## **Consolidated Balance Sheets**

# First Half Years as of June 30, 2010 and 2011 (Expressed in thousands of New Taiwan dollars)

Assets	ii vv air c	2011	2010
Current assets:			
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)		216,337	397,491
		12,697,780	7,460,965
Long-term investments:			
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)	-	7,295	4,215
Prepayments for long-term investment in stocks(note 8)	-	5,906,132	2,104,025
Property, plant and equipment (notes 10 and 20):			
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	_	1,410,702	1,345,865
		14,982,090	12,020,722
Less: accumulated depreciation		(5,473,120)	(4,105,927)
Prepayment for equipment and construction in progress	_	1,511,388	1,260,869
	_	11,020,358	9,175,664
Intangible assets (note 9):			
Goodwill		618,106	689,875
Land use rights (note 20)		9,182	10,001
		627,288	699,876
Other assets:			
Deferred charges and other assets		9,194	11,549
Long-term prepayments for materials (note 21)	-	2,218,459	4,191,740
	<u>_</u>	2,227,653	4,203,289
Total Assets	\$ <u>-</u>	32,479,211	23,643,819

#### **Consolidated Balance Sheets (continued)**

# First Half Years as of June 30, 2010 and 2011 (Expressed in thousands of New Taiwan dollars)

Liabilities and Stockholders' Equity	_	2011	2010
Current liabilities:			
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)	_	612,572	499,739
	-	7,702,527	5,893,318
Long-term loans payable (notes 19 and 20)	-	1,720,000	2,852,000
Other liabilities:			
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)	-	3,512,773	4,002,768
	_	3,729,254	4,265,011
Total liabilities	_	13,151,781	13,010,329
Stockholders' equity (note 15):			
Common stock	-	4,021,322	2,996,263
Stock dividends declared		209,869	213,993
Capital surplus	_	11,288,051	4,616,134
Retained earnings:			
Legal reserve		944,846	587,985
Unappropriated earnings	-	2,902,345	1,683,004
	-	3,847,191	2,270,989
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	_	74,341	339,105
Total stockholders' equity		(39,003)	536,111
		19,327,430	10,633,490
<b>Commitments and contingencies</b> (notes 11, 12 and 21)	ф		

Total Liabilities and Stockholders' Equity

\$<u>32,479,211</u><u>23,643,819</u>

See accompanying notes to consolidated financial statements.

### **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)

Sales (note 19)       \$       11,206,658       9,542,224         Less: sales return and allowance $65,467$ $25,567$ Process revenue and others $20,424$ $7,185$ Net revenue       11,161,615 $9,523,842$ Cost of goods sold (note 7) $9,130,639$ $7,814,246$ Gross profit $2.030,976$ $1,709,596$ Operating expenses: $28110$ $228,114$ $187,816$ Selling $75,265$ $61,224$ Administrative $228,114$ $187,816$ Research and development $269,350$ $290,504$ Operating income $11,264, 100,528$ $1,702,596$ Non-operating income and gains: $11,161,0152$ $539,544$ Interest income $6,979$ $9,534$ Gain on disposal of investments $6,979$ $9,534$ Foreign exchange loss, net $106,173$ $96,156$ Interest expense (note 10) $32,792$ $36,562$ Investment loss of financial assets (note 5) $-32,949$ $-34,905$ Impairment loss of financial assets (note 5) $-32,949$ $-34,905$ Income before in			201	1	201	0	
Less: sales return and allowance $65,467$ $25,567$ Process revenue and others Net revenue $11,141,191$ $9,516,657$ Process revenue and others Net revenue $20,0242$ $7,185$ Net revenue $11,161,615$ $9,523,842$ Cost of goods sold (note 7) $9,130,639$ $7,814,246$ Gross profit $2,030,976$ $1,709,596$ Operating expenses: Selling Research and development $2269,350$ $2209,594$ $290,504$ $572,729$ Operating income Interest income $14,488,247$ $1,170,052$ Non-operating income and gains: Interest income $18,683$ 546 $60vernment grants$ $10,828$ $1,672$ $9,9334$ Non-operating expenses and losses: Interest expense (note 10) $32,792$ $36,562$ Investment loss of financial assets (note 5) $98,731$ $9,8731$ $69,511$ $9,95134$ Income tax expenses (note 17) $32,792$ $36,562$ Income tax expenses (note 17) $32,990$ $2144,830$ $166,074$ Net income $98,731$ $9,6156$ $99,534$ Earnings per share (in dollars) (note 16) Basic earnings per share $31,034$ -Basic earnings per share $4fter$ Tax $7ax$ TaxBasic earnings per share $314$ $3.14$ $3.02$ Diluted earnings per share $314$ $3.14$ $3.02$ Basic earnings per share $314$ $3.14$ $3.02$	Sales (note 19)	\$	-	11,206,658		9,542,224	
Process revenue and others Net revenue $11,141,191$ $9,516,657$ Net revenue $11,161,615$ $9,523,842$ Cost of goods sold (note 7) $9,130,639$ $7,814,246$ Gross profit $2,030,976$ $1.709,596$ Operating expenses: Selling $75,265$ $61,224$ Administrative $228,114$ $187,816$ Research and development $269,350$ $290,504$ Operating income $14,458,247$ $11,170,052$ Non-operating income and gains: 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 $69,683$ $43,140$ Non-operating expenses and losses: Interest expense (note 10) $32,792$ $36,562$ Income taxe spenses (note 5) $ 34,905$ $-$ Imagirment loss of financial assets (note 5) $ 32,949$ $-$ Income tax expenses (note 17) $98,731$ $69,511$ $166,071$ Net income $1,250,859$ $1.030,6$	Less: sales return and allowance						
Process revenue and others Net revenue $20,424$ $7,185$ Net revenue $11,161,615$ $9,523,842$ Cost of goods sold (note 7) $9,130,639$ $7,814,246$ Gross profit $2,030,976$ $1.709,596$ Operating expenses: Selling $7,265$ $61,224$ Administrative $228,114$ $187,816$ Research and development $269,350$ $290,504$ Operating income $1.458,247$ $1.170,052$ Non-operating income and gains: $1458,247$ $1.170,052$ 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 $32,792$ $36,562$ Interest expense (note 10) $32,792$ $36,562$ Income before income taxes $34,905$ $-$ Impairment loss of financial assets (note 5) $ 32,949$ $-$ Income before income taxes $1.4455,689$ $1.196,697$ $-$ Income before income taxes <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td></th<>							
Cost of goods sold (note 7)       9,130.639       7,814,246         Gross profit       2,030.976       1,709,596         Operating expenses:       228,114       187,816         Research and development       269,350       290,504         Operating income       1,458,247       1,170,052         Non-operating income and gains:       10,828       1,672         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       69,683       43,140         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)       -       32,949         98,731       69,511       1,66,697         Income tax expenses (note 17)       -       34,905         Net income       \$       1,250,859       1,030,623         Earnings per share (in dollars) (note 16)       Basic earnings per share       \$       3,16       3.05	Process revenue and others						
Gross profit       2,030,976       1,709,596         Operating expenses:       28,114       187,816         Selling       75,265       61,224         Administrative       228,114       187,816         Research and development       269,350       290,504         Operating income       1,458,247       1,170,052         Non-operating 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       69,683       43,140         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)       -       32,949         Income before income taxes       1,465,689       1,196,697         Income $9,8,731$ 69,511         Income tax expenses (note 17)       214,830       166,074         Net income $$3,16$ 3.05       3.48       3.21         Basic earnings per share       s <t< td=""><td>Net revenue</td><td></td><td></td><td>11,161,615</td><td></td><td>9,523,842</td></t<>	Net revenue			11,161,615		9,523,842	
Operating expenses: SellingSelling75,26561,224Administrative228,114187,816Research and development269,350290,504Operating income1.458,2471.170,052Non-operating income and gains: Interest income18,683546Government grants10,8281,672Gain on disposal of investments6,9799,534Foreign exchange gain, net-41,264Other income69,68343,140Uncertaing expenses and losses: Interest expense (note 10)32,79236,562Interest expense (note 10)32,79236,562Investment loss recognized by equity method (note 8)31,034-Foreign exchange loss, net34,905-Impairment loss of financial assets (note 5)-32,949Income before income taxes1,465,6891,196,697Income tax expenses (note 17)214,830166,074Net income\$1,250,8591,030,623Earnings per share (in dollars) (note 16)\$3.16305Basic earnings per share\$3.163.05Basic earnings per share\$3.163.023.44Diluted earnings per share\$3.143.023.44Stati3.023.443.18	Cost of goods sold (note 7)			9,130,639		7,814,246	
Selling       75,265       61,224         Administrative       228,114       187,816         Research and development $269,350$ 290,504         Operating income         Mon-operating income and gains:         Interest income       1,458,247       1,170,052         Non-operating income and gains:       10,828       1,672         Gain on disposal of investments       6,979       9,534         Foreign exchange gain, net       -       41,264         Other income       69,683       43,140         106,173       96,156       -         Non-operating expenses and losses:       -       41,264         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)       -       32,949         98,731       69,511       -       -         Net income       \$       1,250,859       1,030,623         Resc earnings per share (in dollars) (note 16)       \$       3.16       3.05         Basic earnings per share       \$       3.16       3.05	Gross profit			2,030,976		1,709,596	
Selling       75,265       61,224         Administrative       228,114       187,816         Research and development $269,350$ $290,504$ <b>Operating income Non-operating income and gains:</b> Interest income       1,458,247       1,170,052         Non-operating income and gains:       1,458,247       1,170,052         Interest income       18,683       546         Government grants       6,979       9,534         Gain on disposal of investments       6,979       9,534         Foreign exchange gain, net       -       41,264         Other income       69,683       43,140         106,173       96,156       96,562         Investment loss recognized by equity method (note 8)       31,034       -         Foreign exchange loss, net       34,905       -         Impairment loss of financial assets (note 5)       -       32,949         Met income       9,8,731       69,511         I,465,689       1,196,697       -         Net income <b>1,250,859</b> 1,030,623         Basic earnings per share <b>8</b> 3.16       3.05         Basic earnings per share <b>3.16</b>	Operating expenses:						
Administrative       228,114       187,816         Research and development $269,350$ $290,504$ <b>Operating income</b> $572,729$ $539,544$ <b>Non-operating income and gains:</b> $1.458,247$ $1.170,052$ <b>Non-operating income and gains:</b> $1.458,247$ $1.170,052$ <b>Non-operating income and gains:</b> $10,828$ $1,672$ Gain on disposal of investments $6,979$ $9,534$ Foreign exchange gain, net $ 41,264$ Other income $69,683$ $43,140$ Other income $31,034$ $-$ Interest expense (note 10) $31,034$ $-$ Investment loss of financial assets (note 5) $ 34,905$ $-$ Impairment loss of financial assets (note 5) $ 32,949$ $-$ <b>Income before income taxes</b> $1,465,689$ $1,196,697$ $-$ <b>Income before income taxes</b> $1,465,089$ $1,196,697$ <b>Net income *</b> $1.250,859$ $1.030,623$ <b>Earnings per share (in dollars)</b> (note 16) <b>Basic earnings per share – retroactively adjusted *</b> $3.14$ $3.02$ <td< td=""><td></td><td></td><td></td><td>75.265</td><td></td><td>61.224</td></td<>				75.265		61.224	
Research and development $269,350$ $572,729$ $290,504$ $539,544$ <b>Operating income</b> $1,458,247$ $1,170,052$ Non-operating income and gains: $1,458,247$ $1,170,052$ 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 $69,683$ $43,140$ Other income $69,683$ $43,140$ 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) $ 32,949$ Income before income taxes $1,465,689$ $1,196,697$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $$250,859$ $1,030,623$ Basic earnings per share $$316$ $3.05$ $3.48$ Basic earnings per share $$316$ $3.02$ $3.44$ Diluted earnings per share $$314$ $3.02$ $3.44$ Diluted earnings per share $$314$ $3.02$ $3.44$ $3.14$ $3.02$ $3.44$ $3.18$							
Operating income $\overline{572,729}$ $\overline{539,544}$ Non-operating income and gains:1.458,2471.170.052Interest income18,683546Government grants10,8281,672Gain on disposal of investments6,9799,534Foreign exchange gain, net-41,264Other income69,68343,140Other income69,68343,140Interest expense (note 10)32,79236,562Investment loss recognized by equity method (note 8)31,034-Foreign exchange loss, net34,905-Income before income taxes1,465,6891,196,697Income tax expenses (note 17)98,73169,511Net income $1,250,859$ 1,030,623Earnings per share (in dollars) (note 16)Basic earnings per share $\frac{3.16}{3.05}$ $3.48$ $3.21$ Basic earnings per share $\frac{3.14}{3.02}$ $3.44$ $3.18$	Research and development						
Operating income $1,458,247$ $1,170,052$ Non-operating income and gains:18,683546Government grants10,8281,672Gain on disposal of investments6,9799,534Foreign exchange gain, net-41,264Other income69,68343,140Other income69,68343,140Interest expense (note 10)32,79236,562Investment loss recognized by equity method (note 8)31,034-Foreign exchange loss, net34,905-Impairment loss of financial assets (note 5)-32,949Income before income taxes1,465,6891,196,697Income tax expenses (note 17)214,830166,074Net income\$1,250,8591,030,623Earnings per share (in dollars) (note 16)Basic earnings per share\$31,143.02Basic earnings per share\$31,143.023.443.18	L						
Non-operating income and gains:Interest income18,683546Government grants10,8281,672Gain on disposal of investments6,9799,534Foreign exchange gain, net-41,264Other income $69,683$ 43,140Other income $69,683$ 43,140Interest 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)- $32,792$ Income before income taxes $1,465,689$ $1,196,697$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $$1,250,859$ $1.030,623$ Earnings per share (in dollars) (note 16) $$3.16$ $3.05$ $3.48$ $3.21$ Basic earnings per share $$3.14$ $3.02$ $3.44$ $3.18$	Operating income						
Government grants10,8281,672Gain on disposal of investments6,9799,534Foreign exchange gain, net-41,264Other income $69,683$ 43,140Interest expense (note 10) $106,173$ 96,156Investment loss recognized by equity method (note 8) $31,034$ -Foreign exchange loss, net $34,905$ -Impairment loss of financial assets (note 5)- $32,949$ Income before income taxes $98,731$ $69,511$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per share $$3.16$ $3.05$ $3.48$ $3.21$ Basic earnings per share $$3.14$ $3.02$ $3.44$ $3.18$							
Gain on disposal of investments $6,979$ $9,534$ Foreign exchange gain, net- $41,264$ Other income $69,683$ $43,140$ Income $69,683$ $43,140$ 106,173 $96,156$ Non-operating expenses and losses: $32,792$ $36,562$ Interest expense (note 10) $32,792$ $36,562$ Investment loss recognized by equity method (note 8) $31,034$ -Foreign exchange loss, net $34,905$ -Impairment loss of financial assets (note 5)- $32,949$ Income before income taxes $1,465,689$ $1,196,697$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $\$,1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16) $\$$ $\$$ Basic earnings per share $\$$ $3.16$ Basic earnings per share $\$$ $3.16$ Basic earnings per share $\$$ $3.14$ Basic earnings per share $\$$ Basic $3.14$ 3.02 $3.44$ 3.18	Interest income			18,683		546	
Foreign exchange gain, net- $41,264$ Other income $69,683$ $43,140$ Other income $006,173$ $96,156$ Non-operating expenses and losses: $106,173$ $96,156$ Interest expense (note 10) $32,792$ $36,562$ Investment loss recognized by equity method (note 8) $31,034$ -Foreign exchange loss, net $34,905$ -Impairment loss of financial assets (note 5)- $32,949$ 98,731 $69,511$ $69,511$ Income before income taxes $1,465,689$ $1,196,697$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16) $8asic earnings per share$ $8 \underline{3.16}$ $3.05$ $3.48$ $3.21$ Basic earnings per share $$3.16$ $3.02$ $3.44$ $3.18$	Government grants			10,828		1,672	
Other income $69,683$ $43,140$ Non-operating expenses and losses: $106,173$ $96,156$ 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) $ 32,949$ Income before income taxes $1,465,689$ $1,196,697$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per share $\frac{3.16}{3.05}$ $3.48$ $3.21$ Basic earnings per share $\frac{3.14}{3.02}$ $3.44$ $3.18$				6,979		9,534	
Non-operating expenses and losses: Interest expense (note 10) Investment loss recognized by equity method (note 8) Foreign exchange loss, net 				-			
Non-operating expenses and losses: Interest expense (note 10) $32,792$ $36,562$ Investment loss recognized by equity method (note 8) Foreign exchange loss, net $31,034$ -Impairment loss of financial assets (note 5) $ 32,949$ Income before income taxes $98,731$ $69,511$ Income tax expenses (note 17) $1,465,689$ $1,196,697$ Net income $1,250,859$ $1.030,623$ Earnings per share (in dollars) (note 16)Basic earnings per shareBefore fine frag and fine for fine frag and fin	Other income			69,683			
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) $ 32,949$ Income before income taxes $98,731$ $69,511$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per share $\frac{316}{3.05}$ $3.48$ $3.21$ Basic earnings per share $\frac{3.16}{3.05}$ $3.48$ $3.21$ Diluted earnings per share $\frac{3.14}{3.02}$ $3.44$ $3.18$				106,173		96,156	
Investment loss recognized by equity method (note 8) Foreign exchange loss, net $31,034$ -Impairment loss of financial assets (note 5) $34,905$ -Income before income taxes $34,905$ -Income tax expenses (note 17) $98,731$ $69,511$ Net income $1,465,689$ $1,196,697$ Earnings per share (in dollars) (note 16)Basic earnings per shareBefore After TaxTaxBasic earnings per share $31,034$ -Diluted earnings per share $31,034$ -State arnings per share $31,046$ -State arnings per share $31,066$ -State arnings per share $31,0666$ State arnings per share- </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
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Impairment loss of financial assets (note 5) $ 32,949$ Income before income taxes $98,731$ $69,511$ Income tax expenses (note 17) $1,465,689$ $1,196,697$ Net income $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per shareBefore After TaxBasic earnings per share $3.16$ $3.05$ $3.48$ $3.21$ Diluted earnings per share $$ 3.14$ $3.02$ $3.44$ $3.18$						-	
Income before income taxes $98,731$ $69,511$ Income tax expenses (note 17) $1,465,689$ $1,196,697$ Net income $214,830$ $166,074$ $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per shareBasic earnings per share $3.16$ $3.05$ $3.16$ $3.05$ $3.48$ $3.14$ $3.02$ $3.14$ $3.02$				34,905		-	
Income before income taxes $1,465,689$ $1,196,697$ Income tax expenses (note 17) $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per shareBefore TaxAfter TaxBasic earnings per share $3.16$ $3.05$ $3.48$ $3.21$ Diluted earnings per share $$ 3.14$ $3.02$ $3.44$ $3.18$	Impairment loss of financial assets (note 5)			-			
Income tax expenses (note 17) $214,830$ $166,074$ Net income $1,250,859$ $1,030,623$ Earnings per share (in dollars) (note 16)Basic earnings per shareBefore TaxTaxTaxTaxTaxTaxTaxTaxTaxSasic earnings per share $3.16$ $3.05$ $3.48$ Diluted earnings per share $$3.14$ $3.02$ $3.44$ Sasic earnings per share $$3.14$ $3.02$ $3.44$							
Net income\$ 1,250,8591,030,623Earnings per share (in dollars) (note 16)Before After TaxBefore After TaxAfter TaxBasic earnings per share\$ 3.163.053.483.21Builuted earnings per share\$ 3.143.023.443.18							
Earnings per share (in dollars) (note 16)Before fragment and fragment a	- · · · · · · · · · · · · · · · · · · ·	ሰ					
Earnings per share (in dollars) (note 16)TaxTaxTaxTaxBasic earnings per share\$ 3.163.053.483.21Basic earnings per share – retroactively adjusted\$ 3.143.023.443.18	Net income	\$	. <u></u>	1,250,859		<u>1,030,623</u>	
Earnings per share (in dollars) (note 16)Basic earnings per share\$ 3.163.053.483.21Basic earnings per share – retroactively adjusted\$ 3.313.06Diluted earnings per share\$ 3.143.023.443.18			Before	After	Before	After	
Basic earnings per share\$ 3.163.053.483.21Basic earnings per share – retroactively adjusted\$ 3.143.023.443.18Diluted earnings per share\$ 3.143.023.443.18			Tax	Tax	Tax	Tax	
Basic earnings per share – retroactively adjusted\$ 3.313.06Diluted earnings per share\$ 3.143.023.443.18		*			<b>a</b> 40		
Diluted earnings per share       \$ 3.14       3.02       3.44       3.18		\$	3.16	3.05			
	Basic earnings per share – retroactively adjusted						
Diluted earnings per share – retroactively adjusted\$ 3.283.03	Diluted earnings per share	\$	3.14	3.02	3.44	3.18	
	Diluted earnings per share – retroactively adjusted				<u>\$ 3.28</u>	3.03	

## 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)

					-	Retained e	arnings			Unrealized	
		Common stock	Advance receipts for common stock	Stock dividends <u>declared</u>	Capital surplus	Legal reserve	Unappro- priated earnings	Foreign currency translation <u>adjustment</u>	Unrecognized pension cost	gain (loss) on available-for- sale financial <u>assets</u>	Total
Balance as of January 1, 2010	\$	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
Balance at of June 30, 2010	<b>\$</b> :	2,996,263		<u>213,993</u>	<u>4,616,134</u>	587,985	<u>1,683,004</u>	<u>213,055</u>	<u>(16,049)</u>	339,105	<u>10,633,490</u>
Balance at January 1, 2011	\$	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
Balance as of June 30, 2011	\$	4,021,322		209,869	11,288,051	944,846	2,902,345	(92,166)	(21,178)	74,341	19,327,430

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.

## **Consolidated Statements of Cash Flows**

# The First Half Years Ended June 30, 2010 and 2011 (Expressed in thousands of New Taiwan dollars)

(Expressed in thousands of New Taiwan d	,	2010
Cash flows from operating activities:	2011	2010
Net income \$	1,250,859	1,030,623
Act medine	1,230,839	1,030,023
Adjustments to reconcile net income to net cash provided by (used		
in) operating activities:		
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
Net cash provided by operating activities	1,456,031	1,548,712
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets –		10 214
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)
Net cash used in investing activities	(3,385,630)	(1,657,366)

## 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)

	2011	2010
Cash flows from financing activities:		
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	(524,699)	718,956
Effect of exchange rate changes on cash	3,852	5,091
Net increase (decrease) in cash	(2,450,446)	615,393
Cash at beginning of year	7,070,626	973,319
Cash at end of year \$	4,620,180	1,588,712
Supplemental disclosures of cash flow information:		
Cash payments of interest (excluding interest capitalized) \$	32,786	35,547
Cash payments of income taxes \$	312,621	24,129
Non-cash investing and financing activities:		
Issuance of common stock to acquire available-for-sale financial assets \$	<u>1,851,892</u>	
Current portion of long-term loans payable \$	<u>1,390,000</u>	<u>888,000</u>
Payable stock dividends to be distributed \$	2,010,661	299,627
Stock dividends to be distributed for employee bonus \$	70,000	27,000
Cash dividends receivable due from long-term equity-method investment \$	<u> </u>	-
Acquisition of property, plant and equipment:		
Increase in property, plant and equipment \$	1,788,464	1,676,074
Changes in payables on equipment	194,871	(61,539)
\$	1,983,335	1,614,535

See accompanying notes to consolidated financial statements.