AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2011 AND 2010

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

(Reviewed, Not Audited)

Code	Assets	2011.6.30 RMB	2011.6.30 NTD	2011.6.30 %	2010.6.30 RMB	2010.6.30 NTD	2010.6.30 %
	Current assets						
1100	Cash	$ 279,737	$ 1,249,166	17	$ 109,845	$ 524,842	10
1310	Financial assets at fair value through profit or loss	15,038	67,152	1	-	-	-
1140	Notes receivable and Accounts receivable, net	323,234	1,443,401	20	223,459	1,067,689	21
1178	Other receivables	16,267	72,640	1	4,314	20,611	-
120X	Inventories	184,656	824,581	11	131,073	626,265	12
1286	Deferred income tax assets - current	9,326	41,645	-	5,050	24,131	-
1298	Other current assets	17,730	79,171	1	11,729	56,040	1
11XX	Total current assets	845,988	3,777,756	51	485,470	2,319,578	44
	Property, plant and equipment						
	Cost						
1501	Land	35,821	159,957	2	35,511	169,670	3
1521	Buildings	433,532	1,935,936	27	378,552	1,808,722	35
1531	Machinery and equipment	284,802	1,271,784	17	213,579	1,020,480	20
1561	Office equipment and other	69,061	308,393	4	55,494	265,152	5
1551	Transportation equipment	36,684	163,812	2	21,676	103,568	2
15X1	Total cost	859,900	3,839,882	52	704,812	3,367,592	65
15X9	Less: Accumulated depreciation	(199,434)	(890,573)	(12)	(164,866)	(787,730)	(15)
		660,466	2,949,309	40	539,946	2,579,862	50
1670	Construction in progress and prepayments for equipment	83,215	371,597	5	26,378	126,033	2
15XX	Total property, plant and equipment	743,681	3,320,906	45	566,324	2,705,895	52
	Intangible assets						
1750	Computer software	4,775	21,321	1	4,686	22,388	1
1760	Goodwill	4,370	19,515	-	4,370	20,881	-
1770	Deferred pension cost	2,943	13,142	-	2,943	14,064	-
1782	Land access	28,795	128,583	2	16,627	79,444	2
17XX	Total intangible assets	40,883	182,561	3	28,626	136,777	3
	Other assets						
1830	Deferred charges	8,643	38,597	1	6,837	32,666	1
1860	Deferred income tax assets - noncurrent	4,138	18,476	-	806	3,853	-
1880	Other Assets	266	1,188	-	203	965	-
18XX	Total other assets	13,047	58,261	1	7,846	37,484	1
1XXX	Total	$ 1,643,599	$ 7,339,484	100	$ 1,088,266	$ 5,199,734	100

Code	Liabilities and shareholders' equity	2011.6.30 RMB	2011.6.30 NTD	2011.6.30 %	2010.6.30 RMB	2010.6.30 NTD	2010.6.30 %
	Current liabilities						
2100	Short-term loans	$ 155,898	$ 696,164	10	$ 25,090	$ 119,880	2
2110	Short-term bills payable	-	-	-	2,093	10,000	-
2140	Notes payable and Accounts payable	78,475	350,430	5	60,158	287,435	6
2160	Income tax payable	22,333	99,727	1	23,758	113,516	2
2170	Accrued expenses	49,397	220,580	3	40,417	193,111	4
2216	Dividend payable	147,696	659,536	9	57,015	272,419	5
2270	Current portion of long-term liabilities	4,815	21,505	-	6,700	32,011	1
2298	Other current liabilities	20,457	91,351	1	15,055	71,931	1
21XX	Total current liabilities	479,071	2,139,293	29	230,286	1,100,303	21
24XX	Long-term liabilities	70,447	314,576	4	251,619	1,202,235	23
2810	Accrued pension cost	25,431	113,562	2	20,655	98,692	2
2860	Deferred income tax liabilities - noncurrent	33,749	150,704	2	16,495	78,814	2
2XXX	Total liabilities	608,698	2,718,135	37	519,055	2,480,044	48
	Shareholders' Equity						
	Parent's shareholders' equity						
31XX	Common stock at par value of $10 each; authorized and issued -2011.6.30:150,000 thousand hares ;authorized and issued -2010.6.30: 133,000 thousand shares	315,759	1,500,000	21	278,359	1,330,000	26
32XX	Capital surplus	448,529	2,002,907	27	152,862	730,372	14
3350	Unappropriated earnings	247,333	1,104,465	15	114,670	547,893	10
3420	Cumulative translation adjustments	(7,284)	(122,508)	(2)	(268)	(1,280)	-
		1,004,337	4,484,864	61	545,623	2,606,985	50
3610	Minority Interest	30,564	136,485	2	23,588	112,705	2
3XXX	Total shareholders' equity	1,034,901	4,621,349	63	569,211	2,719,690	52
	Total Liabilities and shareholders' equity	$ 1,643,599	$ 7,339,484	100	$ 1,088,266	$ 5,199,734	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, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

Code		2011.1.1~2011.6.30 RMB	NTD	%	2010.1.1~2010.6.30 RMB	NTD	%
4110	Operating revenue	$ 612,686	$ 2,735,950	100	$ 465,366	$ 2,223,519	100
4170	Less：Sales returns and allowances	(486)	(2,168)	-	(120)	(575)	-
4100	Net sales	612,200	2,733,782	100	465,246	2,222,944	100
5000	Operating costs	(290,049)	(1,295,214)	(47)	(213,218)	(1,018,754)	(46)
5910	Gross profit	322,151	1,438,568	53	252,028	1,204,190	54
	Operating expenses						
6100	Selling expenses	(55,050)	(245,826)	(9)	(44,405)	(212,167)	(9)
6200	General and administrative expenses	(47,639)	(212,734)	(8)	(41,933)	(200,358)	(9)
6300	Research and development expenses	(7,550)	(33,712)	(1)	(4,286)	(20,477)	(1)
6000	Total operating expenses	(110,239)	(492,272)	(18)	(90,624)	(433,002)	(19)
6900	Operating income	211,912	946,296	35	161,404	771,188	35
	Non-operating income and gains						
7110	Interest income	484	2,162	-	200	955	-
7160	Exchange gain, net	2,507	11,193	-	-	-	-
7310	Valuation gain on financial assets, net	55	244	-	-	-	-
7330	Government subsidy	3,405	15,204	1	308	1,472	-
7480	Miscellaneous income	102	456	-	1,929	9,216	-
7100	Total non-operating income and gains	6,553	29,259	1	2,437	11,643	-
	Non-operating expenses and losses						
7510	Interest expense	(3,035)	(13,556)	(1)	(5,964)	(28,495)	(2)
7530	Loss on disposal of property, plant and equipment	(742)	(3,314)	-	(347)	(1,657)	-
7560	Exchange loss, net	-	-	-	(5,437)	(25,976)	(1)
7880	Miscellaneous expenses	(404)	(1,800)	-	(390)	(1,869)	-
7500	Total non-operating expenses and losses	(4,181)	(18,670)	(1)	(12,138)	(57,997)	(3)
7900	Income before income tax	214,284	956,885	35	151,703	724,834	32
8110	Income tax expense	(49,361)	(220,422)	(8)	(38,241)	(182,714)	(8)
9600	Consolidated net income	$ 164,923	$ 736,463	27	$ 113,462	$ 542,120	24
	Attributed to						
9601	Shareholders of the parent	$ 161,690	$ 722,027	26	$ 113,194	$ 540,840	24
9602	Minority interests	3,233	14,436	1	268	1,280	-
		$ 164,923	$ 736,463	27	$ 113,462	$ 542,120	24

Code		Before Income Tax RMB	NTD	After Income Tax RMB	NTD	Before Income Tax RMB	NTD	After Income Tax RMB	NTD
	Earnings per share								
9750	Basic	$ 1.40	$ 6.26	$ 1.08	$ 4.81	$ 1.14	$ 5.43	$ 0.85	$ 4.07
9850	Diluted	$ 1.40	$ 6.25	$ 1.08	$ 4.81	$ 1.14	$ 5.43	$ 0.85	$ 4.07

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, 2011 AND 2010

(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, 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
Net income for the six months ended June 30, 2011	-	-	-	-	161,690	722,027	-	-	3,233	14,436	164,923	736,463
Appropriations of 2010 earnings	-	-	-	-	(150,000)	(669,825)	-	-	-	-	(150,000)	(669,825)
Change in translation adjustments	-	-	-	11,213	-	5,890	(715)	4,535	(159)	(22)	(874)	21,616
BALANCE, June 30, 2011	$ 315,759	$1,500,000	$ 448,529	$2,002,907	$ 247,333	$1,104,465	($ 7,284)	($ 122,508)	$ 30,564	$ 136,485	$1,034,901	$4,621,349
BALANCE, JANUARY 1, 2010	$ 135,228	$ 647,000	$ 343,378	$1,642,892	$ 1,476	$ 7,063	$ 2,730	$ 12,480	$ 26,997	$ 129,168	$ 509,809	$2,438,603
Net income for the six months ended June 30, 2010	-	-	-	-	113,194	540,840	-	-	268	1,280	113,462	542,120
Legal reserve ex-dividend	-	-	(47,385)	(226,409)	-	-	-	-	-	-	(47,385)	(226,409)
Issuance of common stock from capital surplus	143,131	683,000	(143,131)	(683,000)	-	-	-	-	-	-	-	-
Change in translation adjustments	-	-	-	(3,111)	-	(10)	(2,998)	(13,760)	(3,677)	(17,743)	(6,675)	(34,624)
BALANCE, June 30, 2010	$ 278,359	$1,330,000	$ 152,862	$ 730,372	$ 114,670	$ 547,893	($ 268)	($ 1,280)	$ 23,588	$ 112,705	$ 569,211	$2,719,690

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, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	2011.1.1~2011.6.30		2010.1.1~2010.6.30	
	RMB	NTD	RMB	NTD
Cash flows from operating activities				
Net income	$ 164,923	$ 736,463	$ 113,462	$ 542,120
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	23,424	104,601	18,823	89,937
Loss on disposal of property, plant and equipment	742	3,314	347	1,657
Amortization	2,510	11,206	2,346	11,207
Provision for doubtful accounts	736	3,284	834	3,969
Valuation gain on financial instruments	(38)	(169)	-	-
Provision for(recovery of) loss on inventories	(545)	(2,432)	260	1,241
Deferred income tax	7,165	31,995	7,106	33,953
Accrued pension cost	2,833	12,651	2,266	10,828
Changes in operating assets and liabilities:				
Accounts receivable and Notes receivable	(98,694)	(440,718)	(68,779)	(328,624)
Other receivables	(3,913)	(17,474)	(2,146)	(10,253)
Inventory	(26,731)	(119,367)	(20,089)	(95,986)
Other current assets	(5,788)	(25,846)	(59)	(284)
Accounts payable and Notes payable	21,233	94,816	23,468	112,132
Income tax payable	5,968	26,650	13,064	62,419
Accrued expenses	(11,432)	(51,050)	14,766	70,553
Other current liabilities	2,391	10,677	3,842	18,357
Net cash provided by operating activities	84,784	378,601	109,511	523,226
Cash flows from investing activities				
Acquisition of property, plant and equipment	(139,052)	(620,937)	(53,425)	(255,263)
Proceeds from disposal of property, plant and equipment	794	3,546	403	1,925

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	2011.1.1~2011.6.30		2010.1.1~2010.6.30	
	RMB	NTD	RMB	NTD
Acquisition of financial assets designated as at fair value through profit or loss	($ 15,000)	($ 66,983)	$ -	$ -
Increase in Intangible assets and other assets	(17,850)	(79,709)	(14,024)	(67,008)
Net cash used in investing activities	(171,108)	(764,083)	(67,046)	(320,346)
Cash flows from financing activities				
Increase in short-term loans	21,126	94,338	6,105	29,169
Proceeds from long-term debt	(80,189)	(358,084)	(500)	(2,387)
Net cash used in financing activities	(59,063)	(263,746)	5,605	26,782
Effect of exchange rate changes	(6,081)	(16,372)	(12,268)	(59,078)
Net increase in cash and cash equivalents	(151,468)	(665,600)	35,802	170,584
Cash and cash equivalents, beginning of period	431,205	1,914,766	74,043	354,258
Cash and cash equivalents, end of period	$ 279,737	$ 1,249,166	$ 109,845	$ 524,842
Supplemental cash flow information				
Interest paid	$ 3,269	$ 14,598	$ 6,009	$ 28,711
Income tax paid	$ 37,117	$ 165,746	$ 23,896	$ 114,175
Non-cash investing and financing activities				
Current portion of long-term liabilities	$ 4,815	$ 21,505	$ 6,700	$ 32,011
Dividend payable	$ 147,696	$ 659,536	$ 57,015	$ 272,419

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