

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

MARCH 31, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Par Value)

(Reviewed, Not Audited)

Code	Assets	2011.3.31			2010.3.31			Code	Liabilities and shareholders' equity	2011.3.31			2010.3.31		
		RMB	NTD	%	RMB	NTD	%			RMB	NTD	%	RMB	NTD	%
	Current assets								Current liabilities						
1100	Cash	\$ 247,318	\$ 1,115,528	17	\$ 67,484	\$ 312,518	7	2100	Short-term loans	\$ 40,388	\$ 182,170	3	\$ 22,813	\$ 105,648	2
1140	Notes receivable and Accounts receivable, net	267,537	1,206,725	18	175,536	812,906	18	2110							
1178	Other receivables								Short-term bills payable	-	-	-	2,159	10,000	-
		16,225	73,183	1	14,091	65,256	2	2140	Notes payable and Accounts payable	63,001	284,166	4	43,423	201,093	5
120X	Inventories	181,445	818,406	12	119,393	552,908	12	2160	Income tax payable	21,164	95,461	2	11,823	54,751	1
1286	Deferred income tax assets - current	4,789	21,601	-	3,107	14,387	-	2170	Accrued expenses	49,198	221,908	3	22,928	106,179	2
1190	Other financial assets-current	-	-	-	1,267	5,868	-	2216	Dividend payable	-	-	-	9,694	44,895	1
1298	Other current assets							2270	Current portion of long-term liabilities	4,698	21,191	-	160,859	744,940	17
		<u>20,540</u>	<u>92,638</u>	<u>2</u>	<u>9,078</u>	<u>42,043</u>	<u>1</u>	2280	Other current liabilities	<u>19,553</u>	<u>88,197</u>	<u>1</u>	<u>11,990</u>	<u>55,525</u>	<u>1</u>
11XX	Total current assets	<u>737,854</u>	<u>3,328,081</u>	<u>50</u>	<u>389,956</u>	<u>1,805,886</u>	<u>40</u>	21XX	Total current liabilities	198,002	893,093	13	285,689	1,323,031	29
	Property, plant and equipment							24XX	Long-term liabilities	132,660	598,358	9	97,697	452,437	10
	Cost							2810	Accrued pension cost	24,170	109,017	2	19,681	90,956	2
1501	Land	35,463	159,957	3	36,572	169,366	4								
1521	Buildings	431,381	1,945,742	29	380,038	1,759,958	39	2860	Deferred income tax liabilities - noncurrent	<u>28,183</u>	<u>127,121</u>	<u>2</u>	<u>16,996</u>	<u>78,706</u>	<u>2</u>
1531	Machinery and equipment	256,650	1,157,621	17	187,360	867,663	19								
1551	Transportation equipment														
		30,908	139,412	2	20,830	96,463	2								
1561	Office equipment and others														
		<u>59,163</u>	<u>266,857</u>	<u>4</u>	<u>58,518</u>	<u>270,998</u>	<u>6</u>	2XXX	Total liabilities	<u>383,015</u>	<u>1,727,589</u>	<u>26</u>	<u>420,063</u>	<u>1,945,130</u>	<u>43</u>
15X1	Total cost	813,565	3,669,589	55	683,318	3,164,448	70								
15X9	Less: Accumulated depreciation	(<u>187,999</u>)	(<u>847,968</u>)	(<u>13</u>)	(<u>156,115</u>)	(<u>722,969</u>)	(<u>16</u>)								
		625,566	2,821,621	42	527,203	2,441,479	54	31XX	Shareholders' Equity						
1670	Construction in progress and prepayments for equipment	<u>66,849</u>	<u>301,522</u>	<u>5</u>	<u>19,010</u>	<u>88,037</u>	<u>2</u>		Parent's shareholders' equity						
15XX	Total property, plant and equipment	<u>692,415</u>	<u>3,123,143</u>	<u>47</u>	<u>546,213</u>	<u>2,529,516</u>	<u>56</u>		Common stock at par value of \$10 each; authorized and issued						
									-2011.3.31:150,000 thousand shares ;authorized and issued						
	Intangible assets								-2010.3.31:64,700 thousand shares	315,759	1,500,000	23	135,228	647,000	14
1750	Computer software	4,379	19,752	1	4,934	22,849	1								
1760	Goodwill	4,370	19,712	-	4,370	20,238	-	32XX	Capital surplus	448,529	2,023,091	30	343,378	1,569,426	35
1770	Deferred pension cost	2,938	13,253	-	3,037	13,294	-	3350	Unappropriated earnings	309,454	1,395,792	21	49,677	230,054	5
1782	Land access	<u>28,934</u>	<u>130,506</u>	<u>2</u>	<u>14,517</u>	<u>67,228</u>	<u>2</u>	3420	Cumulative translation adjustments	(<u>7,371</u>)	(<u>109,016</u>)	(<u>2</u>)	(<u>1,188</u>)	(<u>6,086</u>)	-
17XX										1,066,371	4,809,867	72	527,095	2,440,394	54
	Total intangible assets	<u>40,621</u>	<u>183,223</u>	<u>3</u>	<u>26,858</u>	<u>123,609</u>	<u>3</u>	3610	Minority Interest	<u>28,126</u>	<u>126,862</u>	<u>2</u>	<u>23,930</u>	<u>110,820</u>	<u>3</u>
	Other assets							3XXX	Total shareholders' equity	<u>1,094,497</u>	<u>4,936,729</u>	<u>74</u>	<u>551,025</u>	<u>2,551,214</u>	<u>57</u>
1830	Deferred charges	5,933	26,759	-	6,727	31,155	1								
1860	Deferred income tax assets - noncurrent	487	2,199	-	1,280	5,930	-								
1880	Other Assets	<u>202</u>	<u>913</u>	-	<u>54</u>	<u>248</u>	-								
18XX	Total other assets	<u>6,622</u>	<u>29,871</u>	-	<u>8,061</u>	<u>37,333</u>	<u>1</u>								
1XXX	Total	<u>\$ 1,477,512</u>	<u>\$ 6,664,318</u>	<u>100</u>	<u>\$ 971,088</u>	<u>\$ 4,496,344</u>	<u>100</u>		Total Liabilities and shareholders' equity	<u>\$ 1,477,512</u>	<u>\$ 6,664,318</u>	<u>100</u>	<u>\$ 971,088</u>	<u>\$ 4,496,344</u>	<u>100</u>

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, 2011 AND 2010

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

(Reviewed, Not Audited)

		2011.1.1~2011.3.31			2010.1.1~2010.3.31		
Code		RMB	NTD	%	RMB	NTD	%
4110	Operating revenue	\$ 281,787	\$ 1,270,999	100	\$ 194,508	\$ 900,768	100
4170	Less : Sales returns and allowances	(222)	(1,000)	-	(82)	(379)	-
4100	Net sales	281,565	1,269,999	100	194,426	900,389	100
5000	Operating costs	(130,424)	(588,279)	(46)	(89,835)	(416,027)	(46)
5910	Gross profit	151,141	681,720	54	104,591	484,362	54
	Operating expenses						
6100	Selling expenses	(24,996)	(112,744)	(9)	(18,821)	(87,162)	(10)
6200	General and administrative expenses	(24,611)	(111,009)	(9)	(18,012)	(83,411)	(9)
6300	Research and development expenses	(2,347)	(10,587)	(1)	(2,009)	(9,304)	(1)
6000	Total operating expenses	(51,954)	(234,340)	(19)	(38,842)	(179,877)	(20)
6900	Operating income	99,187	447,380	35	65,749	304,485	34
	Non-operating income and gains						
7110	Interest income	205	926	-	98	453	-
7480	Miscellaneous income	3,667	16,539	2	974	4,511	1
7100	Total non-operating income and gains	3,872	17,465	2	1,072	4,964	1
	Non-operating expenses and losses						
7510	Interest expense	(1,614)	(7,278)	(1)	(3,084)	(14,284)	(2)
7530	Loss on disposal of property, plant and equipment	(575)	(2,594)	-	(264)	(1,225)	-
7560	Exchange loss, net	(190)	(858)	-	(8)	(37)	-
7880	Miscellaneous expenses	(50)	(226)	-	(66)	(300)	-
7500	Total non-operating expenses and losses	(2,429)	(10,956)	(1)	(3,422)	(15,846)	(2)
7900	Income before income tax	100,630	453,889	36	63,399	293,603	33
8110	Income tax expense	(25,988)	(117,215)	(9)	(15,321)	(70,953)	(8)
9600	Consolidated net income	\$ 74,642	\$ 336,674	27	\$ 48,078	\$ 222,650	25
	Attributed to						
9601	Shareholders of the parent	\$ 73,811	\$ 332,924	26	\$ 48,201	\$ 223,218	25
9602	Minority interests	831	3,750	1	(123)	(568)	-
		\$ 74,642	\$ 336,674	27	\$ 48,078	\$ 222,650	25

		Before Income Tax		After Income Tax		Before Income Tax		After Income Tax	
Code		RMB	NTD	RMB	NTD	RMB	NTD	RMB	NTD
	Earnings per share								
9750	Basic	\$ 0.66	\$ 2.98	\$ 0.49	\$ 2.22	\$ 0.48	\$ 2.21	\$ 0.36	\$ 1.68
9850	Diluted	\$ 0.66	\$ 2.98	\$ 0.49	\$ 2.22	\$ 0.48	\$ 2.21	\$ 0.36	\$ 1.68

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)

	2011.1.1~2011.3.31		2010.1.1~2010.3.31	
	RMB	NTD	RMB	NTD
Cash flows from operating activities				
Net income	\$ 74,642	\$ 336,674	\$ 48,078	\$ 222,650
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	11,017	49,694	9,127	42,266
Amortization	1,172	5,286	821	3,801
Provision for doubtful accounts	335	1,510	395	1,827
Provision for loss on inventories	(191)	(860)	(74)	(343)
Loss on disposal of property, plant and equipment	575	2,594	264	1,225
Deferred income tax	6,633	29,918	3,432	15,891
Accrued pension cost	1,577	7,113	1,341	6,211
Changes in operating assets and liabilities:				
Accounts receivable and Notes receivable	(42,460)	(191,516)	(33,979)	(157,359)
Other receivables	(3,871)	(17,460)	(6,438)	(29,813)
Inventory	(23,875)	(107,688)	(8,227)	(38,097)
Other current assets	(8,598)	(38,781)	1,452	6,726
Accounts payable and Notes payable	5,759	25,976	15,742	72,901
Income tax payable	4,799	21,646	1,143	5,293
Accrued expenses	(11,631)	(52,462)	(2,688)	(12,447)
Other current liabilities	<u>1,487</u>	<u>6,707</u>	<u>793</u>	<u>3,669</u>
Net cash provided by operating activities	<u>17,370</u>	<u>78,351</u>	<u>31,182</u>	<u>144,401</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(77,457)	(349,370)	(24,471)	(113,326)
Proceeds from disposal of property, plant and equipment	499	2,251	326	1,510
Increase in Intangible assets and other assets	(13,480)	(60,802)	(9,874)	(45,705)
Increase in other Financial assets	<u>-</u>	<u>-</u>	<u>(1,267)</u>	<u>(5,868)</u>

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	2011.1.1~2011.3.31		2010.1.1~2010.3.31	
	RMB	NTD	RMB	NTD
Net cash used in investing activities	(\$ <u>90,438</u>)	(\$ <u>407,921</u>)	(\$ <u>35,286</u>)	(\$ <u>163,389</u>)
Cash flows from financing activities				
Increase (decrease) in short-term loans	(96,174)	(433,793)	3,854	17,847
Proceeds from long-term debt	(17,200)	(77,581)	90	419
Increase in short-term bills payable	<u>-</u>	<u>-</u>	<u>52</u>	<u>244</u>
Net cash used in financing activities	(<u>113,374</u>)	(<u>511,374</u>)	<u>3,996</u>	<u>18,510</u>
Effect of exchange rate changes	<u>2,555</u>	<u>41,706</u>	(<u>6,451</u>)	(<u>41,262</u>)
Net increase in cash and cash equivalents	(183,887)	(799,238)	(6,559)	(41,740)
Cash and cash equivalents, beginning of period	<u>431,205</u>	<u>1,914,766</u>	<u>74,043</u>	<u>354,258</u>
Cash and cash equivalents, end of period	<u>\$ 247,318</u>	<u>\$ 1,115,528</u>	<u>\$ 67,484</u>	<u>\$ 312,518</u>
Supplemental cash flow information				
Interest paid	<u>\$ 1,407</u>	<u>\$ 6,346</u>	<u>\$ 3,110</u>	<u>\$ 14,403</u>
Income tax paid	<u>\$ 14,232</u>	<u>\$ 64,192</u>	<u>\$ 10,712</u>	<u>\$ 49,606</u>
Non-cash investing and financing activities				
Current portion of long-term liabilities	<u>\$ 4,698</u>	<u>\$ 21,191</u>	<u>\$ 160,859</u>	<u>\$ 744,940</u>
Dividend payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,694</u>	<u>\$ 44,895</u>

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