

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Balance Sheets**

**First Quarter as of March 31, 2010 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
<b>Current assets:</b>		
Cash (notes 4 and 5)	\$ 5,475,821	698,195
Notes and accounts receivable, net (note 6)	2,240,941	1,893,650
Accounts receivable from related parties (note 19)	730,337	327,004
Other financial assets – current	1,617	3,508
Inventories (note 7)	1,682,148	1,115,299
Prepayments for materials (note 21)	3,401,594	1,052,274
Deferred income tax assets – current (note 17)	32,392	5,224
Other current assets (note 5)	<u>197,351</u>	<u>193,835</u>
	<u>13,762,201</u>	<u>5,288,989</u>
<b>Long-term investments:</b>		
Equity-method investments (note 8)	5,184,443	3,752,180
Available-for-sale financial assets – non-current (note 5)	357,117	443,521
Financial assets carried at cost – non-current (note 5)	2,061,309	1,742,250
Other financial assets – non-current (note 20)	2,194	1,909
Prepayments for long-term investments	<u>-</u>	<u>22,400</u>
	<u>7,605,063</u>	<u>5,962,260</u>
<b>Property, plant and equipment</b> (notes 10 and 20):		
Buildings and improvements	2,642,418	2,434,009
Machinery and equipment	6,473,933	4,258,492
Other equipment	<u>999,501</u>	<u>888,994</u>
	10,115,852	7,581,495
Less: accumulated depreciation	3,508,487	2,287,551
Prepayment for equipment and construction in progress	<u>1,087,431</u>	<u>811,542</u>
	<u>7,694,796</u>	<u>6,105,486</u>
<b>Other assets:</b>		
Deferred charges and other assets	7,270	10,471
Long-term prepayments for materials (note 21)	<u>2,308,098</u>	<u>4,382,044</u>
	2,315,368	4,392,515
<b>Total Assets</b>	<b>\$ <u>31,377,428</u></b>	<b><u>21,749,250</u></b>

See accompanying notes to financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Balance Sheets (continued)**

**First Quarter as of March 31, 2010 and 2011  
(Expressed in thousands of New Taiwan dollars)**

<b>Liabilities and Stockholders' Equity</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Current liabilities:</b>		
Short-term borrowings (notes 11 and 20)	\$ -	849,1081
Notes and accounts payable	1,637,618	1,239,444
Payables to related parties (note 19)	174,128	384,329
Accrued employee bonuses and director's and supervisor's remuneration (notes 15)	576,738	144,710
Current portion of received in advance for sales (notes 19 and 21)	1,545,872	388,836
Current portion of long-term loans payable (notes 12 and 20)	1,390,000	912,500
Accrued expenses and other current liabilities (notes 17)	<u>1,105,093</u>	<u>437,475</u>
	<u>6,429,449</u>	<u>4,356,375</u>
<b>Long-term loans payable (notes 19 and 20)</b>	<u>1,917,500</u>	<u>2,627,500</u>
<b>Other liabilities:</b>		
Other liabilities – other (notes 14 and 17)	332,298	252,077
Revenue received in advance for sales – non-current (notes 19 and 21)	<u>3,125,251</u>	<u>4,316,430</u>
	<u>3,457,549</u>	<u>4,568,507</u>
<b>Total liabilities</b>	<u>11,804,498</u>	<u>11,552,382</u>
<b>Stockholders' equity (note 15):</b>		
Common stock	<u>3,820,256</u>	<u>2,994,793</u>
Advance receipt for common stock	<u>-</u>	<u>2,114</u>
Capital surplus	<u>9,574,891</u>	<u>4,592,744</u>
Retained earnings:		
Legal reserve	587,985	540,429
Unappropriated earnings	<u>5,340,995</u>	<u>1,508,079</u>
	<u>5,928,980</u>	<u>2,048,508</u>
Other stockholders' equity:		
Foreign currency translation adjustment	(58,132)	160,241
Unrecognized pension cost	(21,178)	(16,049)
Unrealized gain on available-for-sale financial assets	<u>328,113</u>	<u>414,517</u>
<b>Total stockholders' equity</b>	<u>248,803</u>	<u>558,709</u>
	19,572,930	10,196,868
<b>Commitments and contingencies (notes 11, 12 and 21)</b>		
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ <u>31,377,428</u></b>	<b><u>21,749,250</u></b>

See accompanying notes to financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Statements of Income**

**The First Quarter Ended March 31, 2010 and 2011**

**(Expressed in thousands of New Taiwan dollars, except for earnings per share)**

	<b>2011</b>	<b>2010</b>		
<b>Sales</b> (note 19)	\$ 5,724,306	3,853,261		
Less: sales return and allowance	8,409	6,070		
	5,715,897	3,847,191		
Services revenue and others	64,628	9,003		
<b>Net revenue</b>	5,780,525	3,856,194		
<b>Cost of goods sold</b> (note 7)	4,555,964	3,468,669		
<b>Gross profit</b>	1,224,561	387,525		
<b>Operating expenses:</b>				
Selling	23,166	18,379		
Administrative	84,777	34,379		
Research and development	107,985	114,188		
	215,928	166,946		
<b>Operating income</b>	1,008,633	220,579		
<b>Non-operating income and gains:</b>				
Interest income	5,334	5		
Investment gain recognized by equity method (note 8)	159,914	112,686		
Gain on disposal of investments	6,979	9,530		
Foreign exchange gain, net	20,452	5,009		
Other income	48,688	2,433		
	241,367	129,660		
<b>Non-operating expenses and losses:</b>				
Interest expense (note 10)	15,605	17,026		
	15,605	17,026		
<b>Income before income taxes</b>	1,234,395	333,216		
<b>Income tax expenses</b> (note 17)	113,474	34,439		
<b>Net income</b>	\$ 1,120,921	298,777		
	<b>Before</b>	<b>After</b>	<b>Before</b>	<b>After</b>
	<b>Tax</b>	<b>Tax</b>	<b>Tax</b>	<b>Tax</b>
<b>Earnings per share (in dollars)</b> (note 16)				
<b>Basic earnings per share – retroactively adjusted</b>	\$ <u>3.23</u>	<u>2.93</u>	<u>1.04</u>	<u>0.93</u>
Diluted earnings per share	\$ <u>3.17</u>	<u>2.88</u>	<u>1.03</u>	<u>0.93</u>

See accompanying notes to financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Statements of Cash Flows**

**The First Quarter Ended March 31, 2010 and 2011**

**(Expressed in thousands of New Taiwan dollars)**

	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$ 1,120,921	298,777
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>		
Depreciation	351,062	231,818
Provision for (Reversion) allowance for doubtful accounts	34	917
Allowance on inventory obsolescence	(29,312)	-
Investment gain recognized by equity method	(159,914)	
Gain on disposal of fixed assets	(147)	(112,686)
Gain on disposal of the equity investment	(6,979)	-
Expense with no effect on cash flow	173,660	(9,530)
Change in operating assets:		-
Notes and accounts receivable	(447,848)	(232,083)
Notes and accounts receivable from related parties	56,879	(35,398)
Inventories	43,906	(106,954)
Prepayments for materials	(587,273)	(149,292)
Other financial assets-current	1,975	184,828
Difference in deferred income tax, net	52,043	14,258
Other operation-related assets	(69,666)	(190,721)
Notes and accounts payable	147,416	30,081
Accounts payable to related parties	33,009	(81,541)
Received in advance for sales	124,697	(89,864)
Accrued pension liabilities	546	576
Changes in deferred credits, net	50,002	26,158
Other operation-related liabilities	79,237	71,871
<b>Net cash provided by operating activities</b>	<b>934,248</b>	<b>(148,785)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of available-for-sale financial assets – non-current	-	10,211
Acquisition of financial assets carried at cost	(579,660)	(67,400)
Disposal of long-term equity-method investment	14,437	-
Acquisition of property and equipment	(639,602)	(582,952)
Proceeds from disposal of property and equipment	710	
Decrease in refundable deposits	650	-
Decrease in deferred expense	-	63
<b>Net cash used in investing activities</b>	<b>(1,203,465)</b>	<b>(640,078)</b>

See accompanying notes to financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**Statements of Cash Flows (continued)**

**The First Quarter Ended March 31, 2010 and 2011**

**(Expressed in thousands of New Taiwan dollars)**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	-	200,416
Increase in long-term loans payable	-	410,000
Repayment of long-term loans	(461,500)	-
Proceeds from issuance of stock for employee stock options exercised	-	2,114
<b>Net cash provided by financing activities</b>	<u>(461,500)</u>	<u>612,530</u>
<b>Net increase (decrease) in cash</b>	(730,717)	(176,333)
<b>Cash at beginning of year</b>	<u>6,206,538</u>	<u>874,528</u>
<b>Cash at end of year</b>	\$ <u><u>5,472,821</u></u>	\$ <u><u>698,195</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash payments of interest (excluding interest capitalized)	\$ <u><u>15,804</u></u>	\$ <u><u>16,419</u></u>
Cash payments of income taxes	\$ <u><u>735</u></u>	\$ <u><u>369</u></u>
<b>Non-cash investing and financing activities:</b>		
Current portion of long-term loans payable	\$ <u><u>1,390,000</u></u>	\$ <u><u>912,500</u></u>
<b>Acquisition of property, plant and equipment:</b>		
Increase in property, plant and equipment	\$ 672,999	539,720
Changes in payables on equipment	<u>(33,397)</u>	<u>43,232</u>
Cash Paid for Acquisition of Property, Plant and Equipment	\$ <u><u>639,602</u></u>	\$ <u><u>582,952</u></u>

See accompanying notes to financial statements.