

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

Assets	2011	2010
Current assets:		
Cash (notes 4 and 5)	\$ 6,421,000	973,238
Notes and accounts receivable, net (note 6)	2,759,105	2,413,649
Accounts receivable from related parties (note 19)	262,823	137,007
Other financial assets – current	30,629	5,778
Inventories (note 7)	1,940,139	1,412,936
Prepayments for materials (note 21)	3,414,547	1,058,868
Deferred income tax assets – current (note 17)	32,392	28,700
Other current assets (note 5)	<u>245,179</u>	<u>223,984</u>
	<u>15,105,814</u>	<u>6,254,160</u>
Long-term investments:		
Equity-method investments (note 8)	1,065,359	-
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)	2,489	4,431
Prepayments for long-term investments	<u>-</u>	<u>22,400</u>
	<u>3,486,274</u>	<u>2,212,602</u>
Property, plant and equipment (notes 10 and 20):		
Land	23,534	25,455
Buildings and improvements	4,154,002	3,996,658
Machinery and equipment	8,519,225	5,998,358
Other equipment	<u>1,385,130</u>	<u>1,278,649</u>
	14,081,891	11,299,120
Less: accumulated depreciation	5,070,592	3,763,032
Prepayment for equipment and construction in progress	<u>1,770,257</u>	<u>924,857</u>
	<u>10,781,556</u>	<u>8,460,945</u>
Intangible assets (note 9):		
Goodwill	628,748	680,065
Land use rights (note 20)	<u>9,274</u>	<u>9,851</u>
	<u>638,022</u>	<u>689,916</u>
Other assets:		
Deferred charges and other assets	15,394	13,862
Long-term prepayments for materials (note 21)	<u>2,308,098</u>	<u>4,382,044</u>
	<u>2,323,492</u>	<u>4,395,906</u>
Total Assets	\$ <u>32,335,158</u>	<u>22,013,529</u>

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Balance Sheets (continued)

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

Liabilities and Stockholders' Equity	<u>2011</u>	<u>2010</u>
Current liabilities:		
Short-term borrowings (notes 11 and 20)	\$ 478,142	1,221,369
Notes and accounts payable	1,894,808	1,421,725
Other payables	203,878	84,008
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)	1,769,754	388,900
Current portion of long-term loans payable (notes 12 and 20)	1,390,000	912,500
Current portion of long-term notes and accounts payable	-	19,805
Accrued expenses and other current liabilities (notes 17)	<u>1,072,711</u>	<u>434,532</u>
	<u>7,386,031</u>	<u>4,627,549</u>
Long-term loans payable (notes 19 and 20)		
Long-term borrowings	1,917,500	2,627,500
Long-term notes and accounts payable	<u>-</u>	<u>15,754</u>
	<u>1,917,500</u>	<u>2,643,254</u>
Other liabilities:		
Other liabilities – other (notes 14 and 17)	333,446	229,428
Revenue received in advance for sales – non-current (notes 19 and 21)	<u>3,125,251</u>	<u>4,316,430</u>
	<u>3,458,697</u>	<u>4,545,858</u>
Total liabilities	<u>12,762,228</u>	<u>11,816,661</u>
Stockholders' equity (note 15):		
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>
Total stockholders' equity	<u>248,803</u>	<u>558,709</u>
	19,572,930	10,196,868
Commitments and contingencies (notes 11, 12 and 21)		
Total Liabilities and Stockholders' Equity	\$ <u>32,335,158</u>	<u>22,013,529</u>

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Income

The First Quarter Ended March 31, 2010 and 2011
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		<u>2011</u>	<u>2010</u>
Sales (note 19)	\$	6,461,368	4,355,466
Less: sales return and allowance		<u>8,181</u>	<u>9,238</u>
		6,453,187	4,346,228
Services revenue and others		<u>10,033</u>	<u>5,282</u>
Net revenue		6,463,220	4,351,510
Cost of goods sold (note 7)		<u>4,944,727</u>	<u>3,744,954</u>
Gross profit		<u>1,518,493</u>	<u>606,556</u>
Operating expenses:			
Selling		36,641	30,689
Administrative		158,754	64,159
Research and development		<u>107,985</u>	<u>145,226</u>
		<u>303,380</u>	<u>240,074</u>
Operating income		<u>1,215,113</u>	<u>366,482</u>
Non-operating income and gains:			
Interest income		8,050	119
Investment gain recognized by equity method (note 8)		2,407	-
Government grants		2,387	-
Gain on disposal of investments		6,979	9,530
Foreign exchange gain, net		18,786	4,390
Other income		<u>57,185</u>	<u>4,473</u>
		<u>95,794</u>	<u>18,512</u>
Non-operating expenses and losses:			
Interest expense (note 10)		16,900	18,932
Other expense		<u>-</u>	<u>233</u>
		<u>16,900</u>	<u>19,165</u>
Income before income taxes		1,294,007	365,829
Income tax expenses (note 17)		<u>173,086</u>	<u>67,052</u>
Net income	\$	<u><u>1,120,921</u></u>	<u><u>298,777</u></u>
		<u>Before</u>	<u>After</u>
		<u>Tax</u>	<u>Tax</u>
Earnings per share (in dollars) (note 16)			
Basic earnings per share – retroactively adjusted	\$	<u>3.23</u>	<u>2.93</u>
Diluted earnings per share	\$	<u>3.17</u>	<u>2.88</u>
		<u>1.04</u>	<u>0.93</u>
		<u>1.03</u>	<u>0.93</u>

See accompanying notes to consolidated financial statements.

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

The First Quarter Ended March 31, 2010 and 2011

(Expressed in thousands of New Taiwan dollars)

	2011	2010
Cash flows from operating activities:		
Net income	\$ 1,120,921	298,777
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	426,332	305,730
Amortization	1,852	1,211
Provision for (Reversion) allowance for doubtful accounts	591	917
Allowance on inventory obsolescence	(33,818)	2,892
Investment gain recognized by equity method	(2,407)	-
Gain on disposal of fixed assets	6,219	(160)
Gain on disposal of the equity investment	(6,979)	(9,530)
Expense with no effect on cash flow	173,030	-
Change in operating assets:		
Notes and accounts receivable	(394,105)	(238,135)
Notes and accounts receivable from related parties	36,858	-
Inventories	84,940	(91,678)
Prepayments for materials	(583,296)	(145,545)
Other financial assets-current	(5,523)	(12,292)
Difference in deferred income tax, net	52,042	36,331
Other operation-related assets	(103,251)	10,938
Notes and accounts payable	160,084	13,130
Received in advance for sales	125,700	(89,877)
Accrued pension liabilities	546	576
Changes in deferred credits, net	43,577	-
Other operation-related liabilities	<u>78,870</u>	<u>87,308</u>
Net cash provided by operating activities	<u>1,182,183</u>	<u>170,593</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets – non-current	-	10,211
Acquisition of financial assets carried at cost	(579,660)	-
Acquisition of equity-method Investments	-	(67,400)
Disposal of long-term equity-method investment	14,437	-
Acquisition of property and equipment	(1,080,588)	(706,914)
Proceeds from disposal of property and equipment	19,395	4,604
Other investments	<u>(3,362)</u>	<u>(2,096)</u>
Net cash used in investing activities	<u>(1,629,778)</u>	<u>(761,595)</u>

SINO-AMERICAN SILICON PRODUCTS INC. AND SUBSIDIARIES

Consolidated 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>
Cash flows from financing activities:		
Increase in short-term borrowings	256,373	188,323
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	<u>-</u>	<u>2,114</u>
Net cash provided by financing activities	<u>(205,127)</u>	<u>600,437</u>
Effect of Exchange Rate Changes	<u>3,096</u>	<u>(9,516)</u>
Net increase (decrease) in cash	(649,626)	(81)
Cash at beginning of year	<u>7,070,626</u>	<u>973,319</u>
Cash at end of year	\$ <u>6,421,000</u>	\$ <u>973,328</u>
Supplemental disclosures of cash flow information:		
Cash payments of interest (excluding interest capitalized)	\$ <u>17,123</u>	\$ <u>18,399</u>
Cash payments of income taxes	\$ <u>735</u>	\$ <u>369</u>
Non-cash investing and financing activities:		
Current portion of long-term loans payable	\$ <u>1,390,000</u>	\$ <u>912,500</u>
Current Portion of Long-term Accounts Payable	<u>-</u>	<u>19,805</u>
Acquisition of property, plant and equipment:		
Increase in property, plant and equipment	\$ (1,106,869)	658,919
Changes in payables on equipment	<u>26,281</u>	<u>47,995</u>
Cash Paid for Acquisition of Property, Plant and Equipment	\$ <u>(1,080,588)</u>	\$ <u>706,914</u>

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