

WIN Semiconductors Corp.

Balance Sheets

June 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	\$ 482,850	696,436	Short-term borrowings	\$ 222,588	94,070
Financial assets at fair value through profit or loss — current	1,284,211	1,296,629	Accounts payable	1,320,983	1,726,470
Available-for-sale financial assets — current	-	318,771	Accrued expenses	608,877	721,833
Notes and accounts receivable, net	359,810	550,004	Dividends payable	513,291	518,874
Accounts receivable — related parties	537,054	371,627	Payable on equipment	218,223	153,536
Other receivable — related parties	496	-	Current portion of long-term borrowings	1,131,343	1,407,089
Other financial assets — current	296,912	141,311	Other current liabilities	<u>24,575</u>	<u>23,141</u>
Inventories	1,595,845	2,706,078	Total current liabilities	<u>4,039,880</u>	<u>4,645,013</u>
Other current assets	137,728	264,517	Long-term liabilities:		
Deferred income tax assets — current	<u>201,763</u>	<u>356,320</u>	Long-term borrowings	<u>5,084,140</u>	<u>5,223,147</u>
Total current assets	<u>4,896,669</u>	<u>6,681,693</u>	Other liabilities:		
Funds and investments:			Accrued pension liabilities	<u>3,297</u>	<u>5,504</u>
Available-for-sale financial assets — noncurrent	-	198,891	Total liabilities	<u>9,127,317</u>	<u>9,873,664</u>
Financial assets carried at cost — noncurrent	916,746	492,134	Stockholders' equity:		
Long-term investments under equity method	703,744	440,711	Common stock	<u>6,225,720</u>	<u>6,486,989</u>
Investment in bonds with no active market — noncurrent	<u>344,783</u>	<u>344,783</u>	Capital surplus:		
Total funds and investments	<u>1,965,273</u>	<u>1,476,519</u>	Capital surplus — additional paid-in capital	1,290,352	1,533,049
Property, plant and equipment:			Capital surplus — long-term equity investments	28,445	50
Cost:			Capital surplus — employee stock options	<u>89,937</u>	<u>232,074</u>
Land	802,337	802,337	Total capital surplus	<u>1,408,734</u>	<u>1,765,173</u>
Buildings	721,851	721,851	Retained earnings:		
Machinery and equipment	8,747,303	9,911,517	Legal reserve	130,842	258,703
Factory and equipment	1,849,244	2,559,489	Special reserve	-	221,662
Office equipment	109,485	111,361	Retained earnings	<u>1,097,205</u>	<u>1,955,223</u>
Other equipment	<u>225,231</u>	<u>193,132</u>	Total retained earnings	<u>1,228,047</u>	<u>2,435,588</u>
	12,455,451	14,299,687	Other stockholders' equity adjustments:		
Less: accumulated depreciation	(5,053,934)	(3,850,503)	Cumulative translation adjustments	752	10,662
Construction in progress	591,407	158,274	Unrealized gain (loss) on financial instruments	<u>49,559</u>	<u>(207,897)</u>
Prepayment for purchases of land and buildings	-	706,106	Total other stockholders' equity adjustments	<u>50,311</u>	<u>(197,235)</u>
Prepayment for purchases of equipment	<u>2,971,731</u>	<u>650,396</u>	Total stockholders' equity	8,912,812	10,490,515
Net property, plant and equipment	<u>10,964,655</u>	<u>11,963,960</u>			
Intangible assets	<u>138,841</u>	<u>102,620</u>			
Other assets:					
Refundable deposits	19,949	19,163			
Restricted assets — noncurrent	23,199	23,358			
Deferred income tax assets — noncurrent	<u>31,543</u>	<u>96,866</u>			
Total other assets	<u>74,691</u>	<u>139,387</u>			
Total Assets	\$ <u>18,040,129</u>	<u>20,364,179</u>	Total Liabilities and Stockholders' Equity	\$ <u>18,040,129</u>	<u>20,364,179</u>

WIN Semiconductors Corp.

Statements of Operations

For the six months ended June 30, 2011 and 2012

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

	2011	2012				
Operating revenue	\$ 3,950,620	5,589,250				
Less: sales returns	(6,378)	(9,966)				
sales discounts and allowances	<u>(14,316)</u>	<u>(7,784)</u>				
Net revenue	3,929,926	5,571,500				
Cost of goods sold	<u>(2,785,766)</u>	<u>(4,006,736)</u>				
Gross profit	<u>1,144,160</u>	<u>1,564,764</u>				
Operating expenses						
Marketing expenses	(38,469)	(42,073)				
General and administrative expenses	(164,104)	(233,064)				
Research and development expenses	<u>(205,770)</u>	<u>(268,713)</u>				
Operating income	<u>735,817</u>	<u>1,020,914</u>				
Non-operating income and gains:						
Interest income	284	888				
Dividend income	10,088	-				
Gain on disposal of investments, net	45	154,305				
Gain on evaluation of financial assets, net	-	23,745				
Other income	<u>52,652</u>	<u>3,678</u>				
	<u>63,069</u>	<u>182,616</u>				
Non-operating expenses and losses:						
Interest expense	(27,498)	(46,159)				
Investment loss recognized under equity method	(1,580)	(70,084)				
Loss on disposal of property, plant and equipment	(14,717)	-				
Exchange loss, net	(4,114)	(4,985)				
Loss on valuation of financial assets, net	(317,471)	-				
Impairment loss	-	(66,800)				
Other loss	<u>-</u>	<u>(29,213)</u>				
	<u>(365,380)</u>	<u>(217,241)</u>				
Income before income tax	433,506	986,289				
Income tax expense	<u>(592)</u>	<u>(105,570)</u>				
Net income	<u>\$ 432,914</u>	<u>880,719</u>				
			Before	After	Before	After
			income tax	income tax	income tax	income tax
Earnings per common share (expressed in dollars):						
Basic earnings per share	\$ <u>0.70</u>	<u>0.70</u>	<u>1.52</u>	<u>1.36</u>		
Diluted earnings per share	\$ <u>0.69</u>	<u>0.69</u>	<u>1.49</u>	<u>1.33</u>		

WIN Semiconductors Corp.

Statements of Changes in Stockholders' Equity

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

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Total
Balance on January 1, 2011	\$ 6,175,675	1,358,492	-	-	1,308,424	2,043	29,303	8,873,937
Appropriation of 2010 earnings approved by stockholders during their meeting in 2011 (note 1)								
Legal reserve	-	-	130,842	-	(130,842)	-	-	-
Cash dividend	-	-	-	-	(513,291)	-	-	(513,291)
Exercise of employee stock options	50,045	10,510	-	-	-	-	-	60,555
Compensation cost arising from employee stock options (note 3)	-	39,231	-	-	-	-	-	39,231
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	501	-	-	-	-	-	501
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	-	20,256	20,256
Translation adjustments	-	-	-	-	-	(1,291)	-	(1,291)
Net income for the six months ended June 30, 2011	-	-	-	-	432,914	-	-	432,914
Balance on June 30, 2011	\$ 6,225,720	1,408,734	130,842	-	1,097,205	752	49,559	8,912,812
Balance on January 1, 2012	\$ 6,485,930	1,707,122	130,842	-	1,942,901	3,064	(224,726)	10,045,133
Appropriation of 2011 earnings approved by stockholders during their meeting in 2012 (note 2)								
Legal reserve	-	-	127,861	-	(127,861)	-	-	-
Special reserve	-	-	-	221,662	(221,662)	-	-	-
Cash dividend	-	-	-	-	(518,874)	-	-	(518,874)
Exercise of employee stock options (note 4)	1,059	3,330	-	-	-	-	-	4,389
Compensation cost arising from employee stock options (note 3)	-	79,888	-	-	-	-	-	79,888
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	3,252	-	-	-	-	-	3,252
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	-	15,361	15,361
Decrease in capital surplus resulting from disposal of long-term equity investment under equity method	-	(28,445)	-	-	-	-	-	(28,445)
Increase in capital surplus resulting from long-term equity investment under equity method	-	26	-	-	-	-	-	26
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	-	1,468	1,468
Translation adjustments	-	-	-	-	-	7,598	-	7,598
Net income for the six months ended June 30, 2012	-	-	-	-	880,719	-	-	880,719
Balance on June 30, 2012	\$ 6,486,989	1,765,173	258,703	221,662	1,955,223	10,662	(207,897)	10,490,515

Note 1: The appropriations for 2010 employee's bonus, directors' and supervisors' remuneration amounting to NT\$58,100 and NT\$17,400, respectively, were recognized and accrued in the 2010 earnings.

Note 2: The appropriations for 2011 employee's bonus, directors' and supervisors' remuneration amounting to NT\$92,900 and NT\$27,800, respectively, were recognized and accrued in the 2011 earnings.

Note 3: For stock options granted to employees, compensation cost was recognized for the six months ended June 30, 2011 and 2012. When employees exercised the employee stock options, the Company reclassified capital surplus—employee stock options into capital surplus—additional paid-in capital.

Note 4: As the exercise price of the employees stock options is greater than book value for the six months ended June 30, 2011, the difference was credited to capital surplus—additional paid-in capital of NT\$10.

WIN Semiconductors Corp.

Statements of Cash Flows

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

	2011	2012
Cash flows from operating activities:		
Net income	\$ 432,914	880,719
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	476,316	618,334
Amortization	28,655	26,992
Amortization of cost of long-term borrowings	1,892	2,056
Loss on valuation of inventories and obsolescence	4,477	59,940
Investment loss recognized under equity method	1,580	70,084
Compensation cost arising from employee stock options	49,741	83,208
Unrealized exchange loss on long-term borrowings	6,508	-
Deferred income tax benefit	(82,723)	(2,346)
Loss on disposal of property, plant and equipment	14,717	-
Gain on disposal of investments	(45)	(154,305)
Impairment loss	-	66,800
Change in operating assets:		
Financial assets at fair value through profit or loss — current	317,516	307,045
Notes and accounts receivable	(146,412)	(312,117)
Accounts receivable — related parties	(255,063)	(91,524)
Other receivable — related parties	18	-
Other financial assets — current	(207,010)	(11,467)
Inventories	(266,373)	(902,886)
Other current assets	(36,840)	(138,707)
Change in operating liabilities:		
Accounts payable	449,504	636,459
Accrued expenses	24,241	2,428
Other current liabilities	(18,301)	(8,022)
Accrued pension liabilities	830	1,258
Net cash provided by operating activities	<u>796,142</u>	<u>1,133,949</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets — current	-	(330,905)
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	(2,557,057)	(1,341,967)
Proceeds from disposal of property, plant and equipment	2,578	-
(Increase) decrease in refundable deposit	(1,742)	495
Increase in restricted assets	(71)	(74)
Payment for purchase of intangible assets	(30,702)	(12,983)
Net cash used in investing activities	<u>(2,710,758)</u>	<u>(1,451,406)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(142,777)	94,070
Increase in long-term borrowings	3,017,000	710,000
Redemption of long-term borrowings	(860,310)	(573,114)
Exercise of employee stock options	50,045	1,069
Net cash provided by financing activities	<u>2,063,958</u>	<u>232,025</u>
Net increase in cash and cash equivalents	149,342	(85,432)
Cash and cash equivalents at the beginning of year	333,508	761,868
Cash and cash equivalents at the end of year	<u>\$ 482,850</u>	<u>676,436</u>
Additional disclosure of cash flow information:		
Interest paid (excluding capitalized interest)	<u>\$ 26,559</u>	<u>46,463</u>
Income tax paid	<u>\$ 151,324</u>	<u>190,625</u>
Supplemental schedule of non-cash investing and financing activities:		
Inventories reclassified to plant, property and equipment	<u>\$ 35,441</u>	<u>30,703</u>
Other current assets reclassified to plant, property and equipment	<u>\$ 56</u>	<u>171</u>
Other current assets reclassified to intangible assets	<u>\$ 4,268</u>	<u>-</u>
Reclassification of current portion of long-term borrowings	<u>\$ 1,131,343</u>	<u>1,407,089</u>
Unrealized gain (loss) on financial instruments	<u>\$ 20,256</u>	<u>16,829</u>
Translation adjustments	<u>\$ (1,291)</u>	<u>7,598</u>
Dividends payable	<u>\$ 513,291</u>	<u>518,874</u>

WIN Semiconductors Corp.

Statements of Cash Flows (Continued)

For the six months ended June 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	\$ 2,681,655	1,284,883
Add: payable on equipment—beginning of year	93,625	210,620
Less: payable on equipment—end of year	<u>(218,223)</u>	<u>(153,536)</u>
Cash paid	<u>\$ 2,557,057</u>	<u>1,341,967</u>
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 78	-
Add: other financial assets—current—beginning of year	<u>2,500</u>	<u>-</u>
Cash received	<u>\$ 2,578</u>	<u>-</u>
Purchase of intangible assets		
Increase in intangible assets	\$ 30,702	11,960
Add: accrued expenses—beginning of year	15,335	4,487
Less: accrued expenses—end of year	<u>(15,335)</u>	<u>(3,464)</u>
Cash paid	<u>\$ 30,702</u>	<u>12,983</u>