>\$ 3,480,523</u>
Payables for investments in real estate	<u>\$ 68,959</u>	<u>\$ -</u>
Adjustments on capital surplus from treasury stock transfer to employees	<u>\$ -</u>	<u>\$ 109,681</u>
CASH PAID DURING THE PERIOD FOR ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT		
Fair value of property, plant and equipment acquired	\$ 83,777	\$ 39,836
Add payables for acquisitions of property, plant and equipment at beginning of period	15,922	11,328
Less payables for acquisitions of property, plant and equipment at end of period	<u>(7,807)</u>	<u>(6,357)</u>
Cash paid during the period for acquisitions of property, plant and equipment	<u>\$ 91,892</u>	<u>\$ 44,807</u>

(Concluded)