

**AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**JUNE 30, 2013, DECEMBER 31, 2012, JUNE 30, 2012 AND JANUARY 1, 2012**
**(In Thousands of New Taiwan Dollars)**
**(Reviewed, Not Audited)**

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 1,566,443	13	\$ 861,802	9	\$ 981,113	10	\$ 1,263,145	15
Financial assets at fair value through profit or loss	-	-	224,062	2	384,161	4	198,366	2
Notes and accounts receivables	2,338,673	19	1,559,097	15	1,656,524	17	1,386,810	16
Other receivables	59,619	-	57,800	1	86,799	1	44,358	-
Inventories	1,253,552	10	1,078,920	11	998,511	10	986,353	12
Other current assets	345,014	3	230,809	2	373,993	4	232,098	3
Total current assets	<u>5,563,301</u>	<u>45</u>	<u>4,012,490</u>	<u>40</u>	<u>4,481,101</u>	<u>46</u>	<u>4,111,130</u>	<u>48</u>
<b>NONCURRENT ASSETS</b>								
Investments accounted for using equity method	283,924	2	286,739	3	-	-	-	-
Property, plant and equipment	6,239,138	51	5,573,077	55	4,951,813	51	4,190,359	49
Goodwill	21,361	-	20,365	-	20,544	-	21,007	-
Other intangible assets	31,708	-	26,251	-	27,311	-	20,526	-
Deferred income tax assets	88,175	1	93,829	1	80,388	1	71,230	1
Long-term prepaid lease payments	131,512	1	126,867	1	129,489	2	133,947	2
Other noncurrent assets	33,889	-	4,505	-	4,836	-	4,609	-
Total noncurrent assets	<u>6,829,707</u>	<u>55</u>	<u>6,131,633</u>	<u>60</u>	<u>5,214,381</u>	<u>54</u>	<u>4,441,678</u>	<u>52</u>
<b>TOTAL</b>	<u>\$ 12,393,008</u>	<u>100</u>	<u>\$ 10,144,123</u>	<u>100</u>	<u>\$ 9,695,482</u>	<u>100</u>	<u>\$ 8,552,808</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Short-term loans	\$ 3,725,539	30	\$ 3,051,510	30	\$ 2,262,756	23	\$ 1,671,145	20
Short-term bills payable	130,000	1	180,000	2	100,000	1	100,000	1
Accounts payable	586,892	5	301,303	3	370,463	4	284,498	3
Other payables	956,655	8	270,919	3	1,097,346	11	231,976	3
Income tax payable	160,693	1	77,631	1	83,113	1	102,897	1
Current portion of long-term bank loans	22,671	-	22,501	-	41,134	1	41,390	1
Other current liabilities	201,733	2	149,692	1	107,823	1	116,115	1
Total current liabilities	<u>5,784,183</u>	<u>47</u>	<u>4,053,556</u>	<u>40</u>	<u>4,062,635</u>	<u>42</u>	<u>2,548,021</u>	<u>30</u>
<b>NONCURRENT LIABILITIES</b>								
Accrued pension cost	62,581	-	61,493	1	63,797	1	91,421	1
Long-term bank loans	224,513	2	235,891	2	247,186	2	258,394	3
Deferred income tax liabilities	207,764	2	149,070	1	176,985	2	138,986	2
Total noncurrent liabilities	<u>494,858</u>	<u>4</u>	<u>446,454</u>	<u>4</u>	<u>487,968</u>	<u>5</u>	<u>488,801</u>	<u>6</u>
Total liabilities	<u>6,279,041</u>	<u>51</u>	<u>4,500,010</u>	<u>44</u>	<u>4,550,603</u>	<u>47</u>	<u>3,036,822</u>	<u>36</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>								
Capital stock	1,605,000	13	1,500,000	15	1,500,000	15	1,500,000	18
Capital surplus	2,046,960	16	2,046,960	20	2,046,960	21	2,046,960	24
Retained earnings	2,067,759	17	1,938,877	19	1,405,782	15	1,665,595	19
Others	261,651	2	27,921	1	66,197	1	174,180	2
Equity attributable to shareholders of the parent	5,981,370	48	5,513,758	55	5,018,939	52	5,386,735	63
<b>NONCONTROLLING INTERESTS</b>								
	132,597	1	130,355	1	125,940	1	129,251	1
Total equity	<u>6,113,967</u>	<u>49</u>	<u>5,644,113</u>	<u>56</u>	<u>5,144,879</u>	<u>53</u>	<u>5,515,986</u>	<u>64</u>
<b>TOTAL</b>	<u>\$ 12,393,008</u>	<u>100</u>	<u>\$ 10,144,123</u>	<u>100</u>	<u>\$ 9,695,482</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 JUNE 30, 2013 AND 2012, FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
REVENUE	\$2,049,893	100	\$1,561,743	100	\$3,497,102	100	\$2,813,985	100
COST OF REVENUE	( 916,932)	( 45)	( 759,513)	( 48)	( 1,588,222)	( 45)	( 1,348,745)	( 48)
CROSS PROFIT	<u>1,132,961</u>	<u>55</u>	<u>802,230</u>	<u>52</u>	<u>1,908,880</u>	<u>55</u>	<u>1,465,240</u>	<u>52</u>
OPERATING EXPENSES								
Marketing	( 258,164)	( 13)	( 201,961)	( 13)	( 486,255)	( 14)	( 383,593)	( 14)
General and administrative	( 162,669)	( 8)	( 116,012)	( 8)	( 289,987)	( 8)	( 231,344)	( 8)
Research and development	( 49,083)	( 2)	( 51,654)	( 3)	( 94,484)	( 3)	( 93,002)	( 3)
Total operating expenses	( 469,916)	( 23)	( 369,627)	( 24)	( 870,726)	( 25)	( 707,939)	( 25)
INCOME FROM OPERATIONS	<u>663,045</u>	<u>32</u>	<u>432,603</u>	<u>28</u>	<u>1,038,154</u>	<u>30</u>	<u>757,301</u>	<u>27</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	3,581	-	2,618	-	5,840	-	4,431	-
Other gains and losses	80,700	4	( 5,211)	-	84,731	3	23,080	1
Finance costs	( 12,802)	-	( 9,797)	( 1)	( 25,245)	( 1)	( 19,528)	( 1)
Total non-operating income and expenses	<u>71,479</u>	<u>4</u>	<u>( 12,390)</u>	<u>( 1)</u>	<u>65,326</u>	<u>2</u>	<u>7,983</u>	<u>-</u>
INCOME BEFORE INCOME TAX	734,524	36	420,213	27	1,103,480	32	765,284	27
INCOME TAX EXPENSE	( 191,153)	( 10)	( 113,799)	( 7)	( 296,767)	( 9)	( 219,973)	( 8)
NET INCOME	<u>543,371</u>	<u>26</u>	<u>306,414</u>	<u>20</u>	<u>806,713</u>	<u>23</u>	<u>545,311</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences arising on translation of foreign operations	<u>73,986</u>	<u>4</u>	<u>( 805)</u>	<u>-</u>	<u>233,141</u>	<u>7</u>	<u>( 121,418)</u>	<u>( 4)</u>
Other comprehensive income for the period, net of income tax	<u>73,986</u>	<u>4</u>	<u>( 805)</u>	<u>-</u>	<u>233,141</u>	<u>7</u>	<u>( 121,418)</u>	<u>( 4)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 617,357</u>	<u>30</u>	<u>\$ 305,609</u>	<u>20</u>	<u>\$1,039,854</u>	<u>30</u>	<u>\$ 423,893</u>	<u>15</u>

NET INCOME								
ATTRIBUTABLE TO :								
Shareholders of the parent	\$ 541,393	26	\$ 301,230	19	\$ 803,882	23	\$ 535,187	19
Noncontrolling interests	<u>1,978</u>	<u>-</u>	<u>5,184</u>	<u>1</u>	<u>2,831</u>	<u>-</u>	<u>10,124</u>	<u>-</u>
	<u>\$ 543,371</u>	<u>26</u>	<u>\$ 306,414</u>	<u>20</u>	<u>\$ 806,713</u>	<u>23</u>	<u>\$ 545,311</u>	<u>19</u>
TOTAL								
COMPREHENSIVE								
INCOME								
ATTRIBUTABLE TO:								
Shareholders of the parent	\$ 615,397	30	\$ 314,367	20	\$1,037,612	30	\$ 427,204	15
Noncontrolling interests	<u>1,960</u>	<u>-</u>	<u>( 8,758 )</u>	<u>-</u>	<u>2,242</u>	<u>-</u>	<u>( 3,311 )</u>	<u>-</u>
	<u>\$ 617,357</u>	<u>30</u>	<u>\$ 305,609</u>	<u>20</u>	<u>\$1,039,854</u>	<u>30</u>	<u>\$ 423,893</u>	<u>15</u>
EARNINGS PER SHARE								
Basic earnings per share	<u>\$ 3.37</u>		<u>\$ 1.88</u>		<u>\$ 5.01</u>		<u>\$ 3.33</u>	
Diluted earnings per share	<u>\$ 3.37</u>		<u>\$ 1.88</u>		<u>\$ 5.01</u>		<u>\$ 3.33</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 SIX MONTHS ENDED JUNE 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			Total	Noncontrolling Interests	
		Organization Reconstruction	Additional paid-in capital	Donations	Unappropriated Earnings	Special Reserve	Oreign Currency Translation 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	-	-	-	-	( 795,000)	-	-	( 795,000)	-	( 795,000)
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2012	-	-	-	-	535,187	-	-	535,187	10,124	545,311
Other comprehensive income for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	-	( 107,983)	( 107,983)	( 13,435)	( 121,418)
Total comprehensive income for the six months ended June 31, 2012	-	-	-	-	535,187	-	( 107,983)	427,204	( 3,311)	423,893
BALANCE, JUNE 30, 2012	\$ 1,500,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 1,405,782	\$ -	\$ 66,197	\$ 5,018,939	\$ 125,940	\$ 5,144,879
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	-	-	-	-	( 50,808)	50,808	-	-	-	-
Special reserve under Rule no.1010012865 issued by the FSC	-	-	-	-	( 570,000)	-	-	( 570,000)	-	( 570,000)
Cash dividends to shareholders	-	-	-	-	( 105,000)	-	-	-	-	-
Stock dividends to shareholders	105,000	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2013	-	-	-	-	803,882	-	-	803,882	2,831	806,713
Other comprehensive income for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	-	233,730	233,730	( 589)	233,141
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	803,882	-	233,730	1,037,612	2,242	1,039,854
BALANCE, JUNE 30, 2013	\$ 1,605,000	\$ 704,640	\$ 1,300,768	\$ 41,552	\$ 2,016,951	\$ 50,808	\$ 261,651	\$ 5,981,370	\$ 132,597	\$ 6,113,967

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

## AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,103,480	\$ 765,284
Adjustments for:		
Provision for doubtful accounts	2,554	8,032
Depreciation expense	197,830	147,670
Amortization expense	3,557	2,958
Amortization expense of prepaid lease payments	1,534	1,500
Financial assets at fair value through profit or loss	( 2,607)	( 5,130)
Finance costs	25,245	19,528
Interest income	( 5,840)	( 4,431)
Write-down of inventories	5,134	-
Loss and provision for recovery of inventories	-	( 2,368)
Share of profits of associates	7,278	-
Loss on disposal of property, plant and equipment	273	739
Changes in operating assets and liabilities:		
Notes and accounts receivable	( 692,056)	( 305,612)
Other receivables	1,668	( 43,292)
Inventories	( 121,077)	( 30,669)
Other current assets	( 51,491)	( 166,352)
Notes and accounts payments	265,530	91,970
Other payables	48,683	27,707
Other current liabilities	43,853	14,128
Accrued pension costs	( 1,883)	( 25,532)
Cash generated from operations	831,665	496,130
Interest income received	5,147	4,431
Interest expense paid	( 24,339)	( 11,662)
Income taxes paid	( 221,750)	( 207,751)
Net cash generated by operating activities	590,723	281,148

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	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of financial assets at fair value through profit or loss	(\$ 345,031)	(\$ 792,154)
Proceeds from redemption of financial assets at fair value through profit or loss	578,066	607,671
Acquisitions of property, plant and equipment	( 629,399)	( 967,463)
Acquisitions of intangible assets and other assets	( 36,315)	( 10,480)
Proceeds from disposal of property, plant and equipment	<u>4,543</u>	<u>9,799</u>
Net cash used in investing activities	( <u>428,136</u> )	( <u>1,152,627</u> )
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	572,934	618,161
Decrease in short-term bills payable	( 50,000)	2,203
Repayment of long-term bank loans	( <u>11,209</u> )	( <u>12,051</u> )
Net cash generated by financing activities	<u>511,725</u>	<u>608,313</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>30,329</u>	( <u>18,866</u> )
NET INCREASE (DECREASE) IN CASH AND CASH EQYIVALENTS	704,641	( 282,032)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>861,802</u>	<u>1,263,145</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,566,443</u>	<u>\$ 981,113</u>

The Financial Statements have been reviewed by Deloitte Touche Tohmatsu Limite

