

## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

MARCH 31, 2013, DECEMBER 31, 2012, MARCH 31, 2012 AND JANUARY 1, 2012

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

ASSETS	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012		LIABILITIES AND EQUITY	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>									<b>CURRENT LIABILITIES</b>								
Cash and cash equivalents	\$ 891,364	8	\$ 861,802	9	\$ 1,157,962	13	\$ 1,263,145	15	Short-term loans	\$ 3,289,957	30	\$ 3,051,510	30	\$ 2,056,934	23	\$ 1,671,145	20
Financial assets at fair value through profit or loss	149,068	1	224,062	2	176,118	2	198,366	2	Short-term bills payable	150,000	2	180,000	2	80,000	1	100,000	1
Notes and accounts receivables	1,751,912	16	1,559,097	15	1,422,645	16	1,386,810	16	Accounts payable	321,069	3	301,303	3	344,003	4	284,498	3
Other receivables	57,081	1	57,800	1	69,734	1	44,358	-	Other payables	313,644	3	270,919	3	234,549	3	231,976	3
Inventories	1,168,920	11	1,078,920	11	1,048,129	11	986,353	12	Income tax payable	122,870	1	77,631	1	83,147	1	102,897	1
Other current assets	259,808	2	230,809	2	361,967	4	232,098	3	Current portion of long-term bank loans	22,585	-	22,501	-	40,986	-	41,390	1
Total current assets	<u>4,278,153</u>	<u>39</u>	<u>4,012,490</u>	<u>40</u>	<u>4,236,555</u>	<u>47</u>	<u>4,111,130</u>	<u>48</u>	Other current liabilities	120,431	1	149,692	1	126,816	1	116,115	1
<b>NONCURRENT ASSETS</b>									Total current liabilities	<u>4,340,556</u>	<u>40</u>	<u>4,053,556</u>	<u>40</u>	<u>2,966,435</u>	<u>33</u>	<u>2,548,021</u>	<u>30</u>
Investments accounted for using equity method	286,663	3	286,739	3	-	-	-	-	<b>NONCURRENT LIABILITIES</b>								
Property, plant and equipment	5,997,373	55	5,573,077	55	4,604,042	51	4,190,359	49	Long-term bank loans	230,213	2	235,891	2	252,798	3	258,394	3
Goodwill	21,002	-	20,365	-	20,472	-	21,007	-	Accrued pension cost	61,973	-	61,493	1	92,475	1	91,421	1
Other intangible assets	25,943	-	26,251	-	28,592	-	20,526	-	Deferred income tax liabilities	173,386	2	149,070	1	154,605	1	138,986	2
Deferred income tax assets	100,061	1	93,829	1	76,563	1	71,230	1	Total noncurrent liabilities	<u>465,572</u>	<u>4</u>	<u>446,454</u>	<u>4</u>	<u>499,878</u>	<u>5</u>	<u>488,801</u>	<u>6</u>
Long-term prepaid lease payments	130,074	1	126,867	1	129,784	1	133,947	2	Total liabilities	<u>4,806,128</u>	<u>44</u>	<u>4,500,010</u>	<u>44</u>	<u>3,466,313</u>	<u>38</u>	<u>3,036,822</u>	<u>36</u>
Other noncurrent assets	33,469	1	4,505	-	4,575	-	4,609	-	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>								
Total noncurrent assets	<u>6,594,585</u>	<u>61</u>	<u>6,131,633</u>	<u>60</u>	<u>4,864,028</u>	<u>53</u>	<u>4,441,678</u>	<u>52</u>	Capital stock	1,500,000	14	1,500,000	15	1,500,000	16	1,500,000	18
<b>TOTAL</b>	<u>\$ 10,872,738</u>	<u>100</u>	<u>\$ 10,144,123</u>	<u>100</u>	<u>\$ 9,100,583</u>	<u>100</u>	<u>\$ 8,552,808</u>	<u>100</u>	Capital surplus	2,046,960	19	2,046,960	20	2,046,960	22	2,046,960	24
									Retained earnings	2,201,366	20	1,938,877	19	1,899,552	21	1,665,595	19
									Others	187,647	2	27,921	1	53,060	1	174,180	2
									Equity attributable to shareholders of the parent	5,935,973	55	5,513,758	55	5,499,572	60	5,386,735	63
									<b>NONCONTROLLING INTERESTS</b>	<u>130,637</u>	<u>1</u>	<u>130,355</u>	<u>1</u>	<u>134,698</u>	<u>2</u>	<u>129,251</u>	<u>1</u>
									Total equity	<u>6,066,610</u>	<u>56</u>	<u>5,644,113</u>	<u>56</u>	<u>5,634,270</u>	<u>62</u>	<u>5,515,986</u>	<u>64</u>
									<b>TOTAL</b>	<u>\$ 10,872,738</u>	<u>100</u>	<u>\$ 10,144,123</u>	<u>100</u>	<u>\$ 9,100,583</u>	<u>100</u>	<u>\$ 8,552,808</u>	<u>100</u>

The Financial Statements have been reviewed by Deloitte Touche Tohmatsu Limited.

## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013		2012	
	Amount	%	Amount	%
REVENUE	\$ 1,447,209	100	\$ 1,252,242	100
COST OF REVENUE	( 671,290 )	( 46 )	( 589,232 )	( 47 )
CROSS PROFIT	<u>775,919</u>	<u>54</u>	<u>663,010</u>	<u>53</u>
OPERATING EXPENSES				
Marketing	( 228,091 )	( 16 )	( 181,632 )	( 15 )
General and administrative	( 127,318 )	( 9 )	( 115,332 )	( 9 )
Research and development	( 45,401 )	( 3 )	( 41,348 )	( 3 )
Total operating expenses	<u>( 400,810 )</u>	<u>( 28 )</u>	<u>( 338,312 )</u>	<u>( 27 )</u>
INCOME FROM OPERATIONS	<u>375,109</u>	<u>26</u>	<u>324,698</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	2,259	-	1,813	-
Other gains and losses	4,031	-	28,291	3
Finance costs	( 12,443 )	( 1 )	( 9,731 )	( 1 )
Total non-operating income and expenses	<u>( 6,153 )</u>	<u>( 1 )</u>	<u>20,373</u>	<u>2</u>
INCOME BEFORE INCOME TAX	368,956	25	345,071	28
INCOME TAX EXPENSE	( 105,614 )	( 7 )	( 106,174 )	( 9 )
NET INCOME	<u>263,342</u>	<u>18</u>	<u>238,897</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences arising on translation of foreign operations	<u>\$ 159,155</u>	<u>11</u>	( \$ 120,613 )	( 10 )
Other comprehensive income for the period, net of income tax	<u>159,155</u>	<u>11</u>	( 120,613 )	( 10 )
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 422,497</u>	<u>29</u>	<u>\$ 118,284</u>	<u>9</u>

## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013		2012	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 262,489	18	\$ 233,957	19
Noncontrolling interests	<u>853</u>	<u>-</u>	<u>4,940</u>	<u>-</u>
	<u>\$ 263,342</u>	<u>18</u>	<u>\$ 238,897</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 422,215	29	\$ 112,837	9
Noncontrolling interests	<u>282</u>	<u>-</u>	<u>5,447</u>	<u>-</u>
	<u>\$ 422,497</u>	<u>29</u>	<u>\$ 118,284</u>	<u>9</u>
EARNINGS PER SHARE				
Basic earnings per share	<u>\$ 1.75</u>		<u>\$ 1.56</u>	
Diluted earnings per share	<u>\$ 1.75</u>		<u>\$ 1.56</u>	

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**AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2013 and 2012**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent								Noncontrolling Interests	Total Equity
	Common Stock	Organization Reconstruction	Capital Surplus Additional paid-in capital	Donations	Retained Earnings	Foreign Currency Translation Reserve	Total			
BALANCE, JANUARY 1, 2012	\$ 1,500,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 1,665,595	\$ 174,180	\$ 5,386,735	\$ 129,251	\$ 5,515,986	
Net income for the three months ended March 31, 2012	-	-	-	-	233,957	-	233,957	4,940	238,897	
Other comprehensive income for the three months ended March 31, 2012, net of income tax	-	-	-	-	-	(121,120)	(121,120)	507	(120,613)	
Total comprehensive income for the three months ended March 31, 2012	-	-	-	-	233,957	(121,120)	112,837	5,447	118,284	
BALANCE, MARCH 31, 2012	\$ 1,500,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 1,899,552	\$ 53,060	\$ 5,499,572	\$ 134,698	\$ 5,634,270	
BALANCE, JANUARY 1, 2013	\$ 1,500,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 1,938,877	\$ 27,921	\$ 5,513,758	\$ 130,355	\$ 5,644,113	
Net income for the three months ended March 31, 2013	-	-	-	-	262,489	-	262,489	853	263,342	
Other comprehensive income for the three months ended March 31, 2013, net of income tax	-	-	-	-	-	159,726	159,726	(571)	159,155	
Total comprehensive income for the three months ended March 31, 2013	-	-	-	-	262,489	159,726	422,215	282	422,497	
BALANCE, MARCH 31, 2013	\$ 1,500,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 2,201,366	\$ 187,647	\$ 5,935,973	\$ 130,637	\$ 6,066,610	

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## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 368,956	\$ 345,071
Adjustments for:		
Depreciation expense	95,620	71,401
Amortization expense	1,725	1,465
Provision for doubtful accounts	( 1,620)	1,155
Financial assets at fair value through profit or loss	( 1,985)	( 2,353)
Finance costs	12,443	9,731
Interest income	( 2,259)	( 1,813)
Share of profits of associates	3,084	-
Loss on disposal of property, plant and equipment	109	521
Loss and provision for recovery of inventories	2,979	( 1,310)
Amortization expense of prepaid lease payments	759	751
Changes in operating assets and liabilities:		
Notes and accounts receivable	( 140,273)	( 68,545)
Other receivables	3,164	( 26,573)
Inventories	( 59,678)	( 82,048)
Other current assets	( 29,827)	( 196,379)
Notes and accounts payments	10,174	66,930
Other payables	( 11,093)	( 30,875)
Other current liabilities	( 33,479)	33,843
Accrued pension costs	( 1,426)	3,396
Cash generated from operations	217,373	124,368
Interest income received	1,587	1,813
Interest expense paid	( 11,548)	( 10,046)
Income taxes paid	( 48,295)	( 111,068)
Net cash generated by operating activities	159,117	5,067

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	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of financial assets at fair value through profit or loss	(\$ 341,042)	(\$ 208,994)
Proceeds from redemption of financial assets at fair value through profit or loss	423,859	228,583
Acquisitions of property, plant and equipment	( 314,541)	( 492,978)
Acquisitions of intangible assets and other assets	( 29,064)	( 10,125)
Proceeds from disposal of property, plant and equipment	<u>5,608</u>	<u>155</u>
Net cash used in investing activities	<u>( 255,180)</u>	<u>( 483,359)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	150,267	431,073
Decrease in short-term bills payable	( 35,113)	( 17,471)
Repayment of long-term bank loans	<u>( 5,594)</u>	<u>( 5,509)</u>
Net cash generated by financing activities	<u>109,560</u>	<u>408,093</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>16,065</u>	<u>( 34,984)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	29,562	( 105,183)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>861,802</u>	<u>1,263,145</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$ 891,364</u>	<u>\$ 1,157,962</u>

(Concluded)

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