SINO-AMERICAN SILICON PRODUCTS INC.

Financial Statements

December 31, 2010 and 2009
(With Independent Auditors' Report Thereon)

Independent Auditors' Audit Report

The Board of Directors
Sino-American Silicon Products Inc.:

We have audited the accompanying balance sheets of Sino-American Silicon Products Inc. as of December 31, 2010 and 2009, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of a subsidiary, GlobiTech Incorporated for the years ended on December 31, 2010 and 2009, and an investee, Sunrise Global Solar Energy Corp., in which the Company had long-term investments accounted for under the equity method, for the year ended on December 31, 2010, which are included in the financial statements. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for GlobiTech Incorporated and Sunrise Global Solar Energy Corp., is based solely on the reports of the other auditors. The long-term investments accounted for under the equity method had a carrying value of $3,522,960 thousand and $2,340,487 thousand as of December 31, 2010 and 2009, respectively, and the total gain recognized on those investments amounted to $441,293 thousand and $25,500 thousand for the years ended as of December 31, 2010 and 2009, respectively.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Sino-American Silicon Products Inc. as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing and Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

As discussed in Note 2 to the financial statements, effective January 1, 2009, the Company adopted Republic of China Statement of Financial Accounting Standards ("SFAS") No. 10 "Inventories" as amended, resulting in a decrease in net income of $56,270 and basic earnings per common share of $0.20, respectively, for the year ended December 31, 2009.

We and other auditors have also audited, the consolidated financial statements of Sino- American Silicon Products Inc. and subsidiaries as of and for the year ended December 31, 2010 and 2009 on which we have issued an unqualified opinion with an explanatory paragraph.

KPMG
Hsinchu, Taiwan (the Republic of China)
February 28, 2011

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SINO-AMERICAN SILICON PRODUCTS INC.

Balance Sheets

December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars)

Assets		**2010**	**2009**
Current assets:			
Cash (notes 4A)	$	6,206,538	874,528
Notes and accounts receivable, net (note 4C)		1,793,127	1,669,526
Accounts receivable from related parties (note 5)		787,216	284,564
Other financial assets – current		3,592	12,013
Inventories (note 4D)		1,696,742	1,008,345
Prepayments for materials(note 7)		1,039,014	835,869
Deferred income tax assets – current (note 4L)		66,155	-
Other current assets (note 4B)		300,716	199,438
		11,893,100	4,884,283
Long-term investments:			
Equity-method investments (note 4E)		4,964,419	3,663,893
Available-for-sale financial assets-non-current (note 4B)		381,019	410,761
Financial assets carried at cost – non-current (note 4B)		1,481,649	1,697,250
Other financial assets – non-current (note 6)		2,844	1,909
Prepayments for long-term investment in stocks (note 4E)		9,000	-
		6,838,931	5,773,813
Property, plant and equipment (note 4F,5,6)**:**			
Buildings and improvements		2,634,940	2,420,414
Machinery and equipment		6,256,177	4,049,371
Other equipment		975,135	878,972
		9,866,252	7,348,757
Less: accumulated depreciation		(3,160,134)	(2,055,733)
Prepayment for equipment and construction in progress		667,332	504,559
		7,373,450	5,797,583
Other assets:			
Deferred charges and other assets (note 4I)		7,900	27,926
Long-term prepayments for materials (note 7)		4,083,405	4,449,156
		4,091,305	4,477,082
Total Assets	**$**	**30,196,786**	**20,932,761**

See accompanying notes to financial statements.

SINO-AMERICAN SILICON PRODUCTS INC.

Balance Sheets (continued)

December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity	**2010**	**2009**
Current liabilities:		
Short-term borrowings (notes 4G,6)	$ -	648,665
Notes and accounts payable	1,490,202	1,207,134
Notes and accounts payable from related parties (notes 5)	141,119	468,099
Payroll and bonus payable	279,003	74,991
Accrued employee bonuses and director's and supervisor's remuneration (notes 4J)	450,602	104,328
Current portion of received in advance for sales (notes 5,7)	751,110	717,347
Current portion of long-term loans payable (notes 4H,6)	1,376,000	408,333
Deferred income tax liabilities – current (note 4L)	-	1,701
Accrued expenses and other current liabilities	839,593	394,226
	5,327,629	4,024,824
Long-term loans payable (notes 4H, 6)	2,393,000	2,721,667
Other liabilities:		
Other liabilities – other (notes 4I,4L,5)	253,557	226,431
Revenue received in advance for sales – non-current (notes 5,7)	3,795,316	4,077,783
	4,048,873	4,304,214
Total liabilities	11,769,502	11,050,705
Stockholders' equity (note 4J)**:**		
Common stock	3,820,256	2,994,413
Advance receipts for common stock	-	508
Capital surplus	9,574,891	4,592,617
Retained earnings:		
Legal reserve	587,985	540,429
Unappropriated earnings	4,220,074	1,209,302
	4,808,059	1,749,731
Other stockholders' equity:		
Foreign currency translation adjustment	(106,758)	179,760
Unrecognized pension cost	(21,178)	(16,049)
Unrealized gain on available-for-sale financial assets	352,014	381,076
Total stockholders' equity	224,078	544,787
	18,427,284	9,882,056
Commitments and contingencies (note 4H, 5, 7)		
Total Liabilities and Stockholders' Equity	$ 30,196,786	20,932,761

See accompanying notes to financial statements.

SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Income

Years ended December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		2010	2009
Sales (note 5)	$	19,981,080	10,373,856
Less: sales return and allowance		40,671	195,894
		19,940,409	10,177,962
Service revenue and other revenue (note 5)		139,464	190,374
Net revenue		20,079,873	10,368,336
Cost of goods sold (note 4D, 5)		15,685,383	9,538,965
Gross profit		4,394,490	829,371
Operating expenses:			
Selling		96,945	91,514
Administrative		332,294	115,783
Research and development		485,572	342,847
		914,811	550,144
Operating income		3,479,679	279,227
Non-operating income and gains:			
Interest income		8,310	4,423
Investment gain recognized by equity method (note 4E)		662,634	79,840
Dividend income		10,052	9,748
Government grants		10,576	12,865
Gain on disposal of investments		9,534	165,734
Foreign exchange gain, net		-	21,668
Other income		50,815	30,005
		751,921	324,283
Non-operating expenses and losses:			
Interest expense (note 4F)		68,911	74,119
Foreign exchange loss, net		140,767	-
Impairment loss of financial assets (note 4B)		141,697	-
		351,375	74,119
Income before income taxes		3,880,225	529,391
Income tax expenses (note 4L)		311,616	53,831
Net income	$	3,568,609	475,560

		2010 Before Tax	2010 After Tax	2009 Before Tax	2009 After Tax
Earnings per share (in dollars) (note 4K)					
Basic earnings per share – retroactively adjusted	$	11.42	10.50	1.76	1.58
Diluted earnings per share – retroactively adjusted	$	11.24	10.34	1.74	1.56

See accompanying notes to financial statements.

SINO-AMERICAN SILICON PRODUCTS INC.
Statements of Changes in Stockholders' Equity
Years ended December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars)

	Common stock	Advance receipts for common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Unappro-priated earnings	Foreign currency translation adjustment	Unrecognized pension cost	Unrealized gain (loss) on available-for-sale financial assets	Total
Balance at January 1, 2009	$ 2,211,777	845	2,518,916	368,171	1,903,902	257,218	-	113,256	7,374,085
Appropriation of earnings (note 1):									
Legal reserve	-	-	-	172,258	(172,258)	-	-	-	-
Stock dividends	443,512	-	-	-	(443,512)	-	-	-	-
Cash dividends	-	-	-	-	(554,390)	-	-	-	(554,390)
Issuance of common stock for cash and compensation costs arising from employee subscription rights	312,500	-	1,963,355	-	-	-	-	-	2,275,855
Stock dividends to employees as bonus	16,550	-	103,450	-	-	-	-	-	120,000
Issuance of stock from exercised employee stock options	10,074	(337)	6,896	-	-	-	-	-	16,633
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	267,820	267,820
Foreign currency translation adjustments	-	-	-	-	-	(77,458)	-	-	(77,458)
Net income for 2009	-	-	-	-	475,560	-	-	-	475,560
Pension adjustment - unrecognized pension cost	-	-	-	-	-	-	(16,049)	-	(16,049)
Balance at December 31, 2009	2,994,413	508	4,592,617	540,429	1,209,302	179,760	(16,049)	381,076	9,882,056
Appropriation of earnings (note 2):									
Legal reserve	-	-	-	47,556	(47,556)	-	-	-	-
Stock dividends	209,738	-	-	-	(209,738)	-	-	-	-
Cash dividends	-	-	-	-	(299,627)	-	-	-	(299,627)
Issuance of common stock for cash	610,000	-	4,958,757	-	-	-	-	-	5,568,757
Stock dividends to employees as bonus	4,255	-	22,745	-	-	-	-	-	27,000
Issuance of stock from exercised employee stock options	1,850	(508)	772	-	-	-	-	-	2,114
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	(29,062)	(29,062)
Foreign currency translation adjustments	-	-	-	-	-	(286,518)	-	-	(286,518)
Adjustment of retained earnings accounted for under the equity method	-	-	-	-	(916)	-	-	-	(916)
Pension adjustment - unrecognized pension cost	-	-	-	-	-	-	(5,129)	-	(5,129)
Net income for 2010	-	-	-	-	3,568,609	-	-	-	3,568,609
Balance at December 31, 2010	$ 3,820,256	-	9,574,891	587,985	4,220,074	(106,758)	(21,178)	352,014	18,427,284

Note 1：Net income for 2008 was excluded director’s and supervisor’s remuneration and employee bonuses amounted $24,046 thousand and $180,344 thousand, respectively.
Note 2：Net income for 2009 was excluded director’s and supervisor’s remuneration and employee bonuses amounted $12,274 thousand and $92,054 thousand, respectively.

See accompanying notes to financial statements.

SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Cash Flows

Years ended December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income	$ 3,568,609	475,560
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	1,106,990	679,319
Amortization	176	720
Provision for (reversal of) allowance for doubtful accounts	(36,785)	36,276
Provision for inventory obsolescence and devaluation loss	21,459	18,437
Investment gain recognized by equity method	(662,634)	(79,840)
Cash dividends received under the equity method	115	-
Loss (gain) on disposal of fixed assets	15	(244)
Gain on disposal of the equity investment	(9,534)	(165,734)
Impairment loss of the financial assets	141,697	-
Expense with no effect on cash flow	(220,836)	-
Compensation cost arising from issuance of common stock for cash that is reserved for employees	-	21,563
Change in operating assets and liabilities:		
Notes and accounts receivable	(86,816)	(492,815)
Notes and accounts receivable from related parties	(502,652)	17,780
Inventories	(709,856)	179,326
Prepayments for materials	162,606	74,164
Other financial assets – current	8,421	(33,456)
Deferred income tax assets	(3,082)	31,854
Other operation-related assets	119,557	7,575
Notes and accounts payable	283,068	427,934
Notes and accounts payable from related parties	(326,980)	206,204
Received in advance for sales	(248,704)	(363,725)
Accrued pension liabilities	(1,017)	2,176
Deferred credit	33,322	(10,286)
Other operation-related liabilities	917,295	(63,348)
Net cash provided by operating activities	3,554,434	969,440
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets – non-current	10,215	183,547
Acquisition of financial assets carried at cost	(26,096)	-
Increase in the long term investment at equity	(891,676)	(794,894)
Acquisition of property and equipment	(2,578,442)	(2,358,030)
Proceeds from disposal of property and equipment	676	-
Increase in deposits-out	(740)	-
Decrease (increase) in deferred charges	2,255	(21,652)
Increase in restricted assets	(195)	(3)
Net cash used in investing activities	(3,484,003)	(2,991,032)

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SINO-AMERICAN SILICON PRODUCTS INC.

Statements of Cash Flows (continued)

Years ended December 31, 2010 and 2009
(Expressed in thousands of New Taiwan dollars)

		2010	2009
Cash flows from financing activities:			
Decrease in short-term borrowings		(648,665)	(375,139)
Increase in long-term loans payable		860,000	1,630,000
Repayment of long-term loans		(221,000)	(1,000,000)
Payments of cash dividends		(299,627)	(554,390)
Proceed from capital increase		5,568,757	2,254,292
Proceeds from issuance of stock for employee stock options exercised		2,114	16,633
Net cash provided by financing activities		5,261,579	1,971,396
Net increase (decrease) in cash		5,332,010	(50,196)
Cash at beginning of year		874,528	924,724
Cash at end of year	$	**6,206,538**	**874,528**
Supplemental disclosures of cash flow information:			
Cash payments of interest (excluding interest capitalized)	$	**65,886**	**74,036**
Cash payments of income taxes	$	**1,317**	**127,696**
Non-cash investing and financing activities:			
Current portion of long-term loans payable	$	**1,376,000**	**408,333**
Bonuses to employees – stock	$	**27,000**	**120,000**
Acquisition of property, plant and equipment:			
Increase in property, plant and equipment	$	2,683,801	2,219,373
Changes in payables on equipment		(105,359)	138,657
	$	**2,578,442**	**2,358,030**

SINO-AMERICAN SILICON PRODUCTS INC.

Notes To Financial Statements

December 31, 2010 and 2009
(Amounts expressed in New Taiwan dollars, except for per share information and unless otherwise noted)

1. Organization and Principal Activities

Sino-American Silicon Products Inc. ("SAS") was incorporated in January 1981 under the ROC Company Act, and its Chunan Branch was established in June 2005. SAS's main activities include the research, development, production, sale of semiconductor ingots/wafers, solar ingots/wafers, and sapphire wafers, and services of integration and installment of photovoltaic systems.

SAS's common shares were publicly listed on the Over-the-Counter Market ("OTC") in March 2001. As of December 31, 2010 and 2009, SAS ("the Company") had 1,799 and 1,230 employees.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China (ROC).

Significant accounting policies and measurement approaches are as follows:

(1) Use of Estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosures of contingent liabilities. Actual results could differ from these estimates.

(2) Foreign-currency Transactions and Translation

The Company record transactions in New Taiwan dollars in its financial statements. Non-derivative foreign currency transactions are recorded at the exchange rates prevailing on the transaction date. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates on that date. The resulting exchange gains or losses from settlement of such transactions or translation of foreign-currency-denominated monetary assets or liabilities are reflected as non-operating gains or losses in the accompanying statements of income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into New Taiwan dollars at the rates prevailing at the balance sheet date. If the non-monetary assets or liabilities are measured at fair value through profit or loss, the resulting unrealized exchange gains or losses from such transactions are recognized in current income. If the non-monetary assets or liabilities are measured at fair value through stockholders' equity, then the resulting unrealized exchange gains or losses from such transactions are recognized as a separate component of stockholders' equity.

The financial statements of the Company's overseas invested companies recognized by the equity method are recorded in the functional currency, and the cumulative translation effects are included in the cumulative translation adjustment in stockholders' equity.

The financial statements of the Company's overseas invested companies are translated into New Taiwan Dollars using the spot rates at the balance sheet date for asset and liability accounts. The beginning balance of retained earnings account are carried forward from the ending balance of retained earnings account last year. The rest of equity accounts are measured in terms of the historical exchange rates. The exchange rate for declared dividends is based on the rate which is effective on declaration date. The income statement accounts adopt the average rate during the year.

(3) Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalent, assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are classified as noncurrent assets and liabilities.

(4) Asset Impairment

The Company reviews the Company's non-financial assets (an individual asset or cash-generating unit associated with the asset, other than goodwill) for impairment test at each balance date. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as an impairment loss. If the recoverable amount reverses in a subsequent period, the amount previously recognized as impairment is reversed but subject to the extent of previous write down. The adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, as if no impairment loss had been recognized.

The Company reviews the Company's intangible assets with indefinite useful lives and not available for use for impairment measurement at each balance date. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as an impairment loss.

(5) Financial Instruments

The Company uses transaction-date accounting for financial instrument transactions. At initial recognition, financial instruments are measured at fair value. Except for financial assets and liabilities measured at fair value through profit or loss, acquisition cost or execution cost is part of financial instrument amount initially recognized. Subsequent to initial recognition, financial instruments are measured and categorized on their bases as follows:

(a) Financial assets and liabilities measured at fair value through profit or loss: Financial instruments are classified into this category if the purpose of acquisition is principally for selling or repurchasing in the near future. Except for effective derivative financial instruments as hedge, all financial derivatives are included in this category. Changes in fair values are charged to current income or losses.

(b) Available-for-sale financial assets: Those financial assets classified as available-for-sale are measured at fair value, and any changes, excluding impairment loss and unrealized foreign currency exchange gain or loss, are reported as a separate component of stockholders' equity until realized. Realized gain or loss on financial instruments is recognized in current operating income. If the objective evidence shows that impairment occurs, an impairment loss is recognized in current income or loss. If, in a subsequent period, events or changes in circumstances indicate that the amount of impairment loss decreases, the previously recognized impairment loss for equity securities is reversed, limited to the extent of the decrease, and recorded as an adjustment to equity; while for debt securities, the reversal is allowed through current operating income, provided that the decrease is clearly attributable to an event which occurs after the impairment loss is recognized.

(c) Financial assets measured at cost: Financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably evaluated are measured at their original cost. When objective evidence of impairment exists, the Company recognizes an impairment lossHowever, such impairment loss cannot be reversed in subsequent periods.

(6) Allowance for Doubtful Accounts

The allowance for doubtful accounts is determined based on the account aging analysis, current trends in the credit quality of customers, and the Company's credit policy.

(7) Inventories

The cost of inventories consists of costs of purchase, costs of process, and other costs incurred in bringing the inventories to their present location and condition ready for use in the manufacturing or sale. The fixed production overheads are allocated to the finished goods and work in progress based on the normal capacity of the production facilities. If the actual yield is approximately the normal capacity, the fixed production overheads are allowed to allocate based on the actual yield of the production facilities. In contrast, if the actual yield is greater than the normal capacity, the fixed production overheads are allowed to allocate based on the actual yield of the production facilities. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

Inventories are measured individually at the lower of cost or net realizable value. The cost of inventories is calculated based on the weighted-average-cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(8) Equity-Method Investments

The equity method is adopted when the aggregate shareholding of the Company and its affiliated companies in the investee exceeds 20% of common shares, or is less than 20% of the investee's common stock ownership, but the Company and its affiliated companies have a significant influence on the investee. The difference between investment cost and underlying equity in net assets is analyzed and in accordance with following allocation procedures of the acquisition cost:

(a) If the difference comes from non-current assets that can be depreciated, depleted or amortized, such difference is amortized over the estimated remaining economic lives. If the difference between investment cost and underlying equity in net assets comes from discrepancies between the book values of assets and their fair values, then all remaining differences in book are amortized when the reasons for such differences do not exist.

(b) If the investment cost exceeds the fair value of acquired entity's identifiable net assets, the excess amount is recognized as goodwill.

(c) If the fair value of acquired entity's identifiable net assets exceeds the investment cost, the excess is used to reduce the carrying amounts of non-current assets in proportion to their fair values. If there is a further difference when the carrying amounts of non-current assets have been written down to zero, the difference is recognized as extraordinary gain.

If an investee company issues new shares and the Company does not subscribe in proportion to its original ownership percentage, the holding equity in the investee's net assets might be changed. The resulting change in the equity interest is adjusted against capital surplus and the book-value of such equity investments, and a further reduction goes to retained earnings if needed.

If the equity investment that was previously measured at cost is changed to the equity method, the carrying amount of the equity investment at the beginning of the year should be used as the initial book value of the long-term equity investment under the equity method.

Unrealized inter-company profits or losses resulting from transactions between the Company and its investees accounted for under the equity method are deferred. The profits or losses resulting from depreciable or amortizable assets are recognized over the estimated useful lives of such assets. The profits or losses from other assets are recognized when they are realized.

The Company consolidates the financial statements quarterly for the controlled investee companies which are accounted for under the equity method.

(9) Property, Plant and Equipment and Idle Assets

Property, plant and equipment are stated at cost. Significant additions, improvements, and replacement are treated as capital expenditures. Repairs and maintenance are charged to expenses as incurred.

Depreciation of property, plant and equipment is provided for by using the straight-line method over the estimated useful lives of the respective assets. At the end of each fiscal year, the Company reviews the remaining useful life, depreciation method and salvage value of property, plant and equipment. Any changes in the remaining useful life, depreciation method and salvage value are regarded as changes in accounting estimates. The useful lives of the main property, plant and equipment are as follows:

(a) Buildings: 2 to 40 years.
(b) Machinery and equipment: 2 to 15 years.
(c) Other equipment: 2 to 20 years.

Gains or losses on the disposal of property, plant and equipment are accounted for as non-operating income or losses.

Property, plant and equipment not used in operations are reclassified to idle assets, which are measured at the lower of carrying amount or net realizable value. Pursuant to the amended Statement of Financial Accounting Standards (SFAS) No. 1 "Conceptual Framework for Financial Accounting and Preparation of Financial Statements", the cost, accumulated depreciation, and accumulated impairment of property, plant and equipment not used in operations are reclassified to idle assets and depreciated over the remaining estimated useful life.

(10) Intangible Assets

Expenditure on research, other than goodwill and intangible assets acquired in a business combination, is charged to expense as incurred. An intangible asset arising from technology development is recognized when it meets all the recognition criteria for capitalization; otherwise, the expense is recognized as incurred.

The residual value, useful life and amortization method for an in tangible asset with a finite useful life are reviewed at least at each fiscal year-end. Any changes thereof are accounted for as changes in accounting estimate.

Goodwill represents the excess of the cost of the acquisition over the interest in the fair value of the identifiable assets, liabilities, and contingent liabilities acquired. Goodwill is no longer amortized but is measured at cost less accumulated impairment losses.

(11) Deferred Charges

Deferred charges include costs related to syndicated loan application, electrical facility installation, and other activities which are amortized on a straight-line basis over their estimated useful lives. The deferred charges attributable to syndicated loan are amortized over 5 years, and others are amortized over 2 to 5 years.

(12) Hedge accounting

The gain or loss resulting from changes in the fair values is offset between the hedging instrument and the hedged item while all the criteria for fair-value hedges are met.

The gain or loss of a hedging instrument, designated as a fair-value hedge, resulting from the changes either in the fair value remeasurement or carrying value due to exchange rate fluctuation is recognized in current operating income or loss as it incurs; The gain or loss of hedged item attributable to the hedged risks is stated at fair value and recognized in the current operating income or loss as it incurs.

(13) Retirement Plan

The Company established an employee non-contributory defined benefit retirement plan (“the Plan”) covering all regular employees employed before June 30, 2005. In accordance with the Plan, the Company’s employees are eligible for retirement or are required to retire after meeting certain age or service requirements. Payments of retirement benefits are based on the years of service and the average salary for the six-month period before the employee’s retirement. Each employee earns two months of salary for the first fifteen years of service, and one month of salary for each year of service thereafter. The company is liable for the pension obligation arising from the plan. The maximum retirement benefit is 45 months of salary.

Beginning July 2005, pursuant to the ROC Labor Pension Act (hereinafter referred to as the “New Act”), employees who elected to participate in the New Act or joined the Company after July 1, 2005, are covered by a defined contribution plan under the New Act. For these employees, the Company is required to make a monthly contribution at a rate of no less than 6% of the employee’s monthly wages to the employee’s individual pension fund account at the ROC

Bureau of Labor Insurance. Anything not covered by the original retirement plan is handled pursuant to the New Act.

For the defined benefit plan of the ROC Labor Standards Law (the “old system”), the Company carries out an actuarial calculation of its pension obligation at year-end. Based on the actuarial calculation, the Company recognizes a minimum pension liability and net periodic pension costs covering the service lives of the retirement plan participants, including current service cost, interest cost, the actual return on plan assets, unrecognized pension obligation at transition, prior service cost, and pension gains or losses amortized on a straight-line basis over the estimated residual service periods of employees participating in the “Plan”. In accordance with the requirement of the ROC Labor Standards Law, the Company contributes monthly at the rate of 2% of salaries and wages to a pension fund.

Under the New Act, the Company contributes 6% of each employee’s monthly wages to the Bureau of Labor Insurance. Pension cost is recognized in the period when the contribution is made.

(14) Share-based Payment

The Company adopted SFAS No. 39 “Share-based Payment” for share-based payment arrangements with a grant date on or after January 1, 2008. The Accounting Research and Development Foundation (“ARDF”) Interpretations No. (92) 070, 071, and 072 were applied for employee share options that were granted before January 1, 2008.

(a) A share-based payment transaction with equity settlement is measured based on the fair value of the award at the grant date, and recognized as expenses over the vesting period with a corresponding increase in equity. The vesting period is estimated based on the vesting conditions under the share-based payment arrangement. Vesting conditions include service conditions and performance conditions (including market conditions). In estimating the fair value of an equity-settled share-based award, the market influence is the only one factor taken into consideration.

(b) As the fair value of a share-based award is measured by using the Black-Scholes option-pricing model, the measurement factors taken into account include the exercise price, the current market price of the underlying shares, management’s best estimate of the expected term, the expected volatility, the expected dividends, and the risk-free interest rate.

(c) For a share-based payment award that was granted before January 1, 2008, the Company need not retrospectively apply SFAS No. 39. However, pro forma net income and earnings per share must be disclosed for such transactions.

The capital increase by cash arising from the exercise of employee stock subscription rights commencing from January 1, 2008, is accounted for in accordance with ARDF Interpretation No. (96) 267. According to this Interpretation, compensation cost is calculated based on the option-pricing model on the grant date and is amortized over the vesting period. The grant date is either the ex-rights date or the date of approval by the board of directors if the approval from the board of directors is required.

(15) Revenue Recognition

Sales revenue is recognized when title to the products and the risks and rewards of ownership are transferred to the clients, which occurs principally at the time of shipment. Conversion revenue is recognized when the conversion work has been completed and processed products are delivered.

(16) Government Grants

Income from government grants for research and development is recognized as non-operating income based on the percentage of the actual expenditures to projected total costs over the years.

(17) Employee Bonuses and Remuneration to Directors and Supervisors

In accordance with Interpretation No.(96) 052 issued by the ARDF, the Company estimates the amount of employee bonuses and remuneration to directors and supervisors and charges it to current operating income while the distribution of earning is attributed to the earning retained on or after January 1, 2008. Theses bonuses and remuneration are classified under either the cost of goods sold or operating expense, whichever is appropriate. The difference, if any, between the estimates recognized in the previous-year financial statement and the actual amount approved by shareholders is accounted for as a change in accounting estimate, and is recognized in current operating income.

(18) Income Taxes

Income tax is an estimate based on the differences of tax basis and the operating income or loss before income tax as well as the adjustments resulting from temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for tax purposes.

The temporary differences resulting from taxable items and the changes in allowance for overseas investment are accounted for as deferred income tax liabilities. The temporary differences resulting from deductible items, loss carry-forward, and tax benefit items are accounted for as deferred income tax assets; however, the probability of realization is measured and recognized every year. There is no deferred income tax asset or liability account recognized when the difference resulting from overseas investments in investees is temporary and not reversible in the foreseeable future.

According to Statement of SFAS No. 22 “Income Taxes,” when a new income tax rate is enacted, the deferred tax liability or asset, if any, is remeasured in the year when the new enacted tax rate is announced. The difference due to the new enacted tax rate applicable to the deferred tax liability or asset accounts is recognized as the income tax expense (benefit) and categorized in the income from continuing operations of the income statement.

The deferred income tax assets or liabilities which are categorized as current or non-current are based on the liquidation of the related assets or liabilities which cause deferred income tax assets or liabilities. Otherwise, when the deferred income tax asset or liability is not directly related to a specific asset or liability, the classification is based on the expected realization duration of deferred income tax assets or liabilities.

The tax credits resulting from the machinery procurements to enhance the production automation and to encourage research and development are recognized in the current year as it incurs.

According to the R.O.C. Income Tax Act, the unappropriated earnings are subject to an additional 10 percent corporate income surtax. This surtax is charged to income tax expense in the following year when the shareholders approve the distribution matter on earnings attributable to previous year.

(19) Earnings Per Common Share

Basic EPS is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the current reporting period. The weighted-average of outstanding shares is adjusted retroactively for the effects of capital shares increases resulting from retained earnings, capital surplus to common stock, and employee stock bonuses that are approved in the stockholders' meeting in 2008 or previous years.

The Company's employee stock options and employee stock bonuses effective after January 1, 2009 are potential common stocks. The basic EPS is disclosed while all potential common shares are not dilutive. Otherwise, both the basic EPS and dilutive EPS are disclosed. For diluted EPS, net income (loss) and the weighted-average of outstanding shares, assuming the dilutive share equivalent had been issued, during the year are subject to the effects of dilution of potential common shares.

3. Reasons for and Effect of Changes in Accounting Principles

The identification of related party was pursuant to ARDF Interpretation No. (99) 371 by the Company. This new adoption has no effect on the net income and the earnings per share for 2010.

In adoption of SFAS No. 10 "Inventories" as amended and effective on January 1, 2009, the Company has a decrease in net income and basic earnings per common share amounted to $56,270 thousand and $0.20, respectively, on a retroactive basis as of December 31, 2009. Of $56,270 thousand decrease in net income for 2009, $4,483 thousand is for SAS's subsidiaries.

4. Details to Major Accounts

A. Cash

The components of cash as of December 31, 2010 and 2009 were as follows:

		December 31, 2010	December 31, 2009
Cash on hand	$	442	388
Time deposits		1,893,450	-
Deposits in banks		4,312,646	874,140
	$	**6,206,538**	**874,528**

B. Financial Instrument Investments and Hedge Accounting

(1)Investments:

Available-for-sale financial assets as of December 31, 2010 and 2009 were as follows:

	December 31, 2010	December 31, 2009
Available-for-sale financial assets－non-current:		
Publicly listed companies:		
Actron Technology Corp.	$ 381,019	410,761

	2010	2009
Financial assets carried at cost－non-current:		
Non-publicly listed stocks:		
Songlong Electronics Co., Ltd.	$ -	-
Giga Epitaxy Technology Corp.	7,499	7,499
Sunrise Global Solar Energy Corp.	-	100,000
21-Century Silicon, Inc.	-	15,795
Clean Venture 21 Corporation	53,838	171,540
SILFAB SPA	1,320,160	1,320,160
ZE Poly Pte Ltd.	74,056	82,256
Accusolar Power Co., Ltd.	26,096	-
	$ 1,481,649	1,697,250

The above equity investments were accounted for as financial assets carried at cost because there is no active market to trade those equity instruments and their fair value cannot be reliably measured.

The $141,697 thousand of impairment loss recognized in 2010 is accounted for the recurring operation loss of 21-Century Silicon, Inc., Clean Venture 21 Corporation and ZE Poly Pte Ltd.

In order to have the synergy of vertical and horizontal integration and to diversify the investment portfolio, the Company invested in Accusolar Power Co., Ltd., with 11.22% shareholding in 2010.

Please refer to Note 4E for more information as to the investment in ZE Poly Pte Ltd. and Sunrise Global Solar Energy Corp.

(2)Hedge accounting:

The Company entered into firm purchase agreements denominated in foreign currency which are subject to the changes in fair values resulting from exchange rate fluctuation. The Company had assessed the higher risk it may expose to, and therefore the Company held and designated certain portion of foreign currencies as the hedged item. As of December 31, 2010, details of hedged items designated as fair value hedges and their respective hedging against non-derivative financial instruments were as follows:

Hedged item	Hedging instruments	Fair value of designated hedging instruments December 31, 2010
Firm commitment	Foreign currencies in cash	$ 2,261,891

C. Notes and Accounts Receivable, Net

Notes and accounts receivable as of December 31, 2010 and 2009 were as follows:

		December 31,	
		2010	2009
Notes receivable	$	18,975	7,143
Accounts receivable		1,774,152	1,699,168
Less: allowance for doubtful accounts		-	(36,785)
	$	1,793,127	1,669,526

D. Inventories

The components of inventories as of December 31, 2010 and 2009, were as follows:

		December 31,	
		2010	2009
Merchandise	$	2,198	194
Less: Allowance for inventory obsolescence		(627)	(49)
		1,571	145
Finished goods		771,561	272,073
Less: Allowance for inventory obsolescence		(31,411)	(14,424)
		740,150	257,649
Work in progress		30,296	114,416
Less: Allowance for inventory obsolescence		(2,027)	(3,372)
		28,269	111,044
Raw Materials		675,983	547,583
Less: Allowance for inventory obsolescence		(31,536)	(34,599)
		644,447	512,984
Supplies		303,163	139,079
Less: Allowance for inventory obsolescence		(20,858)	(12,556)
		282,305	126,523
	$	1,696,742	1,008,345

As of December 31, 2010 and 2009, the costs categorized in the cost of goods sold resulting from inventory write-down to net realizable value or other inventory-related income or expenses were as follows:

		2010	2009
Unallocated fixed manufacturing overhead	$	-	6,894
Physical inventory loss		544	-
Loss on inventory devaluation		21,459	18,437
Compensation income for disaster damage		(7,330)	-
Disaster loss		-	15,397
	$	14,673	40,728

E. Equity-Method Investments and Investment Prepayment

(1) Equity-method investments as of December 31, 2010, and related investment gain recognized thereon for the year ended December 31, 2010, were as follows:

Investee		December 31, 2010 Amounts	Percentage of ownership		December 31, 2009 Amounts	Percentage of ownership
Sino Silicon Technology Inc.	$	1,441,459	100%	$	1,323,406	100%
GlobiTech Incorporated		2,461,551	100%		2,340,487	100%
Sunrise Global Solar Energy Corp.(SGSE)		1,061,409	24.16%		-	-
	$	4,964,419		$	3,663,893	
Investment gain recognized by equity method, net	$	662,634		$	79,840	

With the approval of the Investment Commission of MOEA, the Company indirectly invests in Kunshan Sino silicon Technology Co., Ltd. (SST) in PRC through Sino Silicon Technology Inc. SST focus on the manufacturing, marketing and sales of wafer-related products and merchandise. Further information is included in the Note 11(3).

The Company's accumulative investment in GlobiTech Incorporated is 2,241,668 thousand dollars, or US 73,423 thousand dollars as of December 31, 2010. GlobiTech Incorporated focus on the production of epitaxial wafers silicon wafers, and operation of a wafer foundry.

The change resulting from the differences of the acquisition cost and the underlying equity in net assets of GlobiTech and SGSE were as follows:

For the year ended December 31, 2010		Beginning balance	Additions	Amortization	Foreign currency translation	Ending balance
Amortized assets	$	289,802	279,587	(20,672)	(24,965)	523,752
Goodwill		684,575	-	-	(61,981)	622,594
	$	974,377	279,587	(20,672)	(86,946)	1,146,346

For the year ended December 31, 2009		Beginning balance	Additions	Amortization	Foreign currency translation	Ending balance
Amortized assets	$	313,802	-	(16,541)	(7,459)	289,802
Goodwill		702,421	-	-	(17,846)	684,575
	$	1,016,223	-	(16,541)	(25,305)	974,377

As SGSE launched a capital increase in September 2010, the Company increased its ownership interest in SGSE from 10% to 25.5%. Therefore, the investment in SGSE was accounted for under the equity method, and related investment gain or loss was recognized. As of December 31, 2010, the Company assessed the fair value of the identifiable assets within the allocation period of the acquisition price, not exceed one year after the day of acquisition. The Company's equity in SGSE decreases to 24.16% as a result of disproportionate participation in SGSE's equity change. The difference between the acquisition cost and the underlying equity in SGSE's net assets which was attributable to depreciable assets amounted to $279,587 thousands.

As part of the Company's business strategy and assurance of continuous raw material supply, the Company invested $60,920 thousand (US$2,000 thousand) in ZE Poly Ltd. ("ZE") in 2008. In December 2009, the Company's equity interest in ZE decreased from 20.00% to 18.57% as a result of disproportionate participation in ZE's capital increase, which caused the investment in ZE with an insignificant influence and changed the accounting from equity to cost method. As of the date of the accounting change from equity to cost method, the carrying amount of investment under equity method became the new carrying amount of the investment under the cost method. Before the accounting changing from equity to cost method, the investment loss amounted to $1,314 thousand was recognized.

(2)Prepayment for investment in stocks

The Company entered into the joint venture agreement with Solartech Energy Corp. and Sing Tung Investment Ltd. on November 29, 2010. Pursuant to the agreement, SINOSOLAR CORP, the joint venture company, is incorporated accordingly. As of December 31, 2010, SINOSOLAR CORP. was in the start-up phase and of not any commercial operation. Accordingly, the Company accounts for $9,000 thousand of paid-in capital to SINOSOLAR CORP. under the prepayment for investment in stock.

F. Property, Plant and Equipment

The capitalized interest costs arising from the building constructions and machinery installations are $6,859 thousand in 2009. The applicable monthly rate for capitalization was 0.17% for 2009.

As of December 31, 2009, parts of property, plant and equipment were pledged as collateral; Please refer to the Note 6 for further information.

G. Short-term Borrowings

Short-term borrowings as of December 31, 2010 and 2009, were as follows:

	December 31,	
	2010	**2009**
Loan for working capital	$ -	211,665
Loan for materials procurement	-	437,000
	$ -	**648,665**
Available facilities	**$ 3,743,040**	**2,243,658**
Range of interest rate at year end	**-**	**0.90% to 1.56%**

As of December 31, 2010 and 2009, parts of buildings were pledged as collateral; Please refer to the Note 6 for further information.

H. Long-term Loans Payable

As of December 31, 2010 and 2009, details to long-term loans payable were as follows:

		December 31	
Financial institution	**Key terms and repayments**	**2010**	**2009**

Financial institution	Key terms and repayments		December 31 2010	2009
Chang Hwa Bank (lead bank of syndicated loan)	Payable in 17 quarterly installments starting from 12 months after the drawdown	$	1,500,000	1,500,000
Mega International Commercial Bank (lead bank of syndicated loan)	Payable in 15 quarterly installments starting from 18 months after the drawdown on February 17, 2009		2,044,000	1,330,000
E. Sun Bank	Payable in quarterly installments starting from September 15, 2010. The facility is effective from June 15, 2009 to June 15, 2012		225,000	300,000
Less: current portion			(1,376,000)	(408,333)
		$	**2,393,000**	**2,721,667**
Range of interest rates at the year end			**1.62% to 1.65%**	**1.65% to 1.86%**
Available facilities		**$**	**310,000**	**1,170,000**

On March 12, 2008 the Company obtained syndicated loan credit facilities of $2,500,000 thousand from Chang Hwa Bank and 7 other banks. Under these credit facilities, the Company is required to comply with all financial covenants such as current ratio, debt ratio, interest coverage ratio, and the net worth based on its annual and semi-annual consolidated financial statements.

On December 18, 2008, the Company obtained another syndicated loan credit facilities of $2,500,000 thousand from Mega International Commercial Bank and 5 other banks. Under these credit facilities, the Company is required to comply with all financial covenants such as current ratio, debt ratio, interest coverage ratio, and the net worth based on its annual and semi-annual consolidated financial statements.

If the Company did not comply with the financial covenants as specified in the loan agreements with Chang Hwa Bank and Mega International Commercial Bank, the Company should apply for a wavier, stating therein the reasons and measures to be taken. The banks have rights to request for extinguish the loan once the Company breaches the contracts.

According to the loan agreements, an annual commitment fee is charged on 0.1% to 0.2% to the committed-to-withdraw amount which has not been drawdown on schedule. No commitment fee has been paid for the year ended December 31, 2010. The Company was in compliance with the aforementioned financial covenants as of December 31, 2010.

Please refer to Note 6 for property, plant and equipment pledged as collateral.

I. Retirement Plans

As of December 31, 2010 and 2009, the pension obligation was reconciled with accrued pension liabilities under the defined benefit plan as follows:

		December 31,	
		2010	2009
Benefit obligation:			
Vested benefit obligation	$	22,584	19,105
Nonvested benefit obligation		61,866	60,273
Accumulated benefit obligation		84,450	79,378
Additional benefits based on future salary increase		21,692	22,604
Projected benefit obligation		106,142	101,982
Fair value of plan assets		(40,839)	(39,676)
Funded status		65,303	62,306
Unrecognized net transition obligation		(1,414)	(1,616)
Unrecognized net loss		(42,870)	(38,653)
Additional accrued pension liabilities		22,592	17,665
Accrued pension liabilities (listed in other liabilities)	$	**43,611**	**39,702**

The components of net pension cost for 2010 and 2009, were as follows:

	2010	2009
Defined benefit plan:		
Service cost	1,790	1,983
Interest expense	1,851	2,663
Expected return on pension plan assets	(629)	(1,405)
Amortization and deferral	1,980	1,105
Net periodic pension cost	4,992	4,346
Defined contribution plan	33,347	23,083
Total	**38,339**	**27,429**

As of December 31, 2010 and 2009, the vested benefit of employees who meet retirement requirements amounted to $28,425 thousand and $24,597 thousand, respectively.

Key assumptions used in the actuarial valuations as of December 31, 2010 and 2009, were as follows:

	December 31,	
	2010	2009
Discount rate	2.00%	2.00%
Rate on future compensation change	2.00%	2.00%
Expected long-term rate of return on plan assets	2.00%	2.00%

J. Stockholders’ Equity

(1) Capital increase and common stock

Pursuant to the stockholders’ resolution on June 3, 2009, the Company increased its authorized capital to $5,000,000 thousand, and issued its new common stock by 46,006 thousand shares through the capitalization of unappropriated earnings and employee bonuses of $443,512 thousand and $120,000 thousand, respectively. The common shares issued to compensate employee bonuses was 1,655 thousand shares at $72.51 per share, which was determined by dividing the amount of employee bonuses by the closing price (after considering the effect of dividends) of the shares on the day preceding the shareholder's meeting. Such capital increase was registered with the governmental authorities and its record date was July 19, 2009.

Pursuant to a directors' resolution on June 11, 2009, the Company was approved to increase its common shares between 25,000 thousand and 31,250 thousand shares and obtain capital. The filing of the capital increase was approved by the governmental authorities on June 30, 2009. The capital increase was completed on July 30, 2009 and obtained cash amounted for $2,254,292 thousand with 31,250 thousand shares issued at $73.10 per share. The cost for issuing such common stock amounted to $30,082 thousand and the record date was July 24, 2009.

Pursuant to a stockholders' resolution on June 15, 2010, the Company increased its common stock by 21,399 thousand shares through the capitalization of unappropriated earnings and employee bonuses of $209,738 thousand and $27,000 thousand, respectively. The number of common shares issued as employee bonuses was 426 thousand shares, which was determined by dividing the amount of employee bonuses by the closing price (after considering the effect of dividends) of the shares on the day preceding the shareholder's meeting. The issuance price for the share is $63.46 per share. The record date of this capital increase was July 18, 2010.

On September 9, 2010, the Company offered 61,000 thousand units of Global Depositary Receipts (GDRs) in the Luxembourg Stock Exchange representing 61,000 thousand shares of the Company's common stock. Each GDR represents one share of the Company's common stock. The offering price was US$2.9048 per GDR. The offering and issuance of the GDRs were approved by the ROC Securities and Futures Bureau (SFB) with its letter 0990041383 dated August 13, 2010. The total capital received from the offering of such GDRs amounted to US$177,193 thousand on September 9, 2010, and the net proceeds thereof, after deducting the underwriting expense of US$2,262 thousand, amounted to US$174,931 thousand which is equivalent to $5,580,288 thousand. The cost for issuing such common stock amounted to $11,531 thousand. The paid-in capital in excess of par value of $4,958,757 thousand was recognized as "capital surplus".

As of December 31, 2010 and 2009, the authorized common stock were $5,000,000, of which $200,000 thousand was reserved for employee stock options and subscription warrants attached to preferred stocks or convertible bonds. The paid-in-capital were $3,820,256 thousand and $2,994,413 thousand as of December 31, 2010 and 2009, respectively, with par value of $10 per share.

(2) Employee stock option plans

In June 2010, the Board of Directors resolved to issue 10,000,000 granted units as the First Employee Stock Option Plan for 2010 (the "Plan"), with The effective registration date of the Plan was on November 12, 2010; however, as of December 31, 2010, the Company had not issued any unit with regard to such Plan.

In June 2004, SFB approved the Company's plan to issue 10,000,000 units of employee stock options. Each unit entitles the holder to subscribe for one common share of the Company, and the exercise period for the options is 6 years starting from the grant date. As of December 31, 2010, the outstanding employee stock option plans were as follows:

Item	Authorization date	Grant date	Vesting period	Issued units in thousands	Exercise price per share ($)	Fair value per share on grant date ($)	Adjusted exercise price per share ($)
First employee stock option in 2004	June 1, 2004	August 11, 2004	Service periods from two to four years	5,000	16.20	16.20	10.20
Second employee stock option in 2004	June 1, 2004	January 31, 2005	Service periods from two to four years	5,000	23.00	23.00	15.20

For the years ended December 31, 2010 and 2009, 147 thousand shares and 990 thousand shares, respectively, of the Company's employee stock options were exercised. Of those shares, 0 and 38 thousand shares were still in the subscription process cash received thereof were recorded under advance for common stock subscription amounting to $ 0 and $508 thousand as of December 31, 2010 and 2009. All of the above stock options have been exercised.

The Company applied the intrinsic value method for employee stock option plans in 2004. Under the intrinsic value method, the compensation cost was recognized at the grant date and its exercise price was equal to the market price of the underlying stock on the date of grant with adjustments of ex dividend. Accordingly, the compensation cost was recognized at $0.

When the compensated employee stock options was measured by adopting the fair-value method in accordance with SFAS No. 39 and the Black-Scholes model was adopted. Factors which should be taken into account in the Black-Scholes were as follows:

Expected dividend yield	4%
Expected volatility of price	15.00% to16.25%
Risk-free interest rate	1.69%
Expected continuing period	6 years

As of December 31, 2010 and 2009, the information connected to quantity and exercise price in compliance with the Company's compensated stock option plan were as follows:

	2010		2009	
Employee stock options	Options (thousands)	Weighted-average exercise price ($)	Options (thousands)	Weighted-average exercise price ($)
Balance, beginning of year	147	14.38	1,213	17.32
Options exercised	147	14.38	990	16.89
Options cancelled	-	-	76	17.99
Balance, end of year	-	-	147	14.38
Options exercisable at end of year	-	-	147	14.38
Weighted-average fair value of options granted in the first employee stock option in 2004 ($)	1.20		1.20	

Employee stock options	2010 Options (thousands)	2010 Weighted-average exercise price ($)	2009 Options (thousands)	2009 Weighted-average exercise price ($)
Weighted-average fair value of options granted in the second employee stock option in 2004 ($)	1.60		1.60	

The weighted-average market price per share of common stock was $78.69 and $70.61 for the years ended December 31, 2010 and 2009, respectively. As of December 31, 2009, the weighted-average remaining contractual life of outstanding options was 1.02 years.

If the compensation cost of employee stock options was measured for by using the fair-value method, the pro forma net income and earnings per share for the year ended December 31, 2009 would be as follows:

		For the year ended December 31, 2009
Net income	Net income	$ 475,560
	Pro forma net income	$ 475,526
Basic earnings per share	Earnings per share	$ 1.69
	Pro forma earnings per share	$ 1.69
Diluted earnings per share	Earnings per share	$ 1.67
	Pro forma earnings per share	$ 1.67

Since the maturity date to the employee stock option's vested period was December 31, 2009, pro forma net income and pro forma earnings per share for the year ended December 31, 2010, were not required to disclose.

(3) Capital surplus

As of December 31, 2010 and 2009 capital surplus consisted of the following:

	December 31, 2010	December 31, 2009
Additional paid-in capital	$9,574,323	$4,592,049
Treasury stock	546	546
Others	22	22
	$9,574,891	$4,592,617

According to the ROC Company Act, capital surplus, including premium from issuing stock and donations received, shall be applied to offset accumulated deficits before it can be used to increase paid-in common stock. Pursuant to the ROC Securities and Exchange Act, the total capital surplus which is attributed to additional paid-in capital in excess of par and is capitalized as paid-in capital shall not exceed 10 percent of the paid-in common stock in the same year.

(4) Legal reserve

Pursuant to the ROC Company Act, 10% of the annual earnings shall be appointed and allocated as legal reserve until the accumulated legal reserve equals the paid-in common stock. Legal reserve can only be used to offset accumulated deficits in compliance with applicable laws and regulations.

(5) Earnings distribution and dividend policy

According to the Company's articles of incorporation as revised on June 19, 2008, 10 percent of the annual earnings, after offsetting accumulated deficits and reserving for the payment of income taxes due, if any, shall be reserved as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be appropriated. The distribution of the remaining earnings together with the prior year's accumulated unappropriated earnings could be proposed by the board of directors and approved in the shareholders' meeting on the below basis:

(a) 1% or more as employee bonuses.

(b) 2% as remuneration to directors and supervisors

(c) The remaining earnings as shareholders' dividends.

For the purpose of sustainable business operation and stable growth of earnings per share, the Company shall provide its distribution of cash dividends no less than 50% of the total dividends in the same year.

According to ROC SFB regulations, a publicly listed company should retain a special reserve equal to any contra account of stockholders' equity such as foreign currency translation adjustments before distribution of earnings. If the aforementioned contra account of stockholders' equity is reversed, the same amount could be removed out of special reserve and subject to earnings distribution.

Employee bonuses and remuneration to directors and supervisors in 2010 and 2009 were based on the Company's net income for the years ended December 31, 2010 and 2009, after setting aside 10% as legal reserve, multiplied by a certain percentage estimated by management in consideration of the average figure for previous years. Accordingly, the Company recognized and accrued employee bonuses of $397,590 thousand and $92,054 thousand for the years ended December 31, 2010 and 2009, respectively. The Company also recognized remuneration to directors and supervisors of $53,012 thousand and $12,274 thousand for the years ended on December 31, 2010 and 2009, respectively. For employee stock bonuses, the number of common shares was determined by the closing price of the Company's common shares (after considering the effect of dividends) on the day immediately preceding the shareholders' meeting. While the actual distribution approved by stockholders later is different from what was accrued, the difference will be accounted for as a change in accounting estimate and charged to the operating income of the following year.

The dividend per share, the employees' bonuses and directors' and supervisors' remuneration which were distributed from unappropriated earnings for 2009 and 2008 and approved by shareholders on June 15, 2010, and June 3, 2009, respectively, were as follows:

	2009	2008
Dividend per common stock:	$ 1.00	2.50
Cash	0.70	2.00
Stock(in par value)	**$ 1.70**	**4.50**
	$ 27,000	120,000
Employee bonuses－stock	65,054	60,344
Employee bonuses－cash	12,274	24,046
Directors’ and supervisors’ remuneration	**$ 104,328**	**204,390**

There was no difference between the above earnings distribution in book and the resolution of the Company’s board of directors.

The amount of employees’ bonuses and directors’ and supervisors’ remuneration for 2010 is subject to the proposal of the board of directors and the stockholders approval. The earnings distribution information can be inquired in the Market Observation Post System of the Taiwan Stock Exchange.

K. Earnings Per Share (“EPS”)

The basic and diluted earnings per share for the years ended December 31, 2010 and 2009 were calculated as follows:

	2010		**2009**	
	Before taxes	**After taxes**	**Before taxes**	**After taxes**
Basic earnings per share:				
Net income	**$ 3,880,225**	**3,568,609**	**529,391**	**475,560**
Outstanding shares of common stock at beginning of year (thousand shares)	299,479	299,479	221,233	221,233
Add: Stock options exercise	135	135	755	755
Capitalization attributable to unappropriated earnings and employee bonus	21,207	21,207	45,312	45,312
Global Depositary Receipts	19,052	19,052	13,784	13,784
Weighted-average outstanding common shares	**339,873**	**339,873**	**281,084**	**281,084**
Basic earnings per share (NT)	**$ 11.42**	**10.50**	**1.88**	**1.69**
Basic earnings per share (NT)– retroactively adjusted			**$ 1.76**	**1.58**
Diluted earnings per share:				
Net income	**$ 3,880,225**	**3,568,609**	**529,391**	**475,560**
Effects of dilutive potential common stock:				
Weighted-average outstanding common shares	339,873	339,873	281,084	281,084

	2010		2009	
	Before taxes	After taxes	Before taxes	After taxes
Add: Potentially dilutive common shares – exercise of stock options assumed at the time of issuance	11	11	219	219
Employee bonuses settled with shares	5,300	5,300	3,920	3,920
Weighted-average outstanding common shares used for diluted earnings per share	**345,184**	**345,184**	**285,223**	**285,223**
Diluted earnings per share (NT)	**$ 11.24**	**10.34**	**1.86**	**1.67**
Diluted earnings per share (NT) – retroactively adjusted			**$ 1.74**	**1.56**

Effective January 1, 2008, in accordance with ARDF Interpretation No.(97) 169, in calculating the diluted earnings per share, the full amount of employee bonuses accrued pursuant to ARDF Interpretation No. (96) 052 are assured to be settled through the issuance of stock. The number of common shares assumed to be issued, which represents potential common stock, is determined based on the fair value of the Company's common stock on the balance sheet date, taking into account the effects of any recent dividend announcement and rights offering. When such potential common stock has dilutive effect, all potentially dilutive common stock is added to the weighted-average number of common shares outstanding during the year in computing diluted EPS.

L. Income Taxes

Pursuant to the Regulations for Encouraging Manufacturing Enterprises and Technical Service Enterprises in the Newly Emerging, Important and Strategic Industries, the Company is entitled to elect appropriate tax incentives for exemption from corporate income taxes for five consecutive years based on subsequent capital increases for the purpose of manufacturing wafers and ingots of semiconductor materials. As of December 31, 2010, the details of the Company's tax exemption due to the capital increase were as follows:

Year of Capital Increase	Tax Exemption	Approval by the Ministry of Finance	Tax exemption period
Capitalizing the retained earnings and employee bonuses in 2003	Exemption from corporate income taxes for five consecutive years	December 2004	Jan. 1, 2008~Dec. 31, 2012
Capital by capitalizing the retained earnings and employee bonuses in 2004	Exemption from corporate income taxes for five consecutive years	November 2005	Jan. 1. 2009~Dec. 31, 2013
Capital increase for cash in 2005	Exemption from corporate income taxes for five consecutive years	August 2007	Jan. 1, 2007~Dec. 31, 2011

Year of Capital Increase	Tax Exemption	Approval by the Ministry of Finance	Tax exemption period
Capitalizing the retained earnings and employee bonuses in 2005	Exemption from corporate income taxes for five consecutive years	February 2007	Jan. 1, 2010~Dec. 31, 2014
Capital increase for cash and capitalizing the retained earnings and employee bonuses in 2006	Exemption from corporate income taxes for five consecutive years	August 2008	Jan. 1, 2011~Dec. 31, 2015
Capitalizing the retained earnings and employee bonuses in 2007	Exemption from corporate income taxes for five consecutive years	February 2009	Oct. 31, 2008~Nov. 30, 2013
Capital increase for cash and capitalizing the retained earnings and employee bonuses in 2008	Tax credits for stockholders	Approved by the Ministry of Finance, but the investment has not yet been completed	-
Capital increase for cash and capitalizing the retained earnings and employee bonuses in 2009	Exemption from corporate income taxes for five consecutive years or tax credits for stockholders	Approved by the Ministry of Finance, but the investment has not yet been completed	-

The components of income tax expense for the years ended December 31, 2010 and 2009 were as follows:

	2010	2009
Current	$ 314,698	21,977
Deferred	(3,082)	31,854
	$ 311,616	53,831

Pursuant to the Income Tax Act as revised on May 27, 2009, the statutory income tax rate applicable to the Company was reduced from 25% to 20% starting from 2010. Pursuant to the Income Tax Act as revised on June 15, 2010, the statutory income tax rate applicable to the Company was changed from 20% to 17% starting from 2010. According to the amendment, the income tax rate applicable to the Company was reduced from 20% to 17%, effective in 2010. Therefore, effective on January 1, 2006, the applicable income tax rates to the Company were 17% and 25% for the years ended Dec.31, 2010 and 2009, respectively. An alternative minimum tax (“AMT”) in accordance with the Income Basic Tax Act (“IBTA”) would be calculated. The expected income tax calculated at the statutory tax rate was reconciled with income tax expense for the years ended December 31, 2010 and 2009, as follows:

	2010	2009
Income tax computed at the statutory tax rate in the financial statement	$ 659,638	132,348
Additional 10% surtax on undistributed earnings	-	55,242
Income tax exemption	(153,144)	(7)

	2010	2009
Tax effect on permanent differences	(21,720)	(55,717)
Investment tax credits	(50,163)	(130,414)
Change in valuation allowance and tax overstatement in prior years	(98,413)	96,184
Effect of tax rate change	(24,582)	(43,805)
Income tax expense	$ 311,616	53,831

The components of deferred income tax assets (liabilities) as of December 31, 2010 and 2009, were as follows:

	December 31, 2010		December 31, 2009	
	Amount	Tax effect	Amount	Tax effect
Deferred tax assets (liabilities) – current:				
Unrealized exchange gain	$ (4,883)	(830)	$ (73,507)	(14,701)
Provision for inventory devaluation	86,459	14,698	65,000	13,000
Investment tax credits		52,287	-	-
	$	66,155	$	(1,701)
Deferred tax assets (liabilities) – non-current:				
Investment gain recognized by equity method	$ (757,996)	(128,859)	$ (175,126)	(35,025)
Impairment loss on investment carried at cost	146,086	24,835	67,903	13,581
Foreign currency translation adjustment	97,618	16,595	(246,135)	(49,227)
Provision for foreign investment	(448,334)	(76,217)	(452,498)	(90,500)
Investment tax credits	-	-	158,809	158,809
Others	70,583	11,999	35,082	7,016
		(151,647)		4,654
Loss: valuation allowance		(31,998)		(180,759)
	$	(183,645)	$	(176,105)
Total deferred tax assets	$	120,414	$	192,406
Total deferred tax liabilities	$	205,906	$	189,453
Total valuation allowance on deferred tax assets	$	31,998	$	180,759

Pursuant to article 12 of the ROC Statute for Upgrading Industries, a company making foreign investments in compliance with the applicable laws and regulations may reserve an amount up to 20% of the total outward investment as reserve to cover any future investment loss when it occurs.

According to Industrial Innovation Act, the Company's investment credits generated from research and development expenditures can deduct its current income tax payable with the threshold of 30% of current income tax payable. The investment tax credits for the current year income tax payable amounted to $50,163 thousand. Pursuant to the Statute for Upgrading Industries, tax credits generated from purchase of machinery and research and development expenditure may be applied over five consecutive years as it incurs. The exercisable tax credits in the same year is limited to 50% of the income tax payable for that year, except for the last year in which such tax credit is valid.

As of December 31, 2010, the Company's available investment tax credits were as follows:

Filing year	Expiration year	Available investment tax credit
2009 (filed)	2009~2013	$ 52,287

As of December 31, 2010, the Company's income tax returns had been examined and approved by the tax authorities through year 2007.

Information related to the undistributed earnings and the imputation credit account ("ICA") of the Company as of December 31, 2010 and 2009, was as follows:

	December 31, 2010	December 31, 2009
Unappropriated earnings:		
Earned on and before January 1, 1997	$ 10,095	10,095
Earned on and after January 1, 1998	4,209,979	1,199,207
	$ 4,220,074	1,209,302
ICA balance	$ 52,701	121,142
Expected creditable ratio for earnings distribution to resident stockholders	**7.74% (estimated)**	**7.64% (actual)**

M. Financial Instruments

(1)Fair value of financial instruments

As of December 31, 2010 and 2009, the carrying amounts of financial instruments approximate their fair value except for certain financial assets and liabilities listed below:

	December 31, 2010 Carrying value	December 31, 2010 Fair value	December 31, 2009 Carrying value	December 31, 2009 Fair value
Financial assets:				
Financial assets carried at cost	$ 1,481,649	as below 2(c)	1,697,250	as below 2(c)
Off-balance-sheet financial instruments:				
Letters of credit	-	104,606	-	205,323
Guarantee and endorsement	-	853,495	-	663,809

(2) The methods and assumptions used to estimate the fair value of each class of financial instruments were as follows:

(a) The fair value of the Company's non-derivative financial assets or liabilities, such as notes and accounts receivable (including related parties), other financial assets, short-term borrowings, accrued expenses and other current liabilities, and notes and accounts payable (including related parties), were measured at their carrying value at the balance sheet date. Due to the attribute of short maturities, it is reasonable to measure at their carrying values as fair value.

(b) The fair value of available-for-sale financial assets was determined based on the active market quoted price if it is available.

(c) Financial assets, whose fair values are not practically determinable because they are not traded in an active market, are carried at cost. Please refer to Note 4 B for details.

(d) The fair value of long-term loans bearing floating interest rate approximates the carrying value.

(e) The fair values of off-balance-sheet financial instruments were measured based on the contract price.

(3) As of December 31, 2010 and 2009, the fair values of the Company's financial assets and liabilities determined by publicly quoted market prices, if available or determined using a valuation technique were as follows:

	December 31, 2010		December 31, 2009	
	Publicly quoted market price	**Fair value based on valuation technique**	**Publicly quoted market price**	**Fair value based on valuation technique**
Financial assets:				
Cash	$ 6,206,538	-	874,528	-
Available-for-sale financial assets – non-current	381,019	-	410,761	-
Notes and accounts receivable (including related parties)	-	2,580,343	-	1,954,090
Other financial assets – current	-	3,592	-	12,013
Other financial assets – non-current	-	2,844	-	1,909
Financial liabilities:				
Short-term borrowings	-	-	-	648,665
Notes and accounts payable (including related parties)	-	1,631,321	-	1,675,233
Accrued salary and bonuses	-	279,003	-	74,991
Accrued employee bonuses and director's and supervisor's remuneration	-	450,602	-	104,328
Accrued expenses and other current liabilities	-	839,593	-	394,226
Long-term loans (including current portion)	-	3,769,000	-	3,130,000

(4) Financial risk information

(a) Market risk

The foreign currency assets and liabilities and the publicly-traded available-for-sale financial assets are measured at fair value. The Company is exposed to the risks of foreign currency exchange rate volatility and capital market fluctuation.

(b) Credit risk

The Company's potential credit risk is derived primarily from cash and accounts receivable. The Company maintains its cash in various creditworthy financial institutions. Credit risk exposure to each financial institution is managed by the Company. The Company believes that there is no concentration of credit risk on cash.

The main customers of the Company focus on the silicon wafer related industries. It is the Company's normal practice to provide customers with a credit limit according to their credit evaluations. Therefore, the credit risk of the Company is connected to silicon wafer industry. As of December 31, 2010 and 2009, 64% and 55%, respectively, of the Company's accounts receivable came from its top of ten customers. Although there is a potential credit risk, the Company periodically assesses the collectability of the accounts receivable and provide a corresponding allowance for doubtful accounts.

(c) Liquidity risk

The Company has sufficient paid-in capital and working capital to pay off the payment obligations in procurement contracts. However, as the Company holds financial assets carried at cost, the Company is exposed to liquidity risk thereon.

(d) Cash flow risk resulting from change in interest rates

The Company's current and non-current borrowings bear floating interest rates and the Company is exposed to fluctuation in interest rates and cash outflows. As December 31, 2010 and 2009, if interest rates increase by 0.25%, the future annual cash outflows for interest would increase by $9,423 thousand and $9,447 thousand, respectively.

5. Related-party Transactions

(1) Names and relationships of related parties were as follows:

Name of related party	Relationship with the Company
Sino Silicon Technology Inc. (SSTI)	100% owned subsidiary
GlobiTech Incorporated (GT)	100% owned subsidiary
Kunshan Sino Silicon Technology Co., Ltd (SST)	Subsidiary which is 100% owned by SSTI
Actron Technology Corporation (ATC)	The company's chairman is the same as ATC's
Sunrise Global Solar Energy Corp. (SGSE)	Investee company accounted for equity method (Note)
Directors, supervisors, president and vice presidents	The Company's management team

Note: On September 17, 2010, SGSE turned to an investee company accounted for equity method; therefore, the transactions with SGSE were disclosed as related-party transactions.

(2) Significant transactions with related parties

a. Sales and Accounts Receivable

Net sales to related parties for the years ended December 31, 2010 and 2009, were as follows:

	2010		2009	
	Amount	Percentage of net sales	Amount	Percentage of net sales
SGSE	$ 397,083	2	-	-
ATC	383,341	2	250,907	3
	$ 780,424	4	250,907	3

The selling prices of sales to related parties were determined by products' specifications, which were not comparable with other customers' products. The credit terms for the related parties were 60 to 90 days with monthly close and 0 to 120 days for the unrelated parties in 2010 and 2009.

As of December 31, 2010 and 2009 notes and accounts receivable resulting from sales to related parties were as follows:

	December 31,			
	2010		2009	
	Amount	Percentage of total receivable	Amount	Percentage of total receivable
ATC	$ 152,934	6	104,045	4
SGSE	146,747	6	-	-
	$ 299,681	12	104,045	4

The Company has entered several long-term sales agreements with SGSE to deliver silicon waters from 2009. As of December 31, 2010, revenue received in advance for sales resulting from above transaction amounted to $324,660 thousand.

b. Purchase, Contract Manufacturing, and Accounts Payable

Purchase and contract manufacturing from related parties for the years ended December 31, 2010 and 2009, were as follows:

	2010		2009	
	Amount	Percentage of net purchase	Amount	Percentage of net purchase
SSTI	$ 1,429,035	9	976,470	11
GT	249,543	2	55,923	1
	$ 1,678,578	11	1,032,393	12

The transaction prices from related parties were determined by product specification and contract manufacturing model, and they were not comparable with those of other manufacturers. The debit terms for the related parties were 45 to 150 days with monthly close and 60 to 90 days with monthly close in 2010 and 2009, respectively. The debit term for the unrelated parties was 0 to 150 days with monthly close in 2010 and 2009.

As of December 31, 2010 and 2009, accounts payable resulting from purchase and outsourcing to the related parties were as follows:

	December 31,			
	2010		2009	
	Amount	Percentage of total account payable	Amount	Percentage of total account payable
SSTI	$ 101,917	6	461,470	28
GT	39,189	2	6,629	-
	$ 141,106	8	468,099	28

c. Endorsement and guarantee

In order to help the related parties to obtain financing facilities from banks, the Company provided guarantees or endorsement to the banks in favor of those related parties. The details of these guarantees as of December 31, 2010 and 2009 were as follows:

		December 31,	
		2010	**2009**
		(in thousand of USD $)	
SSTI	$	16,600	16,600
GT		12,000	4,000
	$	**28,600**	**20,600**

d. Sale of the fixed assets and deferred credit

Unrealized gains resulting from the sales of the fixed assets to SST in the past years were recognized as deferred credit –Gains on Intercompany and will be amortized by a straight-line method over 5-years terms of use. The amounts of amortization gains on sales of the fixed assets for the years ended December 31, 2010 and 2009 were $253 thousand and $244 thousand, respectively.

e. Property transaction

The Company purchasing the fixed assets from Kunshan Sino Silicon Technology Co., Ltd amounted $34,631 thousand in 2009. The property transaction results in accounts payable $13,000 to related parties.

f. Others

(a) The sales to SST by indirect trades through SSTI in 2010 and 2009 were $727,471 thousand and $375,028 thousand, respectively. After SST shipped the finished goods to the Company as a buyer, the Company resold to the customers immediately. The selling price charged by SST was based on cost-plus method. The aforementioned intercompany sales revenue and purchase is written off as financial statements are prepared.

The raw materials procurements for GT in 2010 and 2009 were $784,325 thousand and $333,240 thousand, respectively, and the relevant unrealized gains (losses) have been deferred. Accordingly, the services which charge to SSTI were $133,570 thousand and $1,715 thousand in 2010 and 2009, respectively, and were recognized as service revenue and other revenue.

The commission fee charged to GT was $4,591 thousand for the year ended as of December 31, 2010.

Accounts receivables resulting from above transactions were as follows:

	December 31,			
	2010		2009	
	Amount	Percentage of total account receivable	Amount	Percentage of total account receivable
GT	$ 363,606	15	69,761	3
SSTI	123,543	5	110,717	6
	$ 487,149	20	180,478	9

The deferred credits amounted for 11,500 thousand and 10,624 thousand as of December 31, 2010 and 2009, respectively, were unrealized and accounted as other liabilities in the balance sheet.

(b) The account receivable from related parties as of December 31, 2010 and 2009 were as follows:

	2010	2009
SSTI	$ 386	41

(3) Compensation to the key management team

For the years ended December 31, 2010 and 2009, the compensation to the key management team including all directors and supervisors, the president, and the vice president were as follows:

	2010	2009
Salaries	$ 29,311	21,033
Compensation	1,909	-
Service charges	37,629	368
Employee bonuses	119,600	23,000
	$ 188,449	44,401

The aforementioned amounts include the accruals for remuneration to directors and supervisors, and for employee bonuses. Please refer to the section “stockholders’ equity” for further details.

6. Pledged Assets

Assets pledged as collateral as of December 31, 2010 and 2009 were as follows:

		December 31,	
Pledged assets	Pledged to secure	2010	2009
Buildings and improvements	Short-term and long-term loans	$ 1,985,133	917,520
Machinery and equipment	Long-term loans	1,456,431	792,949
Time deposits (recorded in other financial assets－non-current)	Guarantees for solar energy system for demonstration	246	51
		$ 3,441,810	1,710,520

7. Significant Commitments and Contingencies

Aside from those matters discussed in Notes 4H and 5, the commitments and contingencies were as follows:

(1) As of December 31, 2010 and 2009, the Company had outstanding letters of credit of $104,606 thousand and $205,323 thousand, respectively.

(2) Effective 2005, the Company has entered into several non-cancelable long-term material supply agreements with silicon suppliers in which the suppliers commit to deliver contracted and guaranteed quantities during the contract years. The suppliers agree to ship contracted silicon quantity based on contracted price from January 1, 2006 to December 31, 2019. The prepayments for materials paid by the Company on schedule as stipulated in the contract were non-refundable. Due to the economic change over the times the Company negotiated with some silicon suppliers for the revision of the agreements to mirror the spot price into the new agreements. As of December 31, 2010, the materials for future delivery from suppliers under the current effective agreements were as follows:

	December 31, 2010 in thousand dollars	
USD	$	736,009
EUR	$	133,157

In contrast, the Company entered into several non-cancelable long-term sales agreements with customers. According to these agreements, from January 1, 2006 to December 31, 2019, the customers agree to make non-refundable prepayments and the company is obligated to deliver the product on schedule as stipulated in the contracts. What if the Company fails the delivery schedule, the company has to offer sales discounts or compensations ranging from one and half times to four times of applicable prepayments attributable to deficit volume in the same month. However, the Company is obligated to refund the prepayments if the company delays the delivery for three months. Due to the economic change, solar battery related customers negotiate with SAS to reduce the wafer prices and the Company had agreed to adjust price per sale order when market goes down. As of December 31, 2010, the amounts of future products delivery under current effective sales agreements were as follows:

	December 31, 2010 in thousand dollars	
USD	$	895,351
EUR	$	249,715

(3) As of December 31, 2010, the significant outstanding commitments for construction and procurement of property, plant and equipment amounted to $495,309 thousand.

(4) As of December 31, 2010 and 2009, the Company had issued promissory notes of $3,739,960 thousand and $3,966,342 thousand, respectively, as collateral tied to bank loans.

(5) The Company entered into a land lease agreement with the Hsinchu Science Park Administration for the plant site located at the Hsinchu Science Park in Hsinchu. The land lease agreement covers a period from October 1, 2000 to September 30, 2020. According to the lease agreement,

the rental is subject to an adjustment mechanism activated based on the current land value which is announced by the government. The annual rent is approximately $2,616 thousand.

The Company entered into a land lease agreement with the Hsinchu Science Park Administration for the plant site located at the Hsinchu Science Park in Chu-Nan. The land lease agreement covers a period from March 17, 2005 to December 31, 2027. According to the lease agreement, rent is subject to an adjustment mechanism activated based on the current land value which is announced by the government. The annual rent is approximately $3,926 thousand.

The Company entered into a car lease agreement with HOTAL Leasing Corporation for cars intended for business use. The lease covers a period from February 2008 to December 2013. The annual rent is approximately $1,458 thousand.

As of December 31, 2010, minimum lease commitments in future years under the current operating lease agreements were as follows:

	Amount
January 2011 to December 2015	$ 33,990
January 2016 to December 2027	54,690
	$ 88,680

(6) The Company entered into the joint venture agreement on November 29, 2010 with Solartech Energy Corp. and Sing Tung Investment Ltd. to establish SINOSOLAR CORP. with the total investment of $2,000,000 thousand. The Company owns 45% of Solartech Energy Corp. As of December 31, 2010, $9,000 thousand has been injected into the Solartech and was accounted under the prepayment for long-term investment in stock.

8. Significant Casualty Loss: None.

9. Significant Subsequent Events

The Company invested $550,000 thousand to obtain 50,000 shares of common stock in Powertec Energy Corp. on February 17, 2011. The Company owns 14.06%. Powertec Energy Corp.

10. Other Information

(1) The personnel expenses, depreciation, depletion, and amortization categorized by function for the years ended December 31, 2010 and 2009 were as follows:

	2010			2009		
Account	**Cost of Goods Sold**	**Operating Expenses**	**Total**	**Cost of Goods Sold**	**Operating Expenses**	**Total**
Personnel expenses:						
Salaries	$880,347	496,772	1,377,119	428,262	179,267	607,529
Labor and health insurance	56,807	8,327	65,134	36,405	7,098	43,503
Pension	32,197	6,142	38,339	21,873	5,556	27,429
Others	59,013	6,086	65,099	31,825	4,791	36,616
Depreciation	1,029,513	77,477	1,106,990	612,368	66,951	679,319
Amortization	169	7	176	720	-	720

Note：The salary expense for the years ended of 2010 and 2009 attributable to employee bonuses and remuneration of directors and supervisors amounted to $450,602 thousand $104,328 thousand, respectively.

(2) The Company has provided a reserve, with 20% of the total amount of outward investment, for loss on outward investment, in accordance with the "Statute for Upgrading Industries". The statute also stipulates that if there are no actual losses within five years after the initial provision of this reserve, the loss reserve should be reversed and recognized as revenue in the fifth year. However, as such reserve does not conform to accounting principles generally accepted in the Republic of China, the loss reserve is reversed during the preparation of the financial statements and the Company does not adjust the books. Accordingly, retained earnings on the Company's books were decreased by $448,334 thousand and $452,498 thousand as of December 31, 2010 and 2009, respectively.

(3) The significant financial assets and liabilities in foreign currency were as follows (in thousands):

	December 31,					
	2010			2009		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
Financial assets						
Monetary Items						
US Dollar	146,881	29.130	4,278,644	61,013	31.990	1,951,806
Japanese Yen	668,281	0.3582	239,378	716,595	0.3472	248,802
EURO Dollar	4,914	38.920	191,253	4,649	46.100	214,319
Long-term equity investments						
US Dollar	83,864	29.130	2,442,958	53,417	31.990	1,708,810
Financial liabilities						
Monetary Items						
US Dollar	12,759	29.130	371,670	31,957	31.990	1,022,304
Japanese Yen	253,316	0.3582	90,738	931,876	0.3472	323,547
EURO Dollar	3,497	38.920	136,103	1,882	46.100	86,760

11. Additional Disclosure

(1)Significant transactions and related information:

a. Loans to other parties: None

b. Endorsement and guarantee provided:

No.	Endorser	Endorsee Company Name	Endorsee	Limit of guarantee/endorsement amount to an individual entity	Maximum balance for the period	Ending balance	Guarantee and endorsement with collateral	Percentage of accumulated guarantee amount to net assets value in the latest financial statement	Limit of total guarantee/ endorsement amount
0	SAS	GT	Subsidiary 100% owned by SAS	NTD1,842,728	USD12,000	USD12,000 (NTD358,100)	-	1.94%	NTD7,370,914
0	SAS	SSTI	Subsidiary 100% owned by SAS	NTD1,842,728	USD16,600	USD16,600 (NTD495,385)	-	2.69%	NTD7,370,914

Note: The guarantee and endorsement amount for an individual entity shall not exceed ten percent (10%) of the Company's net worth, while for the subsidiary company shall not exceed forty percent (40%) of the Company's net worth. The total guarantee and endorsement amount of the Company and its subsidiaries company as well as the limit to an individual entity shall not exceed fifty percent (50%) of the net worth of the Company.

c. Marketable Securities hold as of December 31, 2010: (Unit: thousand shares)

Company Name	Marketable Securities Type and Name	Nature of Relationship	Financial Statement Account	December 31, 2010				Note
				Shares/Units	Carrying Value	%	Amount	
	Stock							
SAS	SSTI	Subsidiary 100% owned by SAS	Equity-method investments	21,729	1,441,459	100.00%	1,441,459	
SAS	GT	Subsidiary 100% owned by SAS	Same above	1	2,461,551	100.00%	1,589,953	
SAS	SGSE	Investee accounted for using equity method	Same above	38,522	1,061,409	24.16%	787,607	
					4,964,419			
SAS	Sinosolar Corp.	Subsidiary 45% owned by SAS	Prepayment for long-term investment in stock	-	9,000	45.00%	9,000	
SAS	ATC	SAS's chairman of the board of directors is the same as ATC's	Available-for-sale financial assets- non current	2,812	381,019	5.21%	381,019	
SAS	SONG LONG ELECTRONICS CO.,LTD	-	Financial assets carried at costs – non current	221	(Note1)	13.81%	20,638	
SAS	Giga Epitaxy Technology Corp.	-	Same above	1,100	7,499	1.52%	9,869	
SAS	Clean Venture 21 Corporation	-	Same above	10	53,838	8.08%	36,947	
SAS	SILFAB SPA	-	Same above	5,295	1,320,160	15.00%	542,484	(Note2)
SAS	ZE Poly Pte Ltd.	-	Same above	2,028	74,056	18.57%	74,048	
SAS	Accusolar Corp.	-	Same above	2,308	26,096	11.22%	16,925	
					1,481,649			

Note1: Please refer to Note 4 B in the financial statement at the same period.
Note2: Information is based on the latest statement.

d. Marketable securities acquired or disposed of at the cost or prices at least NT$100 million or over 20% of the Company's paid-in-capital:

Company Name	Securities	Financial statement account	Counter-party	Relationship	Beginning balance		Addition		Disposal				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying value	Gain (Loss) on disposal	Shares	Amount
SAS	Stock SGSE	Long-term equity-method investment	SGSE	None	10,000	100,000	28,522	882,561	-	-	-	-	38,522	982,561 (Note)

Note: The amount of ending balance does not include the recognized gains (losses) on investment.

e. Acquisition of individual real estate property at costs at least NT$100 million or over 20% of the Company's paid-in capital: None.

f. Disposal of individual real estate property at prices at least NT$100 million or over 20% of the Company's paid-in capital: None.

g. Total purchases from or sales to related parties at least NT$100 million or over 20% of the Company's paid-in capital:

Company Name	Counter-Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Payment Term	Unit Price	Payment Term	Balance	Percentage of total receivables (payable) (%)	
SAS	SGSE	Investee accounted for using equity method	Sales	(397,083)	(2%)	Month-end 60 Days	Note5	Note5	146,747	6%	
SAS	ATC	SAS's chairman of the board of directors is the same as ATC's	Sales	(383,341)	(2%)	Net: 60 days	Note5	Note5	152,934	6%	
SAS	SSTI	Subsidiary company 100% owned by SAS	Purchases	1,429,035	9%	Month-end 45 Days	Note5	Note5	(101,917)	(6%)	
SAS	GT	Subsidiary company 100% owned by SAS	Purchases	249,543	2%	Net: 120 days	Note5	Note5	(39,189)	(2%)	

h. Receivable from related parties amounting to at least NT$100 million or over 20% the Company's paid-in capital.

Company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue receivables		Amount received in subsequent period (Note1)	Allowance for doubtful accounts
					Amount	Collection status		
SAS	SGSE	Investee accounted for using equity method	146,747	5.41	-	-	146,747	-
SAS	ATC	SAS's chairman is the same as ATC's	152,943	2.98	-	-	61,421	-
SAS	GT	Subsidiary 100% owned by SAS	363,606 (Note2)	-	-	-	21,032	-
SAS	SSTI	Subsidiary 100% owned by SAS	123,545	-	-	-	64,093	-

Note 1: Amount received in subsequent period as of February 28, 2011.
Note 2: This receivable doesn't occur by sales transaction with the subsidiary.

i. Financial instruments and derivative transactions: None.

(2) The following are SAS's affiliates required by the R.O.C. Securities and Futures Bureau:

a. Names, locations and related information of investee companies.

Investor Company	Investee Company	Location	Main business and products	Initial Investment		Investment as of December 31, 2010			Net income(loss) of investee company	Investment income (loss) recognized	Note
				As of December 31, 2010	As of December 31, 2009	Number of shares (thousand)	Percentage of ownership (%)	Carrying value			
SAS	SSTI	British Virgin Islands	Investment holding and center for transactions in China	713,300 (USD21,729) (Note2)	713,300 (USD21,729)	21,729	100.00%	1,441,459	221,341	221,341	
SAS	GT	Texas, USA	Production of epitaxial wafers and operation of a wafer foundry	2,241,668 (USD73,423)	2,241,668 (USD73,423)	1	100.00%	2,461,551	377,362	361,529	
SAS	SGSE	Taiwan	Manufacture and distribution of solar cell and other products	982,561	100,000	38,522	24.16%	1,061,409	518,526	79,764	
SSTI	SST	Kunshan City, Jiangsu Province	Processing and trade of ingots and wafers	713,300 (USD21,729) (Note2)	713,300 (USD21,729)	(Note1)	100.00%	1,352,864	221,930	221,930	

Note 1: As a limited company.
Note 2: Capital increase by capitalization of retained earning is not included.

b. Loans to other parties:

No.	Financer	Counter-party	Financial statement accounts	Maximum balance for the period	Ending balance	Interest rate	Nature of financing	Amount of sales to or purchase from counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note1)	Limit of total financing amount (Note2)
											Item	Value		
1	SSTI	SST	Other Receivable (Payable)	99,301 (USD3,100 thousand)	-	-	-	Purchase 1,684,221 Sales 966,406	Working capital	-	-	-	3,685,457	7,370,914

Note 1: The financing amount to individual shall not exceed twenty percent (20%) of the net worth of the company's latest audited or reviewed financial statement.

Note 2: The total financing amount shall not exceed forty percent (40%) of the net worth of the Company's latest audited or reviewed financial statement.

Note 3: While offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company will not be subject to the restrictions listed in above note 1 and 2.

c. Endorsement and guarantee provided: None.

d. Marketable Securities hold as of December 31, 2010:

Company Name	Marketable Securities Type and Name	Nature of Relationship	Financial Statement Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
SSTI	SST	Subsidiary	Equity-method investment	No shares in Limited company	1,352,864	100.00	1,352,864	

e. Marketable securities acquired or disposed of at the cost or prices at least NT$100 million or over 20% of the Company's paid-in capital: None.

f. Acquisition of individual real estate property at costs at least NT$100 million or over 20% of the Company's paid-in capital: None.

g. Disposal of individual real estate property at price at least NT$100 million or over 20% of the Company's paid-in capital: None.

h. Total purchases from or sales to related parties at least NT$100 million or over 20% of the Company's paid-in capital:

Company Name	Counter Party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Payment Term	Unit Price	Term	Balance	Percentage of total receivables (payable) (%)	
SSTI	SAS	Subsidiary 100% owned by SAS	Sales	(1,429,035)	(61%)	Month-end 45 Days	-	-	101,917	59%	
SSTI	SAS	Subsidiary 100% owned by SAS	Purchases	727,471	29%	Month-end 45 Days	-	-	(123,543)	(39%)	
SSTI	SST	Subsidiary 100% owned by SSTI	Sales	(966,406)	(38%)	Month-end 45 Days	-	-	192,118	64%	
SSTI	SST	Subsidiary 100% owned by SSTI	Purchases	1,684,221	70%	Month-end 45 Days	-	-	(264,444)	(66%)	
GT	SAS	Subsidiary 100% owned by SAS	Sales	(249,543)	11%	Net: 120 days	-	-	39,189	11%	

i. Receivable from related parties amounting to at least NT$100 million or over 20% of the Company's paid-in capital.

Related party	Counter-party	Relationship	Ending balance	Turnover rate	Overdue receivables		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Collection status		
SSTI	SAS	Subsidiary 100% owned by SAS	101,917	5.07	-	-	26,862	-
SSTI	SST	Subsidiary 100% owned by SAS	192,118	5.28	-	-	189,827	-

Note: Subsequent collection amount as of February.28, 2011.

j. Financial instruments and derivative transactions: None

(3) Information on investment in Mainland China:

a. Information of investment in Mainland China as of December 31, 2010

(a) Information of investment in Mainland China

Investee Company	Main business and products	Total Amount of Paid-in Capital	Model Investment	Accumulated Outflow of Investment from Taiwan as of Jan.1, 2010	Investment Flow		Accumulated Outflow of Investment from Taiwan as of Dec.31, 2010	Percentage of Ownership	Investment Income (Losses) (Note2)	Carrying Value as of Dec.31, 2010	Accumulated Inward Remittance of Earnings as of Dec.31, 2010
					Outflow	Inflow					
SST	Processing and trade of ingot and wafers	769,177 (Note5)	(Note1)	713,300	-	-	713,300	100%	221,930	1,352,864	-

(b) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2010	Investment amounts authorized by Investment Commission, MOEA	Upper Limit on Investment
713,300 **(USD21,729 thousand)**	**818,233** **(USD25,000 thousand) (Note3)**	**11,056,370** **(Note4)**

Note 1: Investment in Mainland China is through a company invested and established in a third region.
Note 2: The investment income (loss) was recognized according to the Company's audited financial statement.
Note 3: It's calculated by the historical interest rate.
Note 4: It's subject to the upper limit stipulated in the "Guidelines Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by MOEA, dated August.29, 2008.

Note 5: Capital increase from retained earning is included.

b. Significant transactions with the investee company in Mainland China:

The transactions conducting with the investee company, Kuanshan Sino Silicon Technology Inc., in Mainland China are through Sino Silicon Technology Inc. Please refer to Note 5 “Related-party Transactions” and Note 11 for significant transactions in 2010.

12. Segmental Information

(1) Industry information

The Company principally operates in one industry segment. The operations consist of the research, development, design, manufacturing and sale of silicon substrates and related components.

(2) Major customers

For the years ended December 31, 2010 and 2009 net revenue generated from major customers were as follows:

	2010		2009	
	Amount	Percentage of net sales	Amount	Percentage of net sales
Solartech Energy Corp.	$ 2,581,033	13	797,237	8
Sumisho Metalex Corporation	1,243,930	6	1,516,824	15
	$ 3,824,963	**19**	**2,314,061**	**23**

(3) Export sales

Export sales for the years ended December 31, 2010 and 2009 were as follows:

	2010		2009	
	Amount	Percentage of net sales	Amount	Percentage of net sales
Asia	$ 4,639,429	37	3,842,912	37
Americas	153,413	1	57,318	1
Europe	1,482,869	13	1,358,366	13
Australia	18,826	-	-	-
Total	**$ 6,294,537**	**51**	**5,258,596**	**51**

SINO-AMERICAN SILICON PRODUCTS INC.
Cash
As of December 31, 2010

Unit: Thousand in TWD

Item	Summary	Amount
Cash on hand	Petty Cash and Cash in bank	$ 442
Deposit in bank	Check Deposits	305,748
	Demand Deposits	3,157,033
	Foreign Currency Deposit (USD: 21,900,450.17；CHF: 88,096.13；JPY: 314,600,724；EUR: 2,479,081.13)	849,865
		4,312,646
Time Deposits	USD: 65,000,000	1,893,450
	Total	**$ 6,206,538**

Note: Foreign currency exchange Rates as of December 31, 2010 are as follows :

Japanese Yen: 0.3582
US Dollar: 29.13
Swiss franc: 31.07
EURO Dollar: 38.92

SINO-AMERICAN SILICON PRODUCTS INC.
Account and Note receivable
As of December 31, 2010

Unit: Thousand in TWD

Company Name	Amount
Company E	$ 402,202
Company D	120,442
Company G	117,398
Company B	97,311
Company H	94,789
WACKER SCHOTT Solar GmbH	90,643
Others (Balance of individual customer is less than 5% of the total)	870,342
Total	$ 1,793,127

Note: 1. Account and note receivable are due to ordinary operating activities.
2. Account receivable from related parties are not included in. Please refer to the Note 5 for more details.

SINO-AMERICAN SILICON PRODUCTS INC.

Inventory

As of December 31, 2010

Unit: Thousand in TWD

Items	Amount	
	Cost	Net Realizable Value
Merchandise	$ 2,198	1,571
Finished Goods	771,561	920,531
Work in Process	30,296	33,400
Raw Materials	675,983	672,290
Supplies	303,163	260,797
Total	1,783,201	**1,888,589**
Less: Allowance for inventory obsolescence	(86,459)	
	$ 1,696,742	

Other Current Assets

Items	Amount
Other Assets - Firm Commitment	$ 220,836
Tax Return Receivable	68,655
Others (Balance of individual account is less than 5% of the total)	11,225
Total	**$ 300,716**

SINO-AMERICAN SILICON PRODUCTS INC.
Equity-Method Investments Movement
For The Year Ended December 31, 2010

Unit: Thousand in TWD/Shares

Investee Company	Beginning balance		Increase (Decrease)		Reclassification		Cash dividend	Investment gain	Adjustment	Cumulative translation adjustment	Ending balance			The underlying equity of net assets	Pledged as collateral
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	Amount	Percentage of ownership %	Amount	
SSTI	21,729	$ 1,323,406	-	-	-	-	-	221,341	-	(103,288)	21,729	1,441,459	100.00	1,441,459	None
GT	1	2,340,487	-	-	-	-	-	361,529	-	(240,465)	1	2,461,551	100.00	1,589,953	None
SGSE	-	-	28,522	882,676	10,000	100,000	(115)	79,764	(916)	-	38,522	1,061,409	24.16	787,607	None
Total		$3,663,893		882,676	10,000	100,000	(115)	662,634	(916)	(343,753)		4,964,419		3,819,019	

Note: Please refer to the Note 4B

SINO-AMERICAN SILICON PRODUCTS INC.

The Movement of Non-Current Available-For-Sale Financial Assets

For The Year Ended December 31, 2010

Unit: Thousand in TWD/Share

	Begining Balance		Increase(Decrease) (Note)		Unrealized Gains(losses)	Ending Balance		
Investee Company	**Shares**	**Amount**	**Shares**	**Amount**		**Shares**	**Amount**	**Pledged as collateral**
Actron Technology Corp.	**2,616**	**$ 410,761**	**196**	**(681)**	**(29,061)**	**2,812**	**381,019**	None

Note: The 256 shares for stock dividends are included.

SINO-AMERICAN SILICON PRODUCTS INC.

The Movement of Non-Current Financial Assets Carried at Cost

For The Year Ended December 31, 2010

Unit: Thousand in TWD/Share

Investee Company	Begining Balance		Increase		Decrease (Note)		Ending Balance		Pledged as collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Songlong Electronics Co., Ltd.	221	$ -	-	-	-	-	221	-	None
Giga Epitaxy Technology Corp.	1,100	7,499	-	-	-	-	1,100	7,499	None
Sunrise Global Solar Energy Corp.	10,000	100,000	-	-	(10,000)	(100,000)	-	-	None
21-Century Silicon, Inc.	1,000	15,795	-	-	-	(15,795)	1,000	-	None
Clean Venture 21 Corporation	10	171,540	-	-	-	(117,702)	10	53,838	None
SILFAB SPA	5,295	1,320,160	-	-	-	-	5,295	1,320,160	None
ZE Poly Pte Ltd.	2,028	82,256	-	-	-	(8,200)	2,028	74,056	None
Accusolar Power Co., Ltd.	-	-	2,308	26,096		-	2,308	26,096	None
		1,697,250		**26,096**		**(241,697)**		**1,481,649**	

Note: Please refer to Note 4B.

SINO-AMERICAN SILICON PRODUCTS INC.
The Movement of Fixed Assets
For The Year Ended December 31, 2010

Unit: Thousand in TWD

Items	Beginning balance	Addition	Disposal	Transfer	Ending balance
Cost :					
Buildings	$ 2,420,414	44,363	(1,793)	171,956	2,634,940
Machinery and equipment	4,049,371	87,940	(1,090)	2,119,956	6,256,177
Other equipment	878,972	41,511	(650)	55,302	975,135
Prepayment for equipment and construction in process	504,559	2,509,987	-	(2,347,214)	667,332
Total	7,853,316	2,683,801	(3,533)	-	10,533,584
Accumulated Depreciation :					
Buildings	267,263	121,283	(1,237)	-	387,309
Machinery and equipment	1,687,770	919,243	(1,090)	-	2,605,923
Other equipment	100,700	66,464	(262)	-	166,902
Total	2,055,733	1,106,990	(2,589)	-	3,160,134
Net Amount	**$ 5,797,583**	**1,576,811**	**(944)**	**-**	**7,373,450**

Note: Please refer to Note 6 for the information linked to pledge.

SINO-AMERICAN SILICON PRODUCTS INC.
Other Assets
As of December 31, 2010

Unit: Thousand in TWD

Items	Amount
Commission fee on Syndicated loan	$ 6,398
Deferred pension cost	1,414
Electrical facility installation charges	88
	$ 7,900

Deferred Expenses Movement
As of December 31, 2010

Items	Begining Balance	Addition	Amortization	Ending balance
Electrical facility installation charges	**$ -**	**264**	**(176)**	**88**

SINO-AMERICAN SILICON PRODUCTS INC.
Long-term Prepayments For Mmaterials
As of December.31, 2010

Unit: Thousand in TWD/Share

Company Name		Amount
Supplier C	$	1,967,755
Supplier A		1,740,348
Supplier B		1,234,096
Other suppliers (Balance of individual supplier is less than 5% of the total)		180,220
Less : Payment due within one year		(1,039,014)
	$	4,083,405

SINO-AMERICAN SILICON PRODUCTS INC.
Account and Notes Payable
As of December 31, 2010

Unit: Thousand in TWD

Items	Summary	Amount
Note Payable	Taiwan Surfactant Corp.	$ 232,606
	Topco Scientific Co. Ltd	47,124
	Grace Haozan Applied Material Co., LTD	44,390
	Others (Balance of individual account is less than 5% of the total)	427,924
	Total	752,044
Account Payable	B Supplier	132,857
	KOMEX.INC.	60,299
	Taiwan Surfactant Corp.	59,054
	Grace Haozan Applied Material Co., LTD	55,302
	Falin International Corp.	42,911
	Others (Balance of individual account is less than 5% of the total)	387,735
	Total	738,158
		$ 1,490,202

Note: 1. Account and note payable are due to ordinary operating activities.
2. Account payable to related parties are not included. Please refer to the Note 5 for more details.

SINO-AMERICAN SILICON PRODUCTS INC.
AccruedExpenses and Other Current Liabilities
As of December 31, 2010

Unit: Thousand in TWD

Items	Summary	Amount
Payable on Equipment		$ 384,201
Income Tax payable		272,647
Other current liabilities	Utility, Labor and Health Insurance, G&A expenses, and etc.	154,058
Others (Balance of an individual account is less than 5% of the total)		28,687
Total		$ 839,593

Other Liabilities - Non-Current

Items	Amount
Deferred Tax Liabilities - non-current	$ 183,645
Accrued Pension Liabilities	43,611
Deferred Credit - Gains on intercompanies	11,500
Deferred Credit - Other Companies	14,801
Total	$ 253,557

SINO-AMERICAN SILICON PRODUCTS INC.
Long-term Loans Payable
As of December 31, 2010

Unit: Thousand in TWD

Financial institution	Summary	Amount	Duration	Interest rates at the year end	Pledged as collateral
Chang Hwa Bank (lead bank of syndicated loan)	Mortgage Loan	$ 1,500,000	Mar.12, 2008-Mar.31 2013	1.65%	Note
Mega International Commercial Bank (lead bank of syndicated loan)	Mortgage Loan	2,044,000	Dec.18, 2008-Feb.17, 2014	1.65%	Note
E. Sun Bank	Credit Loan	225,000	June.15, 2009-Jun.15, 2012	1.62%	None
		3,769,000			
Less: curent portion		(1,376,000)			
		$ 2,393,000			

Note: Please refer to the note 4H and 6 for information related to collateral and interest rate range at the year end.

SINO-AMERICAN SILICON PRODUCTS INC.
Revenue Received In Advance For Sale - Non-Current
As of December 31, 2010

Unit: Thousand in TWD

Company Name	Amount
Company E	$ 1,061,885
Company F	941,361
Company H	641,944
Company G	373,992
Company L	324,660
Company D	303,426
Company A	286,448
Company C	244,613
Company B	225,560
Company J	81,850
Others	60,687
Total	4,546,426
Less : Current portion	(751,110)
	$ 3,795,316

SINO-AMERICAN SILICON PRODUCTS INC.

Net Revenue

For The Year Ended December 31, 2010

Unit: Thousand in TWD

Items	Selling units	Amount
Sales Revenue		
Silicon wafer	144,627 thousand disks	$ 16,468,563
Silicon ingot	736 thousand kg	1,292,574
Sapphire wafer	524 thousand disks	448,670
Merchandise and Raw materials		1,730,602
		19,940,409
Service and commission revenue		138,161
Processing revenue		1,303
Net Revenue		**$ 20,079,873**

SINO-AMERICAN SILICON PRODUCTS INC.

Operating Cost

For The Year Ended December 31, 2010

Unit: Thousand in TWD

Items		
Beginning Balance of Merchandise	$	194
Add: Merchandise Purchases		1,200,019
Less: Ending Balance of Merchandise		(2,198)
Miscellaneous Items		(96)
Cost of Merchandise Sold		1,197,919
Raw Materials Consumption		
Beginning Balance of Raw Materials		547,583
Add: Raw Materials Purchases		10,530,147
Less: Ending Balance of Raw Materials		(675,983)
Miscellaneous Items		(37,682)
Raw Materials Sold		(913,534)
Direct Materials		9,450,531
Beginning Balance of Supply		139,079
Add: Supplies Purchases		3,376,719
Less: Ending Balance of Supplies		(303,163)
Miscellaneous Items		(36,320)
Supplies Sold		(538)
Indirect Materials		3,175,777
Direct Labor		700,066
Manufacturing Overhead		2,552,108
Manufacturing Cost		15,878,482
Add: Beginning Balance of Work in Process		114,416
Less: Ending Balance of Work in Process		(30,296)
Manufacturing cost for Products Available for Sale		15,962,602
Add: Beginning Balance of Finished Goods		272,073
Finished Goods Purchases		9,039
Less: Ending Balance of Finished Goods		(771,561)
Miscellaneous Items		(132,615)
Shortage on Inventory Count		(544)
Cost Reclassified to Processing Cost		(805)
Cost of Finished Goods Sold		15,338,189
Cost of Goods Sold		16,536,108
Add: Processing Cost		805

SINO-AMERICAN SILICON PRODUCTS INC.
Operating Cost
For The Year Ended December 31, 2010

Cost of Raw Materials and Supplies for Sale		914,072
Shortage on Inventory Count		544
Loss on Inventory Obsolescence		21,459
Compensation Income for Disaster Damage		(7,330)
Less: Offset amount due to the cost of repurchsing original inventory sold and raw material precurements from subsidiary company		(1,780,275)
Operating Cost	$	15,685,383

SINO-AMERICAN SILICON PRODUCTS INC.

Operating Expenses

For The Year Ended December 31, 2010

Unit: Thousand in TWD

Items	Selling	General and Administrative	Research and Development
Salary	$ 27,200	58,196	98,131
Employee Bonus	26,639	244,799	47,949
Freight	21,477	5	90
Indirect Materials	385	-	184,689
Raw Materials	-	-	36,511
Depreciation	203	3,644	73,628
Others (Balance of an individual account is less than 5% of the total)	21,041	25,650	44,574
Total	**$ 96,945**	**332,294**	**485,572**