

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2013, DECEMBER 31, 2012, SEPTEMBER 30, 2012 AND JANUARY 1, 2012

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 1,177,904	9	\$ 861,802	9	\$ 973,371	10	\$ 1,263,145	15
Financial assets at fair value through profit or loss	96,868	1	224,062	2	334,173	3	198,366	2
Notes receivables	745,157	5	511,193	5	545,709	6	616,344	7
Accounts receivables	1,583,682	12	1,047,904	10	1,145,162	11	770,466	9
Other receivables	65,511	-	57,800	1	68,493	1	44,358	-
Inventories	1,353,709	10	1,078,920	11	1,013,284	10	986,353	12
Other current assets	498,564	4	230,809	2	297,708	3	232,098	3
Total current assets	<u>5,521,395</u>	<u>41</u>	<u>4,012,490</u>	<u>40</u>	<u>4,377,900</u>	<u>44</u>	<u>4,111,130</u>	<u>48</u>
NONCURRENT ASSETS								
Investments accounted for using equity method	277,772	2	286,739	3	-	-	-	-
Property, plant and equipment	7,432,974	55	5,573,077	55	5,383,727	54	4,190,359	49
Goodwill	21,120	-	20,365	-	20,365	-	21,007	-
Other intangible assets	41,482	-	26,251	-	27,524	-	20,526	-
Deferred income tax assets	93,229	1	93,829	1	80,688	1	71,230	1
Long-term prepaid lease payments	129,254	1	126,867	1	127,614	1	133,947	2
Other noncurrent assets	14,122	-	4,505	-	5,384	-	4,609	-
Total noncurrent assets	<u>8,009,953</u>	<u>59</u>	<u>6,131,633</u>	<u>60</u>	<u>5,645,302</u>	<u>56</u>	<u>4,441,678</u>	<u>52</u>
TOTAL	<u>\$ 13,531,348</u>	<u>100</u>	<u>\$ 10,144,123</u>	<u>100</u>	<u>\$ 10,023,202</u>	<u>100</u>	<u>\$ 8,552,808</u>	<u>100</u>
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term loans	\$ 4,217,283	31	\$ 3,051,510	30	\$ 3,028,891	30	\$ 1,671,145	20
Short-term bills payable	130,000	1	180,000	2	150,000	2	100,000	1
Notes payable	176,264	2	14,999	-	23,730	-	15,008	-
Accounts payable	430,209	3	286,304	3	372,284	4	269,490	3
Other payables	446,801	3	270,919	3	334,594	3	231,976	3
Income tax payable	171,185	1	77,631	1	83,584	1	102,897	1
	22,756	-	22,501	-	22,416	-	41,390	1
Current portion of long-term bank loans	111,309	1	149,692	1	119,268	1	116,115	1
Other current liabilities	5,705,807	42	4,053,556	40	4,134,767	41	2,548,021	30
NONCURRENT LIABILITIES								
Accrued pension cost	62,626	1	61,493	1	57,393	1	91,421	1
Long-term bank loans	998,792	7	235,891	2	241,548	2	258,394	3
Deferred income tax liabilities	224,478	2	149,070	1	190,347	2	138,986	2
Total noncurrent liabilities	<u>1,285,896</u>	<u>10</u>	<u>446,454</u>	<u>4</u>	<u>489,288</u>	<u>5</u>	<u>488,801</u>	<u>6</u>
Total liability	<u>6,991,703</u>	<u>52</u>	<u>4,500,010</u>	<u>44</u>	<u>4,624,055</u>	<u>46</u>	<u>3,036,822</u>	<u>36</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT								
Capital stock	1,605,000	12	1,500,000	15	1,500,000	15	1,500,000	18
Capital surplus	2,046,960	15	2,046,960	20	2,046,960	21	2,046,960	24
Retained earnings	2,556,833	19	1,938,877	19	1,694,008	17	1,665,595	19
Others	195,707	1	27,921	1	30,057	-	174,180	2
Equity attributable to shareholders of the parent	6,404,500	47	5,513,758	55	5,271,025	53	5,386,735	63
NONCONTROLLING INTERESTS								
Total equity	<u>6,539,645</u>	<u>48</u>	<u>5,644,113</u>	<u>56</u>	<u>5,399,147</u>	<u>54</u>	<u>5,515,986</u>	<u>64</u>
TOTAL	<u>\$ 13,531,348</u>	<u>100</u>	<u>\$ 10,144,123</u>	<u>100</u>	<u>\$ 10,023,202</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 SEPTEMBER 31, 2013 AND 2012 , FOR THE SIX MONTHS ENDED SEPTEMBER 31, 2013 AND 2012

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended		September 30		For the Nine Months Ended		September 30	
	2013	%	2012	%	2013	%	2012	%
REVENUE	\$2,018,709	100	\$1,502,699	100	\$5,515,811	100	\$4,316,684	100
COST OF REVENUE	(892,757)	(44)	(710,163)	(47)	(2,480,979)	(45)	(2,058,908)	(48)
CROSS PROFIT	<u>1,125,952</u>	<u>56</u>	<u>792,536</u>	<u>53</u>	<u>3,034,832</u>	<u>55</u>	<u>2,257,776</u>	<u>52</u>
OPERATING EXPENSES								
Marketing								
General and administrative	(287,948)	(14)	(220,484)	(15)	(774,203)	(14)	(604,077)	(14)
Research and development	(172,826)	(9)	(122,572)	(8)	(462,813)	(8)	(353,916)	(8)
Total operating expenses	(<u>52,329</u>)	(<u>3</u>)	(<u>46,209</u>)	(<u>3</u>)	(<u>146,813</u>)	(<u>3</u>)	(<u>139,211</u>)	(<u>3</u>)
	(<u>513,103</u>)	(<u>26</u>)	(<u>389,265</u>)	(<u>26</u>)	(<u>1,383,829</u>)	(<u>25</u>)	(<u>1,097,204</u>)	(<u>25</u>)
INCOME FROM OPERATIONS								
REVENUE	<u>612,849</u>	<u>30</u>	<u>403,271</u>	<u>27</u>	<u>1,651,003</u>	<u>30</u>	<u>1,160,572</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	3,688	-	1,869	-	9,528	-	6,300	-
Other gains and losses	69,635	4	5,031	-	154,366	3	28,111	1
Finance costs	(<u>17,136</u>)	(<u>1</u>)	(<u>12,387</u>)	(<u>1</u>)	(<u>42,381</u>)	(<u>1</u>)	(<u>31,915</u>)	(<u>1</u>)
Total non-operating income and expenses	<u>56,187</u>	<u>3</u>	(<u>5,487</u>)	(<u>1</u>)	<u>121,513</u>	<u>2</u>	<u>2,496</u>	<u>-</u>
INCOME BEFORE INCOME TAX	669,036	33	397,784	26	1,772,516	32	1,163,068	27
INCOME TAX EXPENSE	(<u>177,386</u>)	(<u>9</u>)	(<u>107,553</u>)	(<u>7</u>)	(<u>474,153</u>)	(<u>8</u>)	(<u>327,526</u>)	(<u>8</u>)
NET INCOME	<u>491,650</u>	<u>24</u>	<u>290,231</u>	<u>19</u>	<u>1,298,363</u>	<u>24</u>	<u>835,542</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences arising on translation of foreign operations	(<u>65,972</u>)	(<u>3</u>)	(<u>35,963</u>)	(<u>2</u>)	<u>167,169</u>	<u>3</u>	(<u>143,524</u>)	(<u>3</u>)
Other comprehensive income for the period, net of income tax	(<u>65,972</u>)	(<u>3</u>)	(<u>35,963</u>)	(<u>2</u>)	<u>167,169</u>	<u>3</u>	(<u>143,524</u>)	(<u>3</u>)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 425,678</u>	<u>21</u>	<u>\$ 254,268</u>	<u>17</u>	<u>\$1,465,532</u>	<u>27</u>	<u>\$ 692,018</u>	<u>16</u>

NET INCOME								
ATTRIBUTABLE TO:								
Shareholders of the parent	\$ 489,074	24	\$ 288,226	19	\$1,292,956	24	\$ 823,413	19
Noncontrolling interests	<u>2,576</u>	<u>-</u>	<u>2,005</u>	<u>-</u>	<u>5,407</u>	<u>-</u>	<u>12,129</u>	<u>-</u>
	<u>\$ 491,650</u>	<u>24</u>	<u>\$ 290,231</u>	<u>19</u>	<u>\$1,298,363</u>	<u>24</u>	<u>\$ 835,542</u>	<u>19</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Shareholders of the parent	\$ 423,130	21	\$ 252,086	17	\$1,460,742	27	\$ 679,290	16
Noncontrolling interests	<u>2,548</u>	<u>-</u>	<u>2,182</u>	<u>-</u>	<u>4,790</u>	<u>-</u>	<u>12,728</u>	<u>-</u>
	<u>\$ 425,678</u>	<u>21</u>	<u>\$ 254,268</u>	<u>17</u>	<u>\$1,465,532</u>	<u>27</u>	<u>\$ 692,018</u>	<u>16</u>
EARNINGS PER SHARE								
Basic earnings per share	<u>\$ 3.05</u>		<u>\$ 1.80</u>		<u>\$ 8.06</u>		<u>\$ 5.13</u>	
Diluted earnings per share	<u>\$ 3.04</u>		<u>\$ 1.79</u>		<u>\$ 8.04</u>		<u>\$ 5.13</u>	

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 and 2012
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Shareholders of the Parent									Total Equity
	Common Stock	Capital Surplus			Retained Earnings		Foreign Currency Translation Reserve	Total	Noncontrolling Interests	
		Organization Reconstruction	Additional paid-in capital	Donations	Unappropriated Earnings	Special Reserve				
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
Appropriations of 2011 earnings										
Cash dividends to shareholders	-	-	-	-	(795,000)	-	-	(795,000)	-	(795,000)
Stock dividends to shareholders	-	-	-	-	-	-	-	-	(13,857)	(13,857)
Net income for the nine months ended September 30, 2012	-	-	-	-	823,413	-	-	823,413	12,129	835,542
Other comprehensive income for the nine months ended September 30, 2012, net of income tax										
Total comprehensive income for the nine months ended September 30	-	-	-	-	-	-	(144,123)	(144,123)	599	(143,524)
Net income for the nine months ended September 30, 2012										
Other comprehensive income for the nine months ended September 30, 2012, net of income tax	-	-	-	-	823,413	-	(144,123)	679,290	12,728	692,018
BALANCE, SEPTEMBER 30, 2012	\$ 1,500,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 1,694,008	\$ -	\$ 30,057	\$ 5,271,025	\$ 128,122	\$ 5,399,147
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
Appropriations of 2012 earnings										
Special reserve under Rule no.1010012865 issued by the FSC	-	-	-	-	(50,808)	50,808	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(570,000)	-	-	(570,000)	-	(570,000)
Stock dividends to shareholders	105,000	-	-	-	(105,000)	-	-	-	-	-
Net income for the nine months ended September 30, 2013	-	-	-	-	1,292,956	-	-	1,292,956	5,407	1,298,363
Other comprehensive income for the nine months ended September 30, 2013, net of income tax										
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	-	-	167,786	167,786	(617)	167,169
BALANCE, SEPTEMBER 30, 2013	\$ 1,605,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 2,506,025	\$ 50,808	\$ 195,707	\$ 6,404,500	\$ 135,145	\$ 6,539,645

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

CASH FLOWS FROM OPERATING ACTIVITIES	For the Nine Months Ended September 30	
	2013	2012
Income before income tax	\$ 1,772,516	\$ 1,163,068
Adjustments for:		
Provision for doubtful accounts	6,698	11,277
Depreciation expense	307,643	230,938
Amortization expense	5,813	4,521
Amortization expense of prepaid lease payments	2,316	2,251
Financial assets at fair value through profit or loss	(3,495)	(8,826)
Finance costs	42,381	31,915
Interest income	(9,528)	(6,300)
Write-down of inventories	6,903	1,188
Loss and provision for recovery of inventories	-	(2,368)
Share of profits of associates	12,367	-
Loss on disposal of property, plant and equipment	(33,800)	3,941
Changes in operating assets and liabilities:		
Notes receivable	(233,904)	70,628
Accounts receivable	(481,584)	(426,680)
Other receivables	(4,862)	(25,655)
Inventories	(246,759)	(54,223)
Other current assets	(46,526)	(87,022)
Notes payments	161,265	96,033
Accounts payments	131,524	24,960
Other payables	121,211	111,031
Other current liabilities	(43,749)	(57,779)
Accrued pension costs	(1,146)	(31,434)
Cash generated from operations	1,465,284	1,051,464
Interest income received	8,809	6,300

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	<u>2013</u>	<u>2012</u>
Interest expense paid	(\$ 41,352)	(\$ 32,644)
Income taxes paid	(346,156)	(300,501)
Net cash generated by operating activities	<u>1,086,585</u>	<u>724,619</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through profit or loss	(539,101)	(1,510,244)
Proceeds from redemption of financial assets at fair value through profit or loss	677,573	1,376,278
Acquisitions of property, plant and equipment	(2,253,321)	(1,456,912)
Proceeds from disposal of property, plant and equipment	129,525	1,231
Increase in refundable deposits	(9,105)	-
Acquisitions of intangible assets	(20,353)	(13,086)
Net cash used in investing activities	<u>(2,014,782)</u>	<u>(1,602,733)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	1,126,047	1,401,178
Decrease in short-term bills payable	(50,000)	53,421
Proceeds from long-term borrowings	780,000	-
Repayment of long-term bank loans	(16,844)	(35,350)
Dividends paid to owners of the Company	(570,000)	(795,000)
Dividends paid to non-trolling interests	-	(13,857)
Net cash generated by financing activities	<u>1,269,203</u>	<u>610,392</u>
 EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(24,904)</u>	<u>(22,052)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	316,102	(289,774)

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>861,802</u>	<u>1,263,145</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,177,904</u>	<u>\$ 973,371</u>

The Financial Statements have been reviewed by Deloitte Touche Tohmatsu Limited