

WIN Semiconductors Corp.

Balance Sheets

June 30, 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	\$ 356,158	482,850	Short-term borrowings	\$ -	222,588
Financial assets at fair value through profit or loss — current	288,835	1,284,211	Accounts payable	1,193,661	1,320,983
Notes and accounts receivable, net	251,209	359,810	Accrued expenses	313,252	608,877
Account receivable — related parties	555,822	537,054	Dividends payable	-	513,291
Other receivable — related parties	-	496	Payable on equipment	209,869	218,223
Other financial assets — current	117,102	296,912	Current portion of long-term borrowings	854,374	1,131,343
Inventories	1,180,511	1,595,845	Other current liabilities	40,379	24,575
Other current assets	88,083	137,728	Total current liabilities	<u>2,611,535</u>	<u>4,039,880</u>
Deferred income tax assets — current	-	201,763	Long-term liabilities:		
Total current assets	<u>2,837,720</u>	<u>4,896,669</u>	Long-term borrowings	2,859,392	5,084,140
Funds and investments:			Other liabilities:		
Financial assets carried at cost — noncurrent	1,085,399	916,746	Accrued pension liabilities	1,982	3,297
Long-term investments under equity method	472,901	703,744	Deferred income tax liabilities — noncurrent	1,258	-
Investment in bonds with no active market — noncurrent	344,783	344,783	Total other liabilities	<u>3,240</u>	<u>3,297</u>
Total funds and investments	<u>1,903,083</u>	<u>1,965,273</u>	Total liabilities	<u>5,474,167</u>	<u>9,127,317</u>
Property, plant and equipment:			Stockholders' equity:		
Cost:			Common stock	6,001,085	6,225,720
Land	802,337	802,337	Capital surplus:		
Buildings	721,851	721,851	Capital surplus — additional paid-in capital	1,251,240	1,290,352
Machinery and equipment	8,337,450	8,747,303	Capital surplus — long-term equity investments	17,165	28,445
Factory and equipment	1,888,376	1,849,244	Capital surplus — employee stock options	33,442	89,937
Office equipment	72,400	109,485	Total capital surplus	<u>1,301,847</u>	<u>1,408,734</u>
Other equipment	17,275	20,934	Retained earnings:		
	11,839,689	12,251,154	Legal reserve	-	130,842
Less: accumulated depreciation	(4,692,319)	(4,926,068)	Retained earnings	158,406	1,097,205
Construction in progress	86,258	591,407	Total retained earnings	<u>158,406</u>	<u>1,228,047</u>
Prepayment for purchases of equipment	762,005	2,971,731	Other stockholders' equity adjustments:		
Net property, plant and equipment	<u>7,995,633</u>	<u>10,888,224</u>	Cumulative translation adjustments	6,141	752
Other assets:			Unrealized gain (loss) on financial instruments	14,612	49,559
Refundable deposits	18,459	19,949	Total other stockholders' equity adjustments	<u>20,753</u>	<u>50,311</u>
Deferred expense	178,292	215,272	Total stockholders' equity	7,482,091	8,912,812
Restricted assets	23,071	23,199			
Deferred income tax assets — noncurrent	-	31,543			
Total other assets	<u>219,822</u>	<u>289,963</u>			
Total Assets	<u>\$ 12,956,258</u>	<u>18,040,129</u>	Total Liabilities and Stockholders' Equity	<u>\$ 12,596,258</u>	<u>18,040,129</u>

WIN Semiconductors Corp.

Statements of Operations

For the six months ended June 30, 2010 and 2011

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

	2010	2011
Operating revenue	\$ 3,259,522	3,950,620
Less: sales returns	(11,583)	(6,378)
sales discounts and allowances	<u>(45,559)</u>	<u>(14,316)</u>
Net revenue	3,202,380	3,929,926
Cost of goods sold	<u>(2,305,077)</u>	<u>(2,785,766)</u>
Gross profit	<u>897,303</u>	<u>1,144,160</u>
 Operating expenses		
Marketing expenses	(33,492)	(38,469)
General and administrative expenses	(135,936)	(164,104)
Research and development expenses	<u>(163,023)</u>	<u>(205,770)</u>
Operating income	<u>(332,451)</u>	<u>(408,343)</u>
	<u>564,852</u>	<u>735,817</u>
 Non-operating income and gains:		
Interest income	171	284
Investment gain recognized under equity method	14,198	-
Dividend income	10,078	10,088
Gain on disposal of investments, net	10,776	45
Other income	<u>8,436</u>	<u>52,652</u>
	<u>43,659</u>	<u>63,069</u>
 Non-operating expenses and losses:		
Interest expense	(19,116)	(27,498)
Investment loss recognized under equity method	-	(1,580)
Loss on disposal of property, plant and equipment	-	(14,717)
Exchange loss, net	(7,756)	(4,114)
Loss on valuation of financial assets, net	<u>(15,793)</u>	<u>(317,471)</u>
	<u>(42,665)</u>	<u>(365,380)</u>
Income before income tax	565,846	433,506
Income tax expense	<u>(6,580)</u>	<u>(592)</u>
Net income	<u>\$ 559,266</u>	<u>432,914</u>

	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	<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>0.95</u>	<u>0.93</u>	<u>0.70</u>	<u>0.70</u>
Diluted earnings per share	\$ <u>0.93</u>	<u>0.92</u>	<u>0.69</u>	<u>0.69</u>

WIN Semiconductors Corp.

Statements of Changes in Stockholders' Equity

For the six months ended June 30, 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	21,390	-	-	-	-	-	21,390
Compensation cost arising from employee stock options	-	22,391	-	-	-	-	22,391
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	(703)	(703)
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	7,650	7,650
Translation adjustments	-	-	-	-	865	-	865
Net income for the six months ended June 30, 2010	-	-	-	559,266	-	-	559,266
Balance on June 30, 2010	<u>\$ 6,001,085</u>	<u>1,301,847</u>	<u>-</u>	<u>158,406</u>	<u>6,141</u>	<u>14,612</u>	<u>7,482,091</u>
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)
Exercise of employee stock options (note2)	50,045	10,510	-	-	-	-	60,555
Compensation cost arising from employee stock options	-	39,231	-	-	-	-	39,231
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	501	-	-	-	-	501
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	20,256	20,256
Translation adjustments	-	-	-	-	(1,291)	-	(1,291)
Net income for the six months ended June 30, 2011	-	-	-	432,914	-	-	432,914
Balance on June 30, 2011	<u>\$ 6,225,720</u>	<u>1,408,734</u>	<u>130,842</u>	<u>1,097,205</u>	<u>752</u>	<u>49,559</u>	<u>8,912,812</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 six months ended June 30, 2011. When employees exercised the employee stock options, the Company reclassified capital surplus—employee stock options into capital surplus—additional paid-in capital.

WIN Semiconductors Corp.

Statements of Cash Flows

For the six months ended June 30, 2010 and 2011
(Expressed in Thousands of New Taiwan Dollars)

	2010	2011
Cash flows from operating activities:		
Net income	\$ 559,266	432,914
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	383,250	429,082
Amortization	84,392	75,889
Amortization of cost of long-term borrowings	1,145	1,892
Loss on valuation of inventories and obsolescence	2,649	4,477
Investment loss (gain) recognized under equity method	(14,198)	1,580
Compensation cost arising from employee stock options	22,391	49,741
Unrealized exchange loss on long-term borrowings	1,325	6,508
Deferred income tax benefit	-	(82,723)
Loss on disposal of property, plant and equipment	-	14,717
Gain on disposal of investments	(10,776)	(45)
Change in operating assets:		
Financial assets at fair value through profit or loss — current	282,769	317,516
Notes and accounts receivable	(9,519)	(146,412)
Account receivable — related parties	(178,199)	(255,063)
Other receivable — related parties	10	18
Other financial assets — current	(79,715)	(207,010)
Inventories	(212,693)	(266,373)
Other current assets	(35,593)	(36,840)
Change in operating liabilities:		
Accounts payable	324,675	449,504
Accrued expenses	119,103	24,241
Other current liabilities	25,990	(18,301)
Accrued pension liabilities	44	830
Net cash provided by operating activities	<u>1,266,316</u>	<u>796,142</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)	-
Payment for purchase of long-term investments under equity method	-	(123,764)
Payment for purchase of financial assets carried at cost	(15,217)	-
Payment for purchase of property, plant and equipment	(1,094,136)	(2,487,743)
Proceeds from disposal of property, plant and equipment	-	2,578
Increase in deferred expenses	(122,026)	(100,016)
(Increase) decrease in refundable deposit	1,294	(1,742)
Increase in restricted assets	(47)	(71)
Net cash used in investing activities	<u>(1,573,800)</u>	<u>(2,710,758)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(226,202)	(142,777)
Increase in long-term borrowings	631,022	3,017,000
Redemption of long-term borrowings	(200,415)	(860,310)
Exercise of employee stock options	21,390	50,045
Net cash provided by financing activities	<u>225,795</u>	<u>2,063,958</u>
Net increase in cash and cash equivalents	(81,689)	149,342
Cash and cash equivalents at the beginning of year	<u>437,847</u>	<u>333,508</u>
Cash and cash equivalents at the end of year	<u>\$ 356,158</u>	<u>482,850</u>
Additional disclosure of cash flow information:		
Interest paid (excluding capitalized interest)	<u>\$ 19,125</u>	<u>26,559</u>
Income tax paid	<u>\$ 3,607</u>	<u>151,324</u>
Supplemental schedule of non-cash investing and financing activities:		
Reclassification of current portion of long-term borrowings	<u>\$ 854,374</u>	<u>1,131,343</u>
Unrealized gain (loss) on financial instruments	<u>\$ 6,947</u>	<u>20,256</u>
Translation adjustments	<u>\$ 865</u>	<u>(1,291)</u>
Dividends payable	<u>\$ -</u>	<u>513,291</u>
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 1,199,582	2,612,341
Add: payable on equipment — beginning of year	104,423	93,625
Less: payable on equipment — end of year	(209,869)	(218,223)
Cash paid	<u>\$ 1,094,136</u>	<u>2,487,743</u>
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ -	78
Add: other financial assets — current — beginning of year	-	2,500
Cash received	<u>\$ -</u>	<u>2,578</u>