

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

September 30, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	2011	2012		2011	2012
Assets			Liabilities and Stockholders' Equity		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 739,891	986,012	Short-term borrowings	\$ -	358,915
Financial assets at fair value through profit or loss – current	828,575	944,072	Accounts payable	1,524,049	1,145,519
Available-for-sale financial assets – current	-	311,141	Accrued expenses	597,289	695,819
Notes and accounts receivable, net	800,604	858,906	Payable on equipment	131,440	219,928
Other receivable – related parties	499	-	Current portion of long-term borrowings	1,052,287	1,868,509
Other financial assets – current	308,987	113,846	Other current liabilities	<u>36,019</u>	<u>54,441</u>
Inventories	1,877,230	2,622,313	Total current liabilities	<u>3,341,084</u>	<u>4,343,131</u>
Other current assets	167,679	193,347	Long-term liabilities:		
Deferred income tax assets – current	<u>243,159</u>	<u>287,221</u>	Long-term borrowings	<u>5,686,623</u>	<u>5,706,977</u>
Total current assets	<u>4,966,624</u>	<u>6,316,858</u>	Other liabilities:		
Funds and investments:			Accrued pension liabilities	<u>3,238</u>	<u>6,141</u>
Available-for-sale financial assets – noncurrent	279,962	255,913	Total liabilities	<u>9,030,945</u>	<u>10,056,249</u>
Financial assets carried at cost – noncurrent	500,523	492,134	Stockholders' equity:		
Long-term investments under equity method	486,009	154,899	Common stock	<u>6,235,865</u>	<u>6,487,039</u>
Prepayment for long-term investment	-	200,000	Capital surplus:		
Investment in bonds with no active market – noncurrent	<u>344,783</u>	<u>344,783</u>	Capital surplus – additional paid-in capital	1,290,905	1,533,188
Total funds and investments	<u>1,611,277</u>	<u>1,447,729</u>	Capital surplus – long-term equity investments	28,445	50
Property, plant and equipment:			Capital surplus – employee stock options	<u>106,868</u>	<u>251,996</u>
Cost:			Total capital surplus	<u>1,426,218</u>	<u>1,785,234</u>
Land	802,337	1,765,464	Retained earnings:		
Buildings	721,851	721,851	Legal reserve	130,842	258,703
Machinery and equipment	9,105,768	10,120,758	Special reserve	-	221,662
Factory and equipment	1,863,763	2,681,919	Retained earnings	<u>1,324,477</u>	<u>2,507,120</u>
Office equipment	112,521	112,131	Total retained earnings	<u>1,455,319</u>	<u>2,987,485</u>
Other equipment	<u>260,534</u>	<u>223,875</u>	Other stockholders' equity adjustments:		
	12,866,774	15,625,998	Cumulative translation adjustments	2,203	10,843
Less: accumulated depreciation	<u>(5,294,670)</u>	<u>(4,167,130)</u>	Unrealized gain (loss) on financial instruments	<u>(173,182)</u>	<u>(231,744)</u>
	7,572,104	11,458,868	Total other stockholders' equity adjustments	<u>(170,979)</u>	<u>(220,901)</u>
Construction in progress	622,163	319,259	Total stockholders' equity	8,946,423	11,038,857
Prepayment for purchases of land and buildings	-	544,377			
Prepayment for purchases of equipment	<u>2,975,630</u>	<u>775,382</u>			
Net property, plant and equipment	<u>11,169,897</u>	<u>13,097,886</u>			
Intangible assets	<u>128,686</u>	<u>93,703</u>			
Other assets:					
Refundable deposits	19,750	19,907			
Restricted assets	23,241	23,391			
Deferred income tax assets – noncurrent	<u>57,893</u>	<u>95,632</u>			
Total other assets	<u>100,884</u>	<u>138,930</u>			
Total Assets	\$ <u>17,977,368</u>	<u>21,095,106</u>	Total Liabilities and Stockholders' Equity	\$ <u>17,977,368</u>	<u>21,095,106</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Operations

For the nine months ended September 30, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2011	2012		
Operating revenue	\$ 6,410,586	8,449,206		
Less: sales returns	(8,702)	(11,546)		
sales discounts and allowances	<u>(15,835)</u>	<u>(14,315)</u>		
Net revenue	6,386,049	8,423,345		
Cost of goods sold	<u>(4,362,802)</u>	<u>(5,766,499)</u>		
Gross profit	<u>2,023,247</u>	<u>2,656,846</u>		
Operating expenses				
Marketing expenses	(96,341)	(143,764)		
General and administrative expenses	(254,936)	(355,577)		
Research and development expenses	<u>(309,527)</u>	<u>(392,996)</u>		
	<u>(660,804)</u>	<u>(892,337)</u>		
Operating income	<u>1,362,443</u>	<u>1,764,509</u>		
Non-operating income and gains:				
Interest income	360	956		
Gain on disposal of property, plant and equipment	-	210		
Dividend income	77,004	28,504		
Gain on disposal of investments, net	265	158,803		
Other income	<u>141,903</u>	<u>8,589</u>		
	<u>219,532</u>	<u>197,062</u>		
Non-operating expenses and losses:				
Interest expense	(41,822)	(74,813)		
Investment loss recognized under equity method	(69,457)	(67,815)		
Loss on disposal of property, plant and equipment	(14,688)	-		
Exchange loss, net	(22,123)	(19,742)		
Impairment loss	-	(101,379)		
Loss on valuation of financial assets, net	(773,107)	(18,720)		
Other loss	<u>-</u>	<u>(35,399)</u>		
	<u>(921,197)</u>	<u>(317,868)</u>		
Income before income tax	660,778	1,643,703		
Income tax expense	<u>(592)</u>	<u>(211,087)</u>		
Net income	<u>\$ 660,186</u>	<u>1,432,616</u>		
			Before	After
			income tax	income tax
Earnings per common share (expressed in dollars):			Before	After
Basic earnings per share	\$ <u>1.06</u>	<u>1.06</u>	<u>2.53</u>	<u>2.21</u>
Diluted earnings per share	\$ <u>1.05</u>	<u>1.04</u>	<u>2.49</u>	<u>2.17</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2011 and 2012
(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Cash flows from operating activities:		
Net income	\$ 660,186	1,432,616
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	722,201	936,456
Amortization	43,409	38,890
Amortization of cost of long-term borrowings	2,920	3,084
Loss on valuation of inventories and obsolescence	4,477	60,416
Investment loss recognized under equity method	69,457	67,815
Compensation cost arising from employee stock options	67,725	106,522
Unrealized exchange loss on long-term borrowings	26,563	-
Deferred income tax expense (benefit)	(150,766)	67,987
Loss (gain) on disposal of property, plant and equipment	14,688	(210)
Gain on disposal of investments	(265)	(158,803)
Impairment loss	-	101,379
Insurance claim on damaged and donated property, plant and equipment	-	54,609
Change in operating assets:		
Financial assets at fair value through profit or loss — current	773,372	660,235
Accounts receivable	(319,589)	(206,084)
Other receivable — related parties	(499)	-
Other financial assets — current	(219,085)	16,004
Inventories	(565,369)	(834,101)
Other current assets	(61,923)	(64,384)
Change in operating liabilities:		
Accounts payable	652,570	55,508
Accrued expenses	9,903	(23,211)
Other current liabilities	(8,271)	18,791
Accrued pension liabilities	771	1,895
Net cash provided by operating activities	<u>1,722,475</u>	<u>2,335,414</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets — current	-	(316,521)
Payment for purchase of available-for-sale financial assets — noncurrent	-	(25,192)
Payment for purchase of long-term investments under equity method	(123,764)	-
Proceeds from disposal of long-term investments under equity method	-	259,220
Payment for purchase of property, plant and equipment	(3,077,030)	(2,767,502)
Proceeds from disposal of property, plant and equipment	2,607	298
Increase in prepayment for long-term investment	-	(200,000)
Increase in refundable deposit	(1,543)	(249)
Increase in restricted assets	(113)	(107)
Payment for purchase of intangible assets	(35,301)	(17,640)
Net cash used in investing activities	<u>(3,235,144)</u>	<u>(3,067,693)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(365,365)	358,915
Increase in long-term borrowings	4,017,000	1,899,000
Redemption of long-term borrowings	(1,357,966)	(817,892)
Payment of cash dividends	(513,291)	(518,874)
Exercise of employee stock options	60,190	1,118
Net cash provided by financing activities	<u>1,840,568</u>	<u>922,267</u>
Effect on cash due to changes in exchange rate	3,191	(3,352)
Net increase in cash and cash equivalents	331,090	186,636
Cash and cash equivalents at the beginning of year	408,801	799,376
Cash and cash equivalents at the end of year	<u>\$ 739,891</u>	<u>986,012</u>
Additional disclosure of cash flow information:		
Income tax paid	<u>\$ 153,355</u>	<u>190,654</u>
Interest paid (excluding capitalized interest)	<u>\$ 40,751</u>	<u>74,348</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the nine months ended September 30, 2011 and 2012
(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Supplemental schedule of non-cash investing and financing activities:		
Inventories reclassified to plant, property and equipment	\$ <u>53,052</u>	<u>45,207</u>
Other current assets reclassified to plant, property and equipment	\$ <u>112</u>	<u>285</u>
Other current assets reclassified to intangible assets	\$ <u>4,268</u>	<u>-</u>
Unrealized gain (loss) on financial instruments	\$ <u>(202,485)</u>	<u>(7,018)</u>
Translation adjustments	\$ <u>160</u>	<u>7,779</u>
Reclassification of current portion of long-term borrowings	\$ <u>1,052,287</u>	<u>1,868,509</u>
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 3,114,845	2,776,810
Add: payable on equipment — beginning of year	93,625	210,620
Less: payable on equipment — end of year	<u>(131,440)</u>	<u>(219,928)</u>
Cash paid	\$ <u>3,077,030</u>	<u>2,767,502</u>
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 107	298
Add: other financial assets — current — beginning of year	<u>2,500</u>	<u>-</u>
Cash received	\$ <u>2,607</u>	<u>298</u>
Purchase of intangible assets		
Increase in intangible assets	\$ 35,301	14,941
Add: accrued expenses — beginning of year	15,335	4,487
Less: accrued expenses — end of year	<u>(15,335)</u>	<u>(1,788)</u>
Cash paid	\$ <u>35,301</u>	<u>17,640</u>