

SINO-AMERICAN SILICON PRODUCTS INC.

Balance Sheets

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

Assets	2011	2010
Current assets:		
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>
Long-term investments:		
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>
Property, plant and equipment (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>
Other assets:		
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>
Total Assets	\$ <u>31,724,774</u>	<u>23,222,988</u>

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)

Liabilities and Stockholders' Equity	<u>2011</u>	<u>2010</u>
Current liabilities:		
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>
Long-term loans payable (notes 19 and 20)	<u>1,720,000</u>	<u>2,852,000</u>
Other liabilities:		
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>
Total liabilities	<u>12,397,344</u>	<u>12,589,498</u>
Stockholders' equity (note 15):		
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>
Total stockholders' equity	<u>(39,003)</u>	<u>536,111</u>
	19,327,430	10,633,490
Commitments and contingencies (notes 11, 12 and 21)		
Total Liabilities and Stockholders' Equity	<u>\$ 31,724,774</u>	<u>23,222,988</u>

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>
Sales (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>
Net revenue		9,804,046	8,497,271
Cost of goods sold (note 7)		<u>8,391,756</u>	<u>7,268,914</u>
Gross profit		<u>1,412,290</u>	<u>1,228,357</u>
Operating expenses:			
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>
Operating income		<u>1,010,014</u>	<u>845,363</u>
Non-operating income and gains:			
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>
Non-operating expenses and losses:			
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>
Income before income taxes		1,299,287	1,115,540
Income tax expenses (note 17)		<u>48,428</u>	<u>84,917</u>
Net income	\$	<u><u>1,250,859</u></u>	<u><u>1,030,623</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	\$	<u>3.16</u>	<u>3.05</u>
Basic earnings per share – retroactively adjusted		<u>\$ 3.31</u>	<u>3.06</u>
Diluted earnings per share	\$	<u>3.14</u>	<u>3.02</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)

	Common stock	Advance receipts for common stock	Stock dividends declared	Capital surplus	Legal reserve	Unappro- priated earnings	Foreign currency translation adjustment	Unrecognized pension cost	Unrealized gain (loss) on available-for- sale financial assets	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	\$ 2,996,263	-	213,993	4,616,134	587,985	1,683,004	213,055	(16,049)	339,105	10,633,490
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.

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)

	2011	2010
Cash flows from operating activities:		
Net income	\$ 1,250,859	1,030,623
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
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
Net cash provided by operating activities	943,373	821,896
Cash flows from investing activities:		
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
Net cash used in investing activities	(2,512,110)	(1,302,481)

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>
Cash flows from financing activities:		
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	-	2,114
Net cash provided by financing activities	<u>(659,000)</u>	<u>787,013</u>
Net increase (decrease) in cash	(2,227,737)	306,428
Cash at beginning of year	<u>6,206,538</u>	<u>874,528</u>
Cash at end of year	\$ <u><u>3,978,801</u></u>	<u><u>1,180,956</u></u>
Supplemental disclosures of cash flow information:		
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>
Non-cash investing and financing activities:		
Issuance of common stock to acquire available-for-sale financial assets	\$ <u><u>1,851,892</u></u>	<u><u>-</u></u>
Current portion of long-term loans payable	\$ <u><u>1,390,000</u></u>	<u><u>888,000</u></u>
Payable stock dividends to be distributed	\$ <u><u>2,010,661</u></u>	<u><u>299,627</u></u>
Stock dividends to be distributed for employee bonus	\$ <u><u>70,000</u></u>	<u><u>27,000</u></u>
Financial assets carried at cost reclassified to other receivable from related parties	\$ <u><u>1,477,714</u></u>	<u><u>-</u></u>
Cash dividends receivable due from long-term equity-method investment	\$ <u><u>9,540</u></u>	<u><u>-</u></u>
Acquisition of property, plant and equipment:		
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><u>1,246,533</u></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>-</u></u>

See accompanying notes to consolidated financial statements.