

WIN Semiconductors Corp.

Balance Sheets

December 31, 2010 and 2011

(Expressed in Thousands of New Taiwan Dollars)

	2010	2011		2010	2011
Assets			Liabilities and Stockholders' Equity		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 333,508	761,868	Short-term borrowings	\$ 365,365	-
Financial assets at fair value through profit or loss — current	1,601,682	1,599,992	Accounts payable	871,479	1,090,011
Notes and accounts receivable, net	213,398	237,887	Accrued expenses	584,636	720,428
Accounts receivable — related parties	281,991	280,103	Payable on equipment	93,625	210,620
Other receivable — related parties	514	-	Current portion of long-term borrowings	1,388,559	1,007,672
Other financial assets — current	92,402	129,844	Other current liabilities	42,876	31,163
Inventories	1,369,390	1,893,835	Total current liabilities	<u>3,346,540</u>	<u>3,059,894</u>
Other current assets	105,212	125,981	Long-term liabilities:		
Deferred income tax assets — current	40,269	360,481	Long-term borrowings	2,661,834	5,483,622
Total current assets	<u>4,038,366</u>	<u>5,389,991</u>	Other liabilities:		
Funds and investments:			Accrued pension liabilities	2,467	4,246
Available-for-sale financial assets — noncurrent	-	160,021	Total liabilities	<u>6,010,841</u>	<u>8,547,762</u>
Financial assets carried at cost — noncurrent	1,003,650	500,523	Stockholders' equity:		
Long-term investments under equity method	475,454	680,715	Common stock	6,175,675	6,485,930
Investment in bonds with no active market — noncurrent	344,783	344,783	Capital surplus:		
Total funds and investments	<u>1,823,887</u>	<u>1,686,042</u>	Capital surplus — additional paid-in capital	1,279,842	1,529,719
Property, plant and equipment:			Capital surplus — long-term equity investments	28,445	28,469
Cost:			Capital surplus — employee stock options	50,205	148,934
Land	802,337	802,337	Total capital surplus	<u>1,358,492</u>	<u>1,707,122</u>
Buildings	721,851	721,851	Retained earnings:		
Machinery and equipment	8,493,039	9,149,329	Legal reserve	-	130,842
Factory and equipment	1,868,657	1,887,456	Retained earnings	1,308,424	1,942,901
Office equipment	86,942	108,858	Total retained earnings	<u>1,308,424</u>	<u>2,073,743</u>
Other equipment	18,271	81,191	Other stockholders' equity adjustments:		
	11,991,097	12,751,022	Cumulative translation adjustments	2,043	3,064
Less: accumulated depreciation	(4,627,719)	(3,156,914)	Unrealized gain (loss) on financial instruments	29,303	(224,726)
Construction in progress	342,823	712,006	Total other stockholders' equity adjustments	<u>31,346</u>	<u>(221,662)</u>
Prepayment for purchases of equipment	978,062	960,423	Total stockholders' equity	8,873,937	10,045,133
Net property, plant and equipment	<u>8,684,263</u>	<u>11,266,537</u>			
Intangible assets	<u>132,526</u>	<u>117,652</u>			
Other assets:					
Refundable deposits	18,207	19,658			
Deferred expenses	54,351	-			
Restricted assets — noncurrent	23,128	23,284			
Deferred income tax assets — noncurrent	110,050	89,731			
Total other assets	<u>205,736</u>	<u>132,673</u>			
Total Assets	<u>\$ 14,884,778</u>	<u>18,592,895</u>	Total Liabilities and Stockholders' Equity	<u>\$ 14,884,778</u>	<u>18,592,895</u>

WIN Semiconductors Corp.

Statements of Operations

For the year ended December 31, 2010 and 2011

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

	2010	2011
Operating revenue	\$ 6,933,287	8,754,834
Less: sales returns	(13,397)	(9,180)
sales discounts and allowances	<u>(62,852)</u>	<u>(16,840)</u>
Net revenue	6,857,038	8,728,814
Cost of goods sold	<u>(4,903,085)</u>	<u>(6,096,943)</u>
Gross profit	<u>1,953,953</u>	<u>2,631,871</u>
 Operating expenses		
Marketing expenses	(78,718)	(86,521)
General and administrative expenses	(322,244)	(425,930)
Research and development expenses	<u>(415,128)</u>	<u>(450,279)</u>
Operating income	<u>(816,090)</u>	<u>(962,730)</u>
	<u>1,137,863</u>	<u>1,669,141</u>
 Non-operating income and gains:		
Interest income	342	800
Gain on disposal of property, plant and equipment	389,495	183
Exchange gain, net	29,471	-
Dividend income	10,078	78,487
Gain on valuation of financial assets, net	245,597	-
Other income	<u>28,978</u>	<u>150,810</u>
	<u>703,961</u>	<u>230,280</u>
 Non-operating expenses and losses:		
Interest expense	(42,118)	(58,346)
Investment loss recognized under equity method	(5,526)	(15,894)
Loss on disposal of property, plant and equipment	(41,369)	(14,688)
Exchange loss, net	-	(19,068)
Impairment loss	(43,527)	-
Loss on valuation of financial assets, net	<u>-</u>	<u>621,718</u>
	<u>(132,540)</u>	<u>(729,714)</u>
Income before income tax	1,709,284	1,169,707
Income tax benefit	<u>-</u>	<u>108,903</u>
Net income	<u>\$ 1,709,284</u>	<u>1,278,610</u>

	Before	After	Before	After
	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>	<u>income tax</u>

Earnings per common share (expressed in dollars):

Basic earnings per share	\$ <u>2.84</u>	<u>2.84</u>	<u>1.87</u>	<u>2.04</u>
Diluted earnings per share	\$ <u>2.79</u>	<u>2.79</u>	<u>1.82</u>	<u>1.99</u>

WIN Semiconductors Corp.

Statements of Changes in Stockholders' Equity

For the year ended December 31, 2010 and 2011
(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings		Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Total
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve			
Balance on January 1, 2010	\$ 5,979,695	1,279,456	-	(400,860)	5,276	7,665	6,871,232
Exercise of employee stock options	195,980	29,842	-	-	-	-	225,822
Compensation cost arising from employee stock options (note 2)	-	36,670	-	-	-	-	36,670
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	22,341	22,341
Adjustment for written-off treasury stock and exercise of employee stock options in long-term equity investments under equity method	-	11,280	-	-	-	-	,280
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	1,244	-	-	-	-	1,244
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	(703)	(703)
Translation adjustments	-	-	-	-	(3,233)	-	(3,233)
Net income for the year ended December 31, 2010	-	-	-	1,709,284	-	-	1,709,284
Balance on December 31, 2010	<u>\$ 6,175,675</u>	<u>1,358,492</u>	<u>-</u>	<u>1,308,424</u>	<u>2,043</u>	<u>29,303</u>	<u>8,873,937</u>
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)
Issuance of common stock	116,800	186,880	-	-	-	-	303,680
Exercise of employee stock options (note3)	193,455	62,997	-	-	-	-	256,452
Compensation cost arising from employee stock options (note 2)	-	91,671	-	-	-	-	91,671
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	2,173	2,173
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	7,058	-	-	-	-	7,058
Increase in capital surplus resulting from long-term investments under equity method	-	24	-	-	-	-	24
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	(256,202)	(256,202)
Translation adjustments	-	-	-	-	1,021	-	1,021
Net income for the year ended December 31, 2011	-	-	-	1,278,610	-	-	1,278,610
Balance on December 31, 2011	<u>\$ 6,485,930</u>	<u>1,707,122</u>	<u>130,842</u>	<u>1,942,901</u>	<u>3,064</u>	<u>(224,726)</u>	<u>10,045,133</u>

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: For stock options granted to employees, compensation cost was recognized for the year ended December 31, 2011. When employees exercised the employee stock options, the Company reclassified capital surplus—employee stock options into capital surplus—additional paid-in capital.

Note 3: As the exercise price of the employees stock options is greater than book value in 2011, the difference was credited to capital surplus—additional paid-in capital of NT\$1,157.

WIN Semiconductors Corp.

Statements of Cash Flows

For the year ended December 31, 2010 and 2011
(Expressed in Thousands of New Taiwan Dollars)

	2010	2011
Cash flows from operating activities:		
Net income	\$ 1,709,284	1,278,610
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	801,930	872,852
Amortization	177,282	160,644
Amortization of cost of long-term borrowings	2,216	3,947
Loss on valuation of inventories and obsolescence	52,028	37,115
Investment loss recognized under equity method	5,526	15,894
Compensation cost arising from employee stock options	66,512	153,511
Unrealized exchange loss (gain) on long-term borrowings	(25,251)	26,563
Deferred income tax benefit	(150,737)	(300,103)
Loss on disposal of property, plant and equipment	41,369	14,688
Gain on disposal of investments	(389,495)	(183)
Impairment loss on financial assets carried at cost – noncurrent	43,527	-
Change in operating assets:		
Financial assets at fair value through profit or loss – current	280,870	1,873
Notes and accounts receivable	28,292	(24,489)
Accounts receivable – related parties	95,632	1,888
Other receivable – related parties	(504)	514
Other financial assets – current	(37,457)	(39,942)
Inventories	(450,951)	(627,472)
Other current assets	(63,372)	(25,211)
Change in operating liabilities:		
Accounts payable	2,493	218,532
Accrued expenses	375,152	146,640
Other current liabilities	28,487	(11,713)
Accrued pension liabilities	529	1,779
Net cash provided by operating activities	<u>2,593,362</u>	<u>1,905,937</u>
Cash flows from investing activities:		
Proceeds from disposal of available-for-sale financial assets	1,115	-
Payment for purchase of investment in bonds with no active market	(344,783)	-
Proceeds from disposal of financial assets carried at cost	2,216	-
Payment for purchase of financial assets carried at cost	(911,440)	-
Payment for purchase of long-term investments under equity method	-	(123,764)
Payment for purchase of property, plant and equipment	(2,377,429)	(3,225,154)
Proceeds from disposal of property, plant and equipment	812	2,607
Increase in restricted assets	(104)	(156)
Increase in deferred expenses	(104,529)	(110,366)
(Increase) decrease in refundable deposit	1,546	(1,451)
Payment for purchase of intangible assets	(92,987)	(49,319)
Net cash used in investing activities	<u>(3,825,583)</u>	<u>(3,507,603)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	139,163	(365,365)
Increase in long-term borrowings	1,370,071	4,017,000
Redemption of long-term borrowings	(577,332)	(1,606,610)
Payment of cash dividends	-	(513,291)
Issuance of common stock	-	303,680
Exercise of employee stock options	195,980	194,612
Net cash provided by financing activities	<u>1,127,882</u>	<u>2,030,026</u>
Net increase in cash and cash equivalents	(104,339)	428,360
Cash and cash equivalents at the beginning of year	437,847	333,508
Cash and cash equivalents at the end of year	<u>\$ 333,508</u>	<u>761,868</u>
Additional disclosure of cash flow information:		
Interest paid (excluding capitalized interest)	<u>\$ 41,262</u>	<u>57,072</u>
Income tax paid	<u>\$ 3,624</u>	<u>151,375</u>
Supplemental schedule of non-cash investing and financing activities:		
Other current assets reclassified to plant, property and equipment	<u>\$ -</u>	<u>174</u>
Inventories reclassified to plant, property and equipment	<u>\$ -</u>	<u>65,912</u>
Deferred expenses reclassified to plant, property and equipment	<u>\$ -</u>	<u>61,686</u>
Other current assets reclassified to intangible assets	<u>\$ 9,525</u>	<u>4,268</u>
Other current assets reclassified to deferred expenses	<u>\$ 1,125</u>	<u>-</u>
Unrealized gain (loss) on financial instruments	<u>\$ 21,638</u>	<u>(254,029)</u>
Translation adjustments	<u>\$ (3,233)</u>	<u>1,021</u>
Reclassification of current portion of long-term borrowings	<u>\$ 1,388,559</u>	<u>1,007,672</u>

WIN Semiconductors Corp.

Statements of Cash Flows (Continued)

For the year ended December 31, 2010 and 2011
(Expressed in Thousands of New Taiwan Dollars)

	2010	2011
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 2,366,631	3,342,149
Add: payable on equipment—beginning of year	104,423	93,625
Less: payable on equipment—end of year	<u>(93,625)</u>	<u>(210,620)</u>
Cash paid	<u>\$ 2,377,429</u>	<u>3,225,154</u>
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 3,312	107
Add: other financial assets—current—beginning of year	-	2,500
Less: other financial assets—current—end of year	<u>(2,500)</u>	<u>-</u>
Cash received	<u>\$ 812</u>	<u>2,607</u>
Purchase of intangible assets		
Increase in intangible assets	\$ 108,322	38,471
Add: accrued expenses—beginning of year	-	15,335
Less: accrued expenses—end of year	<u>(15,335)</u>	<u>(4,487)</u>
Cash paid	<u>\$ 92,987</u>	<u>49,319</u>