

WIN Semiconductors Corp.

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	\$ 713,723	966,298	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	596,119	694,421
Accounts receivable, net	330,431	373,330	Payable on equipment	131,440	219,928
Account receivable – related parties	355,282	299,507	Current portion of long-term borrowings	1,052,287	1,868,509
Other receivables – related parties	499	-	Other current liabilities	<u>32,007</u>	<u>52,687</u>
Other financial assets – current	308,987	113,494	Total current liabilities	<u>3,335,902</u>	<u>4,339,979</u>
Inventories	1,877,230	2,622,313	Long-term liabilities:		
Other current assets	163,726	191,682	Long-term borrowings	<u>5,686,623</u>	<u>5,706,977</u>
Deferred income tax assets – current	<u>243,159</u>	<u>287,221</u>	Other liabilities:		
Total current assets	<u>4,821,612</u>	<u>6,109,058</u>	Accrued pension liabilities	<u>3,238</u>	<u>6,141</u>
Funds and investments:			Total liabilities	<u>9,025,763</u>	<u>10,053,097</u>
Available-for-sale financial assets – noncurrent	202,419	175,339	Stockholders' equity:		
Financial assets carried at cost – noncurrent	500,523	492,134	Common stock	<u>6,235,865</u>	<u>6,487,039</u>
Long-term investments under equity method	703,587	440,260	Capital surplus:		
Prepayment for long-term investment	-	200,000	Capital surplus – additional paid-in capital	1,290,905	1,533,188
Investment in bonds with no active market – noncurrent	<u>344,783</u>	<u>344,783</u>	Capital surplus – long-term equity investments	28,445	50
Total funds and investments	<u>1,751,312</u>	<u>1,652,516</u>	Capital surplus – employee stock options	<u>106,868</u>	<u>251,996</u>
Property, plant and equipment:			Total capital surplus	<u>1,426,218</u>	<u>1,785,234</u>
Cost:			Retained earnings:		
Land	802,337	1,765,464	Legal reserve	130,842	258,703
Buildings	721,851	721,851	Special reserve	-	221,662
Machinery and equipment	9,105,763	10,120,758	Retained earnings	<u>1,324,477</u>	<u>2,507,120</u>
Factory and equipment	1,863,763	2,681,919	Total retained earnings	<u>1,455,319</u>	<u>2,987,485</u>
Office equipment	111,209	111,412	Other stockholders' equity adjustments:		
Other equipment	<u>260,534</u>	<u>223,875</u>	Cumulative translation adjustments	2,203	10,843
	12,865,462	15,625,279	Unrealized gain (loss) on financial instruments	<u>(173,182)</u>	<u>(231,744)</u>
Less: accumulated depreciation	(5,293,563)	(4,166,550)	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>11,169,692</u>	<u>13,097,747</u>			
Intangible assets	<u>128,686</u>	<u>93,703</u>			
Other assets:					
Refundable deposits	19,750	19,907			
Restricted assets – noncurrent	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>17,972,186</u>	<u>21,091,954</u>	Total Liabilities and Stockholders' Equity	\$ <u>17,972,186</u>	<u>21,091,954</u>

WIN Semiconductors Corp.

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	\$ 6,283,894	8,318,230		
Less: sales returns	(8,647)	(11,449)		
sales discounts and allowances	<u>(15,888)</u>	<u>(14,059)</u>		
Net revenue	6,259,359	8,292,722		
Cost of goods sold	<u>(4,362,802)</u>	<u>(5,766,499)</u>		
Gross profit	<u>1,896,557</u>	<u>2,526,223</u>		
Operating expenses				
Marketing expenses	(58,337)	(57,732)		
General and administrative expenses	(248,506)	(344,126)		
Research and development expenses	<u>(309,527)</u>	<u>(392,996)</u>		
Operating income	<u>1,280,187</u>	<u>1,731,369</u>		
Non-operating income and gains:				
Interest income	354	942		
Investment gain recognized under equity method	4,525	-		
Dividend income	76,234	27,526		
Gain on disposal of investments, net	265	158,803		
Gain on disposal of property, plant and equipment	-	210		
Other income	<u>141,903</u>	<u>8,587</u>		
	<u>223,281</u>	<u>196,068</u>		
Non-operating expenses and losses:				
Interest expense	(41,822)	(74,813)		
Investment loss recognized under equity method	-	(68,800)		
Loss on disposal of property, plant and equipment	(14,688)	-		
Exchange loss, net	(13,073)	(19,202)		
Impairment loss	-	(66,800)		
Loss on valuation of financial assets, net	(773,107)	(18,720)		
Other loss	<u>-</u>	<u>(35,399)</u>		
	<u>(842,690)</u>	<u>(283,734)</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.

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 net income to net cash provided by operating activities:		
Depreciation	722,137	936,386
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 (gain) recognized under equity method	(4,525)	68,800
Compensation cost arising from employee stock options	66,298	102,002
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	-	66,800
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	(117,033)	(135,443)
Accounts receivable — related parties	(73,291)	(19,404)
Other receivable — related parties	15	-
Other financial assets — current	(219,085)	16,350
Inventories	(565,369)	(834,101)
Other current assets	(62,895)	(65,986)
Change in operating liabilities:		
Accounts payable	652,570	55,508
Accrued expenses	11,483	(23,308)
Other current liabilities	(10,869)	21,524
Accrued pension liabilities	771	1,895
Net cash provided by operating activities	<u>1,774,791</u>	<u>2,349,847</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 investment under equity method	(123,764)	-
Proceeds from disposal of long-term investment under equity method	-	259,220
Payment for purchase of property, plant and equipment	(3,077,030)	(2,767,493)
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>(3,067,684)</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>
Net increase in cash and cash equivalents	380,215	204,430
Cash and cash equivalents at the beginning of year	333,508	761,868
Cash and cash equivalents at the end of year	<u>\$ 713,723</u>	<u>966,298</u>
Additional disclosure of cash flow information:		
Income tax paid	<u>\$ 151,331</u>	<u>190,630</u>
Interest paid (excluding capitalized interest)	<u>\$ 40,751</u>	<u>74,348</u>
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>

WIN Semiconductors Corp.

Statements of Cash Flows (Continued)

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

	2011	2012
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 3,114,845	2,776,801
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>2,767,493</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>