

**AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2013, DECEMBER 31, 2012, AND JANUARY 1, 2012**  
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 31, 2012	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 1,469,694	10	\$ 861,802	8	\$ 1,263,145	15
Financial assets at fair value through profit or loss	121,263	1	224,062	2	198,366	2
Notes receivables	719,723	5	511,193	5	616,344	7
Accounts receivables	1,485,848	10	1,047,904	10	770,466	9
Other receivables	82,187	-	57,800	1	44,358	-
Inventories	1,543,179	11	1,078,920	11	986,353	12
Other current assets	99,558	1	78,564	1	85,297	1
Total current assets	<u>5,521,452</u>	<u>38</u>	<u>3,860,245</u>	<u>38</u>	<u>3,964,329</u>	<u>46</u>
<b>NONCURRENT ASSETS</b>						
Investments accounted for using equity method	279,493	2	286,739	3	-	-
Property, plant and equipment	8,106,491	56	5,573,077	55	4,190,359	49
Goodwill	21,496	-	20,365	-	21,007	-
Other intangible assets	47,734	-	26,251	-	20,526	-
Deferred income tax assets	100,835	1	93,829	1	71,230	1
Long-term prepaid lease payments	130,767	1	126,867	1	133,947	2
Other noncurrent assets	308,283	2	156,750	2	151,410	2
Total noncurrent assets	<u>8,995,099</u>	<u>62</u>	<u>6,283,878</u>	<u>62</u>	<u>4,588,479</u>	<u>54</u>
<b>TOTAL</b>	<u>\$14,516,551</u>	<u>100</u>	<u>\$10,144,123</u>	<u>100</u>	<u>\$ 8,552,808</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term loans	\$ 2,913,797	20	\$ 3,051,510	30	\$ 1,671,145	20
Short-term bills payable	130,000	1	180,000	2	100,000	1
Notes payable	13,055	-	14,999	-	15,008	-
Accounts payable	421,780	3	286,304	3	269,490	3
Other payables	463,552	3	270,919	3	231,976	3
Income tax payable	163,808	1	77,631	1	102,897	1
Current portion of long-term bank loans	22,842	-	22,501	-	41,390	1
Other current liabilities	50,626	1	149,692	1	116,115	1
Total current liabilities	<u>4,179,460</u>	<u>29</u>	<u>4,053,556</u>	<u>40</u>	<u>2,548,021</u>	<u>30</u>
<b>NONCURRENT LIABILITIES</b>						
Accrued pension cost	41,713	-	61,493	1	91,421	1
Long-term bank loans	993,049	7	235,891	2	258,394	3
Deferred income tax liabilities	258,744	2	149,070	1	138,986	2
Total noncurrent liabilities	<u>1,293,506</u>	<u>9</u>	<u>446,454</u>	<u>4</u>	<u>488,801</u>	<u>6</u>
Total liabilities	<u>5,472,966</u>	<u>38</u>	<u>4,500,010</u>	<u>44</u>	<u>3,036,822</u>	<u>36</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Capital stock	1,705,000	12	1,500,000	15	1,500,000	18
Capital surplus	3,906,960	27	2,046,960	20	2,046,960	24
Retained earnings	2,972,093	20	1,938,877	19	1,665,595	19
Others	315,371	2	27,921	1	174,180	2
Equity attributable to shareholders of the parent	8,899,424	61	5,513,758	55	5,386,735	63
<b>NONCONTROLLING INTERESTS</b>	<u>144,161</u>	<u>1</u>	<u>130,355</u>	<u>1</u>	<u>129,251</u>	<u>1</u>
Total equity	<u>9,043,585</u>	<u>62</u>	<u>5,644,113</u>	<u>56</u>	<u>5,515,986</u>	<u>64</u>
<b>TOTAL</b>	<u>\$14,516,551</u>	<u>100</u>	<u>\$10,144,123</u>	<u>100</u>	<u>\$ 8,552,808</u>	<u>100</u>

The Financial Statements have been audited by Deloitte Touche Tohmatsu Limited ◦

## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars)

	2013		2012	
	Amount	%	Amount	%
REVENUE	\$ 7,300,291	100	\$ 5,697,973	100
COST OF REVENUE	( 3,264,133)	( 45)	( 2,714,360)	( 48)
GROSS PROFIT	<u>4,036,158</u>	<u>55</u>	<u>2,983,613</u>	<u>52</u>
OPERATING EXPENSES				
Selling and Marketing	( 1,059,692)	( 14)	( 832,925)	( 15)
General and administrative	( 581,001)	( 8)	( 485,870)	( 8)
Research and development	( 200,714)	( 3)	( 179,471)	( 3)
Total operating expense	<u>( 1,841,407)</u>	<u>( 25)</u>	<u>( 1,498,266)</u>	<u>( 26)</u>
PROFIT FROM OPERATIONS	<u>2,194,751</u>	<u>30</u>	<u>1,485,347</u>	<u>26</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	13,063	-	8,882	-
Other gains and losses	210,651	3	56,992	1
Finance costs	( 51,708)	-	( 43,721)	( 1)
Total no-operating income and expense	<u>172,006</u>	<u>3</u>	<u>22,153</u>	<u>-</u>
INCOME BEFORE INCOME TAX	2,366,757	33	1,507,500	26
INCOME TAX EXPENSE	( 641,306)	( 9)	( 422,528)	( 7)
NET INCOME	<u>1,725,451</u>	<u>24</u>	<u>1,084,972</u>	<u>19</u>

(Continued)

(Continued)

	2013		2012	
	Amount	%	Amount	%
OTHER				
COMPREHENSIVE				
INCOME				
Exchange differences				
arising on translation of				
foreign operations	\$285,963	4	( \$145,257)	( 3)
Exchange differences				
arising on translation of				
foreign operations	( 1,942)	-	( 2,731)	-
Other comprehensive				
income for the period,				
net of income tax	<u>284,021</u>	<u>4</u>	( <u>147,988</u> )	( <u>3</u> )
TOTAL				
COMPREHENSIVE				
INCOME FOR THE				
PERIOD	<u>\$ 2,009,472</u>	<u>28</u>	<u>\$ 936,984</u>	<u>16</u>
NET INCOME				
ATTRIBUTABLE TO: :				
Shareholders of the				
parent	\$ 1,710,158	24	\$ 1,071,013	19
Non-controlling				
interests	<u>15,293</u>	<u>-</u>	<u>13,959</u>	<u>-</u>
	<u>\$ 1,725,451</u>	<u>24</u>	<u>\$ 1,084,972</u>	<u>19</u>
TOTAL COMPREHENSIVE				
INCOME				
ATTRIBUTABLE TO: :				
Shareholders of the				
parent	\$ 1,995,666	28	\$ 922,023	16
Non-controlling				
interests	<u>13,806</u>	<u>-</u>	<u>14,961</u>	<u>-</u>
	<u>\$ 2,009,472</u>	<u>28</u>	<u>\$ 936,984</u>	<u>16</u>
EARNINGS PER SHARE				
BASIC	<u>\$ 10.55</u>		<u>\$ 6.67</u>	
Diluted earnings per	<u>\$ 10.53</u>		<u>\$ 6.67</u>	

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

**AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent									
	Capital Surplus				Retained Earnings		Foreign Currency Translation Reserve	Total	Noncontrollin g Interests	Total Equity
	Common Stock	Organization Reconstruction	Additional paid-in capital	Donations	Unappropriate d 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)
Net income of 2012 earnings	-	-	-	-	1,071,013	-	-	1,071,013	13,959	1,084,972
Other comprehensive income of 2012 earnings	-	-	-	-	( 2,731)	-	( 146,259)	( 148,990)	1,002	( 147,988)
Total comprehensive income of 2012 earnings	-	-	-	-	1,068,282	-	( 146,259)	922,023	14,961	936,984
Stock dividends to shareholders	-	-	-	-	-	-	-	-	( 13,857)	( 13,857)
BALANCE, DECEMBER 31, 2012	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 of 2013 earnings	-	-	-	-	1,710,158	-	-	1,710,158	15,293	1,725,451
Other comprehensive income of 2013 earnings	-	-	-	-	( 1,942)	-	287,450	285,508	( 1,487)	284,021
Total comprehensive income of 2013 earnings	-	-	-	-	1,708,216	-	287,450	1,995,666	13,806	2,009,472
Issue of ordinary shares for cash	100,000	-	1,860,000	-	-	-	-	1,960,000	-	1,960,000
BALANCE, DECEMBER 31, 2013	\$ 1,705,000	\$ 704,640	\$ 3,160,768	\$ 41,552	\$ 2,921,285	\$ 50,808	\$ 315,371	\$ 8,899,424	\$ 144,161	\$ 9,043,585

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

## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(In Thousands of New Taiwan Dollars)

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,366,757	\$ 1,507,500
Adjustments for:		
Depreciation expense	423,196	322,750
Amortization expense	8,088	6,165
Provision for doubtful accounts	18,750	15,381
Financial assets at fair value through profit or loss	( 4,692)	( 10,219)
Finance costs	51,708	43,721
Interest income	( 13,063)	( 8,882)
Share of profits of associates	12,447	50
Loss on disposal of property, plant and equipment	( 28,335)	6,479
Impairment losses of non-financial assets	17,238	-
Reversal of impairment of non-financial assets	-	( 2,034)
Amortization expense of prepaid lease payments	3,089	2,998
Changes in operating assets and liabilities:		
Notes receivables	( 208,612)	105,181
Accounts receivables	( 371,466)	( 332,286)
Other receivables	( 20,061)	( 14,875)
Inventories	( 419,814)	( 118,608)
Other current assets	( 16,288)	( 6,315)
Notes payments	( 1,944)	( 9)
Accounts payments	116,347	25,654
Other payables	158,592	37,582
Other current liabilities	( 105,190)	( 57,727)
Accrued pension costs	( 22,725)	( 27,275)
Cash generated from operations	1,964,022	1,495,231
Interest income received	13,063	8,882
Interest expense paid	( 50,650)	( 44,418)
Income taxes paid	( 497,647)	( 391,854)
Net cash generated by operating activities	1,428,788	1,067,841

(Continued)

(Continued)

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of financial assets at fair value through profit or loss	( 657,766)	( 1,967,658)
Proceeds from redemption of financial assets at fair value through profit or loss	775,369	1,945,939
Long-term equity investment using the equity method	-	( 288,051)
Acquisitions of property, plant and equipment	( 2,751,906)	( 1,795,146)
Proceeds from disposal of property, plant and equipment	136,262	26,562
Increase in refundable deposits	( 9,822)	-
Acquisitions of intangible assets	( 24,791)	( 12,551)
Increase in Prepayment for equipment	( <u>130,228</u> )	( <u>9,988</u> )
Net cash used in investing activities	( <u>2,662,882</u> )	( <u>2,100,893</u> )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease (Increase) in short-term loans	( 212,071)	1,448,524
Decrease in short-term bills payable	( 50,000)	83,522
Proceeds from long-term borrowings	780,000	-
Repayment of long-term bank loans	( 22,501)	( 40,909)
Dividends paid to owners of the Company	( 570,000)	( 795,000)
Proceed from issue of ordinary shares	1,960,000	-
Dividends paid to non-trolling interests	<u>-</u>	( <u>13,857</u> )
Net cash generated by financing activities	<u>1,885,428</u>	<u>682,280</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	( <u>43,442</u> )	( <u>50,571</u> )

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	607,892	( 401,343)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>861,802</u>	<u>1,263,145</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$1,469,694</u>	<u>\$ 861,802</u>

The Financial Statements have been audited by Deloitte Touche Tohmatsu Limited