

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

SEP. 30, 2011 AND 2010

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

(Reviewed, Not Audited)

Code	Assets	2011.9.30			2010.9.30			Code	Liabilities and shareholders' equity	2011.9.30			2010.9.30		
		RMB	NTD	%	RMB	NTD	%			RMB	NTD	%	RMB	NTD	%
	Current assets								Current liabilities						
1100	Cash	\$ 291,741	\$ 1,398,898	17	\$ 121,056	\$ 570,901	11	2100	Short-term loans	\$ 352,351	\$ 1,689,521	20	\$ 108,086	\$ 509,735	9
1310	Financial assets at fair value through profit or loss	27,042	129,666	2	-	-	-	2110	Short-term bills payable	6,258	30,000	1	-	-	-
1140	Notes receivable and Accounts receivable, net	322,780	1,547,730	18	235,887	1,112,444	20	2140	Notes payable and Accounts payable	67,463	323,489	4	57,873	272,928	5
1178	Other receivables	19,243	92,270	1	8,702	41,037	1	2160	Income tax payable	17,138	82,176	1	18,542	87,444	2
120X	Inventories	188,325	903,018	11	134,122	632,521	12	2170	Accrued expenses	51,811	248,435	3	47,376	223,424	4
1286	Deferred income tax assets - current	9,736	46,684	1	6,052	28,543	-	2270	Current portion of long-term liabilities	4,606	22,086	-	4,650	21,931	-
1298	Other current assets	21,739	104,243	1	13,997	66,007	1	2298	Other current liabilities	23,426	112,335	1	11,862	55,942	1
11XX	Total current assets	880,606	4,222,509	51	519,816	2,451,453	45	21XX	Total current liabilities	523,053	2,508,042	30	248,389	1,171,404	21
	Property, plant and equipment							24XX	Long-term liabilities	59,063	283,207	3	225,570	1,063,788	20
	Cost							2810	Accrued pension cost	26,466	126,905	2	21,868	103,132	2
1501	Land	33,367	159,957	2	35,950	159,957	3	2860	Deferred income tax liabilities - noncurrent	37,779	181,149	2	19,638	92,611	2
1521	Buildings	458,636	2,199,158	26	385,001	1,825,247	34	2XXX	Total liabilities	646,361	3,099,303	37	515,465	2,430,935	45
1531	Machinery and equipment	294,601	1,412,613	17	224,641	1,059,405	19		Shareholders' Equity						
1561	Office equipment and other	76,217	365,455	5	56,456	266,247	5		Parent's shareholders' equity						
1551	Transportation equipment	38,575	184,969	2	23,150	109,176	2	31XX	Common stock at par value of \$10 each; authorized and issued -2011.9.30:150,000 thousand hares ;authorized and issued -2010.9.30: 133,000 thousand shares	315,759	1,500,000	18	278,359	1,330,000	25
15X1	Total cost	901,396	4,322,152	52	725,198	3,420,032	63		Capital surplus	448,529	2,150,697	26	162,219	765,024	14
15X9	Less: Accumulated depreciation	(209,659)	(1,005,315)	(12)	(175,168)	(826,091)	(15)	3350	Unappropriated earnings	311,164	1,492,030	18	174,095	821,032	15
1670	Construction in progress and prepayments for equipment	113,897	546,136	6	44,106	208,005	4	3420	Cumulative translation adjustments	(11,935)	(43,206)	(1)	(5,900)	(45,081)	(1)
15XX	Total property, plant and equipment	805,634	3,862,973	46	594,136	2,801,946	52			1,063,517	5,099,521	61	608,773	2,870,975	53
	Intangible assets							3610	Minority Interest	30,109	144,374	2	24,986	117,834	2
1750	Computer software	4,485	21,507	-	4,695	22,141	-	3XXX	Total shareholders' equity	1,093,626	5,243,895	63	633,759	2,988,809	55
1760	Goodwill	4,370	20,955	-	4,370	20,610	-								
1770	Deferred pension cost	2,742	13,144	-	2,982	14,064	-								
1782	Land access	28,665	137,450	2	16,530	77,957	2								
17XX	Total intangible assets	40,262	193,056	2	28,577	134,772	2								
	Other assets														
1830	Deferred charges	9,325	44,714	1	6,142	28,965	1								
1860	Deferred income tax assets - noncurrent	3,913	18,762	-	350	1,649	-								
1880	Other Assets	247	1,184	-	203	959	-								
18XX	Total other assets	13,485	64,660	1	6,695	31,573	1								
1XXX	Total	\$ 1,739,987	\$ 8,343,198	100	\$ 1,149,224	\$ 5,419,744	100		Total Liabilities and shareholders' equity	\$ 1,739,987	\$ 8,343,198	100	\$ 1,149,224	\$ 5,419,744	100

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEP 30, 2011 AND 2010

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

(Reviewed, Not Audited)

C o d e		2011.1.1~2011.9.30			2010.1.1~2010.9.30				
		RMB	NTD	%	RMB	NTD	%		
4110	Operating revenue	\$ 911,879	\$ 4,372,460	100	730,569	\$ 3,445,364	100		
4170	Less : Sales returns and allowances	(575)	(2,755)	-	(199)	(940)	-		
4100	Net sales	911,304	4,369,705	100	730,370	3,444,424	100		
5000	Operating costs	(436,284)	(2,091,983)	(48)	(347,458)	(1,638,613)	(48)		
5910	Gross profit	475,020	2,277,722	52	382,912	1,805,811	52		
	Operating expenses								
6100	Selling expenses	(90,274)	(432,864)	(10)	(74,421)	(350,968)	(10)		
6200	General and administrative expenses	(71,702)	(343,813)	(8)	(60,046)	(283,179)	(8)		
6300	Research and development expenses	(16,458)	(78,918)	(1)	(7,146)	(33,701)	(1)		
6000	Total operating expenses	(178,434)	(855,595)	(19)	(141,613)	(667,848)	(19)		
6900	Operating income	296,586	1,422,127	33	241,299	1,137,963	33		
	Non-operating income and gains								
7110	Interest income	725	3,477	-	320	1,511	-		
7160	Exchange gain, net	4,269	20,471	1	2,167	10,220	-		
7310	Valuation gain on financial assets, net	322	1,545	-	-	-	-		
7330	Government subsidy	3,408	16,340	-	359	1,693	-		
7480	Miscellaneous expenses	415	1,989	-	471	2,219	-		
7100	Total non-operating income and gains	9,139	43,822	1	3,317	15,643	-		
	Non-operating expenses and losses								
7510	Interest expense	(4,439)	(21,287)	(1)	(9,249)	(43,617)	(1)		
7530	Loss on disposal of property, plant and equipment	(803)	(3,852)	-	(535)	(2,521)	-		
7880	Miscellaneous expenses	(815)	(3,907)	-	(1,019)	(4,804)	-		
7500	Total non-operating expenses and losses	(6,057)	(29,046)	(1)	(10,803)	(50,942)	(1)		
7900	Income before income tax	299,668	1,436,903	33	233,813	1,102,664	32		
8110	Income tax expense	(69,196)	(331,793)	(8)	(59,829)	(282,156)	(8)		
9600	Consolidated net income	\$ 230,472	\$ 1,105,110	25	173,984	\$ 820,508	24		
	Attributed to								
9601	Shareholders of the parent	\$ 225,521	\$ 1,081,372	25	\$ 172,619	\$ 814,070	24		
9602	Minority interests	4,951	23,738	-	1,365	6,438	-		
		\$ 230,472	\$ 1,105,110	25	\$ 173,984	\$ 820,508	24		
C o d e		Before Income Tax		After Income Tax		Before Income Tax		After Income Tax	
		RMB	NTD	RMB	NTD	RMB	NTD	RMB	NTD
9750	Basic	\$ 1.96	\$ 9.38	\$ 1.50	\$ 7.21	\$ 1.75	\$ 8.24	\$ 1.30	\$ 6.12
9850	Diluted	\$ 1.95	\$ 9.37	\$ 1.50	\$ 7.20	\$ 1.75	\$ 8.24	\$ 1.30	\$ 6.12

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

AIRTAC INTERNATIONAL GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEP 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011.1.1~2011.9.30		2010.1.1~2010.9.30	
	RMB	NTD	RMB	NTD
Cash flows from operating activities				
Net income	\$ 230,472	\$ 1,105,110	\$ 173,984	\$ 820,508
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	35,989	172,566	29,272	138,047
Amortization	3,972	19,048	3,527	16,632
Provision for doubtful accounts	2,261	10,842	310	1,462
Provision for(recovery of) loss on inventories	(337)	(1,615)	1,168	5,508
Loss on disposal of property, plant and equipment	803	3,852	535	2,521
Valuation gain on financial instruments	(42)	(201)	-	-
Deferred income tax	10,676	51,191	11,013	51,935
Accrued pension cost	4,069	19,511	3,583	16,897
Changes in operating assets and liabilities:				
Accounts receivable and Notes receivable	(99,590)	(477,534)	(81,072)	(382,336)
Other receivables	(6,889)	(33,033)	(6,537)	(30,828)
Inventory	(30,695)	(147,183)	(24,198)	(114,118)
Other current assets	(9,797)	(46,977)	(2,343)	(11,050)
Accounts payable and Notes payable	10,221	49,010	21,233	100,135
Income tax payable	773	3,707	7,862	37,077
Accrued expenses	(9,018)	(43,241)	21,760	102,620
Other current liabilities	<u>287</u>	<u>1,376</u>	<u>665</u>	<u>3,136</u>
Net cash provided by operating activities	<u>143,155</u>	<u>686,429</u>	<u>160,762</u>	<u>758,146</u>
Cash flows from investing activities				
Acquisition of property, plant and equipment	(219,269)	(1,051,395)	(97,503)	(459,824)
Proceeds from disposal of property, plant and equipment	967	4,637	642	3,028

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	2011.1.1~2011.9.30		2010.1.1~2010.9.30	
	RMB	NTD	RMB	NTD
Acquisition of financial assets designated as at fair value through profit or loss	(\$ 27,000)	(\$ 129,465)	\$ -	\$ -
Increase in Intangible assets and other assets	(19,570)	(93,838)	(13,829)	(65,218)
Net cash used in investing activities	(264,872)	(1,270,061)	(110,690)	(522,014)
Cash flows from financing activities				
Increase in short-term loans	226,583	1,086,465	89,127	420,323
Proceeds from long-term debt	(96,185)	(461,207)	(28,246)	(133,208)
Increase (decrease) in short-term bills payable	6,258	30,000	(2,107)	(9,937)
Issuance of common stock for cash	-	-	(47,385)	(226,409)
cash dividends appropriated from capital surplus	(150,000)	(719,250)	-	-
Net cash used in financing activities	(13,344)	(63,992)	11,389	50,769
Effect of exchange rate changes	(4,403)	131,756	(14,448)	(70,258)
Net increase (decrease) in cash and cash equivalents	(139,464)	(515,868)	47,013	216,643
Cash and cash equivalents, beginning of period	431,205	1,914,766	74,043	354,258
Cash and cash equivalents, end of period	\$ 291,741	\$ 1,398,898	\$ 121,056	\$ 570,901
Supplemental cash flow information				
Interest paid	\$ 5,105	\$ 24,478	\$ 9,224	\$ 43,500
Income tax paid	\$ 57,505	\$ 275,736	\$ 41,030	\$ 193,497
Non-cash investing and financing activities				
Current portion of long-term liabilities	\$ 4,606	\$ 22,086	\$ 4,650	\$ 21,931

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