

**SINO-AMERICAN SILICON PRODUCTS INC.**

**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)                                       | \$ 3,978,801                | 1,180,956                |
| Notes and accounts receivable, net (note 6)                | 1,330,032                   | 1,968,492                |
| Accounts receivable from related parties (note 19)         | 823,469                     | 323,798                  |
| Other accounts receivable from related parties (note 19)   | 722,375                     | 1,110                    |
| Other financial assets – current                           | 10,192                      | 84                       |
| Inventories (note 7)                                       | 1,712,704                   | 1,724,767                |
| Prepayments for materials(note 21)                         | 3,711,362                   | 1,003,633                |
| Deferred income tax assets – current (note 17)             | 67,889                      | -                        |
| Other current assets (note 5)                              | <u>170,633</u>              | <u>143,765</u>           |
|  | <u>12,527,457</u>           | <u>6,346,605</u>         |
| <b>Long-term investments:</b>                              |                             |                          |
| Equity-method investments (note 8)                         | 6,840,788                   | 3,951,879                |
| Available-for-sale financial assets – non-current (note 5) | 1,955,238                   | 368,109                  |
| Financial assets carried at cost – non-current (note 5)    | 583,595                     | 1,731,701                |
| Other financial assets – non-current (note 20)             | 2,194                       | 1,931                    |
|  | <u>9,381,815</u>            | <u>6,053,620</u>         |
| <b>Property, plant and equipment</b> (notes 10 and 20):    |                             |                          |
| Buildings and improvements                                 | 2,656,388                   | 2,456,316                |
| Machinery and equipment                                    | 6,714,931                   | 4,762,459                |
| Other equipment  | <u>1,006,043</u>            | <u>921,440</u>           |
|  | 10,377,362                  | 8,140,215                |
| Less: accumulated depreciation                             | (3,855,322)                 | (2,538,607)              |
| Prepayment for equipment and construction in progress      | <u>1,068,661</u>            | <u>1,020,141</u>         |
|  | <u>7,590,701</u>            | <u>6,621,749</u>         |
| <b>Other assets:</b>                                       |                             |                          |
| Deferred charges and other assets                          | 6,342                       | 9,274                    |
| Long-term prepayments for materials (note 21)              | <u>2,218,459</u>            | <u>4,191,740</u>         |
|  | <u>2,224,801</u>            | <u>4,201,014</u>         |
| <b>Total Assets</b>  | <b>\$ <u>31,724,774</u></b> | <b><u>23,222,988</u></b> |

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**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)  | \$ -                        | 823,564                  |
| Notes and accounts payable   | 1,051,042                   | 1,734,957                |
| Payables to related parties (note 19)  | 325,498                     | 285,217                  |
| Dividends payable  | 2,010,661                   | 299,627                  |
| Payable for machinery procurement  | 188,694                     | 341,602                  |
| 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)               | 1,003,774                   | 543,222                  |
| Current portion of long-term loans payable (notes 12 and 20)                     | 1,390,000                   | 888,000                  |
| Accrued expenses and other current liabilities (notes 17)                        | <u>473,722</u>              | <u>328,747</u>           |
|  | <u>7,017,777</u>            | <u>5,483,832</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)                                      | 63,821                      | 57,459                   |
| Deferred income tax liabilities - non-current (notes 17)                         | 82,973                      | 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>3,659,567</u>            | <u>4,253,666</u>         |
| <b>Total liabilities</b>   | <u>12,397,344</u>           | <u>12,589,498</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>3,874,191</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>                                | <b>\$ <u>31,724,774</u></b> | <b><u>23,222,988</u></b> |

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**

**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>2011</u>         | <u>2010</u>      |                   |                  |
|--|---------------------|------------------|-------------------|------------------|
| <b>Sales</b> (note 19)                                   | \$ 9,733,132        | 8,486,006        |                   |                  |
| Less: sales return and allowance                         | <u>65,185</u>       | <u>22,796</u>    |                   |                  |
|  | 9,667,947           | 8,463,210        |                   |                  |
| Services revenue and others                              | <u>136,099</u>      | <u>34,061</u>    |                   |                  |
| <b>Net revenue</b>                                       | 9,804,046           | 8,497,271        |                   |                  |
| <b>Cost of goods sold</b> (note 7)                       | <u>8,391,756</u>    | <u>7,268,914</u> |                   |                  |
| <b>Gross profit</b>                                      | <u>1,412,290</u>    | <u>1,228,357</u> |                   |                  |
| <b>Operating expenses:</b>                               |                     |                  |                   |                  |
| Selling  | 48,296              | 40,679           |                   |                  |
| Administrative   | 146,544             | 115,853          |                   |                  |
| Research and development                                 | <u>207,436</u>      | <u>226,462</u>   |                   |                  |
|  | <u>402,276</u>      | <u>382,994</u>   |                   |                  |
| <b>Operating income</b>                                  | <u>1,010,014</u>    | <u>845,363</u>   |                   |                  |
| <b>Non-operating income and gains:</b>                   |                     |                  |                   |                  |
| Interest income  | 10,275              | 112              |                   |                  |
| Investment gain recognized by equity method (note 8)     | 271,839             | 247,871          |                   |                  |
| Government grants  | 10,828              | 1,672            |                   |                  |
| Gain on disposal of investments                          | 6,979               | 9,534            |                   |                  |
| Foreign exchange gain, net                               | -                   | 43,779           |                   |                  |
| Other income   | <u>49,579</u>       | <u>32,934</u>    |                   |                  |
|  | <u>349,500</u>      | <u>335,902</u>   |                   |                  |
| <b>Non-operating expenses and losses:</b>                |                     |                  |                   |                  |
| Interest expense (note 10)                               | 29,020              | 32,776           |                   |                  |
| Foreign exchange loss, net                               | 31,207              | -                |                   |                  |
| Impairment loss of financial assets (note 5)             | <u>-</u>            | <u>32,949</u>    |                   |                  |
|  | <u>60,227</u>       | <u>65,725</u>    |                   |                  |
| <b>Income before income taxes</b>                        | 1,299,287           | 1,115,540        |                   |                  |
| <b>Income tax expenses</b> (note 17)                     | <u>48,428</u>       | <u>84,917</u>    |                   |                  |
| <b>Net income</b>  | <u>\$ 1,250,859</u> | <u>1,030,623</u> |                   |                  |
|  | <u>Before Tax</u>   | <u>After Tax</u> | <u>Before Tax</u> | <u>After Tax</u> |
| <b>Earnings per share (in dollars)</b> (note 16)         |                     |                  |                   |                  |
| Basic earnings per share                                 | \$ <u>3.16</u>      | <u>3.05</u>      | <u>3.48</u>       | <u>3.21</u>      |
| <b>Basic earnings per share – retroactively adjusted</b> |                     |                  | <u>\$ 3.31</u>    | <u>3.06</u>      |
| Diluted earnings per share                               | \$ <u>3.14</u>      | <u>3.02</u>      | <u>3.44</u>       | <u>3.18</u>      |
| Diluted earnings per share – retroactively adjusted      |                     |                  | <u>\$ 3.28</u>    | <u>3.03</u>      |

See accompanying notes to consolidated financial statements.

**SINO-AMERICAN SILICON PRODUCTS INC.**  
**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<br/>stock</u> | <u>Advance<br/>receipts for<br/>common<br/>stock</u> | <u>Stock<br/>dividends<br/>declared</u> | <u>Capital<br/>surplus</u> | <u>Legal<br/>reserve</u> | <u>Retained earnings</u><br><u>Unappro-<br/>priated<br/>earnings</u> | <u>Foreign<br/>currency<br/>translation<br/>adjustment</u> | <u>Unrecognized<br/>pension cost</u> | <u>Unrealized<br/>gain (loss) on<br/>available-for-<br/>sale financial<br/>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.**

**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   | 697,897            | 484,571            |
| Provision for (Reversion) allowance for doubtful accounts  | 4,385              | (30,758)           |
| Allowance on inventory obsolescence  | 70,712             | 19,284             |
| Investment gain recognized by equity method  | (271,839)          | (247,871)          |
| Gain on disposal of fixed assets   | (119)              | 400                |
| 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  | 458,710            | (268,208)          |
| Notes and accounts receivable from related parties   | (37,723)           | (40,344)           |
| Inventories  | (86,674)           | (735,706)          |
| Prepayments for materials  | (807,402)          | 89,652             |
| Difference in deferred income tax (liabilities), net   | (105,395)          | 22,086             |
| Other operation-related assets   | (87,813)           | 67,602             |
| Notes and accounts payable   | (439,160)          | 527,823            |
| Accounts payable to related parties  | 184,379            | (182,882)          |
| Received in advance for sales  | (29,879)           | (249,140)          |
| Accrued pension liabilities  | 1,356              | 1,178              |
| Changes in deferred credits, net   | (7,447)            | 23,503             |
| Other operation-related liabilities  | (66,889)           | 286,668            |
| <b>Net cash provided by operating activities</b>   | <u>943,373</u>     | <u>821,896</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  | (1,111,246)        | (1,246,533)        |
| Proceeds from disposal of property and equipment   | 710                | -                  |
| Decrease (increase) in other assets  | 650                | 1,238              |
| <b>Net cash used in investing activities</b>   | <u>(2,512,110)</u> | <u>(1,302,481)</u> |

**SINO-AMERICAN SILICON PRODUCTS INC.**

**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  | -                          | 174,899                    |
| 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                   | <u>-</u>                   | <u>2,114</u>               |
| <b>Net cash provided by financing activities</b>                                       | <u>(659,000)</u>           | <u>787,013</u>             |
| <b>Net increase (decrease) in cash</b>   | <u>(2,227,737)</u>         | <u>306,428</u>             |
| <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>3,978,801</u></u> | \$ <u><u>1,180,956</u></u> |
| <b>Supplemental disclosures of cash flow information:</b>                              |                            |                            |
| Cash payments of interest (excluding interest capitalized)                             | \$ <u><u>30,130</u></u>    | \$ <u><u>31,762</u></u>    |
| Cash payments of income taxes  | \$ <u><u>274,695</u></u>   | \$ <u><u>11</u></u>        |
| <b>Non-cash investing and financing activities:</b>                                    |                            |                            |
| Issuance of common stock to acquire available-for-sale financial assets                | \$ <u><u>1,851,892</u></u> | <u>-</u>                   |
| Current portion of long-term loans payable   | \$ <u><u>1,390,000</u></u> | <u>888,000</u>             |
| Payable stock dividends to be distributed  | \$ <u><u>2,010,661</u></u> | <u>299,627</u>             |
| Stock dividends to be distributed for employee bonus                                   | \$ <u><u>70,000</u></u>    | <u>27,000</u>              |
| Financial assets carried at cost reclassified to other receivable from related parties | \$ <u><u>1,477,714</u></u> | <u>-</u>                   |
| Cash dividends receivable due from long-term equity-method investment                  | \$ <u><u>9,540</u></u>     | <u>-</u>                   |
| <b>Acquisition of property, plant and equipment:</b>                                   |                            |                            |
| Increase in property, plant and equipment  | \$ 915,739                 | 1,309,293                  |
| Changes in payables on equipment   | 195,507                    | (62,760)                   |
|  | \$ <u><u>1,111,246</u></u> | <u>1,246,533</u>           |
| Increase in the long-term equity-method investment                                     | \$ 1,593,809               | -                          |
| Investment by related parties through the off-set of receivables from related parties  | <u>(756,809)</u>           | <u>-</u>                   |
|  | \$ <u><u>837,000</u></u>   | <u>-</u>                   |

See accompanying notes to consolidated financial statements.