

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

September 30, 2011

(Expressed in Thousands of New Taiwan Dollars)

	2011		2011
Assets		Liabilities and Stockholders' Equity	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 739,891	Accounts payable	\$ 1,524,049
Financial assets at fair value through profit or loss – current	828,575	Accrued expenses	597,289
Notes and accounts receivable, net	800,604	Payable on equipment	131,440
Other receivable – related parties	499	Current portion of long-term borrowings	1,052,287
Other financial assets – current	308,987	Other current liabilities	<u>36,019</u>
Inventories	1,877,230	Total current liabilities	<u>3,341,084</u>
Deferred income tax assets – current	243,159	Long-term liabilities:	
Other current assets	<u>167,679</u>	Long-term borrowings	<u>5,686,623</u>
Total current assets	<u>4,966,624</u>	Other liabilities:	
Funds and investments:		Accrued pension liabilities	<u>3,238</u>
Available-for-sale financial assets – noncurrent	279,962	Total liabilities	<u>9,030,945</u>
Financial assets carried at cost – noncurrent	500,523	Stockholders' equity:	
Long-term investments under equity method	486,009	Common stock	<u>6,235,865</u>
Investment in bonds with no active market – noncurrent	<u>344,783</u>	Capital surplus	<u>1,426,218</u>
Total funds and investments	<u>1,611,277</u>	Retained earnings:	
Property, plant and equipment:		Legal reserve	130,842
Cost:		Retained earnings	<u>1,324,477</u>
Land	802,337	Total retained earnings	<u>1,455,319</u>
Buildings	721,851	Other stockholders' equity adjustments:	
Machinery and equipment	9,105,768	Cumulative translation adjustments	2,203
Factory and equipment	1,863,763	Unrealized gain (loss) on financial instruments	<u>(173,182)</u>
Office equipment	112,521	Total other stockholders' equity adjustments	<u>(170,979)</u>
Other equipment	<u>21,302</u>	Total stockholders' equity	<u>8,946,423</u>
	12,627,542		
Less: accumulated depreciation	(5,140,658)		
Construction in progress	622,163		
Prepayment for purchases of equipment	<u>2,975,630</u>		
Net property, plant and equipment	<u>11,084,677</u>		
Other assets:			
Refundable deposits	19,750		
Deferred expenses	213,906		
Restricted assets – noncurrent	23,241		
Deferred income tax assets – noncurrent	<u>57,893</u>		
Total other assets	<u>314,790</u>		
Total Assets	\$ <u>17,977,368</u>	Total Liabilities and Stockholders' Equity	\$ <u>17,977,368</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Operations

For the nine months ended September 30, 2011

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

	2011	
Operating revenue	\$	6,410,586
Less: sales returns		(8,702)
sales discounts and allowances		<u>(15,835)</u>
Net revenue		6,386,049
Cost of goods sold		<u>(4,362,802)</u>
Gross profit		<u>2,023,247</u>
 Operating expenses		
Marketing expenses		(96,341)
General and administrative expenses		(254,936)
Research and development expenses		<u>(309,527)</u>
Operating income		<u>1,362,443</u>
 Non-operating income and gains:		
Interest income		360
Gain on disposal of investments, net		265
Dividend income		77,004
Other income		<u>141,903</u>
		<u>219,532</u>
 Non-operating expenses and losses:		
Interest expense		(41,822)
Investment loss recognized under equity method		(69,457)
Loss on disposal of property, plant and equipment		(14,688)
Exchange loss, net		(22,123)
Loss on valuation of financial assets, net		<u>(773,107)</u>
		<u>(921,197)</u>
Income before income tax		660,778
Income tax expense		<u>(592)</u>
Net income		<u><u>660,186</u></u>
		Before After
		<u>income tax</u> <u>income tax</u>
 Earnings per common share (expressed in dollars):		
Basic earnings per share	\$	<u><u>1.06</u></u> <u><u>1.06</u></u>
Diluted earnings per share	\$	<u><u>1.05</u></u> <u><u>1.05</u></u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

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

	2011
Cash flows from operating activities:	
Net income	\$ 660,186
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Depreciation	648,822
Amortization	116,788
Amortization of cost of long-term borrowings	2,920
Investment loss recognized under equity method	69,457
Compensation cost arising from employee stock options	67,725
Unrealized exchange loss on long-term borrowings	26,563
Deferred income tax benefit	(150,766)
Loss on valuation of inventories and obsolescence	4,477
Loss on disposal of property, plant and equipment	14,688
Gain on disposal of investments	(265)
Change in operating assets:	
Financial assets at fair value through profit or loss – current	773,372
Notes and accounts receivable	(319,589)
Other receivable – related parties	(499)
Other financial assets – current	(219,085)
Inventories	(565,369)
Other current assets	(61,923)
Change in operating liabilities:	
Accounts payable	652,570
Accrued expenses	9,903
Other current liabilities	(8,271)
Accrued pension liabilities	771
Net cash provided by operating activities	<u>1,722,475</u>
Cash flows from investing activities:	
Payment for purchase of long-term investments under equity method	(123,764)
Payment for purchase of property, plant and equipment	(2,972,782)
Proceeds from disposal of property, plant and equipment	2,607
Increase in deferred expenses	(139,549)
Increase in refundable deposit	(1,543)
Increase in restricted assets	(113)
Net cash used in investing activities	<u>(3,235,144)</u>
Cash flows from financing activities:	
Decrease in short-term borrowings	(365,365)
Increase in long-term borrowings	4,017,000
Redemption of long-term borrowings	(1,357,966)
Payment of cash dividends	(513,291)
Exercise of employee stock options	60,190
Net cash provided by financing activities	<u>1,840,568</u>
Effect on cash due to changes in exchange rate	3,191
Net increase in cash and cash equivalents	331,090
Cash and cash equivalents at the beginning of year	408,801
Cash and cash equivalents at the end of year	<u>\$ 739,891</u>
Additional disclosure of cash flow information:	
Income tax paid	<u>\$ 151,355</u>
Interest paid (excluding capitalized interest)	<u>\$ 40,751</u>
Supplemental schedule of non-cash investing and financing activities:	
Unrealized gain (loss) on financial instruments	<u>\$ (202,485)</u>
Translation adjustments	<u>\$ 160</u>
Current portion of long-term borrowings	<u>\$ 1,052,287</u>
Purchase of property, plant and equipment	
Increase in property, plant and equipment	\$ 3,010,597
Add: payable on equipment – beginning of year	93,625
Less: payable on equipment – end of year	(131,440)
Cash paid	<u>\$ 2,972,782</u>
Disposal of property, plant and equipment	
Disposal of property, plant and equipment	\$ 107
Add: other financial assets – current – beginning of year	2,500
Cash received	<u>\$ 2,607</u>