

**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Financial Statements for the Three-month Ended**

**March 31, 2010 and 2011**

**(The Consolidated Financial Statements  
is not Reviewed by chartered Accountants')**

**(The Consolidated Financial Statements is not Reviewed by chartered Accountants’)**  
**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2010 and 2011**

**(Expressed in thousands of New Taiwan dollars)**

<u>Assets</u>	<u>2010</u>		<u>2011</u>		<u>Liabilities and Stockholders' Equity</u>	<u>2010</u>		<u>2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Current assets:</b>					<b>Current liabilities:</b>				
Cash and cash equivalents	\$ 3,284,051	3	5,494,962	4	Short-term loans	\$ 1,545,500	1	-	-
Notes and accounts receivable, net of allowance for doubtful accounts of NT\$11,911 and NT\$11,438 thousands dollars.	10,193,016	8	7,207,744	6	Notes and accounts payable	5,130,121	4	4,084,326	3
Accounts receivable—related parties	99	-	1,961	-	Accounts payable—related parties	4,058,400	3	3,754,488	3
Other receivables	1,569,174	1	1,502,708	1	Accrued expenses	3,503,837	3	3,367,319	3
Other receivables—related parties	350,664	-	171,479	-	Financial liabilities reported as fair value through profit or loss—current	260,592	-	180,801	-
Inventories, net	8,225,778	6	9,241,234	7	Other payables—related parties	9,083,512	7	36,215,812	28
Prepayments	740,567	1	1,368,191	1	Current portion of bonds payable	13,030,000	10	5,390,000	4
Deferred income tax assets, net—current	3,833	-	8,237	-	Current portion of long-term loans	10,669,359	9	14,015,967	12
<b>Total current assets</b>	<u>24,367,182</u>	<u>19</u>	<u>24,996,516</u>	<u>19</u>	Other current liabilities	8,448	-	86,140	-
					<b>Total current liabilities</b>	<u>47,289,769</u>	<u>37</u>	<u>67,094,853</u>	<u>53</u>
<b>Funds and long-term investments:</b>					<b>Long-term liabilities:</b>				
Long-term investments carried on the equity method	20,061,320	16	15,004,044	12	Bonds payable	7,079,200	6	1,694,932	1
Available-for-sale financial assets—non-current	338,840	-	235,844	-	Long-term loans	36,258,141	28	35,277,383	28
<b>Total Funds and long-term investments</b>	<u>20,400,160</u>	<u>16</u>	<u>15,239,888</u>	<u>12</u>	Long-term accounts payable	194,259	-	-	-
					Lease payables—long-term	315,769	-	309,467	-
<b>Property, plant and equipment:</b>					<b>Total long-term liabilities</b>	<u>43,847,369</u>	<u>34</u>	<u>37,281,782</u>	<u>29</u>
Land	1,013,924	1	1,013,924	1	<b>Other liabilities:</b>				
Buildings and building improvements	5,235,926	4	5,247,189	4	Accrued pension liabilities	379,609	-	392,372	-
Machinery and equipment	109,501,155	86	132,456,911	103	Guarantee deposits	135,635	-	118,218	-
Transportation equipment	28,289	-	7,221	-	Miscellaneous liabilities	114,092	-	110,501	-
Leased assets	345,637	-	345,637	-	<b>Total other liabilities</b>	<u>629,336</u>	<u>-</u>	<u>621,091</u>	<u>-</u>
Miscellaneous equipment	1,592,368	1	1,872,716	1	<b>Total liabilities</b>	<u>91,766,474</u>	<u>71</u>	<u>104,997,726</u>	<u>82</u>
	117,717,299	92	140,943,598	109	<b>Stockholders' equity:</b>				
Less: accumulated depreciation	(60,325,824)	(47)	(75,191,848)	(58)	Common stock	34,279,255	27	40,345,755	31
Construction in progress	15,144,680	12	14,015,291	11	Advance receipts for capital stock	17,417	-	-	-
<b>Net property, plant and equipment</b>	<u>72,536,155</u>	<u>57</u>	<u>79,767,041</u>	<u>62</u>	Capital surplus	13,752,136	11	17,847,268	14
					Accumulated deficit	(11,867,993)	(9)	(34,405,096)	(27)
<b>Intangible assets:</b>					Cumulative translation adjustments	2,412	-	(9,483)	-
Patents	1,601,271	1	1,111,857	1	Unrealized loss on financial instruments	252,929	-	149,932	-
Other intangible assets	2,881,660	2	1,430,419	1	Treasury stock	(347,533)	-	(347,533)	-
<b>Total intangible assets</b>	<u>4,482,931</u>	<u>3</u>	<u>2,542,276</u>	<u>2</u>	<b>Total stockholders' equity</b>	<u>36,088,623</u>	<u>29</u>	<u>23,580,843</u>	<u>18</u>
					Minority interest	8,704	-	30,197	-
<b>Other assets:</b>					<b>Total stockholders' equity and minority interest</b>	<u>36,097,327</u>	<u>29</u>	<u>23,611,040</u>	<u>18</u>
Refundable deposits	8,411	-	72,697	-	<b>Commitments and contingencies</b>				
Deferred charges	46,433	-	33,639	-					
Lease receivable—long-term	2,777,621	2	2,624,356	2					
Deferred income tax assets, net—non-current	3,224,355	3	3,246,260	3					
Miscellaneous assets	93	-	64,787	-					
Restricted current assets	20,460	-	21,306	-					
<b>Total other assets</b>	<u>6,077,373</u>	<u>5</u>	<u>6,063,045</u>	<u>5</u>					
<b>Total assets</b>	<u>\$ 127,863,801</u>	<u>100</u>	<u>128,608,766</u>	<u>100</u>	<b>Total liabilities and stockholders' equity</b>	<u>\$ 127,863,801</u>	<u>100</u>	<u>128,608,766</u>	<u>100</u>

See accompanying notes to financial statements.

This document is an English translation of a financial statement originally issued in Chinese. In the event of a conflict between the English translation and the original Chinese version, the Chinese language financial statement shall prevail.



**(The Consolidated Financial Statements is not Reviewed by chartered Accountants')**  
**NANYA TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three-month periods ended March 31, 2010 and 2011**

**(Expressed in thousands of New Taiwan Dollars)**

	<u>2010</u>	<u>2011</u>
<b>Cash flows from operating activities:</b>		
<b>Net loss</b>	\$ (1,625,477)	(9,031,611)
<b>Adjustments to reconcile net loss to net cash provided by:</b>		
Depreciation	3,203,231	4,200,196
Amortization	516,140	492,441
Compensation costs on employee stock option plans	4,972	4,764
Amortization of discount on bonds payable and long-term loans	8,433	74,750
Gain on inventory valuation and obsolescence	(2,836)	(369,966)
Investment loss recognized under equity method	303,175	1,197,382
Loss (gain) on disposal of property, plant and equipment, net	753	(135)
Gain on valuation of financial assets	(24,542)	(31,177)
Impairment loss	14,228	65,412
Unrealized foreign currency exchange gain, net	(11,744)	(167,982)
Unrealized interest revenue amortization	(75,000)	(71,448)
Increase (decrease) in deferred income tax assets, net	27	(88)
<b>Change in operating assets and liabilities:</b>		
<b>Change in operating assets:</b>		
Decrease financial asset held for trading	290,004	-
Decrease in notes and accounts receivable	1,717,604	2,002,113
Decrease in other receivables	333,943	1,348,117
Increase in inventory	(279,410)	(120,559)
(Increase) decrease in prepayments	(94,517)	191,381
<b>Change in operating liabilities:</b>		
Increase in notes and accounts payable	456,392	329,981
Decrease in accrued expenses	(1,353,899)	(376,847)
Decrease in other current liabilities	(25,583)	(62,096)
Increase in accrued pension liability	2,488	3,345
Increase (decrease) in miscellaneous liabilities	751	(1,883)
<b>Net cash (used in) provided by operating activities</b>	<u>3,359,133</u>	<u>(304,375)</u>
<b>Cash flows from investing activities:</b>		
Acquisition of investments accounted for equity method	(4,426,607)	-
Purchases of property, plant and equipment	(7,183,853)	(5,991,771)
Proceeds from sales of property, plant and equipment	139,247	115
Increase in refundable deposits	(4,141)	(1,941)
Increase in deferred expense	-	(500)
Restricted current assets	414	186
(Increase) decrease in lease receivable	(100,229)	107,333
Increase in miscellaneous assets	(77)	(16,367)
<b>Net cash used in investing activities</b>	<u>(11,575,246)</u>	<u>(5,902,945)</u>
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(162,624)	(200,000)
Increase from long-term loans	5,030,000	3,200,000
Decrease from long-term loans	-	(6,983,034)
Decrease in guarantee deposits	(14,754)	(16,139)
(Decrease) increase in other payables from related parties	(7,996,400)	9,501,488
Decrease in lease payable	(1,433)	(1,519)
Decrease in long-term accounts payable	(28,729)	-
Issuance of common stock for exercise of employee stock options	263,029	-
Increase in minority interest	8,994	-
<b>Net cash (used in) provided by financing activities</b>	<u>(2,901,917)</u>	<u>5,500,796</u>
<b>Effect of foreign currency exchange translation</b>	<u>(5,267)</u>	<u>18,049</u>
<b>Effect of subsidiaries initial consolidated</b>	<u>(204)</u>	<u>-</u>
<b>Decrease in cash and cash equivalents</b>	<u>(11,123,501)</u>	<u>(708,010)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>14,407,552</u>	<u>6,202,972</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,284,051</u>	<u>\$ 5,494,962</u>
<b>Supplemental cash flow information:</b>		
Interest paid	\$ 264,731	359,907
Less: Capitalized interest	<u>26,848</u>	<u>24,934</u>
Interest paid excluding capitalized interest	<u>\$ 237,883</u>	<u>334,973</u>
Income tax paid	\$ <u>1,862</u>	<u>761</u>
<b>Supplemental schedule of non-cash investing and financing activities:</b>		
Current portion of Long-term loans	\$ <u>10,669,359</u>	<u>14,015,967</u>
Current portion of bonds payable	\$ <u>13,030,000</u>	<u>5,390,000</u>
<b>Cash paid for acquisition of properties:</b>		
Total acquisition	\$ <u>(7,274,406)</u>	<u>(6,403,082)</u>
Increase in accounts payable-machinery and equipment, net	\$ <u>90,553</u>	<u>411,311</u>
Cash paid for acquisition of properties	\$ <u>(7,183,853)</u>	<u>(5,991,771)</u>

(Continued)