

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2011

(Expressed in Thousands of New Taiwan Dollars)

	2011		2011
Assets		Liabilities and Stockholders' Equity	
Current assets:		Current liabilities:	
Cash and cash equivalents	\$ 556,965	Short-term borrowings	\$ 345,355
Financial assets at fair value through profit or loss – current	1,624,423	Accounts payable	1,170,398
Notes and accounts receivable, net	823,863	Accrued expenses	604,174
Other receivable – related parties	587	Current portion of long-term borrowings	1,135,447
Other financial assets – current	308,299	Other current liabilities	<u>253,772</u>
Inventories	1,677,806	Total current liabilities	<u>3,509,146</u>
Deferred income tax assets – current	18,474	Long-term liabilities:	
Other current assets	<u>222,242</u>	Long-term borrowings	<u>4,748,460</u>
Total current assets	<u>5,232,659</u>	Other liabilities:	
Funds and investments:		Accrued pension liabilities	<u>2,885</u>
Available-for-sale financial assets – noncurrent	72,421	Total other liabilities	<u>2,885</u>
Financial assets carried at cost – noncurrent	916,746	Total liabilities	<u>8,260,491</u>
Long-term investments under equity method	556,825	Stockholders' equity:	
Investment in bonds with no active market – noncurrent	<u>344,783</u>	Common stock	<u>6,209,895</u>
Total funds and investments	<u>1,890,775</u>	Capital surplus:	
Property, plant and equipment:		Capital surplus – additional paid-in capital	1,286,326
Cost:		Capital surplus – long-term equity investments	31,237
Land	802,337	Capital surplus – employee stock options	<u>62,798</u>
Buildings	721,851	Total capital surplus	<u>1,380,361</u>
Machinery and equipment	8,507,893	Retained earnings	<u>1,622,932</u>
Factory and equipment	1,834,644	Other stockholders' equity adjustments:	
Office equipment	108,597	Cumulative translation adjustments	1,651
Other equipment	<u>19,082</u>	Unrealized gain (loss) on financial instruments	<u>35,501</u>
	11,994,404	Total other stockholders' equity adjustments	<u>37,152</u>
Less: accumulated depreciation	(4,716,299)	Total stockholders' equity	<u>9,250,340</u>
Construction in progress	491,438		
Prepayment for purchases of equipment	<u>2,235,955</u>		
Net property, plant and equipment	<u>10,005,498</u>		
Other assets:			
Refundable deposits	19,292		
Deferred expenses	173,632		
Restricted assets – noncurrent	23,163		
Deferred income tax assets – noncurrent	<u>165,812</u>		
Total other assets	<u>381,899</u>		
Total Assets	\$ <u>17,510,831</u>	Total Liabilities and Stockholders' Equity	\$ <u>17,510,831</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Operations

For the three months ended March 31, 2011

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

	2011	
Operating revenue	\$	1,846,177
Less: sales returns		(1,964)
sales discounts and allowances		<u>(1,452)</u>
Net revenue		1,842,761
Cost of goods sold		<u>(1,311,422)</u>
Gross profit		<u>531,339</u>
 Operating expenses		
Marketing expenses		(29,633)
General and administrative expenses		(82,294)
Research and development expenses		<u>(97,942)</u>
Operating income		<u>321,470</u>
 Non-operating income and gains:		
Interest income		55
Dividend income		329
Gain on valuation of financial asstes, net		14,740
Other income		<u>11,845</u>
		<u>26,969</u>
 Non-operating expenses and losses:		
Interest expense		(12,285)
Investment loss recognized under equity method		(3,566)
Loss on disposal of property, plant and equipment		(7,705)
Exchange loss, net		<u>(10,375)</u>
		<u>(33,931)</u>
Income before income tax		314,508
Income tax expense		-
Net income	\$	<u><u>314,508</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>0.51</u></u> <u><u>0.51</u></u>
Diluted earnings per share	\$	<u><u>0.50</u></u> <u><u>0.50</u></u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

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

	2011
Cash flows from operating activities:	
Net income	\$ 314,508
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Depreciation	214,697
Amortization	37,943
Amortization of cost of long-term borrowings	864
Investment loss recognized under equity method	3,566
Compensation cost arising from employee stock options	19,076
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)
Change in operating assets:	
Financial assets at fair value through profit or loss — current	(22,741)
Accounts receivable	(342,847)
Other receivable — related parties	(587)
Other financial assets — current	(218,397)
Inventories	(343,647)
Other current assets	(112,106)
Change in operating liabilities:	
Accounts payable	298,919
Accrued expenses	16,788
Other current liabilities	(7,622)
Accrued pension liabilities	418
Net cash used in operating activities	<u>(162,959)</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	(1,384,721)
Proceeds from disposal of property, plant and equipment	2,557
Increase in refundable deposit	(1,085)
Increase in deferred expenses	(24,698)
Increase in restricted assets — noncurrent	(35)
Net cash used in investing activities	<u>(1,531,746)</u>
Cash flows from financing activities:	
Decrease in short-term borrowings	(20,010)
Increase in long-term borrowings	2,367,000
Redemption of long-term borrowings	(538,740)
Exercise of employee stock options	34,220
Net cash provided by financing activities	<u>1,842,470</u>
Effect on cash due to changes in exchange rate	399
Net increase in cash and cash equivalents	148,164
Cash and cash equivalents at the beginning of year	408,801
Cash and cash equivalents at the end of year	<u>\$ 556,965</u>
Additional disclosure of cash flow information:	
Interest paid (excluding capitalized interest)	<u>\$ 11,408</u>
Income tax paid	<u>\$ 29</u>
Supplemental schedule of non-cash investing and financing activities:	
Unrealized gain (loss) on financial instruments	<u>\$ 6,198</u>
Translation adjustments	<u>\$ (392)</u>
Current portion of long-term borrowings	<u>\$ 1,135,447</u>
Purchase of property, plant and equipment	
Increase in property, plant and equipment	\$ 1,508,200
Add: payable on equipment — beginning of year	93,625
Less: payable on equipment — end of year	(217,104)
Cash paid	<u>\$ 1,384,721</u>
Disposal of property, plant and equipment	
Disposal of property, plant and equipment	\$ 57
Add: other financial assets — current — beginning of year	2,500
Cash received	<u>\$ 2,557</u>