

**SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**First Half Years as of June 30, 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)	\$ 4,620,180	1,588,712
Notes and accounts receivable, net (note 6)	1,867,022	2,479,806
Accounts receivable from related parties (note 19)	164,599	153,347
Other financial assets – current	20,630	2,400
Inventories (note 7)	2,010,339	2,047,031
Prepayments for materials(note 21)	3,730,784	792,178
Deferred income tax assets – current (note 17)	67,889	-
Other current assets (note 5)	<u>216,337</u>	<u>397,491</u>
	<u>12,697,780</u>	<u>7,460,965</u>
<b>Long-term investments:</b>		
Equity-method investments (note 8)	1,860,515	-
Available-for-sale financial assets – non-current (note 5)	1,955,238	368,109
Financial assets carried at cost – non-current (note 5)	2,083,084	1,731,701
Other financial assets – non-current (note 20)	<u>7,295</u>	<u>4,215</u>
Prepayments for long-term investment in stocks(note 8)	<u>5,906,132</u>	<u>2,104,025</u>
<b>Property, plant and equipment (notes 10 and 20):</b>		
Land	23,136	25,822
Buildings and improvements	4,391,702	4,043,163
Machinery and equipment	9,156,550	6,605,872
Other equipment	<u>1,410,702</u>	<u>1,345,865</u>
	14,982,090	12,020,722
Less: accumulated depreciation	(5,473,120)	(4,105,927)
Prepayment for equipment and construction in progress	<u>1,511,388</u>	<u>1,260,869</u>
	<u>11,020,358</u>	<u>9,175,664</u>
<b>Intangible assets (note 9):</b>		
Goodwill	618,106	689,875
Land use rights (note 20)	<u>9,182</u>	<u>10,001</u>
	<u>627,288</u>	<u>699,876</u>
<b>Other assets:</b>		
Deferred charges and other assets	9,194	11,549
Long-term prepayments for materials (note 21)	<u>2,218,459</u>	<u>4,191,740</u>
	<u>2,227,653</u>	<u>4,203,289</u>
<b>Total Assets</b>	\$ <u><u>32,479,211</u></u>	<u><u>23,643,819</u></u>

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets (continued)**

**First Half Years as of June 30, 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)	\$ 356,070	1,139,888
Notes and accounts payable	1,374,803	1,935,024
Dividends payable	2,010,661	299,627
Payable for machinery procurement	196,346	346,254
Accrued employee bonuses and director's and supervisor's remuneration (notes 15)	574,386	238,896
Current portion of received in advance for sales (notes 19 and 21)	1,187,689	543,319
Current portion of long-term loans payable (notes 12 and 20)	1,390,000	888,000
Deferred income tax liabilities - current (notes 17)	-	2,571
Accrued expenses and other current liabilities (notes 17)	<u>612,572</u>	<u>499,739</u>
	<u>7,702,527</u>	<u>5,893,318</u>
<b>Long-term loans payable (notes 19 and 20)</b>	<u>1,720,000</u>	<u>2,852,000</u>
<b>Other liabilities:</b>		
Other liabilities – other (notes 14 and 17)	51,191	68,804
Deferred income tax liabilities - non-current (notes 17)	165,290	193,439
Revenue received in advance for sales – non-current (notes 19 and 21)	<u>3,512,773</u>	<u>4,002,768</u>
	<u>3,729,254</u>	<u>4,265,011</u>
<b>Total liabilities</b>	<u>13,151,781</u>	<u>13,010,329</u>
<b>Stockholders' equity (note 15):</b>		
Common stock	<u>4,021,322</u>	<u>2,996,263</u>
Stock dividends declared	<u>209,869</u>	<u>213,993</u>
Capital surplus	<u>11,288,051</u>	<u>4,616,134</u>
Retained earnings:		
Legal reserve	944,846	587,985
Unappropriated earnings	<u>2,902,345</u>	<u>1,683,004</u>
	<u>3,847,191</u>	<u>2,270,989</u>
Other stockholders' equity:		
Foreign currency translation adjustment	(92,166)	213,055
Unrecognized pension cost	(21,178)	(16,049)
Unrealized gain on available-for-sale financial assets	<u>74,341</u>	<u>339,105</u>
<b>Total stockholders' equity</b>	<u>(39,003)</u>	<u>536,111</u>
	19,327,430	10,633,490
<b>Commitments and contingencies (notes 11, 12 and 21)</b>		
<b>Total Liabilities and Stockholders' Equity</b>	\$ <u><u>32,479,211</u></u>	<u><u>23,643,819</u></u>

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES**

**Consolidated Statements of Income**

**The First Half Years Ended June 30, 2010 and 2011**

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

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Sales</b> (note 19)	\$ 11,206,658	9,542,224
Less: sales return and allowance	<u>65,467</u>	<u>25,567</u>
	11,141,191	9,516,657
Process revenue and others	<u>20,424</u>	<u>7,185</u>
<b>Net revenue</b>	11,161,615	9,523,842
<b>Cost of goods sold</b> (note 7)	<u>9,130,639</u>	<u>7,814,246</u>
<b>Gross profit</b>	<u>2,030,976</u>	<u>1,709,596</u>
<b>Operating expenses:</b>		
Selling	75,265	61,224
Administrative	228,114	187,816
Research and development	<u>269,350</u>	<u>290,504</u>
	<u>572,729</u>	<u>539,544</u>
<b>Operating income</b>	<u>1,458,247</u>	<u>1,170,052</u>
<b>Non-operating income and gains:</b>		
Interest income	18,683	546
Government grants	10,828	1,672
Gain on disposal of investments	6,979	9,534
Foreign exchange gain, net	-	41,264
Other income	<u>69,683</u>	<u>43,140</u>
	<u>106,173</u>	<u>96,156</u>
<b>Non-operating expenses and losses:</b>		
Interest expense (note 10)	32,792	36,562
Investment loss recognized by equity method (note 8)	31,034	-
Foreign exchange loss, net	34,905	-
Impairment loss of financial assets (note 5)	<u>-</u>	<u>32,949</u>
	<u>98,731</u>	<u>69,511</u>
<b>Income before income taxes</b>	1,465,689	1,196,697
<b>Income tax expenses</b> (note 17)	<u>214,830</u>	<u>166,074</u>
<b>Net income</b>	\$ <u><u>1,250,859</u></u>	\$ <u><u>1,030,623</u></u>
	<u><b>Before</b></u> <u><b>Tax</b></u>	<u><b>Before</b></u> <u><b>Tax</b></u>
<b>Earnings per share (in dollars)</b> (note 16)		
Basic earnings per share	\$ <u><u>3.16</u></u>	\$ <u><u>3.05</u></u>
<b>Basic earnings per share – retroactively adjusted</b>	\$ <u><u>3.48</u></u>	\$ <u><u>3.21</u></u>
Diluted earnings per share	\$ <u><u>3.31</u></u>	\$ <u><u>3.06</u></u>
Diluted earnings per share – retroactively adjusted	\$ <u><u>3.14</u></u>	\$ <u><u>3.02</u></u>
	\$ <u><u>3.44</u></u>	\$ <u><u>3.18</u></u>
	\$ <u><u>3.28</u></u>	\$ <u><u>3.03</u></u>

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**The First Half Years Ended June 30, 2010 and 2011**  
**(Expressed in thousands of New Taiwan dollars)**

	<u>Common stock</u>	<u>Advance receipts for common stock</u>	<u>Stock dividends declared</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Unappro- priated earnings</u>	<u>Foreign currency translation adjustment</u>	<u>Unrecognized pension cost</u>	<u>Unrealized gain (loss) on available-for- sale financial assets</u>	<u>Total</u>
<b>Balance as of January 1, 2010</b>	\$ 2,994,413	508	-	4,592,617	540,429	1,209,302	179,760	(16,049)	381,076	9,882,056
Issuance of stock from exercised employee stock options	1,850	(508)	-	772	-	-	-	-	-	2,114
Appropriation of earnings (note 1):										
Legal reserve	-	-	-	-	47,556	(47,556)	-	-	-	-
Stock dividends	-	-	209,738	-	-	(209,738)	-	-	-	-
Cash dividends	-	-	-	-	-	(299,627)	-	-	-	(299,627)
Stock dividends to employees as bonus	-	-	4,255	22,745	-	-	-	-	-	27,000
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	(41,971)	(41,971)
Foreign currency translation adjustments	-	-	-	-	-	-	33,295	-	-	33,295
Net income for first half 2010	-	-	-	-	-	1,030,623	-	-	-	1,030,623
<b>Balance at of June 30, 2010</b>	<b>\$ 2,996,263</b>	<b>-</b>	<b>213,993</b>	<b>4,616,134</b>	<b>587,985</b>	<b>1,683,004</b>	<b>213,055</b>	<b>(16,049)</b>	<b>339,105</b>	<b>10,633,490</b>
<b>Balance at January 1, 2011</b>	\$ 3,820,256	-	-	9,574,891	587,985	4,220,074	(106,758)	(21,178)	352,014	18,427,284
Appropriation of earnings (note 2):										
Legal reserve	-	-	-	-	356,861	(356,861)	-	-	-	-
Stock dividends	-	-	201,066	-	-	(201,066)	-	-	-	-
Cash dividends	-	-	-	-	-	(2,010,661)	-	-	-	(2,010,661)
Stock dividends to employees as bonus	-	-	8,803	61,197	-	-	-	-	-	70,000
Issuance of common stock to acquire available-for-sale financial assets	201,066	-	-	1,650,826	-	-	-	-	-	1,851,892
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-	-	(277,673)	(277,673)
Foreign currency translation adjustments	-	-	-	-	-	-	14,592	-	-	14,592
Adjustment of retained earnings accounted for under the equity method	-	-	-	1,137	-	-	-	-	-	1,137
Net income for first half 2011	-	-	-	-	-	1,250,859	-	-	-	1,250,859
<b>Balance as of June 30, 2011</b>	<b>\$ 4,021,322</b>	<b>-</b>	<b>209,869</b>	<b>11,288,051</b>	<b>944,846</b>	<b>2,902,345</b>	<b>(92,166)</b>	<b>(21,178)</b>	<b>74,341</b>	<b>19,327,430</b>

Note 1 : Net income for 2009 was excluded director's and supervisor's remuneration and employee bonuses amounted \$12,274 thousand and \$92,054 thousand, respectively.

Note 2 : Net income for 2010 was excluded director's and supervisor's remuneration and employee bonuses amounted \$53,295 thousand and \$399,710 thousand, respectively.

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**The First Half Years Ended June 30, 2010 and 2011**

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

	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Cash flows from operating activities:</b>		
<b>Net income</b>	\$ 1,250,859	1,030,623
<b>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</b>		
Depreciation	848,078	634,249
Amortization	2,918	2,432
Provision for (Reversion) allowance for doubtful accounts	4,932	(30,070)
Allowance on inventory obsolescence	69,319	22,195
Investment loss recognized by equity method	31,034	-
Loss (Gain) on disposal of fixed assets	872	(691)
Gain on disposal of the equity investment	(6,979)	(9,534)
Impairment loss of the financial assets	-	32,949
Expense with no effect on cash flow	222,394	-
Change in operating assets and liabilities:		
Notes and accounts receivable	483,328	(235,360)
Notes and accounts receivable from related parties	135,082	(49,302)
Inventories	(80,414)	(746,888)
Prepayments for materials	(809,894)	74,381
Other financial assets – current	14,016	11,086
Difference in deferred income tax (liabilities), net	(99,067)	70,499
Other operation-related assets	(132,839)	74,499
Notes and accounts payable	(359,921)	525,061
Accounts payable to related parties	-	1,368
Received in advance for sales	(68,843)	(249,120)
Accrued pension liabilities	1,356	1,178
Changes in deferred credits, net	(8,577)	-
Other operation-related liabilities	(41,623)	389,157
<b>Net cash provided by operating activities</b>	<u><b>1,456,031</b></u>	<u><b>1,548,712</b></u>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of available-for-sale financial assets – non-current	-	10,214
Acquisition of the long-term equity-method investment	(837,000)	-
Acquisition of financial assets carried at cost	(579,660)	(67,400)
Disposal of the long-term equity-method investment	14,436	-
Acquisition of property and equipment	(1,983,335)	(1,614,535)
Proceeds from disposal of property and equipment	4,490	15,017
Decrease (increase) in other assets	(4,561)	(662)
<b>Net cash used in investing activities</b>	<u><b>(3,385,630)</b></u>	<u><b>(1,657,366)</b></u>

**SINO-AMERICAN SILICON PRODUCTS INC.**  
**Consolidated Statements of Cash Flows (continued)**

**The First Half Years Ended June 30, 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	134,301	106,842
Increase in long-term loans payable	-	610,000
Repayment of long-term loans	(659,000)	-
Proceeds from issuance of stock for employee stock options exercised	-	2,114
Net cash provided by financing activities	<u>(524,699)</u>	<u>718,956</u>
<b>Effect of exchange rate changes on cash</b>	<u>3,852</u>	<u>5,091</u>
<b>Net increase (decrease) in cash</b>	<u>(2,450,446)</u>	<u>615,393</u>
<b>Cash at beginning of year</b>	<u>7,070,626</u>	<u>973,319</u>
<b>Cash at end of year</b>	<u>\$ <u>4,620,180</u></u>	<u>\$ <u>1,588,712</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash payments of interest (excluding interest capitalized)	\$ <u>32,786</u>	\$ <u>35,547</u>
Cash payments of income taxes	\$ <u>312,621</u>	\$ <u>24,129</u>
<b>Non-cash investing and financing activities:</b>		
Issuance of common stock to acquire available-for-sale financial assets	\$ <u>1,851,892</u>	\$ <u>-</u>
Current portion of long-term loans payable	\$ <u>1,390,000</u>	\$ <u>888,000</u>
Payable stock dividends to be distributed	\$ <u>2,010,661</u>	\$ <u>299,627</u>
Stock dividends to be distributed for employee bonus	\$ <u>70,000</u>	\$ <u>27,000</u>
Cash dividends receivable due from long-term equity-method investment	\$ <u>9,540</u>	\$ <u>-</u>
<b>Acquisition of property, plant and equipment:</b>		
Increase in property, plant and equipment	\$ 1,788,464	1,676,074
Changes in payables on equipment	<u>194,871</u>	<u>(61,539)</u>
	<u>\$ <u>1,983,335</u></u>	<u>\$ <u>1,614,535</u></u>

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