

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2014 (Reviewed)		December 31, 2013 (Audited)		March 31, 2013 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 34,155,275	13	\$ 29,606,164	12	\$ 29,346,249	12
Financial assets at fair value through profit or loss, current (Notes 4 and 7)	212,432	-	630,225	-	548,507	-
Available-for-sale financial assets, current (Notes 4 and 8)	13,267,795	5	14,250,585	6	12,832,146	5
Financial assets measured at cost, current (Notes 4 and 9)	-	-	4,950	-	-	-
Debt investments with no active market, current (Notes 4 and 10)	2,610,789	1	1,556,437	1	524,026	-
Notes receivable (Notes 4 and 11)	19,410	-	16,481	-	81,098	-
Notes receivable from related parties (Notes 4, 11 and 35)	80	-	65	-	356	-
Accounts receivable (Notes 4 and 11)	28,185,057	11	29,959,225	12	26,756,126	11
Accounts receivable from related parties (Notes 4, 11 and 35)	230,159	-	215,018	-	188,083	-
Other receivables (Notes 4 and 11)	3,786,928	2	4,180,464	2	3,295,977	2
Inventories (Notes 4 and 12)	42,691,202	17	41,082,506	16	39,954,536	16
Prepayments for lease (Notes 4 and 13)	154,330	-	151,409	-	161,950	-
Noncurrent assets held for sale (Notes 4 and 14)	-	-	-	-	49,927	-
Other assets, current (Notes 4 and 15)	11,156,509	4	9,592,557	4	9,321,368	4
Total current assets	136,469,966	53	131,246,086	53	123,060,349	50
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss, noncurrent (Notes 4 and 7)	317,251	-	311,801	-	434,281	-
Available-for-sale financial assets, noncurrent (Notes 4 and 8)	485,201	-	444,958	-	537,367	-
Financial assets measured at cost, noncurrent (Notes 4 and 9)	874,185	-	876,405	-	870,866	-
Debt investment with no active market, noncurrent (Notes 4, 10 and 36)	37,770	-	40,549	-	23,212	-
Investments accounted for by the equity method (Notes 4, 16 and 36)	36,954,920	15	34,822,264	14	38,023,737	15
Property, plant and equipment (Notes 4 and 17)	59,388,366	23	59,099,839	24	61,789,063	25
Investment properties (Notes 4, 18 and 36)	2,158,704	1	2,153,463	1	1,764,107	1
Goodwill (Notes 4 and 19)	8,790,844	4	8,599,567	4	8,615,112	4
Other intangible assets (Notes 4 and 20)	3,465,385	1	3,523,633	1	3,950,393	2
Deferred tax assets (Notes 4 and 29)	419,759	-	411,155	-	423,337	-
Long-term prepayments for lease (Notes 4 and 13)	5,261,403	2	5,235,714	2	6,108,357	2
Other assets, noncurrent (Notes 4 and 15)	1,594,756	1	1,363,792	1	1,260,143	1
Total noncurrent assets	119,748,544	47	116,883,140	47	123,799,975	50
TOTAL	\$ 256,218,510	100	\$ 248,129,226	100	\$ 246,860,324	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ 19,488,326	8	\$ 16,640,291	7	\$ 17,620,156	7
Short-term bills payable (Note 21)	2,252,337	1	2,201,866	1	2,527,418	1
Financial liabilities at fair value through profit or loss, current (Notes 4 and 7)	710,538	-	20,430	-	118,533	-
Derivative financial liabilities for hedging, current (Notes 4 and 22)	-	-	-	-	2,642	-
Notes payables (Notes 4 and 23)	16,417	-	13,366	-	24,822	-
Notes payables to related parties (Notes 4, 23 and 35)	28,202	-	38,804	-	32,339	-
Accounts payables (Notes 4 and 23)	12,737,794	5	12,762,966	5	9,823,866	4
Accounts payables to related parties (Notes 4, 23 and 35)	1,475,243	1	1,513,745	1	1,605,965	1
Other payables (Note 24)	18,601,564	7	20,069,301	8	15,817,413	6
Current tax liabilities (Notes 4 and 29)	1,807,101	1	1,907,298	1	1,242,752	-
Current portion of long-term borrowings (Note 21)	12,971,219	5	8,785,643	3	16,310,982	7
Other liabilities, current	3,433,410	1	3,320,149	1	4,250,935	2
Total current liabilities	73,522,151	29	67,273,859	27	69,377,823	28
NONCURRENT LIABILITIES						
Long-term borrowings (Note 21)	35,644,478	14	39,210,241	16	37,635,551	15
Deferred tax liabilities (Notes 4 and 29)	1,910,069	1	1,769,337	1	2,166,948	1
Long-term other payables (Note 24)	703,032	-	683,130	-	660,219	-
Accrued pension liabilities (Note 4)	1,539,174	-	1,534,353	1	1,288,958	1
Other liabilities, noncurrent	33,157	-	38,129	-	22,195	-
Total noncurrent liabilities	39,829,910	15	43,235,190	18	41,773,871	17
Total liabilities	113,352,061	44	110,509,049	45	111,151,694	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 26)						
Share capital						
Common stock	29,441,372	11	29,441,372	12	29,437,801	12
Capital surplus	4,584,154	2	4,366,099	1	4,304,176	1
Retain earnings						
Legal reserve	8,336,553	3	8,336,553	3	7,320,919	3
Special reserve	4,435,090	2	4,435,090	2	3,263,016	1
Unappropriated earnings	25,053,455	10	24,000,543	10	21,421,930	9
Total retained earnings	37,825,098	15	36,772,186	15	32,005,865	13
Other equity	(7,646,442)	(3)	(9,180,047)	(4)	(2,677,249)	(1)
Treasury stock	-	-	(188,728)	-	(188,728)	-
Total equity attributable to owners of the Company	64,204,182	25	61,210,882	24	62,881,865	25
NONCONTROLLING INTERESTS	78,662,267	31	76,409,295	31	72,826,865	30
Total equity	142,866,449	56	137,620,177	55	135,708,730	55
TOTAL	\$ 256,218,510	100	\$ 248,129,226	100	\$ 246,860,424	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2014)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended March 31			
	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27 and 35)	\$ 55,792,227	100	\$ 50,783,229	100
OPERATING COSTS (Notes 25 and 35)	<u>42,733,369</u>	<u>76</u>	<u>40,017,698</u>	<u>79</u>
GROSS PROFIT	<u>13,058,858</u>	<u>24</u>	<u>10,765,531</u>	<u>21</u>
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	4,597,749	8	4,364,914	9
General and administrative expenses	4,294,318	8	3,652,305	7
Research and development expenses	<u>1,511,096</u>	<u>3</u>	<u>1,512,683</u>	<u>3</u>
Total operating expenses	<u>10,403,163</u>	<u>19</u>	<u>9,529,902</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>2,655,695</u>	<u>5</u>	<u>1,235,629</u>	<u>2</u>
NONOPERATING INCOME AND EXPENSES				
Other income (Note 28)	825,360	1	584,313	1
Other gains and losses (Note 28)	(1,347,457)	(2)	132,204	-
Finance costs (Note 28)	(267,974)	(1)	(353,385)	-
Share of the profit of associates and joint ventures (Notes 4 and 16)	<u>913,550</u>	<u>2</u>	<u>640,893</u>	<u>1</u>
Total nonoperating income and expenses	<u>123,479</u>	<u>-</u>	<u>1,004,025</u>	<u>2</u>
INCOME BEFORE INCOME TAX	2,779,174	5	2,239,654	4
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(612,413)</u>	<u>(1)</u>	<u>(190,441)</u>	<u>-</u>
NET INCOME	<u>2,166,761</u>	<u>4</u>	<u>2,049,213</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Exchange differences on translating foreign operations	582,815	1	1,479,342	3
Unrealized (loss) gain on available-for-sale financial assets	(663,491)	(1)	703,011	1
Cash flow hedges	-	-	2,788	-
Share of the other comprehensive income (loss) of associates and joint ventures	<u>1,131,749</u>	<u>2</u>	<u>(2,851,467)</u>	<u>(5)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>1,051,073</u>	<u>2</u>	<u>(666,326)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,217,834</u>	<u>6</u>	<u>\$ 1,382,887</u>	<u>3</u>

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	Three Months Ended March 31			
	2014		2013	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 1,052,912	2	\$ 1,321,954	3
Noncontrolling interests	<u>1,113,849</u>	<u>2</u>	<u>727,259</u>	<u>1</u>
	<u>\$ 2,166,761</u>	<u>4</u>	<u>\$ 2,049,213</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owner of the Company	\$ 2,586,517	5	\$ 670,479	1
Noncontrolling interests	<u>631,317</u>	<u>1</u>	<u>712,408</u>	<u>2</u>
	<u>\$ 3,217,834</u>	<u>6</u>	<u>\$ 1,382,887</u>	<u>3</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$ 0.36</u>		<u>\$ 0.45</u>	
Diluted	<u>\$ 0.35</u>		<u>\$ 0.44</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2014)

(Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owner of the Company											Noncontrolling Interests	Total Equity
	Capital Stock	Capital Surplus	Retained Earnings			Exchange Differences on Translation Foreign Operations	Other Equity		Cash Flow Hedges	Treasury Stock	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Available-for-sale Financial Assets						
BALANCE AT JANUARY 1, 2013	\$ 29,431,849	\$ 4,298,105	\$ 7,320,919	\$ 3,128,375	\$ 20,234,617	\$ (1,843,619)	\$ (176,725)	\$ (5,430)	\$ (188,728)	\$ 62,199,363	\$ 70,345,509	\$ 132,544,872	
Special reserve under Rule No. 1010012865 issued by the FSC	-	-	-	134,641	(134,641)	-	-	-	-	-	-	-	
Net income for the three months ended March 31, 2013	-	-	-	-	1,321,954	-	-	-	-	1,321,954	727,259	2,049,213	
Other comprehensive income (loss) for the three months ended March 31, 2013	-	-	-	-	-	1,524,569	(2,178,832)	2,788	-	(651,475)	(14,851)	(666,326)	
Total other comprehensive income (loss) for the three months ended March 31, 2013	-	-	-	-	1,321,954	1,524,569	(2,178,832)	2,788	-	670,479	712,408	1,382,887	
Execution of employee stock warrants (Notes 26 and 31)	5,952	6,071	-	-	-	-	-	-	-	12,023	-	12,023	
Change in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	1,768,848	1,768,848	
Change in equity for the three months ended March 31, 2013	5,952	6,071	-	134,641	1,187,313	1,524,569	(2,178,832)	2,788	-	682,502	2,481,256	3,163,758	
BALANCE AT MARCH 31, 2013	\$ 29,437,801	\$ 4,304,176	\$ 7,320,919	\$ 3,263,016	\$ 21,421,930	\$ (319,050)	\$ (2,355,557)	\$ (2,642)	\$ (188,728)	\$ 62,881,865	\$ 72,826,765	\$ 135,708,630	
BALANCE AT JANUARY 1, 2014	\$ 29,441,372	\$ 4,366,099	\$ 8,336,553	\$ 4,435,090	\$ 24,000,543	\$ 20,776	\$ (9,200,823)	\$ -	\$ (188,728)	\$ 61,210,882	\$ 76,409,295	\$ 137,620,177	
Net income for the three months ended March 31, 2014	-	-	-	-	1,052,912	-	-	-	-	1,052,912	1,113,849	2,166,761	
Other comprehensive income (loss) for the three months ended March 31, 2014	-	-	-	-	-	1,074,622	458,983	-	-	1,533,605	(482,532)	1,051,073	
Total other comprehensive income for the three months ended March 31, 2014	-	-	-	-	1,052,912	1,074,622	458,983	-	-	2,586,517	631,317	3,217,834	
The treasury shares resold by the subsidiaries (Note 26)	-	218,055	-	-	-	-	-	-	188,728	406,783	7,675	414,458	
Change in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	1,613,980	1,613,980	
Change in equity for the three months ended March 31, 2014	-	218,055	-	-	1,052,912	1,074,622	458,983	-	188,728	2,993,300	2,252,972	5,246,272	
BALANCE AT MARCH 31, 2014	\$ 29,441,372	\$ 4,584,154	\$ 8,336,553	\$ 4,435,090	\$ 25,053,455	\$ 1,095,398	\$ (8,741,840)	\$ -	\$ -	\$ 64,204,182	\$ 78,662,267	\$ 142,866,449	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2014)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,779,174	\$ 2,239,654
Adjustments for:		
Depreciation expenses	1,776,644	1,900,901
Amortization expenses	100,007	104,919
Net loss (gain) on fair value change of financial instruments at fair value through profit or loss	867,304	(101,177)
Net gain on disposal of financial assets measured at cost	(10,578)	-
Net loss on disposal of available-for-sale financial assets	128,261	-
Net loss on disposal of associates and joint venture	6,629	-
Finance costs	267,974	353,385
Interest income	(101,041)	(76,271)
Dividend income	-	(436)
Compensation income of employee share options	(424)	(4,658)
Share of profit of associates and joint venture	(913,550)	(640,893)
Net loss on disposal of property, plant and equipment	4,660	26,496
Impairment loss	-	71,128
Reversal of impairment loss	(5,446)	-
Changes in operating assets and liabilities		
Decrease in financial instruments held for trading	167,637	139,079
Increase in notes receivable	(2,929)	(931)
Increase in notes receivable from related parties	(15)	(54)
Decrease in accounts receivables	1,774,168	1,251,293
(Increase) decrease in accounts receivables from related parties	(15,141)	4,797
Decrease in other receivables	386,315	400,735
Increase in inventories	(1,608,696)	(1,552,445)
Increase in other assets, current	(1,563,952)	(2,214,250)
Decrease (increase) in other operating assets	45,513	(2,688)
Increase (decrease) in notes payable	3,051	(6,077)
Decrease in notes payable from related parties	(10,602)	(5,843)
Decrease in accounts payables	(25,172)	(801,081)
(Decrease) increase in accounts payables from related parties	(38,502)	48,544
Decrease in other payables	(1,493,889)	(3,785,964)
Increase in other liabilities, current	113,261	966,311
Increase in accrued pension liabilities	4,821	2,293
Increase in other operating liabilities	<u>14,955</u>	<u>78,228</u>
Cash generated from (used in) operations	2,650,437	(1,605,005)
Interest paid	(263,966)	(353,995)
Income tax paid	<u>(678,882)</u>	<u>(156,947)</u>
Net cash generated from (used in) operating activities	<u>1,707,589</u>	<u>(2,115,947)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets design at FVTPL	-	(298,250)
Proceeds on sale of financial assets design at FVTPL	67,510	-
Proceeds on sale of available-for-sale financial assets	164,722	-

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2014	2013
Acquisition of debt investments with no active market	\$ (1,146,435)	\$ (3,733)
Proceeds on sale of debt investments with no active market	94,862	-
Proceed on sale of financial assets measured at cost	36,092	-
Acquisition of associates and joint ventures	(51,171)	(132,811)
Proceeds from disposal of associates and joint ventures	2,377	4,265
Acquisition of property, plant and equipment	(1,389,782)	(1,364,407)
Proceeds from disposal of property, plant and equipment	254,076	199,363
Increase in prepayments for equipment	(290,190)	(58,136)
Increase in refundable deposits	-	(4,037)
Decrease in refundable deposits	13,713	-
Acquisition of intangible assets	-	(11)
Acquisition of investment properties	-	(76)
Interest received	108,262	135,758
Dividend received	<u>358,306</u>	<u>244,007</u>
Net cash used in investing activities	<u>(1,777,658)</u>	<u>(1,278,068)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,848,035	1,957,509
Increase in short-term bills payable	50,000	64,000
Proceeds from long-term borrowings	615,826	1,209,398
Decrease in guarantee deposits received	(25)	(734)
Execution of employee stock warrants	-	12,023
Proceed on sale of treasury stock	414,458	-
Change in noncontrolling interests	<u>1,613,980</u>	<u>1,768,848</u>
Net cash generated from financing activities	<u>5,542,274</u>	<u>5,011,044</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(923,094)</u>	<u>(1,125,405)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,549,111	491,624
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>29,606,164</u>	<u>28,854,625</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 34,155,275</u>	<u>\$ 29,346,249</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 15, 2014)

(Concluded)