COMPAL ELECTRONICS, INC.

Balance Sheets

June 30, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

Assets	2012 Amount	%	2011 Amount	%
Current assets:				
Cash and cash equivalents	$ 16,858,753	6.8	43,680,899	15.2
Financial assets measured at fair value through profit or loss – current	100,525	-	166,739	0.1
Notes and accounts receivable, net	123,692,730	50.1	145,373,599	50.4
Notes and accounts receivable, net－related parties	5,042,098	2.0	1,756,534	0.6
Other current financial assets	656,227	0.3	1,854,244	0.6
Inventories, net	26,469,937	10.7	26,510,534	9.2
Prepayment and other current assets	837,448	0.3	776,703	0.3
	173,657,718	70.2	220,119,252	76.4
Investments:				
Long-term investment under equity method	60,177,839	24.4	52,870,279	18.3
Available-for-sale financial assets－non-current	5,058,139	2.1	6,656,965	2.3
Financial assets carried at cost－non-current	3,075,104	1.2	3,164,899	1.1
Debt investments without quoted price in active markets	1,733,626	0.7	1,630,416	0.6
Other non-current financial assets	128,084	0.1	98,270	-
	70,172,792	28.5	64,420,829	22.3
Property, plant and equipment:				
Land	984,082	0.4	897,295	0.3
Buildings	1,815,288	0.7	1,818,548	0.7
Research equipment	650,352	0.3	531,312	0.2
Other equipment	430,802	0.2	378,904	0.1
	3,880,524	1.6	3,626,059	1.3
Less: accumulated depreciation	(1,633,563)	(0.7)	(1,468,560)	(0.5)
Prepayment for purchase of equipment	251	-	7,043	-
	2,247,212	0.9	2,164,542	0.8
Intangible assets – patent licenses and others	630,435	0.3	790,905	0.3
Other assets – leased assets, net, and others	276,158	0.1	715,843	0.2
Total assets	$ 246,984,315	100.0	288,211,371	100.0

Liabilities and Stockholders' Equity	2012 Amount	%	2011 Amount	%
Current liabilities:				
Short-term loans	$ 5,527,800	2.3	28,322,850	9.8
Notes and accounts payable	82,947,030	33.6	88,317,769	30.7
Notes and accounts payable – related parties	40,065,559	16.2	46,202,444	16.0
Income tax payable	430,988	0.2	794,134	0.3
Accrued expenses and other current liabilities	5,596,799	2.3	6,880,218	2.4
Cash dividends payable	6,176,058	2.5	11,905,974	4.1
Accrued product warranty liability	2,545,772	1.0	3,032,684	1.1
	143,290,006	58.1	185,456,073	64.4
Other liabilities	108,721	-	18,882	-
Total liabilities	143,398,727	58.1	185,474,955	64.4
Stockholders' equity:				
Common stock	44,112,169	17.9	44,359,712	15.4
Capital surplus:				
Paid-in capital in excess of par value	13,797,905	5.6	13,703,533	4.7
Other	1,947,589	0.8	1,852,066	0.7
	15,745,494	6.4	15,555,599	5.4
Retained earnings:				
Legal reserve	14,980,079	6.1	13,878,611	4.8
Special reserve	8,713,018	3.5	4,825,698	1.7
Unappropriated retained earnings	29,704,188	12.0	33,966,509	11.7
	53,397,285	21.6	52,670,818	18.2
Equity adjustment:				
Foreign currency translation adjustments	(1,939,099)	(0.8)	(2,752,858)	(1.0)
Unrealized losses on financial instruments	(6,849,014)	(2.8)	(4,909,742)	(1.7)
Treasury stock	(881,247)	(0.4)	(2,187,113)	(0.7)
	(9,669,360)	(4.0)	(9,849,713)	(3.4)
Total stockholders' equity	103,585,588	41.9	102,736,416	35.6
Commitments and contingencies				
Total liabilities and stockholders' equity	$ 246,984,315	100.0	288,211,371	100.0

COMPAL ELECTRONICS, INC.
Statements of Income

Six-month periods ended June 30, 2012 and 2011
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2012 Amount	%	2011 Amount	%
Net sales	$ 283,918,579	100.0	331,008,885	100.0
Cost of sales	275,336,738	97.0	320,710,519	96.9
	8,581,841	3.0	10,298,366	3.1
Change in unrealized inter-company profits	585	-	76	-
Gross profit	8,582,426	3.0	10,298,442	3.1
Operating expenses:				
Selling	1,479,983	0.5	1,780,461	0.5
General and administrative	852,154	0.3	1,312,949	0.4
Research and development	3,171,879	1.1	3,320,146	1.0
	5,504,016	1.9	6,413,556	1.9
Operating income	3,078,410	1.1	3,884,886	1.2
Non-operating income and gains:				
Interest income	182,536	0.1	230,016	0.1
Investment income under the equity method, net	166,804	0.1	3,588,889	1.1
Other investment income, net	132,859	-	176,723	-
Gain on valuation of financial instruments, net	18,053	-	41,786	-
Others	375,221	0.1	142,905	-
	875,473	0.3	4,180,319	1.2
Non-operating expenses and losses:				
Interest expense	64,376	-	58,345	-
Foreign currency exchange loss, net	50,009	-	-	-
Impairment loss	2,492	-	74,086	-
	116,877	-	132,431	-
Net income before income tax expense	3,837,006	1.4	7,932,774	2.4
Income tax expense	397,098	0.2	1,155,447	0.4
Net income	$ 3,439,908	1.2	6,777,327	2.0

	Before income tax	After income tax	Before income tax	After income tax
Basic net income per share	$ 0.88	0.79	1.82	1.55
Diluted net income per share	$ 0.86	0.78	1.77	1.52

The pro forma information under the assumption that the Company's outstanding shares held by its subsidiaries are not regarded as treasury stock was as follows:

	2012		2011	
	Before income tax	After income tax	Before income tax	After income tax
Net income	$ 3,907,030	3,509,932	8,067,821	6,912,374
Basic net income per share	$ 0.89	0.80	1.83	1.56

COMPAL ELECTRONICS, INC.

Statements of Changes in Stockholders' Equity

Six-month periods ended June 30, 2012 and 2011

(expressed in thousands of New Taiwan dollars)

	Common Stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated	Unrealized losses on financial instruments	Foreign currency translation adjustments	Treasury stock	Total
Balance on January 1, 2011	$ 44,280,998	15,303,594	11,551,432	798,081	45,450,010	(903,090)	(2,443,732)	(881,247)	113,156,046
Appropriation of 2010 net income (note 1):									
Special reserve	-	-	-	4,027,617	(4,027,617)	-	-	-	-
Legal reserve	-	-	2,327,179	-	(2,327,179)	-	-	-	-
Cash dividends	-	-	-	-	(11,905,350)	-	-	-	(11,905,350)
Purchase of treasury stock	-	-	-	-	-	-	-	(1,305,866)	(1,305,866)
Adjustment for changes in investee company's stockholders' equity	-	(325)	-	-	(682)	-	-	-	(1,007)
Issuance of stock for employee stock options exercised	78,714	117,283	-	-	-	-	-	-	195,997
Cash dividends paid to subsidiaries holding the Company's shares	-	135,047	-	-	-	-	-	-	135,047
Net income for the six-month period ended June 30, 2011	-	-	-	-	6,777,327	-	-	-	6,777,327
Foreign currency translation adjustment	-	-	-	-	-	-	(309,126)	-	(309,126)
Adjustment for unrealized losses on financial instruments	-	-	-	-	-	(4,006,652)	-	-	(4,006,652)
Balance on June 30, 2011	**$ 44,359,712**	**15,555,599**	**13,878,611**	**4,825,698**	**33,966,509**	**(4,909,742)**	**(2,752,858)**	**(2,187,113)**	**102,736,416**
Balance on January 1, 2012	$ 44,002,554	15,512,401	13,878,611	4,825,698	37,435,473	(7,478,947)	(1,234,071)	(881,247)	106,060,472
Appropriation of 2011 net income (note 2)									
Special reserve	-	-	-	3,887,320	(3,887,320)	-	-	-	-
Legal reserve	-	-	1,101,468	-	(1,101,468)	-	-	-	-
Cash dividends	-	-	-	-	(6,175,351)	-	-	-	(6,175,351)
Adjustment for changes in investee company's stockholders' equity	-	21,666	-	-	(7,054)	-	-	-	14,612
Issuance of stock for employee stock options exercised	109,615	141,403	-	-	-	-	-	-	251,018
Cash dividends paid to subsidiaries holding the Company's shares	-	70,024	-	-	-	-	-	-	70,024
Net income for the six-month period ended June 30, 2012	-	-	-	-	3,439,908	-	-	-	3,439,908
Foreign currency translation adjustment	-	-	-	-	-	-	(705,028)	-	(705,028)
Adjustment for unrealized gains on financial instruments	-	-	-	-	-	629,933	-	-	629,933
Balance on June 30, 2012	**$ 44,112,169**	**15,745,494**	**14,980,079**	**8,713,018**	**29,704,188**	**(6,849,014)**	**(1,939,099)**	**(881,247)**	**103,585,588**

Note 1: Directors' and supervisors' remuneration amounting to $130,000 and employee bonuses amounting to $1,870,000 were recognized in the 2010 statement of income.

Note 2: Directors' and supervisors' remuneration amounting to $97,500 and employee bonuses amounting to $1,402,500 were recognized in the 2011 statement of income.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows

Six-month periods ended June 30, 2012 and 2011
(expressed in thousands of New Taiwan dollars)

	2012	2011
Cash flows from operating activities:		
Net income	$ 3,439,908	6,777,327
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	241,688	304,763
Decrease in allowance for doubtful accounts and inventory obsolescence provision	(350,410)	(486,958)
Other investment income, net	(356)	(20,354)
Impairment losses of financial assets carried at cost	2,492	74,086
Cash dividends received from long-term equity investments	17,749	-
Investment income under the equity method, net	(166,804)	(3,588,889)
Decrease (increase) in notes and accounts receivable	(9,015,187)	21,769,003
Increase in inventories	(4,427,029)	(127,332)
Increase in prepayment, other current assets, and other current financial assets	(461,360)	(960,060)
Increase (decrease) in notes and accounts payable	3,717,440	(14,931,172)
Decrease in accrued expenses, other current liabilities, and accrued product warranty liability	(895,628)	(342,933)
Decrease in income tax payable	(111,904)	(1,749,928)
Change in net deferred income tax assets	190,908	274,010
Decrease (increase) in financial assets measured at fair value through profit or loss – current	60,495	(56,739)
Others	(63,367)	(106,928)
Net cash provided by (used in) operating activities	(7,821,365)	6,827,896
Cash flows from investing activities:		
Additions to property, plant and equipment	(63,590)	(87,133)
Increase in intangible assets	(208,153)	(179,884)
Acquisition of long-term equity investments and financial assets carried at cost	(1,982,443)	(910,809)
Capital refund from investees and distribution from investees after completion of liquidation	16,425	496,930
Proceeds from sale of investments	7,956	123,600
Decrease (increase) in long-term receivables – related parties	(276,045)	8,973
Others	469	546
Net cash used in investing activities	(2,505,381)	(547,777)
Cash flows from financing activities:		
Increase in short-term loans	3,711,300	3,678,870
Proceeds from issuance of stock for employee stock options exercised	251,018	195,997
Purchase of treasury stock	-	(1,305,866)
Others	(4)	117
Net cash provided by financing activities	3,962,314	2,569,118
Net increase (decrease) in cash and cash equivalents	(6,364,432)	8,849,237
Cash and cash equivalents at beginning of period	23,223,185	34,831,662
Cash and cash equivalents at end of period	$ 16,858,753	43,680,899
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 63,877	59,669
Income taxes	$ 318,095	2,631,367
Supplementary disclosures of financing activities not affecting cash flows:		
Cash dividends payable	$ 6,175,351	11,905,350