

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 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	\$ 556,965	881,223	Short-term borrowings	\$ 345,355	-
Financial assets at fair value through profit or loss – current	1,624,423	1,859,991	Accounts payable	1,170,398	1,539,911
Available-for-sale financial assets – current	-	144,866	Accrued expenses	604,174	719,175
Notes and accounts receivable, net	823,863	845,497	Payable on equipment	217,104	194,436
Other receivable – related parties	587	-	Current portion of long-term borrowings	1,135,447	1,285,698
Other financial assets – current	308,299	460,253	Other current liabilities	<u>36,668</u>	<u>41,155</u>
Inventories	1,677,806	1,826,591	Total current liabilities	<u>3,509,146</u>	<u>3,780,375</u>
Other current assets	222,242	279,118	Long-term liabilities:		
Deferred income tax assets – current	<u>18,474</u>	<u>324,621</u>	Long-term borrowings	<u>4,748,460</u>	<u>5,053,291</u>
Total current assets	<u>5,232,659</u>	<u>6,622,160</u>	Other liabilities:		
Funds and investments:			Accrued pension liabilities	<u>2,885</u>	<u>4,867</u>
Available-for-sale financial assets – noncurrent	72,421	288,659	Total liabilities	<u>8,260,491</u>	<u>8,838,533</u>
Financial assets carried at cost – noncurrent	916,746	558,934	Stockholders' equity:		
Long-term investments under equity method	556,825	235,781	Common stock	<u>6,209,895</u>	<u>6,486,767</u>
Investment in bonds with no active market – noncurrent	<u>344,783</u>	<u>344,783</u>	Capital surplus:		
Total funds and investments	<u>1,890,775</u>	<u>1,428,157</u>	Capital surplus – additional paid-in capital	1,286,326	1,532,340
Property, plant and equipment:			Capital surplus – long-term equity investments	31,237	24
Cost:			Capital surplus – employee stock options	<u>62,798</u>	<u>344,216</u>
Land	802,337	802,337	Total capital surplus	<u>1,380,361</u>	<u>1,876,580</u>
Buildings	721,851	721,851	Retained earnings:		
Machinery and equipment	8,507,893	9,837,358	Legal reserve	-	130,842
Factory and equipment	1,834,644	1,958,997	Retained earnings	<u>1,622,932</u>	<u>2,397,810</u>
Office equipment	108,597	109,607	Total retained earnings	<u>1,622,932</u>	<u>2,528,652</u>
Other equipment	<u>19,082</u>	<u>93,596</u>	Other stockholders' equity adjustments:		
	11,994,404	13,523,746	Cumulative translation adjustments	1,651	10,872
Less: accumulated depreciation	<u>(4,716,299)</u>	<u>(3,464,518)</u>	Unrealized gain (loss) on financial instruments	<u>35,501</u>	<u>(191,162)</u>
Construction in progress	491,438	709,611	Total other stockholders' equity adjustments	<u>37,152</u>	<u>(180,290)</u>
Prepayment for purchases of equipment	<u>2,235,955</u>	<u>445,481</u>	Total stockholders' equity	9,250,340	10,711,709
Net property, plant and equipment	<u>10,005,498</u>	<u>11,214,320</u>			
Intangible assets	<u>126,374</u>	<u>104,137</u>			
Other assets:					
Refundable deposits	19,292	19,263			
Deferred expenses	47,258	-			
Restricted assets – noncurrent	23,163	23,327			
Deferred income tax assets – noncurrent	<u>165,812</u>	<u>138,878</u>			
Total other assets	<u>255,525</u>	<u>181,468</u>			
Total Assets	\$ <u>17,510,831</u>	<u>19,550,242</u>	Total Liabilities and Stockholders' Equity	\$ <u>17,510,831</u>	<u>19,550,242</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Operations

For the three months ended March 31, 2011 and 2012

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

	2011	2012		
Operating revenue	\$ 1,846,177	2,527,726		
Less: sales returns	(1,964)	(9,573)		
sales discounts and allowances	<u>(1,452)</u>	<u>(1,234)</u>		
Net revenue	1,842,761	2,516,919		
Cost of goods sold	<u>(1,308,170)</u>	<u>(1,872,684)</u>		
Gross profit	<u>534,591</u>	<u>644,235</u>		
Operating expenses				
Marketing expenses	(29,633)	(92,626)		
General and administrative expenses	(82,294)	(205,547)		
Research and development expenses	<u>(97,942)</u>	<u>(149,563)</u>		
Operating income	<u>(209,869)</u>	<u>(447,736)</u>		
	<u>324,722</u>	<u>196,499</u>		
Non-operating income and gains:				
Interest income	55	212		
Dividend income	329	288		
Gain on disposal of investments, net	-	151,835		
Gain on valuation of financial assets, net	14,740	168,613		
Other income	<u>8,593</u>	<u>1,733</u>		
	<u>23,717</u>	<u>322,681</u>		
Non-operating expenses and losses:				
Interest expense	(12,285)	(22,640)		
Investment loss recognized under equity method	(3,566)	(20,091)		
Loss on disposal of property, plant and equipment	(7,705)	-		
Exchange loss, net	(10,375)	(7,109)		
Other loss	<u>-</u>	<u>(3,173)</u>		
	<u>(33,931)</u>	<u>(53,013)</u>		
Income before income tax	314,508	466,167		
Income tax expense	<u>-</u>	<u>(11,258)</u>		
Net income	<u>\$ 314,508</u>	<u>454,909</u>		
			Before	After
			income tax	income tax
			Before	After
			income tax	income tax
Earnings per common share (expressed in dollars):				
Basic earnings per share	<u>\$ 0.51</u>	<u>0.51</u>	<u>0.72</u>	<u>0.70</u>
Diluted earnings per share	<u>\$ 0.50</u>	<u>0.50</u>	<u>0.71</u>	<u>0.69</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2011 and 2012
(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Cash flows from operating activities:		
Net income	\$ 314,508	454,909
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	214,697	307,089
Amortization	37,943	13,811
Amortization of cost of long-term borrowings	864	1,028
Loss on valuation of inventories and obsolescence	-	7,141
Investment loss recognized under equity method	3,566	20,091
Compensation cost arising from employee stock options	19,076	197,895
Unrealized exchange loss on long-term borrowings	4,391	
Loss on disposal of property, plant and equipment	7,705	-
Deferred income tax benefit	(33,887)	(12,659)
Gain on disposal of investments	-	(151,835)
Change in operating assets:		
Financial assets at fair value through profit or loss – current	(22,741)	(258,786)
Notes and accounts receivable	(342,847)	(192,675)
Other receivable – related parties	(587)	-
Other financial assets – current	(218,397)	(330,403)
Inventories	(343,647)	51,720
Other current assets	(112,106)	(149,984)
Change in operating liabilities:		
Accounts payable	298,919	449,900
Accrued expenses	16,788	1,623
Other current liabilities	(7,622)	5,505
Accrued pension liabilities	418	621
Net cash provided by (used in) operating activities	<u>(162,959)</u>	<u>414,991</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets – current	-	(146,276)
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 available-for-sale financial assets – noncurrent	-	(25,192)
Payment for purchase of property, plant and equipment	(1,384,721)	(262,359)
Proceeds from disposal of property, plant and equipment	2,557	-
(Increase) decrease in refundable deposit	(1,085)	395
Increase in deferred expenses	(17,235)	-
Increase in restricted assets – noncurrent	(35)	(43)
Payment for purchase of intangible assets	(7,463)	(4,473)
Net cash provided by (used in) investing activities	<u>(1,531,746)</u>	<u>(178,728)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(20,010)	-
Increase in long-term borrowings	2,367,000	230,000
Redemption of long-term borrowings	(538,740)	(383,333)
Exercise of employee stock options	34,220	844
Net cash provided by financing activities	<u>1,842,470</u>	<u>(152,489)</u>
Effect on cash due to changes in exchange rate	399	(1,927)
Net increase in cash and cash equivalents	148,164	81,847
Cash and cash equivalents at the beginning of year	408,801	799,376
Cash and cash equivalents at the end of year	<u>\$ 556,965</u>	<u>881,223</u>
Additional disclosure of cash flow information:		
Income tax paid	<u>\$ 29</u>	<u>21</u>
Interest paid (excluding capitalized interest)	<u>\$ 11,408</u>	<u>22,845</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the three months ended March 31, 2011 and 2012
 (Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Supplemental schedule of non-cash investing and financing activities:		
Other current assets reclassified to plant, property and equipment	\$ <u>-</u>	<u>114</u>
Inventories reclassified to plant, property and equipment	\$ <u>35,231</u>	<u>8,383</u>
Unrealized gain (loss) on financial instruments	\$ <u>6,198</u>	<u>33,564</u>
Translation adjustments	\$ <u>(392)</u>	<u>7,808</u>
Reclassification of current portion of long-term borrowings	\$ <u>1,135,447</u>	<u>1,285,698</u>
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 1,508,200	264,175
Add: payable on equipment—beginning of year	93,625	210,620
Less: payable on equipment—end of year	<u>(217,104)</u>	<u>(194,436)</u>
Cash paid	\$ <u>1,384,721</u>	<u>262,359</u>
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 57	-
Add: other financial assets—current—beginning of year	<u>2,500</u>	<u>-</u>
Cash received	\$ <u>2,557</u>	<u>-</u>
Purchase of intangible assets		
Increase in intangible assets	\$ 7,463	296
Add: accrued expenses—beginning of year	15,335	4,487
Less: accrued expenses—end of year	<u>(15,335)</u>	<u>(310)</u>
Cash paid	\$ <u>7,463</u>	<u>4,473</u>