

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2012 AND 2011  
(In Thousands of New Taiwan Dollars, Except Par Value)  
(Reviewed, Not Audited)

Code	Assets	2012.3.31			2011.3.31			Code	Liabilities and shareholders' equity	2012.3.31			2011.3.31		
		RMB	NTD	%	RMB	NTD	%			RMB	NTD	%	RMB	NTD	%
	Current assets							Current liabilities							
1100	Cash	\$ 247,190	\$ 1,157,962	13	\$ 247,318	\$ 1,115,528	17	2100	Short-term loans	\$ 439,095	\$ 2,056,934	22	\$ 40,388	\$ 182,170	3
1310	Financial assets at fair value through profit or loss							2110	Short-term bills payable	17,080	80,000	1	-	-	-
		37,596	176,118	2	-	-	-	2140	Notes payable and Accounts payable	73,435	344,003	4	63,001	284,166	4
1140	Notes receivable and Accounts receivable, net	303,692	1,422,645	15	267,537	1,206,725	18	2160	Income tax payable	17,749	83,147	1	21,164	95,461	2
1178	Other receivables	15,539	72,792	1	16,225	73,183	1	2170	Accrued expenses	44,193	207,021	2	49,198	221,908	3
120X	Inventories	223,744	1,048,129	11	181,445	818,406	12	2270	Current portion of long-term liabilities	8,750	40,986	-	4,698	21,191	-
1286	Deferred income tax assets - current	12,412	58,144	1	4,789	21,601	-	2280	Other current liabilities	32,935	154,344	2	19,553	88,197	1
1298	Other current assets	35,449	166,060	2	20,540	92,638	2	21XX	Total current liabilities	633,237	2,966,435	32	198,002	893,093	13
11XX	Total current assets	875,622	4,101,850	45	737,854	3,328,081	50	2420	Long-term liabilities	53,972	252,798	3	132,660	598,358	9
	Property, plant and equipment							2810	Accrued pension cost	21,761	101,941	1	24,170	109,017	2
	Cost							2860	Deferred income tax liabilities - noncurrent	33,004	154,605	2	28,183	127,121	2
1501	Land	34,151	159,957	2	35,463	159,957	3	2XXX	Total liabilities	741,974	3,475,779	38	383,015	1,727,589	26
1521	Buildings	525,878	2,463,478	27	431,381	1,945,742	29		Shareholders' Equity						
1531	Machinery and equipment	316,312	1,481,764	16	256,650	1,157,621	17		Parent's shareholders' equity						
1551	Transportation equipment	40,974	191,944	2	30,908	139,412	2	31XX	Common stock at par value of \$10 each; authorized and issued -2012.3.31 and 2011.3.31 :150,000 thousand shares	315,759	1,500,000	17	315,759	1,500,000	23
1561	Office equipment and other	73,195	342,879	4	59,163	266,857	4	32XX	Capital surplus	448,529	2,101,135	23	448,529	2,023,091	30
15X1	Total cost	990,510	4,640,022	51	813,565	3,669,589	55	3350	Unappropriated earnings	416,643	1,951,765	21	309,454	1,395,792	21
15X9	Less: Accumulated depreciation	(232,023)	(1,086,912)	(12)	(187,999)	(847,968)	(13)	3420	Cumulative translation adjustments	(10,861)	(71,725)	(1)	(7,371)	(109,016)	(2)
		758,487	3,553,110	39	625,566	2,821,621	42		Minority Interest	1,170,070	5,481,175	60	1,066,371	4,809,867	72
1670	Construction in progress and prepayments for equipment	252,932	1,184,860	13	66,849	301,522	5	3610	Total shareholders' equity	32,516	152,320	2	28,126	126,862	2
15XX	Total property, plant and equipment	1,011,419	4,737,970	52	692,415	3,123,143	47	3XXX		1,202,586	5,633,495	62	1,094,497	4,936,729	74
	Intangible assets								Total Liabilities and shareholders' equity	1,944,560	9,109,274	100	1,477,512	6,664,318	100
1750	Computer software	6,103	28,592	-	4,379	19,752	1								
1760	Goodwill	4,370	20,472	-	4,370	19,712	-								
1770	Deferred pension cost	1,855	8,691	-	2,938	13,253	-								
1782	Land access	28,345	132,783	2	28,934	130,506	2								
17XX	Total intangible assets	40,673	190,538	2	40,621	183,223	3								
	Other assets														
1830	Deferred charges	12,590	58,980	1	5,933	26,759	-								
1860	Deferred income tax assets - noncurrent	3,932	18,419	-	487	2,199	-								
1880	Other Assets	324	1,517	-	202	913	-								
18XX	Total other assets	16,846	78,916	1	6,622	29,871	-								
1XXX	Total Assets	\$ 1,944,560	\$ 9,109,274	100	\$ 1,477,512	\$ 6,664,318	100								

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

Code		2012.1.1~2012.3.31			2011.1.1~2011.3.31				
		RMB	NTD	%	RMB	NTD	%		
4110	Operating revenue	\$ 266,718	\$ 1,249,443	100	\$ 281,787	\$ 1,270,999	100		
4170	Less : Sales returns and allowances	( 85)	( 398)	-	( 222)	( 1,000)	-		
4100	Net sales	266,633	1,249,045	100	281,565	1,269,999	100		
5000	Operating costs	( 125,462)	( 587,729)	( 47)	( 130,424)	( 588,279)	( 46)		
5910	Gross profit	141,171	661,316	53	151,141	681,720	54		
	Operating expenses								
6100	Selling expenses	( 38,674)	( 181,168)	( 15)	( 24,996)	( 112,744)	( 9)		
6200	General and administrative expenses	( 24,243)	( 113,567)	( 9)	( 24,611)	( 111,009)	( 9)		
6300	Research and development expenses	( 8,804)	( 41,244)	( 3)	( 2,347)	( 10,587)	( 1)		
6000	Total operating expenses	( 71,721)	( 335,979)	( 27)	( 51,954)	( 234,340)	( 19)		
6900	Operating income	69,450	325,337	26	99,187	447,380	35		
	Non-operating income and gains								
7110	Interest income	386	1,810	-	205	926	-		
7160	Exchange gain, net	904	4,235	1	-	-	-		
7480	Miscellaneous income	5,296	24,808	2	3,667	16,539	2		
7100	Total non-operating income and gains	6,586	30,853	3	3,872	17,465	2		
	Non-operating expenses and losses								
7510	Interest expense	( 2,072)	( 9,706)	( 1)	( 1,614)	( 7,278)	( 1)		
7880	Miscellaneous expenses	( 176)	( 822)	-	( 815)	( 3,678)	-		
7500	Total non-operating expenses and losses	( 2,248)	( 10,528)	( 1)	( 2,429)	( 10,956)	( 1)		
7900	Income before income tax	73,788	345,662	28	100,630	453,889	36		
8110	Income tax expense	( 22,607)	( 105,904)	( 9)	( 25,988)	( 117,215)	( 9)		
9600	Consolidated net income	\$ 51,181	\$ 239,758	19	\$ 74,642	\$ 336,674	27		
	Attributed to								
9601	Shareholders of the parent	\$ 50,129	\$ 234,831	19	\$ 73,811	\$ 332,924	26		
9602	Minority interests	1,052	4,927	-	831	3,750	1		
		\$ 51,181	\$ 239,758	19	\$ 74,642	\$ 336,674	27		
Code		Before Income Tax		After Income Tax		Before Income Tax		After Income Tax	
		RMB	NTD	RMB	NTD	RMB	NTD	RMB	NTD
	Earnings per share								
9750	Basic	\$ 0.48	\$ 2.27	\$ 0.33	\$ 1.57	\$ 0.66	\$ 2.98	\$ 0.49	\$ 2.22
9850	Diluted	\$ 0.48	\$ 2.26	\$ 0.33	\$ 1.56	\$ 0.66	\$ 2.98	\$ 0.49	\$ 2.22

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2012.1.1~2012.3.31		2011.1.1~2011.3.31	
	RMB	NTD	RMB	NTD
Cash flows from operating activities				
Net income	\$ 51,181	\$ 239,758	\$ 74,642	\$ 336,674
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	13,934	65,274	11,017	49,694
Amortization	1,741	8,157	1,172	5,286
Provision for doubtful accounts	246	1,152	335	1,510
Valuation gain on financial instruments	( 96)	( 450)	-	-
Provision for recovery of inventories	( 279)	( 1,308)	( 191)	( 860)
Loss on disposal of property, plant and equipment	111	521	575	2,594
Deferred income tax	2,691	12,606	6,633	29,918
Accrued pension cost	409	1,916	1,577	7,113
Changes in operating assets and liabilities:				
Accounts receivable and Notes receivable	( 14,595)	( 68,370)	( 42,460)	( 191,516)
Other receivables	( 5,611)	( 26,285)	( 3,871)	( 17,460)
Inventory	( 17,470)	( 81,838)	( 23,875)	( 107,688)
Other current assets	( 18,417)	( 86,274)	( 8,598)	( 38,781)
Accounts payable and Notes payable	14,251	66,759	5,759	25,976
Income tax payable	( 3,657)	( 17,131)	4,799	21,646
Accrued expenses	( 2,321)	( 10,873)	( 11,631)	( 52,462)
Other current liabilities	<u>7,025</u>	<u>32,909</u>	<u>1,487</u>	<u>6,707</u>
Net cash provided by operating activities	<u>29,143</u>	<u>136,523</u>	<u>17,370</u>	<u>78,351</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	( 130,052)	( 609,229)	( 77,457)	( 349,370)
Proceeds from disposal of property, plant and equipment	7	33	499	2,251

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	2012.1.1~2012.3.31		2011.1.1~2011.3.31	
	RMB	NTD	RMB	NTD
Increase in Intangible assets and other assets	(\$ 4,726)	(\$ 22,139)	(\$ 13,480)	(\$ 60,802)
Disposal of financial assets designated as at fair value through profit or loss	48,266	226,102	-	-
Acquisition of financial assets designated as at fair value through profit or loss	( 44,500)	( 208,460)	-	-
Net cash used in investing activities	( 131,005)	( 613,693)	( 90,438)	( 407,921)
Cash flows from financing activities				
Increase (decrease) in short-term loans	91,786	429,972	( 96,174)	( 433,793)
Proceeds from long-term debt	( 1,173)	( 5,495)	( 17,200)	( 77,581)
Decrease in short-term bills payable	( 3,720)	( 17,426)	-	-
Net cash used in financing activities	86,893	407,051	( 113,374)	( 511,374)
Effect of exchange rate changes	( 613)	( 35,064)	2,555	41,706
Net decrease in cash and cash equivalents	( 15,582)	( 105,183)	( 183,887)	( 799,238)
Cash and cash equivalents, beginning of period	262,772	1,263,145	431,205	1,914,766
Cash and cash equivalents, end of period	\$ 247,190	\$ 1,157,962	\$ 247,318	\$ 1,115,528
Supplemental cash flow information				
Interest paid	\$ 2,139	\$ 10,020	\$ 1,407	\$ 6,346
Income tax paid	\$ 23,649	\$ 110,784	\$ 14,232	\$ 64,192
Non-cash investing and financing activities				
Current portion of long-term liabilities	\$ 8,750	\$ 40,986	\$ 4,698	\$ 21,191

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