Balance Sheets

September 30, 2011 and 2012 (Expressed in Thousands of New Taiwan Dollars)

	2011	2012	
Assets			Liabilities and Stockholders' Equity
Current assets:			Current liabilities:
Cash and cash equivalents	\$ 713,723	966,298	Short-term borrowings
Financial assets at fair value through profit or loss-current	828,575	944,072	Accounts payable
Available-for-sale financial assets – current	-	311,141	Accrued expenses
Accounts receivable, net	330,431	373,330	Payable on equipment
Account receivable – related parties	355,282	299,507	Current portion of long-term borrowings
Other receivables – related parties	499	-	Other current liabilities
Other financial assets – current	308,987	113,494	Total current liabilities
Inventories	1,877,230	2,622,313	Long-term liabilities:
Other current assets	163,726	191,682	Long-term borrowings
Deferred income tax assets – current	243,159	287,221	Other liabilities:
Total current assets	4,821,612	6,109,058	Accrued pension liabilities
Funds and investments:			Total liabilities
Available-for-sale financial assets – noncurrent	202,419	175,339	Stockholders' equity:
Financial assets carried at cost-noncurrent	500,523	492,134	Common stock
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
Investment in bonds with no active market – noncurrent	344,783	344,783	Capital surplus – long-term equity investments
Total funds and investments	1,751,312	1,652,516	Capital surplus – employee stock options
Property, plant and equipment:			Total capital surplus
Cost:			Retained earnings:
Land	802,337	1,765,464	Legal reserve
Buildings	721,851	721,851	Special reserve
Machinery and equipment	9,105,763	10,120,758	Retained earnings
Factory and equipment	1,863,763	2,681,919	Total retained earnings
Office equipment	111,209	111,412	Other stockholders' equity adjustments:
Other equipment	260,534	223,875	Cumulative translation adjustments
	12,865,462	15,625,279	Unrealized gain (loss) on financial instruments
Less: accumulated depreciation	(5,293,563)	(4,166,550)	Total other stockholders' equity adjustments
Construction in progress	622,163	319,259	Total stockholders' equity
Prepayment for purchases of land and buildings	-	544,377	
Prepayment for purchases of equipment	2,975,630	775,382	
Net property, plant and equipment	11,169,692	13,097,747	
Intangible assets	128,686	93,703	
Other assets:			
Refundable deposits	19,750	19,907	
Restricted assets – noncurrent	23,241	23,391	
Deferred income tax assets – noncurrent	57,893	95,632	
Total other assets	100,884	138,930	
Total Assets	\$ <u>17,972,186</u>	21,091,954	Total Liabilities and Stockholders' Equity

\$ -	358,915
1,524,049	1,145,519
596,119	694,421
131,440	219,928
1,052,287	1,868,509
32,007	52,687
3,335,902	4,339,979
5,686,623	5,706,977
3,238	6,141
9,025,763	10,053,097
6,235,865	6,487,039
1,290,905	1,533,188
28,445	50
106,868	251,996
1,426,218	1,785,234
130,842	258,703
-	221,662
1,324,477	2,507,120
1,455,319	2,987,485
2,203	10,843
(173,182)	(231,744)
(170,979)	(220,901)
8,946,423	11,038,857

2011

2012

\$ <u>17,972,186</u>

21,091,954

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)

Operating revenue\$ $6,283,894$ $8,318,230$ Less: sales returns(8,647)(11,449)sales discounts and allowances(15,883)(14,059)Net revenue(4,362,802)(5,766,492)Cost of goods sold(4,362,802)(5,766,492)Gross profit1,896,557(2,252,223)Operating expenses(38,337)(57,732)General and administrative expenses(309,527)(322,296)Operating income(14,627)(794,854)Interest income354942Investment gain recognized under equity method4,525-Drividend income76,23427,526Gain on disposal of investments, net265158,803Gain on disposal of property, plant and equipment-2Other income141,9038,587Interest expense(41,822)(74,813)Investment loss recognized under equity method-668,800)Loss on disposal of property, plant and equipment-(66,800)Loss on valuation of financial assets, net(11,3073)(19,202)Impairment loss-(66,078)-Loss on valuation of financial assets, net(773,107)(18,720)Other loss-(58,17,03)-Income before income tax-(58,17,03)Income before income tax-(52,22)Income tax expense(58,22)(211,087)Net income\$-(53,399)Income tax expense-(52,22)<		2011	2012
Less: sales returns (8,647) (11,449) sales discounts and allowances (15,888) (14,059) Net revenue 6,259,359 8,292,722 Cost of goods sold (4,362,802) (5,766,499) Gross profit 1,896,557 2,256,223 Operating expenses (248,506) (344,126) Research and development expenses (248,506) (344,126) Operating income 1,280,187 1,731,369 Non-operating income and gains: 1,280,187 1,731,369 Interest income 354 942 Investment gain recognized under equity method 4,525 - Dividend income 354 942 Investment gain recognized under equity method - 210 Other income 141,903 8,587 223,281 196,068 - Non-operating expenses and losses: - (14,688) - Interest expense (41,822) (74,813) - Investment loss recognized under equity method - (13,073) (19,202) Indiposal of property, plant and equipment - (13,073)	Operating revenue	\$ 6,283,894	8,318,230
Net revenue $6.259.359$ $8.292.722$ Cost of goods sold Gross profit $4.362.802$ $(5.766.499)$ Derating expenses $(4.362.802)$ $(5.766.499)$ Marketing expenses (58.337) (57.732) General and administrative expenses (248.506) (344.126) Research and development expenses (248.506) (344.126) Research and development expenses (248.506) (344.126) Operating income $1.280.187$ $1.731.369$ Non-operating income and gains: Interest income 354 942 Interest income 354 942 Investment gain recognized under equity method 4.525 $-$ Dividend income 255 158.803 Gain on disposal of investments, net 200 223.281 Other income $ 210$ Other income $ 210$ Other income $ (68.800)$ Loss on disposal of property, plant and equipment $ (68.800)$ Loss on valuation of financial assets, net (773.107) (18.720) Other loss $ (65.300)$ (597.8) Income tax expense (592.2) (211.087) Net income tax (607.78) $1.643.703$ Income tax expense (592.2) (211.087) Net income tax 1.600 $1.432.616$ Earnings per common share (expressed in dollars): 8 ± 0.06 1.06 Basic earnings per share 8 ± 0.06 1.06 2.53 2.21		(8,647)	(11,449)
Cost of goods sold Gross profit (4.362,802) 1.896,557 (5.766,499) 2.526,223 Operating expenses (8.337) (57,732) Marketing expenses (248,506) (344,126) Research and development expenses (248,506) (344,126) Operating income (1616,370) (794,854) Operating income 1.280,187 1.731,369 Non-operating income and gains: 1 1 Interest income 354 942 Investment gain recognized under equity method 4,525 - Dividend income 265 158,803 Gain on disposal of investments, net 265 158,803 Other income 141,903 8,587 Investment loss recognized under equity method - 6(8,800) Loss on disposal of property, plant and equipment - (14,688) - Investment loss recognized under equity method - (68,800) - Loss on disposal of property, plant and equipment - (68,800) - Loss on disposal of property, plant and equipment - (66,800) <	sales discounts and allowances	(15,888)	
Gross profit 1.896.557 2.526.223 Operating expenses (58,337) (57,732) General and administrative expenses (248,506) (344,126) Research and development expenses (209,527) (392,996) Operating income 1.280,187 1.731,369 Non-operating income and gains: 1.280,187 1.731,369 Interest income 354 942 Investment gain recognized under equity method 4,525 - Dividend income 76,234 27,526 Gain on disposal of property, plant and equipment - 210 Other income 141,903 8,587 Other income - 210 Other income - 196.068 Non-operating expenses and losses: - - Interest expense (41,822) (74,813) Investment loss recognized under equity method - - Loss on disposal of property, plant and equipment - - Exchange loss, net (73,107) (18,720) Inspariment loss - (66,800) Loss on valuation of financial assets, net - (592) Other loss - (660,778 1.643,703 Income before income tax - <td< th=""><th>Net revenue</th><th>6,259,359</th><th>8,292,722</th></td<>	Net revenue	6,259,359	8,292,722
Operating expenses General and administrative expenses General and administrative expenses (58,337) (57,732) Marketing expenses General and administrative expenses (248,506) (344,126) Research and development expenses (309,527) (392,996) Operating income 1,280,187 (1,731,1369) Non-operating income and gains: 354 942 Interest income 354 942 Dividend income 76,234 27,526 Gain on disposal of property, plant and equipment - 210 Other income			
Marketing expenses $(38,337)$ $(57,732)$ General and administrative expenses $(248,506)$ $(344,126)$ Research and development expenses $(248,506)$ $(344,126)$ Non-operating income $(309,527)$ $(392,2996)$ Operating income $1_{280,187}$ $1_{1731,269}$ Non-operating income and gains: $1_{280,187}$ $1_{1731,269}$ 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 $ 210$ Son odisposal of property, plant and equipment $ (68,800)$ Loss on disposal of property, plant and equipment $ (68,800)$ Loss on valuation of financial assets, net $(773,107)$ $(18,720)$ Other loss $ (35,399)$ Income before income tax $660,778$ $1,643,703$ Income tax expense (592) $(211,087)$ Net income $\frac{1432,616}{1,66}$ $\frac{1432,616}{1,432,616}$ Baic earnings per common share (expressed in dollars): $\frac{106}{1,06}$ 1.06 2.53 2.21	Gross profit	1,896,557	2,526,223
General and administrative expenses $(248,506)$ $(344,126)$ Research and development expenses $(309,527)$ $(322,996)$ Operating income $(309,527)$ $(322,996)$ Interest income $1,280,187$ $1,731,369$ Non-operating income and gains: $1,280,187$ $1,731,369$ 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 $158,803$ Oain on disposal of property, plant and equipment $ 210$ Other income $223,281$ $196,068$ Non-operating expenses and losses: $ (68,800)$ Interest expense $(41,822)$ $(74,813)$ Investment loss recognized under equity method $ (68,800)$ Loss on disposal of property, plant and equipment $ (68,800)$ Loss on valuation of financial assets, net $(773,107)$ $(18,720)$ Other loss $ (5529)$ $(211,087)$ Income before income tax $660,778$ $1,643,703$ Income tax expense (592) $(211,087)$ Net income $$ 660,778$ $1,643,703$ Income tax expense (592) $(211,087)$ Net income $$ 660,778$ $1,643,703$ Income tax expense $$ (592)$ $(211,087)$ Net income $$ 106$ $1.432,616$ Basic earnings per share $$ 106$ 1.06 2.53 2.21	Operating expenses		
Research and development expenses $(309,527)$ ($616,370$) $(392,996)$ ($794,854$)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$ Other income $ 210$ Other income $ 210$ Other streepenses and losses: $ 210$ Interest expense $(41,822)$ $(74,813)$ Investment loss recognized under equity method $ (68,800)$ Loss on disposal of property, plant and equipment $ (66,800)$ Loss on disposal of property, plant and equipment $(14,688)$ $-$ Exchange loss, net $(773,107)$ $(18,720)$ Other loss $ (66,800)$ Loss on valuation of financial assets, net $(773,107)$ $(18,720)$ Other loss $ (5522)$ $(211,087)$ Net income (5522) $(221,026)$ Basic earnings per share $(100$ 2.53 Disc carnings per share (200) (200) Disc carnings per share (200) (252) Disc carning	Marketing expenses	(58,337)	(57,732)
Operating income $(616,370)$ 1,280,187 $(794,854)$ 1,731,369Non-operating income and gains: Interest income 354 942 942 $4,525$ Investment gain recognized under equity method $4,525$ $-$ Dividend income $76,234$ 21525 Gain on disposal of investments, net 265 $158,803$ Gain on disposal of property, plant and equipment $-$ 210 Other income $-$ 2100 $223,281$ 		(248,506)	
Operating income $1,280,187$ $1,731,369$ 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 $141,903$ $8,587$ 223,281 $196,068$ 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($1773,107$)($18,720$)Other loss-($66,800$)Loss on valuation of financial assets, net($7773,107$)($18,720$)Other loss-($66,800$)Loss on valuation of financial assets, net($7773,107$)($18,720$)Other loss-(592)($211,087$)Net income tax $660,778$ $1,643,703$ Income tax expense(592)($211,087$)Net income $$601,86$ $1.432,616$ Before After Before After income tax income t	Research and development expenses		(392,996)
Non-operating income and gains:Interest income354942Investment gain recognized under equity method4,525.Dividend income76,23427,526Gain on disposal of property, plant and equipment.210Other income210Other incomeInterest expenseInterest expenseInterest expenseInvestment loss recognized under equity methodLoss on disposal of property, plant and equipmentExchange loss, netInpairment lossOther lossOther lossIncome tax expenseIncome tax expenseIncome tax expenseNot income\$Since armings per common share (expressed in dollars):\$1.061.062.53.2.21		(616,370)	(794,854)
Interest income354942Investment gain recognized under equity method4,525-Dividend income76,23427,526Gain on disposal of investments, net265158,803Gain on disposal of property, plant and equipment-210Other income	Operating income	1,280,187	1,731,369
Investment gain recognized under equity method4,525.Dividend income76,23427,526Gain on disposal of investments, net265158,803Gain on disposal of property, plant and equipment.210Other income.141,9038,587223,281.196,068Non-operating expenses and losses:Interest expenseInvestment loss recognized under equity methodLoss on disposal of property, plant and equipmentExchange loss, netInsparment lossLoss on valuation of financial assets, netOther lossOther lossLoss on valuation of financial assets, netOther loss	Non-operating income and gains:		
Dividend income76,23427,526Gain on disposal of investments, net265158,803Gain on disposal of property, plant and equipment $-$ 210Other income $141,903$ $8,587$ 223,281196,068Non-operating expenses and losses: $141,903$ $8,587$ 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 $ (66,800)$ Other loss $ (66,800)$ Loss on valuation of financial assets, net $(77,3,107)$ $(18,720)$ Other loss $ (552)$ $(223,734)$ Income tax expense (592) $(211,087)$ Net income\$660,186 $1.432,616$ Before After Before After income tax income tax income tax income tax $1432,616$ Earnings per common share (expressed in dollars): Basic earnings per share\$ 106 1.06 2.53 2.21	Interest income	354	942
Gain on disposal of investments, net 265 $158,803$ Gain on disposal of property, plant and equipment $ 210$ Other income $-141,903$ $8,587$ $223,281$ $-196,068$ Non-operating expenses and losses: $-$ Interest expense $(41,822)$ $(74,813)$ Investment loss recognized under equity method $ (668,800)$ 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 $ (35,399)$ Income before income tax $660,778$ $1,643,703$ Income before income tax $660,778$ $1,643,703$ Income tax expense (592) $(211,087)$ Net income $\$$ $660,186$ $1.432,616$ Earnings per common share (expressed in dollars):Basic earnings per share $\$$ 1.06 1.06 2.53 2.21	Investment gain recognized under equity method	4,525	-
Gain on disposal of property, plant and equipment - 210 Other income - 210 Other income - 141,903 8,587 - 223,281 196,068 Non-operating expenses and losses: - (41,822) (74,813) Investment loss recognized under equity method - (68,800) - Loss on disposal of property, plant and equipment (14,673) - (66,800) Loss on valuation of financial assets, net (773,107) (18,720) - (66,800) Loss on valuation of financial assets, net - - (35,399) - (1443,703) Income before income tax - - (592) - (211,087) Net income \$ - 660,186 1.432,616 Before After Before After income tax income		76,234	27,526
Other income 141.903 8.587 223.281 196.068 Non-operating expenses and losses: Interest expense Investment loss recognized under equity method Loss on disposal of property, plant and equipment Exchange loss, net Loss on valuation of financial assets, net $(41,822)$ $(74,813)$ - ($13,073$)Impairment loss Loss on valuation of financial assets, net Other loss $ (668,00)$ - - ($13,073$) $(19,202)$ - - - ($668,000$) ($18,720$) - - - ($660,0126$)Income before income tax Income tax expense Net income $ (233,734)$ - (592) $(211,087)$ - ($211,087$)Net income $\frac{141.903}{2}.616$ $\frac{1.432,616}{2}.52$ $\frac{1.432,616}{2}.53$ Earnings per common share (expressed in dollars): Basic earnings per share $\frac{1.06}{2.53}$ 2.21		265	158,803
223,281 196,068 Non-operating expenses and losses:	Gain on disposal of property, plant and equipment	-	210
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 - - (53,399) Income before income tax (660,778) 1,643,703 Income tax expense (592) (211,087) Net income \$ 660,186 1.432,616 Before After Before After Income tax expense \$ 1.06 2.53 2.21	Other income		
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 - (35,399) Income before income tax (660,778 1,643,703 Income tax expense (592) (211,087) Net income \$ 660,186 1,432,616 Earnings per common share (expressed in dollars): Basic earnings per share \$ 1.06 1.06 2.53 2.21		223,281	196,068
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-(35,399)Income before income tax(660,778)1,643,703Income tax expense(592)(211,087)Net income\$660,1861,432,616Earnings per common share (expressed in dollars): Basic earnings per share\$1.062.532.21	Non-operating expenses and losses:		
Loss on disposal of property, plant and equipment Exchange loss, net Impairment loss Loss on valuation of financial assets, net Other loss Income before income tax Income tax expense Net income Earnings per common share (expressed in dollars): Basic earnings per share $\begin{array}{c} Loss on disposal of property, plant and equipment(14,688)- (13,073)(19,202)- (66,800)(773,107)(18,720)- (283,734)(660,778)(660,778)(592)(211,087)$ 660,1861,432,616Before After Before Afterincome tax income tax income taxincome tax income taxSecond the second $		(41,822)	
Exchange loss, net(13,073)(19,202)Impairment loss-(66,800)Loss on valuation of financial assets, net(773,107)(18,720)Other loss-(35,399)Income before income tax660,7781,643,703Income tax expense(592)(211,087)Net income\$660,1861.432.616Before After Before After income tax income tax income taxEarnings per common share (expressed in dollars): $$ 1.06$ 1.062.532.21		-	(68,800)
Impairment loss Loss on valuation of financial assets, net Other loss-(66,800) (18,720) (18,720) (283,734)Income before income tax Income tax expense Net income-(35,399) (283,734)Income tax expense (592)_(283,734) (211,087)Net income\$Before income tax income tax 		(14,688)	
Loss on valuation of financial assets, net $(773,107)$ $(18,720)$ Other loss $ (35,399)$ (842,690) $(283,734)(60,778)$ $1,643,703Income tax expense (592) (211,087)Net income (18,720)(18,720)(18,720)(18,720)(18,720)(283,734)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(592)$ $(211,087)(18,720)(592)$ $(211,087)(18,703)(18,703)(283,734)(283,734)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ $(211,087)(292)$ (292) $(211,087)(292)$ (292) $(211,087)(292)$ (292) $(211,087)(292)$ (292) $(211,087)(292)$ (292) (292) $(211,087)(292)$ (292) $(29$		(13,073)	
Other loss $ (35,399)$ Income before income tax $(842,690)$ $(283,734)$ Income tax expense $660,778$ $1,643,703$ Income tax expense (592) $(211,087)$ Net income 592 $(211,087)$ SeforeAfterBeforeAfterIncome taxincome			
Income before income tax Income tax expense(842,690) (283,734)Income tax expense Net income(592) (211,087)Net income(592) (211,087)Sefore income tax income taxEarnings per common share (expressed in dollars): Basic earnings per share\$ 1.06 1.06 2.53 2.21		(773,107)	
Income before income tax 660,778 1,643,703 Income tax expense (592) (211,087) Net income 660,186 1,432,616 Before After Before After income tax income tax income tax income tax Earnings per common share (expressed in dollars): Basic earnings per share \$ 1.06 1.06 2.53 2.21	Other loss	-	
Income tax expense			
Net income \$ 660,186 1,432,616 Before After Before After Income tax income tax income tax income tax Earnings per common share (expressed in dollars): Basic earnings per share \$ 1.06 1.06 2.53 2.21		,	· · ·
Before After Before After income tax income tax income tax income tax Earnings per common share (expressed in dollars): Basic earnings per share \$ 1.06 2.53 2.21	•		
income tax income tax income tax income tax Earnings per common share (expressed in dollars): Basic earnings per share \$ 1.06 1.06 2.53 2.21	Net income	۵ <u>00,180</u>	<u> </u>
Earnings per common share (expressed in dollars): Basic earnings per share \$ 1.06 2.53 2.21			
Basic earnings per share \$ 1.06 1.06 2.53 2.21		<u>income tax</u> income ta	<u>x meome tax meome tax</u>
	Earnings per common share (expressed in dollars):		
Diluted earnings per share \$ 1.05 1.04 2.49 2.17	Basic earnings per share	\$ <u>1.06</u> <u>1.06</u>	2.53 2.21
		\$ <u>1.05</u> <u>1.04</u>	2.49 2.17

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 26 563	102,002
Unrealized exchange loss on long-term borrowings Deferred income tax expense (benefit)	26,563 (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	(203)	66,800
Insurance claim on damaged and donated property, plant and equipment		54,609
Change in operating assets:		54,007
Financial assets at fair value through profit or loss – current	773,372	660,235
Accounts receivable	(117,033)	(135,443)
Accounts receivable – related parties		
Other receivable – related parties	(73,291)	(19,404)
*	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:	(52,570	55 500
Accounts payable	652,570	55,508
Accrued expenses Other current liabilities	11,483 (10,869)	(23,308) 21,524
Accrued pension liabilities	(10,809)	1,895
Net cash provided by operating activities	1,774,791	2,349,847
Cash flows from investing activities:	1,//4,//1	2,347,047
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	- (122.7(4))	(23,172)
	(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	(3,235,144)	(3,067,684)
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>	922,267
Net increase in cash and cash equivalents	380,215	204,430
Cash and cash equivalents at the beginning of year	<u>333,508</u>	761,868
Cash and cash equivalents at the end of year	\$ <u>713,723</u>	<u> </u>
Additional disclosure of cash flow information:	ф 151 ЭЭ 1	100 (20

Income tax paid Interest paid (excluding capitalized interest)

Supplemental schedule of non-cash investing and financing activities:

Inventories reclassified to plant, property and equipment Other current assets reclassified to plant, property and equipment Other current assets reclassified to intangible assets Unrealized gain (loss) on financial instruments Translation adjustments

Reclassification of current portion of long-term borrowings

\$ <u>151,331</u> \$ <u>40,751</u>	<u> 190,630</u> 74, <u>348</u>
$\begin{array}{r} \$ \underline{53,052} \\ \$ \underline{112} \\ \$ \underline{4,268} \\ \$ \underline{(202,485)} \\ \$ \underline{160} \\ \$ \underline{1,052,287} \end{array}$	<u>45,207</u> <u>285</u> <u>-</u> (7,018) <u>7,779</u> <u>1,868,509</u>

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	(131,440)	(219,928)
Cash paid	\$ 3,077,030	2,767,493
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 107	298
Add: other financial assets – current – beginning of year	2,500	
Cash received	\$ <u>2,607</u>	<u> </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	(15,335)	(1,788)
Cash paid	\$ <u>35,301</u>	17,640