Consolidated Balance Sheets

December 31, 2011 and 2012 (Expressed in Thousands of New Taiwan Dollars)

Carrel and cash oquivalents 1,599,75 3,025,67 5,106 1,500,76 1,50		2011	2012		2011	2012
Control and cach equivaleum 5 79,75 30,25,657 Cancel aliabilities at lair value through profit or loss 5 9,00 1,01,126 Financial ascets a fair value through profit or loss 1,59,00 1,51,166 Accounts payable 1,00,001 1,21,166 Available-free-lest financial assets—current 52,60 Accounts payable 210,03 96,888 Obter financial assets—current 1,20,88 23,107 Other current inbilities 25,06 56,00 Obter current assets 1,20,88 145,00 Other current liabilities 25,00 55,00 60,00 Obter current assets 1,20,48 145,00 Other current liabilities 5,00 55,00 86,00 7,00 1,0		2011	2012	1,100, 10, 11, 11, 12, 14	2011	2012
Cols and cash caputalenes 5 monetal assist that in what through profit or loss 5 monetal assist that in what through profit or loss 4 monetal assists that in what through profit or loss 4 monetal assists that in what through profit or loss 4 monetal assists that in what through profit or loss 1,23 p.6 66.5 4.8						
Primarial assets affair whee through profits of seed		2.025.455		•	44.5
Austalab-for-sale financial assets—current 5120/88 Acenand expenses 271,79 666,88 Nors and accounts receivable, et 652,822 1,905/85 2,107/22 Current portion of long-term borrowings 1,007/85 1,505/15 Invenoria assets—current 1,808,83 2,107/22 Current inbilities 3,508,10 3,508,10 Deferent incente as assets—current 2,006 8,642,82 Long-term liabilities 3,508,10 3,508,10 Total current assets 1,508,00 8,642,82 Long-term liabilities 2,008,20 5,558,00 5,558,00 5,558,00 7,558,00 7,558,00 5,558,00 5,558,00 7	•			~ .	Ψ	
Psyche and accounts receivable, net 19.08, 88 19.09, 19.00 19.		1,599,992			, ,	
1,50,1,0,50 1,50,1,0,50		-		•		,
Property	· · · · · · · · · · · · · · · · · · ·					
Post	Other financial assets—current					
Polered income tax sasers - current \$6.56.14 \$6.5	Inventories					· · · · · · · · · · · · · · · · · · ·
Total current asset 5.556.004 8.864.825 Tongs-cern borrowings Jone Security Security 5.558.078 \$5.558.078		129,248	145,801	Total current liabilities	3,065,682	3,586,351
Policy P	Deferred income tax assets—current	360,481	298,495	Long-term liabilities:		
Actuals Actu	Total current assets	_5,565,604	8,864,825	Long-term borrowings	5,483,622	5,558,677
Financial assets carried at cost—noncurrent 50.52 36.674 Total habilities 5.55.550 9.165.935 1.6	Funds and investments:			Other liabilities:		
Long-term investments under equity method	Available-for-sale financial assets - noncurrent	228,417	143,774	Accrued pension liabilities	4,246	20,907
Investment in bonds with no active market—noncurrent	Financial assets carried at cost – noncurrent	500,523	366,674	Total liabilities	8,553,550	9,165,935
Total funds and investments 1,516,012 1,370,092 Capital surplus- Property, plant and equipment : Capital surplus—duditional paid-in capital 1,529,719 3,662,436 Cost Capital surplus—long-rerm equity investments 28,469 - Land 802,337 1,765,464 Capital surplus—employee stock options 148,934 100,009 Buildings 721,851 722,426 Total capital surplus 701,122 3,763,045 Machinery and equipment 9,149,329 10,381,788 Retained earnings 130,842 258,703 Office equipment 1,887,456 2,753,996 Legal reserve 130,842 258,703 Other equipment 1,564,466 231,158 Retained earnings 1,942,01 2,673,748 Other equipment 1,526,464 1,5968,500 Total retained earnings 1,942,01 2,673,748 Less: accumulated depreciation 2,237,64 1,586,800 Observation stockholders equity adjustments 2,242,62 2,635,649 Prepayment for purchases of land and buildings 7,20,128 Total other stockholders' equity adjustments	Long-term investments under equity method	442,289	324,861	Stockholders' equity:		
Property, plant and equipment	Investment in bonds with no active market - noncurrent	344,783	534,783	Common stock	6,485,930	7,541,877
Cost:	Total funds and investments	1,516,012	1,370,092	Capital surplus:		
Land 802,37 1,765,464 Capital surplus – employee stock options 148,934 100,609 Buildings 721,851 722,426 Total capital sarplus 1,707,122 3,763,045 Machinery and equipment 9,149,329 10,381,768 Retainers 130,842 258,703 Factory and equipment 11,887,456 2,753,996 Legal reserve 130,842 258,703 Office equipment 156,446 231,158 Retained earnings 1942,901 2,673,748 Other equipment 12,827,604 15,968,500 Total retained earnings 2,073,743 3,154,109 Less: accumullated depreciation (3,233,291) (4,487,349) Other stockholders' equity agistments 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments 3,064 1,642 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments 10,045,133 1,425,017 Net property, plant and equipment 11,266,742 33,228,466 Commitments and contingencies 1	Property, plant and equipment:			Capital surplus — additional paid-in capital	1,529,719	3,662,436
Buildings 721,851 722,426 Total capital sarplus 1,707,122 3,763,045 Machinery and equipment 9,149,329 10,381,768 Retained earnings: Factory and equipment 1,887,456 2,753,996 Legal reserve 130,842 258,703 Office equipment 110,85 113,688 Special reserve - 221,662 Other equipment 156,446 231,158 Retained earnings 1,942,901 2,673,744 Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments 224,269 35,556 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments 221,662 34,014 Prepayment for purchases of equipment 960,423 760,139 Total other stockholders' equity adjustments 221,662 34,014 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies 1 1,425,017 <td>Cost:</td> <td></td> <td></td> <td>Capital surplus – long-term equity investments</td> <td>28,469</td> <td>-</td>	Cost:			Capital surplus – long-term equity investments	28,469	-
Machinery and equipment 9,149,329 10,381,768 Retained earnings: Factory and equipment 1,887,456 2,753,996 Legal reserve 130,842 258,703 Office equipment 110,185 113,688 Special reserve - 221,662 Other equipment 156,446 231,158 Retained earnings 1,942,901 2,673,744 Cother equipment 12,827,604 15,968,500 Total retained earnings 2,073,743 3,154,109 Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments: 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments 2224,726 35,656 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments 224,726 35,656 Prepayment for purchases of equipment 1,266,742 3,228,466 Commitments and contingencies 10,045,133 14,425,017 Intaiglie assets Other assets 1,266,742 3,228,46 Commitments and contingencies	Land	802,337	1,765,464	Capital surplus – employee stock options	<u>148,934</u>	100,609
Factory and equipment 1,887,456 2,753,996 Legal reserve 130,842 258,703 Office equipment 110,185 113,688 Special reserve - 221,662 Other equipment 156,446 231,158 Retained earnings 1,942,901 2,673,744 Less: accumulated depreciation 12,87,604 15,968,500 Total retained earnings 2,073,743 3,154,109 Less: accumulated depreciation 9,594,313 11,481,151 Cumulative translation adjustments 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments (224,726) 35,565 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (221,662) 34,014 Prepayment for purchases of equipment 960,423 760,139 Total other stockholders' equity adjustments 10,045,133 14,425,017 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies Other assets 19,658 19,444 19,444 19,444 19,444 19,444	Buildings	721,851	722,426	Total capital sarplus	1,707,122	3,763,045
Factory and equipment 1,887,456 2,753,996 Legal reserve 130,842 258,703 Office equipment 110,185 113,688 Special reserve - 221,662 Other equipment 156,446 231,158 Retained earnings 1,942,901 2,673,744 Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments 2,073,743 3,154,109 Less: accumulated depreciation in progress 712,006 285,048 Unrealized gain (loss) on financial instruments (224,726) 35,656 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (221,662) (34,014) Prepayment for purchases of equipment 960,423 760,139 Total other stockholders' equity adjustments (221,662) (34,014) Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies Other assets 12,862,742 13,228,466 Commitments and contingencies Refundable deposits 19,658 19,444 19,444 19,444 19,444 19,444	Machinery and equipment	9,149,329	10,381,768	Retained earnings:		
Office equipment 110,185 113,688 Special reserve 221,662 Other equipment 156,446 231,158 Retained earnings 1,942,901 2,673,744 Less: accumulated depreciation 12,827,604 15,968,500 Total retained earnings 2,073,743 3,154,109 Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments: 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments (224,726) (35,656) Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (224,726) (33,656) Prepayment for purchases of equipment 960,423 760,139 Total stockholders' equity adjustments (221,662) (34,014) Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies 10,045,133 14,425,017 Intangible assets 11,652 82,708 14,425,017 14,425,017 14,425,017 14,425,017 14,425,017 14,425,017 14,425,017 14,425,017 <td>Factory and equipment</td> <td>1,887,456</td> <td>2,753,996</td> <td>Legal reserve</td> <td>130,842</td> <td>258,703</td>	Factory and equipment	1,887,456	2,753,996	Legal reserve	130,842	258,703
Other equipment 156,446 231,158 Retained earnings 1,942,901 2,673,744 Less: accumulated depreciation 12,827,604 15,968,500 Total retained earnings 2,073,743 3,154,109 Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments (224,726) 35,656 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (224,726) (33,636) Prepayment for purchases of equipment 960,423 760,139 Total other stockholders' equity adjustments 10,045,133 14,425,017 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies *** *** *** Other assets 111,665 82,708 *** *** *** *** *** *** *** *** *** *** *** *** *** *** *** *** *** ***<		110,185	113,688	Special reserve	-	221,662
12,827,604 15,968,500 Total retained earnings 2,073,743 3,154,109 Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments:		156,446	231,158	Retained earnings	_1,942,901	2,673,744
Less: accumulated depreciation (3,233,291) (4,487,349) Other stockholders' equity adjustments 3,064 1,642 Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments (224,726) (35,656) Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (221,662) (34,014) Prepayment for purchases of equipment 960,423 760,139 Total stockholders' equity 10,045,133 14,425,017 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies 10,045,133 14,425,017 Intangible assets 117,652 82,708 Commitments and contingencies 10,045,133 14,425,017 Refundable deposits 19,658 19,444 19,44		12,827,604				
Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments 3,064 1,642 Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (221,662) (34,014) Prepayment for purchases of equipment 960,423 760,139 Total stockholders' equity 10,045,133 14,425,017 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies 10,045,133 14,425,017 Intangible assets 117,652 82,708 19,644 10,045,133 14,425,017 Refundable deposits 19,658 19,444 <t< td=""><td>Less: accumulated depreciation</td><td></td><td>(4,487,349)</td><td>_</td><td></td><td></td></t<>	Less: accumulated depreciation		(4,487,349)	_		
Construction in progress 712,006 285,048 Unrealized gain (loss) on financial instruments (224,726) (35,656) Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (221,662) (34,014) Prepayment for purchases of equipment 960,423 760,139 Total stockholders' equity 10,045,133 14,425,017 Net property, plant and equipment 117,652 82,708 Commitments and contingencies 18 1	1				3,064	1,642
Prepayment for purchases of land and buildings - 702,128 Total other stockholders' equity adjustments (221,662) (34,014) Prepayment for purchases of equipment 960,423 760,139 Total stockholders' equity 10,045,133 14,425,017 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies Intangible assets 117,652 82,708 Other assets: Refundable deposits 19,658 19,444 Restricted assets—noncurrent 23,284 23,423 Deferred income tax assets—noncurrent 89,731 1,994 Total other assets 132,673 44,861	Construction in progress			-		
Prepayment for purchases of equipment 960,423 760,139 Total stockholders' equity 10,045,133 14,425,017 Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies Intangible assets 117,652 82,708 Other assets: 8,610 19,658 19,444 Restricted assets—noncurrent 23,284 23,423 Deferred income tax assets—noncurrent 89,731 1,994 Total other assets 132,673 44,861	· ·	, -			·	
Net property, plant and equipment 11,266,742 13,228,466 Commitments and contingencies Intangible assets 117,652 82,708 Other assets: 82,708 Refundable deposits 19,658 19,444 Restricted assets—noncurrent 23,284 23,423 Deferred income tax assets—noncurrent 89,731 1,994 Total other assets 132,673 44,861		960.423		_ · · ·		
Intangible assets 117,652 82,708 Other assets: 82,708 Refundable deposits 19,658 19,444 Restricted assets—noncurrent 23,284 23,423 Deferred income tax assets—noncurrent 89,731 1,994 Total other assets 132,673 44,861				_ ·		
Other assets: Refundable deposits 19,658 19,444 Restricted assets—noncurrent 23,284 23,423 Deferred income tax assets—noncurrent 89,731 1,994 Total other assets 132,673 44,861				Commences una convergences		
Refundable deposits 19,658 19,444 Restricted assets – noncurrent 23,284 23,423 Deferred income tax assets – noncurrent 89,731 1,994 Total other assets 132,673 44,861						
Restricted assets – noncurrent 23,284 23,423 Deferred income tax assets – noncurrent 89,731 1,994 Total other assets 132,673 44,861		19.658	19.444			
Deferred income tax assets—noncurrent 89,731 1,994 Total other assets 132,673 44,861	•					
Total other assets						
LOTAL ASSETS TO THE TOTAL ASSETS TO THE TOTAL ASSETS TO A TOPEN AS	Total Assets	\$ <u>18,598,683</u>	23,590,952	Total Liabilities and Stockholders' Equity	\$ <u>18,598,683</u>	23,590,952

Consolidated Statements of Operations

For the years ended December 31, 2011 and 2012 (Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2011	2012	
Operating revenue Less: sales returns sales discounts and allowances Net revenue	\$ 8,927,370 (9,276) (16,821) 8,901,273	11,276,342 (12,088) (26,290) 11,237,964	
Cost of goods sold Gross profit	(6,096,943) 2,804,330	(7,597,780) 3,640,184	
Operating expenses			
Marketing expenses	(142,156)	(176,229)	
General and administrative expenses	(434,524)	(476,165)	
Research and development expenses	<u>(450,279)</u>	(530,490)	
Operating income	(1,026,959) 1,777,371	(1,182,884) 2,457,300	
Non-operating income and gains:			
Interest income	813	4,594	
Gain on disposal of property, plant and equipment	-	210	
Gain on disposal of investments, net	183	22,461	
Dividend income	79,529	18,019	
Other income	<u>150,810</u> <u>20,9</u>		
	231,335	66,195	
Non-operating expenses and losses:			
Interest expense	(58,346)	(102,946)	
Investment loss recognized under equity method	(114,698)	(78,339)	
Loss on disposal of property, plant and equipment	(14,688)		
Impairment loss	-	(190,129)	
Loss on valuation of financial assets, net	(621,718)	(161,920)	
Exchange loss, net	<u>(29,525)</u>	<u>(61,821)</u>	
	<u>(838,975)</u> <u>(595,15.</u>		
Income before income tax	1,169,731	1,928,340	
Income tax benefit (expense) (note 4(l))	108,879	(280,811)	
Net income	\$ <u>1,278,610</u>	<u>1,647,529</u>	
	Before After income tax	Before After income tax	
Earnings per common share (expressed in dollars):			
Basic earnings per share	\$ <u>1.87</u> <u>2.04</u>	_2.87 _2.45	
Diluted earnings per share	\$ <u>1.82</u> <u>2.04</u> \$ <u>1.99</u>	$ \begin{array}{ccc} $	
Diffued carrings per snare	Ψ <u>1.04</u> <u>1.33</u>	2.02	

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 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)
Issuance of common stock		116,800	186,880	-	-	-	-	-	303,680
Exercise of employee stock options (note 4)		193,455	62,997	-	-	-	-	-	256,452
Compensation cost arising from employee stock options (note 3)		-	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		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)
Issuance of common stock		1,000,000	2,017,939	-	-	-	-	-	3,017,939
Exercise of employee stock options (note 5)		55,947	114,778	-	-	-	-	-	170,725
Compensation cost arising from employee stock options (note 3)		-	(51,857)	-	-	-	-	-	(51,857)
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method		-	-	-	-	-	-	4,789	4,789
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method		-	3,532	-	-	-	-	-	3,532
Decrease in capital surplus resulting from disposal of long-term investments under equity method		-	(28,445)	-	-	-	-	-	(28,445)
Increase in capital surplus resulting from long-term investments under equity method		-	107	-	-	-	-	-	107
Adjustments arising from change in percentage of ownership in equity method		-	(131)	-	-	(48,289)	-	-	(48,420)
Change in unrealized gain or loss on financial instruments		-	-	-	-	-	-	184,281	184,281
Translation adjustments		-	-	-	-	-	(1,422)	-	(1,422)
Net income for the year ended December 31, 2012	=					1,647,529			1,647,529
Balance on December 31, 2012	\$	7,541,877	<u>3,763,045</u>	<u>258,703</u>	221,662	2,673,744	1,642	<u>(35,656</u>)	14,425,017

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 year ended 2011 and 2012. When 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 as of December 31, 2011, the difference was credited to capital surplus—additional paid-in capital of NT\$1,157.

Note 5: As the exercise price of the employees stock options is less than book value as of December 31, 2012, the difference was debited to capital surplus—additional paid-in capital of NT\$539.

$\label{thm:window} \textbf{WIN Semiconductors Corp. and Subsidiaries}$

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2012 (Expressed in Thousands of New Taiwan Dollars)

Cash flows from operating activities:		2011	2012
Net income	\$	1,278,610	1,647,529
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	Ψ	1,270,010	1,017,525
Depreciation		975,969	1,256,812
Amortization		57,613	50,206
Amortization of cost of long-term borrowings		3,947	4,112
Loss on valuation of inventories and obsolescence		37,115	64,519
Investment loss recognized under equity method		114,698	78,339
Compensation cost arising from employee stock options		160,569	66,992
Deferred income tax (benefit) expense		(300,103)	150,351
Unrealized exchange loss on long-term borrowings		26,563	-
Loss (gain) on disposal of property, plant and equipment		14,688	(210)
Insurance claim on damaged and donated property, plant and equipment		-	54,610
Gain on disposal of investments		(183)	(22,461)
Impairment loss		-	190,129
Change in operating assets:			
Financial assets at fair value through profit or loss		1,873	183,016
Notes and accounts receivable		(171,806)	(396,533)
Other financial assets—current		(39,948)	(79,596)
Inventories		(627,472)	(341,201)
Other current assets		(23,554)	(17,486)
Change in operating liabilities:			
Financial liabilities at fair value through profit or loss		-	417
Accounts payable		218,532	31,856
Accrued expenses		145,191	(62,613)
Other current liabilities		(8,640)	14,857
Accrued pension liabilities		1,779	16,661
Net cash provided by operating activities	•	1,865,441	2,890,306
Cash flows from investing activities:			
Increase in available-for-sale financial assets—current		-	(367,034)
Payment for purchase of investment in bonds with no active market—noncurrent		-	(190,000)
Payment for purchase of available-for-sale financial assets - noncurrent		-	(25,192)
Proceeds from disposal of long-term investments under equity method		-	259,220
Payment for purchase of long-term investments under equity method		(123,764)	(287,591)
Payment for purchase of financial assets carried at cost—noncurrent		-	(10,000)
Payment for purchase of property, plant and equipment		(3,335,544)	(3,317,300)
Proceeds from disposal of property, plant and equipment		2,607	298
(Increase) decrease in refundable deposit		(1,451)	214
Increase in restricted assets—noncurrent		(156)	(139)
Payment for purchase of intangible assets		(49,319)	(18,307)
Net cash used in investing activities	•	(3,507,627)	(3,955,831)
Cash flows from financing activities:	•		 ,
Decrease in short-term borrowings		(365,365)	-
Increase in long-term borrowings		4,017,000	1,899,000
Redemption of long-term borrowings		(1,606,610)	(1,185,544)
Payment of cash dividends		(513,291)	(518,874)
Issuance of common stock		303,680	3,028,928
Exercise of employee stock options		194,612	55,408
Net cash provided by financing activities		2,030,026	3,278,918
Effect on cash due to changes in exchange rate		2,735	12,888
Net increase in cash and cash equivalents		390,575	2,226,281
Cash and cash equivalents at the beginning of year		408,801	<u>799,376</u>
Cash and cash equivalents at the end of year	\$	799,376	3,025,657
Additional disclosure of cash flow information:			
Interest paid (excluding capitalized interest)	\$	<u>57,072</u>	<u>102,725</u>
Income tax paid	\$	151,399	<u>193,382</u>

$Consolidated\ Statements\ of\ Cash\ Flows\ (Continued)$

For the years ended December 31, 2011 and 2012 (Expressed in Thousands of New Taiwan Dollars)

		2011	2012
Supplemental schedule of non-cash investing and financing activities:			
Inventories reclassified to plant, property and equipment	\$ <u>_</u>	65,912	<u>69,312</u>
Other current assets reclassified to plant, property and equipment	\$ _	<u>174</u>	<u> 363</u>
Other current assets reclassified to intangible assets	\$ <u>_</u>	4,268	<u> 570</u>
Unrealized gain (loss) on financial instruments	\$ _	<u>(254,029</u>)	<u> 189,070</u>
Translation adjustments	\$ <u>_</u>	<u> 1,021</u>	<u>(1,422</u>)
Reclassification of current portion of long-term borrowings	\$ _	<u>1,007,672</u>	<u>1,650,185</u>
Purchase of property, plant and equipment			
Increase in property, plant and equipment	\$	3,452,539	3,203,565
Add: payable on equipment—beginning of year		93,625	210,620
Less: payable on equipment—end of year	_	(210,620)	(96,885)
Cash paid	\$ _	3,335,544	3,317,300
Disposal of property, plant and equipment			
Disposal of property, plant and equipment	\$	107	298
Add: other financial assets—current—beginning of year		2,500	-
Cash received	\$ =	2,607	298
Purchase of intangible assets			
Acquisition of intangible assets	\$	38,471	14,692
Add: accrued expenses — beginning of year		15,335	4,487
Less: accrued expenses—end of year		(4,487)	(872)
Cash paid	\$ _	49,319	18,307
Disposal of long-term investments under equity method			
Disposal of long-term investments under equity method	\$	_	280,846
Less: other financial assets—current—end of year		_	(21,626)
Cash received	\$ _	-	259,220
Issuance of common stock			
Issuance of common stock	\$	303,680	3,017,939
Add: Transaction cost of issuance of common stock recognized as accrued expense—end of year		_	10,989
Cash received	\$ _	303,680	3,028,928