

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

Code	Assets	2012.6.30			2011.6.30			Code	Liabilities and shareholders' equity	2012.6.30			2011.6.30		
		RMB	NTD	%	RMB	NTD	%			RMB	NTD	%	RMB	NTD	%
	Current assets							Current liabilities							
1100	Cash	\$ 208,703	\$ 981,113	10	\$ 279,737	\$ 1,249,166	17	2100	Short-term loans	\$ 481,335	\$ 2,262,756	23	\$ 155,898	\$ 696,164	10
1310	Financial assets at fair value through profit or loss							2110	Short-term bills payable	21,270	100,000	1	-	-	-
		81,719	384,161	4	15,038	67,152	1	2140	Notes payable and Accounts payable	78,805	370,463	4	78,475	350,430	5
1140	Notes receivable and Accounts receivable, net	352,377	1,656,524	17	323,234	1,443,401	20	2160	Income tax payable	17,680	83,113	1	22,333	99,727	1
1178	Other receivables	19,143	89,991	1	16,267	72,640	1	2170	Accrued expenses	54,103	254,337	3	49,397	220,580	3
120X	Inventories	212,404	998,511	10	184,656	824,581	11	2216	Dividend payable	172,219	809,602	8	147,696	659,536	9
1286	Deferred income tax assets - current	13,304	62,542	1	9,326	41,645	-	2270	Current portion of long-term liabilities	8,750	41,134	-	4,815	21,505	-
1298	Other current assets	23,863	112,178	1	17,730	79,171	1	2298	Other current liabilities	33,618	158,003	2	20,457	91,351	1
11XX	Total current assets	911,513	4,285,020	44	845,988	3,777,756	51	21XX	Total current liabilities	867,780	4,079,408	42	479,071	2,139,293	29
	Property, plant and equipment							2421	Long-term liabilities	52,576	247,186	3	70,447	314,576	4
	Cost								Other liabilities						
1501	Land	34,023	159,957	2	35,821	159,957	2	2810	Accrued pension cost	9,782	45,985	-	25,431	113,562	2
1521	Buildings	525,933	2,472,410	25	433,532	1,935,936	27	2860	Deferred income tax liabilities - noncurrent	37,648	176,985	2	33,749	150,704	2
1531	Machinery and equipment	343,124	1,613,027	17	284,802	1,271,784	17	28XX	Total other liabilities	47,430	222,970	2	59,180	264,266	4
1551	Transportation equipment	41,489	195,038	2	36,684	163,812	2	2XXX	Total liabilities	967,786	4,549,564	47	608,698	2,718,135	37
1561	Office equipment and other	76,954	361,761	4	69,061	308,393	4		Shareholders' Equity						
15X1	Total cost	1,021,523	4,802,193	50	859,900	3,839,882	52		Shareholders' Equity						
15X9	Less: Accumulated depreciation	(241,824)	(1,136,814)	(12)	(199,434)	(890,573)	(12)	31XX	Common stock at par value of \$10 each; authorized and issued -2012.6.30 and 2011.6.30 :150,000 thousand shares	315,759	1,500,000	16	315,759	1,500,000	21
		779,699	3,665,379	38	660,466	2,949,309	40	32XX	Capital surplus	448,529	2,108,535	22	448,529	2,002,907	27
1670	Construction in progress and prepayments for equipment	316,799	1,489,272	15	83,215	371,597	5	3350	Unappropriated earnings	317,825	1,494,095	15	247,333	1,104,465	15
15XX	Total property, plant and equipment	1,096,498	5,154,651	53	743,681	3,320,906	45	3420	Cumulative translation adjustments	(11,939)	(71,734)	(1)	(7,284)	(122,508)	(2)
	Intangible assets									1,070,174	5,030,896	52	1,004,337	4,484,864	61
1750								3610	Minority Interest	30,552	143,626	1	30,564	136,485	2
	Computer software	5,810	27,311	-	4,775	21,321	1	3XXX	Total shareholders' equity	1,100,726	5,174,522	53	1,034,901	4,621,349	63
1760	Goodwill	4,370	20,544	-	4,370	19,515	-		Total Liabilities and shareholders' equity	2,068,512	9,724,086	100	1,643,599	7,339,484	100
1770	Deferred pension cost	1,849	8,691	-	2,943	13,142	-								
1782															
	Land access	28,185	132,498	2	28,795	128,583	2								
17XX	Total intangible assets	40,214	189,044	2	40,883	182,561	3								
	Other assets														
1830	Deferred charges	16,141	75,881	1	8,643	38,597	1								
1860	Deferred income tax assets - noncurrent	3,796	17,846	-	4,138	18,476	-								
1880	Other Assets	350	1,644	-	266	1,188	-								
18XX	Total other assets	20,287	95,371	1	13,047	58,261	1								
1XXX	Total	\$ 2,068,512	\$ 9,724,086	100	\$ 1,643,599	\$ 7,339,484	100								

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

C o d e	2012.1.1~2012.6.30			2011.1.1~2011.6.30					
	RMB	NTD	%	RMB	NTD	%			
4110	Operating revenue	\$ 600,628	\$ 2,823,553	100	\$ 612,686	\$ 2,735,950	100		
4170	Less : Sales returns and allowances	(146)	(685)	-	(486)	(2,168)	-		
4100	Net sales	600,482	2,822,868	100	612,200	2,733,782	100		
5000	Operating costs	(287,821)	(1,353,046)	(48)	(290,049)	(1,295,214)	(47)		
5910	Gross profit	<u>312,661</u>	<u>1,469,822</u>	<u>52</u>	<u>322,151</u>	<u>1,438,568</u>	<u>53</u>		
	Operating expenses								
6100	Selling expenses	(81,847)	(384,760)	(14)	(55,050)	(245,826)	(9)		
6200	General and administrative expenses	(42,754)	(200,990)	(7)	(47,639)	(212,734)	(8)		
6300	Research and development expenses	(19,846)	(93,298)	(3)	(7,550)	(33,712)	(1)		
6000	Total operating expenses	(144,447)	(679,048)	(24)	(110,239)	(492,272)	(18)		
6900	Operating income	<u>168,214</u>	<u>790,774</u>	<u>28</u>	<u>211,912</u>	<u>946,296</u>	<u>35</u>		
	Non-operating income and gains								
7110	Interest income	946	4,447	-	484	2,162	-		
7160	Exchange gain, net	-	-	-	2,507	11,193	-		
7310	Valuation gain on financial assets, net	1,095	5,147	-	55	244	-		
7480	Miscellaneous income	<u>6,026</u>	<u>28,329</u>	<u>1</u>	<u>3,507</u>	<u>15,660</u>	<u>1</u>		
7100	Total non-operating income and gains	<u>8,067</u>	<u>37,923</u>	<u>1</u>	<u>6,553</u>	<u>29,259</u>	<u>1</u>		
	Non-operating expenses and losses								
7510	Interest expense	(4,166)	(19,585)	(1)	(3,035)	(13,556)	(1)		
7560	Exchange loss, net	(1,904)	(8,949)	-	-	-	-		
7880	Miscellaneous expenses	(307)	(1,444)	-	(1,146)	(5,114)	-		
7500	Total non-operating expenses and losses	(6,377)	(29,978)	(1)	(4,181)	(18,670)	(1)		
7900	Income before income tax	169,904	798,719	28	214,284	956,885	35		
8110	Income tax expense	(46,934)	(220,636)	(8)	(49,361)	(220,422)	(8)		
9600	Consolidated net income	<u>\$ 122,970</u>	<u>\$ 578,083</u>	<u>20</u>	<u>\$ 164,923</u>	<u>\$ 736,463</u>	<u>27</u>		
	Attributed to								
9601	Shareholders of the parent	\$ 120,811	\$ 567,933	20	\$ 161,690	\$ 722,027	26		
9602	Minority interests	<u>2,159</u>	<u>10,150</u>	<u>-</u>	<u>3,233</u>	<u>14,436</u>	<u>1</u>		
		<u>\$ 122,970</u>	<u>\$ 578,083</u>	<u>20</u>	<u>\$ 164,923</u>	<u>\$ 736,463</u>	<u>27</u>		
C o d e	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	<u>\$ 1.12</u>	<u>\$ 5.24</u>	<u>\$ 0.81</u>	<u>\$ 3.79</u>	<u>\$ 1.40</u>	<u>\$ 6.26</u>	<u>\$ 1.08</u>	<u>\$ 4.81</u>
9850	Diluted	<u>\$ 1.12</u>	<u>\$ 5.24</u>	<u>\$ 0.81</u>	<u>\$ 3.79</u>	<u>\$ 1.40</u>	<u>\$ 6.25</u>	<u>\$ 1.08</u>	<u>\$ 4.81</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, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Common stock		Capital surplus		Retained Earnings		Cumulative translation adjustments		Minority Interest		Total shareholders' equity	
	RMB	NTD	RMB	NTD	RMB	NTD	RMB	NTD	RMB	NTD	RMB	NTD
BALANCE, JANUARY 1, 2012	\$ 315,759	\$1,500,000	\$ 448,529	\$2,156,080	\$ 366,514	\$1,761,832	(\$ 14,447)	(\$ 51,567)	\$ 30,651	\$ 147,338	\$1,147,006	\$5,513,683
Appropriations of 2011 earnings	-	-	-	-	(169,500)	(795,000)	-	-	-	-	(169,500)	(795,000)
Net income for the six months ended June 30, 2012	-	-	-	-	120,811	567,933	-	-	2,159	10,150	122,970	578,083
Change of Minority Interest	-	-	-	-	-	-	-	-	(2,947)	(13,857)	(2,947)	(13,857)
Change in translation adjustments	-	-	-	(47,545)	-	(40,670)	2,508	(20,167)	689	(5)	3,197	(108,387)
BALANCE, June 30, 2012	<u>\$ 315,759</u>	<u>\$1,500,000</u>	<u>\$ 448,529</u>	<u>\$2,108,535</u>	<u>\$ 317,825</u>	<u>\$1,494,095</u>	<u>(\$ 11,939)</u>	<u>(\$ 71,734)</u>	<u>\$ 30,552</u>	<u>\$ 143,626</u>	<u>\$1,100,726</u>	<u>\$5,174,522</u>
BALANCE, JANUARY 1, 2011	\$ 315,759	\$1,500,000	\$ 448,529	\$1,991,694	\$ 235,643	\$1,046,373	(\$ 6,569)	(\$ 127,043)	\$ 27,490	\$ 122,071	\$1,020,852	\$4,533,095
Appropriations of 2010 earnings	-	-	-	-	(150,000)	(669,825)	-	-	-	-	(150,000)	(669,825)
Net income for the six months ended June 30, 2011	-	-	-	-	161,690	722,027	-	-	3,233	14,436	164,923	736,463
Change in translation adjustments	-	-	-	11,213	-	5,890	(715)	4,535	(159)	(22)	(874)	21,616
BALANCE, June 30, 2011	<u>\$ 315,759</u>	<u>\$1,500,000</u>	<u>\$ 448,529</u>	<u>\$2,002,907</u>	<u>\$ 247,333</u>	<u>\$1,104,465</u>	<u>(\$ 7,284)</u>	<u>(\$ 122,508)</u>	<u>\$ 30,564</u>	<u>\$ 136,485</u>	<u>\$1,034,901</u>	<u>\$4,621,349</u>

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	2012.1.1~2012.6.30		2011.1.1~2011.6.30	
	RMB	NTD	RMB	NTD
Cash flows from operating activities				
Net income	\$ 122,970	\$ 578,083	\$ 164,923	\$ 736,463
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	28,747	135,140	23,424	104,601
Amortization	3,711	17,446	2,510	11,206
Provision for doubtful accounts	1,716	8,068	736	3,284
Valuation gain on financial instruments	(479)	(2,252)	(38)	(169)
Recovery of loss on inventories	(504)	(2,368)	(545)	(2,432)
Loss on disposal of property, plant and equipment	157	740	742	3,314
Accrued pension cost	(11,564)	(54,361)	2,833	12,651
Deferred income tax	6,407	30,113	7,165	31,995
Changes in operating assets and liabilities:				
Accounts receivable and Notes receivable	(65,200)	(306,505)	(98,694)	(440,718)
Other receivables	(9,215)	(43,320)	(3,913)	(17,474)
Inventory	(6,543)	(30,759)	(26,731)	(119,367)
Other current assets	(6,759)	(31,774)	(5,788)	(25,846)
Accounts payable and Notes payable	19,621	92,238	21,233	94,816
Income tax payable	(3,726)	(17,516)	5,968	26,650
Accrued expenses	7,589	35,676	(11,432)	(51,050)
Other current liabilities	7,708	36,235	2,391	10,677
Net cash provided by operating activities	94,636	444,884	84,784	378,601
Cash flows from investing activities				
Acquisition of property, plant and equipment	(232,929)	(1,094,999)	(139,052)	(620,937)
Proceeds from disposal of property, plant and equipment	2,248	10,568	794	3,546

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	2012.1.1~2012.6.30		2011.1.1~2011.6.30	
	RMB	NTD	RMB	NTD
Acquisition of financial assets designated as at fair value through profit or loss	(169,000)	(794,469)	(15,000)	(66,983)
Proceeds from financial assets designated as at fair value through profit or loss	129,026	606,551	-	-
Increase in Intangible assets and other assets	(<u>9,822</u>)	(<u>46,173</u>)	(<u>17,850</u>)	(<u>79,709</u>)
Net cash used in investing activities	(<u>280,477</u>)	(<u>1,318,522</u>)	(<u>171,108</u>)	(<u>764,083</u>)
Cash flows from financing activities				
Increase in short-term loans	131,880	619,968	21,126	94,338
Proceeds from long-term debt	(<u>2,355</u>)	(<u>11,041</u>)	(<u>80,189</u>)	(<u>358,084</u>)
Net cash used in financing activities	<u>129,525</u>	<u>608,927</u>	(<u>59,063</u>)	(<u>263,746</u>)
Effect of exchange rate changes	\$ <u>2,247</u>	(\$ <u>17,321</u>)	(\$ <u>6,081</u>)	(\$ <u>16,372</u>)
Net decrease in cash and cash equivalents	(54,069)	(282,032)	(151,468)	(665,600)
Cash and cash equivalents, beginning of period	<u>262,772</u>	<u>1,263,145</u>	<u>431,205</u>	<u>1,914,766</u>
Cash and cash equivalents, end of period	<u>\$ 208,703</u>	<u>\$ 981,113</u>	<u>\$ 279,737</u>	<u>\$ 1,249,166</u>
Supplemental cash flow information				
Interest paid	<u>\$ 4,027</u>	<u>\$ 18,931</u>	<u>\$ 3,269</u>	<u>\$ 14,598</u>
Income tax paid	<u>\$ 44,322</u>	<u>\$ 208,358</u>	<u>\$ 37,117</u>	<u>\$ 165,746</u>
Non-cash investing and financing activities				
Current portion of long-term liabilities	<u>\$ 8,750</u>	<u>\$ 41,134</u>	<u>\$ 4,815</u>	<u>\$ 21,505</u>
Dividend payable	<u>\$ 172,219</u>	<u>\$ 809,602</u>	<u>\$ 147,696</u>	<u>\$ 659,536</u>

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