**COMPAL ELECTRONICS, INC.**

**Balance Sheets (Unaudited)**

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

| Assets | 2012 Amount | % | 2011 Amount | % |
|---|---|---|---|---|
| **Current assets:** | | | | |
| Cash and cash equivalents | $ 10,836,358 | 4.3 | 32,617,756 | 12.0 |
| Financial assets measured at fair value through profit or loss – current | 101,800 | - | 163,775 | 0.1 |
| Notes and accounts receivable, net | 132,599,909 | 52.6 | 137,000,598 | 50.3 |
| Notes and accounts receivable, net－related parties | 3,347,045 | 1.3 | 4,254,664 | 1.6 |
| Other current financial assets | 639,237 | 0.3 | 298,329 | 0.1 |
| Inventories, net | 29,484,818 | 11.7 | 29,670,671 | 10.9 |
| Prepayment and other current assets | 1,012,504 | 0.4 | 673,069 | 0.1 |
| | 178,021,671 | 70.6 | 204,678,862 | 75.1 |
| **Investments:** | | | | |
| Long-term investment under equity method | 61,243,552 | 24.3 | 54,966,847 | 20.2 |
| Available-for-sale financial assets－non-current | 4,656,345 | 1.9 | 4,553,121 | 1.7 |
| Financial assets carried at cost－non-current | 3,044,950 | 1.2 | 3,049,631 | 1.1 |
| Debt investments without quoted price in active markets | 1,745,000 | 0.7 | 1,655,382 | 0.6 |
| Other non-current financial assets | 64,615 | - | 103,156 | - |
| | 70,754,462 | 28.1 | 64,328,137 | 23.6 |
| **Property, plant and equipment:** | | | | |
| Land | 975,475 | 0.4 | 874,125 | 0.3 |
| Buildings | 1,812,701 | 0.7 | 1,811,583 | 0.7 |
| Research equipment | 655,135 | 0.3 | 577,066 | 0.2 |
| Other equipment | 433,887 | 0.2 | 384,125 | 0.1 |
| | 3,877,198 | 1.6 | 3,646,899 | 1.3 |
| Less: accumulated depreciation | (1,677,425) | (0.7) | (1,501,380) | (0.5) |
| Prepayment for purchase of equipment | - | - | 24,232 | - |
| | 2,199,773 | 0.9 | 2,169,751 | 0.8 |
| **Intangible assets – patent licenses and others** | 733,370 | 0.3 | 747,815 | 0.3 |
| **Other assets – leased assets, net, and others** | 282,557 | 0.1 | 490,079 | 0.2 |
| **Total assets** | $ 251,991,833 | 100.0 | 272,414,644 | 100.0 |

| Liabilities and Stockholders' Equity | 2012 Amount | % | 2011 Amount | % |
|---|---|---|---|---|
| **Current liabilities:** | | | | |
| Short-term loans | $ 10,751,265 | 4.3 | 21,976,080 | 8.1 |
| Notes and accounts payable | 83,201,150 | 33.0 | 89,731,995 | 32.9 |
| Notes and accounts payable – related parties | 44,711,128 | 17.7 | 45,040,183 | 16.5 |
| Income tax payable | 776,956 | 0.3 | 939,693 | 0.4 |
| Accrued expenses and other current liabilities | 5,488,799 | 2.2 | 7,410,311 | 2.7 |
| Accrued product warranty liability | 2,340,657 | 0.9 | 3,054,998 | 1.1 |
| | 147,269,955 | 58.4 | 168,153,260 | 61.7 |
| **Other liabilities** | 122,343 | 0.1 | 130,583 | 0.1 |
| **Total liabilities** | 147,392,298 | 58.5 | 168,283,843 | 61.8 |
| **Stockholders' equity:** | | | | |
| Common stock | 44,124,849 | 17.5 | 43,949,217 | 16.1 |
| Capital surplus: | | | | |
| Paid-in capital in excess of par value | 13,813,525 | 5.5 | 13,587,697 | 5.0 |
| Other | 1,954,500 | 0.8 | 1,870,379 | 0.7 |
| | 15,768,025 | 6.3 | 15,458,076 | 5.7 |
| Retained earnings: | | | | |
| Legal reserve | 14,980,079 | 5.9 | 13,878,611 | 5.1 |
| Special reserve | 8,713,018 | 3.5 | 4,825,698 | 1.8 |
| Unappropriated retained earnings | 31,337,595 | 12.4 | 35,324,667 | 12.9 |
| | 55,030,692 | 21.8 | 54,028,976 | 19.8 |
| Equity adjustment: | | | | |
| Foreign currency translation adjustments | (2,759,173) | (1.1) | (1,024,127) | (0.4) |
| Unrealized losses on financial instruments | (6,683,611) | (2.7) | (7,400,094) | (2.7) |
| Treasury stock | (881,247) | (0.3) | (881,247) | (0.3) |
| | (10,324,031) | (4.1) | (9,305,468) | (3.4) |
| **Total stockholders' equity** | 104,599,535 | 41.5 | 104,130,801 | 38.2 |
| **Commitments and contingencies** | | | | |
| **Total liabilities and stockholders' equity** | $ 251,991,833 | 100.0 | 272,414,644 | 100.0 |

**COMPAL ELECTRONICS, INC.**
**Statements of Income (Unaudited)**

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

| | 2012 Amount | % | 2011 Amount | % |
|---|---|---|---|---|
| **Net sales** | $ 440,897,092 | 100.0 | 494,786,591 | 100.0 |
| **Cost of sales** | 428,209,443 | 97.1 | 479,072,146 | 96.8 |
| | 12,687,649 | 2.9 | 15,714,445 | 3.2 |
| Change in unrealized inter-company profits | 520 | - | 616 | - |
| **Gross profit** | 12,688,169 | 2.9 | 15,715,061 | 3.2 |
| **Operating expenses:** | | | | |
| Selling | 2,482,317 | 0.6 | 2,713,023 | 0.6 |
| General and administrative | 1,292,542 | 0.3 | 1,723,510 | 0.3 |
| Research and development | 4,823,151 | 1.1 | 4,874,983 | 1.0 |
| | 8,598,010 | 2.0 | 9,311,516 | 1.9 |
| **Operating income** | 4,090,159 | 0.9 | 6,403,545 | 1.3 |
| **Non-operating income and gains:** | | | | |
| Interest income | 239,605 | 0.1 | 356,291 | 0.1 |
| Investment income under the equity method, net | 1,024,015 | 0.2 | 3,834,500 | 0.8 |
| Other investment income, net | 173,687 | - | 204,284 | - |
| Others | 426,928 | 0.1 | 357,979 | 0.1 |
| | 1,864,235 | 0.4 | 4,753,054 | 1.0 |
| **Non-operating expenses and losses:** | | | | |
| Interest expense | 84,655 | - | 101,296 | - |
| Foreign currency exchange loss, net | 152,209 | - | 585,744 | 0.2 |
| Impairment loss | 2,492 | - | 77,053 | - |
| Loss on valuation of financial instruments, net | 42,756 | - | 9,700 | - |
| | 282,112 | - | 773,793 | 0.2 |
| **Net income before income tax expense** | 5,672,282 | 1.3 | 10,382,806 | 2.1 |
| Income tax expense | 598,907 | 0.1 | 1,492,648 | 0.3 |
| **Net income** | $ 5,073,375 | 1.2 | 8,890,158 | 1.8 |

| | Before income tax | After income tax | Before income tax | After income tax |
|---|---|---|---|---|
| **Basic net income per share** | $ 1.30 | 1.16 | 2.38 | 2.04 |
| **Diluted net income per share** | $ 1.28 | 1.15 | 2.32 | 1.99 |

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 Before income tax | 2012 After income tax | 2011 Before income tax | 2011 After income tax |
|---|---|---|---|---|
| **Net income** | $ 5,742,292 | 5,143,385 | 10,518,313 | 9,025,665 |
| **Basic net income per share** | $ 1.30 | 1.17 | 2.38 | 2.05 |

**COMPAL ELECTRONICS, INC.**

**Statements of Cash Flows (Unaudited)**

**Nine-month periods ended September 30, 2012 and 2011**
**(expressed in thousands of New Taiwan dollars)**

| | 2012 | 2011 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net income | $ 5,073,375 | 8,890,158 |
| Adjustments to reconcile net income to cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 378,142 | 454,770 |
| Decrease in allowance for doubtful accounts, allowance for sales returns and discounts, and inventory obsolescence provision | (327,655) | (522,623) |
| Gain on disposal of investments | (24,442) | (30,522) |
| Impairment losses of financial assets carried at cost | 2,492 | 77,053 |
| Cash dividends received from long-term equity investments | 176,699 | 724,715 |
| Investment income under the equity method, net | (1,024,015) | (3,834,500) |
| Decrease (increase) in notes and accounts receivable | (16,237,834) | 27,703,825 |
| Increase in inventories | (7,454,144) | (3,311,755) |
| Increase in prepayment, other current assets, and other current financial assets | (327,162) | (27,232) |
| Increase (decrease) in notes and accounts payable | 8,617,129 | (14,679,207) |
| Increase (decrease) in accrued expenses, other current liabilities, and accrued product warranty liability | (1,209,450) | 165,296 |
| Increase (decrease) in income tax payable | 234,064 | (1,604,369) |
| Change in net deferred income tax assets | (5,360) | 270,208 |
| Decrease (increase) in financial assets measured at fair value through profit or loss – current | 59,220 | (53,775) |
| Others | (11,035) | (138,137) |
| **Net cash provided by (used in) operating activities** | (12,079,976) | 14,083,905 |
| **Cash flows from investing activities:** | | |
| Additions to property, plant and equipment | (71,602) | (158,375) |
| Increase in intangible assets | (398,984) | (201,119) |
| Acquisition of long-term equity investments, available-for-sale financial assets, and financial assets carried at cost | (2,991,871) | (910,817) |
| Capital refund from investees and distribution from investees after completion of liquidation | 51,744 | 523,556 |
| Proceeds from sale of investments | 594,707 | 134,208 |
| Increase in other receivables – related parties | (530,359) | (3,693) |
| Others | 792 | (23,450) |
| **Net cash used in investing activities** | (3,345,573) | (639,690) |
| **Cash flows from financing activities:** | | |
| Increase (decrease) in short-term loans | 8,934,765 | (2,667,900) |
| Cash dividends paid | (6,175,351) | (11,905,350) |
| Proceeds from issuance of stock for employee stock options exercised | 279,318 | 220,860 |
| Purchase of treasury stock | - | (1,305,866) |
| Others | (10) | 135 |
| **Net cash provided by (used in) financing activities** | 3,038,722 | (15,658,121) |
| **Net decrease in cash and cash equivalents** | (12,386,827) | (2,213,906) |
| **Cash and cash equivalents at beginning of period** | 23,223,185 | 34,831,662 |
| **Cash and cash equivalents at end of period** | $ 10,836,358 | 32,617,756 |
| **Supplementary disclosures of cash flow information:** | | |
| **Cash paid during the period for:** | | |
| Interest | $ 83,751 | 98,514 |
| Income taxes | $ 370,204 | 2,826,808 |