

Qisda Corporation
Reviewed Consolidated Balance Sheets
September 30, 2008 and 2009
(expressed in thousands of New Taiwan dollars and US dollars)

Assets	2008.9.30			2009.9.30			Liabilities and Stockholders' Equity	2008.9.30			2009.9.30		
	NT\$	NT\$	US\$	NT\$	NT\$	US\$		NT\$	NT\$	US\$	NT\$	NT\$	US\$
Current assets:							Current liabilities:						
Cash and cash equivalents	\$ 10,385,361	\$ 10,691,716	332,041				Short-term borrowings	\$ 19,406,313	\$ 10,968,731	340,644			
Financial assets at fair value through profit or loss – current	2,307,310	574,576	17,844				Financial liabilities at fair value through profit or loss – current	646,540	145,634	4,523			
Available-for-sale financial assets - current	9,026	19,088	593				Notes and accounts payable	32,357,211	28,644,725	889,588			
Notes and accounts receivable, net	28,380,295	20,452,287	635,164				Accounts payable to related parties	3,372,627	1,747,544	54,272			
Accounts receivables from related parties	977,624	2,909,040	90,343				Other payable to related parties	18,022	12,370	384			
Other receivables, net	3,380,922	3,761,007	116,801				Accrued expenses	14,335,278	16,896,647	524,741			
Other receivable from related parties	9,991	40,328	1,252				Bonds payable due within one year	3,490,066	1,600,000	49,689			
Other financial assets – current	4,159,311	487,771	15,148				Long-term debt due within one year	3,550,331	9,689,174	300,906			
Inventories	25,411,983	17,326,170	538,080				Total current liabilities	77,176,388	69,704,825	2,164,747			
Prepaid expenses and other current assets	2,178,875	1,176,336	36,532										
Deferred income tax assets – current	341,363	655,197	20,348				Long-term liabilities:						
Total current assets	77,542,061	58,093,516	1,804,146				Financial liabilities at fair value through profit or loss – non current	-	18,630	579			
							Bonds payable	1,600,000	111,384	3,459			
Long-term investments:							Long-term debt	22,816,509	15,359,983	477,018			
Equity method	25,107,279	21,318,371	662,061				Total long-term liabilities	24,416,509	15,489,997	481,056			
Available-for-sale financial assets – noncurrent	2,280,155	3,332,775	103,502										
Financial assets carried at cost – noncurrent	501,472	352,569	10,949				Other liabilities						
	27,888,906	25,003,715	776,512				Financial liabilities measured at fair value through profit or loss - non current	-	985,940	30,619			
Property, plant and equipment:							Deferred profits on sale-leaseback transaction	855,216	746,039	23,169			
Land	1,934,415	1,914,089	59,444				Other liabilities	576,146	631,333	19,607			
Buildings	16,230,620	18,247,520	566,693				Total other liabilities	1,431,362	2,363,312	73,395			
Machinery and equipment	19,232,979	21,084,139	654,787				Total liabilities	103,024,259	87,558,134	2,719,198			
Furniture and fixtures	1,165,178	1,091,405	33,895										
Leasehold improvements	403,255	1,821,654	56,573				Stockholders' equity:						
Miscellaneous equipment	1,295,822	1,410,935	43,818				Common stock	19,282,176	19,282,176	598,825			
Prepayments for plant and equipment	3,486,910	231,5007	71,895				Capital surplus:						
	43,749,179	47,884,749	1,487,105				Additional paid-in-capital in excess of the common stock's par value	2,738,580	1,196,757	37,166			
Less: Accumulated impairment - fixed assets	(607,932)	(931,897)	(28,941)				Capital surplus from long-term equity investments	4,048,334	4,080,473	126,723			
Less: accumulated depreciation	(15,640,907)	(18,090,002)	(561,801)					6,786,914	5,277,230	163,889			
Net property, plant and equipment	27,500,340	28,862,850	896,363										
Intangible assets	2,716,735	3,275,804	101,733				Legal reserve	344,528	-	-			
Other assets:							Special reserve	175,173	-	-			
Refundable deposits	95,228	125,475	3,897				Retained earnings (accumulated deficit)	1,545,798	(1,745,741)	(54,216)			
Deferred expenses	857,894	1,182,464	36,722				Cumulative translation adjustment	820,999	802,235	24,914			
Deferred income tax assets – noncurrent	1,323,726	1,025,083	31,835				Unrealized loss on available-for-sale financial assets	(2,154,347)	(1,094,456)	(33,989)			
Total other assets	2,276,848	2,333,022	72,454				Treasury stock	(77,042)	(81,276)	(2,524)			
								26,724,199	22,440,168	696,899			
							Minority interest	8,176,432	7,570,605	235,112			
							Total stockholders' equity	34,900,631	30,010,773				
							Commitments and contingencies						
							Total liabilities and stockholders' equity	\$ 137,924,890	\$ 117,568,907	3,651,208			
Total assets	\$ 137,924,890	\$ 117,568,907	3,651,208										

(Note: Translation of the September 30, 2009, New Taiwan dollar financial statement amounts into U.S. dollar amounts is included solely for the convenience of the readers, using the spot rate of the Bank of Taiwan on September 30, 2009, of NT\$32.20 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation

Reviewed Consolidated Statements of Operations
For the nine-month periods ended September 30, 2008 and 2009
 (expressed in thousands of New Taiwan dollars and US dollars, except earnings per share)

	2008 Q3	2009Q3	
	NT\$	NT\$	US\$
Net sales	\$ 120,809,698	\$ 110,877,355	3,443,396
Cost of goods sold	(111,152,234)	(99,789,425)	(3,099,050)
Gross profit	<u>9,657,464</u>	<u>11,087,930</u>	<u>344,346</u>
Operating expenses:			
Selling	(6,896,378)	(5,299,465)	(164,580)
Administrative	(2,528,501)	(2,850,952)	(88,539)
Research and development	(2,909,176)	(2,564,225)	(79,634)
	<u>(12,334,055)</u>	<u>(10,714,642)</u>	<u>(332,753)</u>
Operating income (loss)	<u>(2,676,591)</u>	<u>373,288</u>	<u>11,593</u>
Non-operating income:			
Interest income	263,568	123,734	3,843
Investment income recorded under the equity method, net	3,865,175	-	-
Dividend income	198,501	119,917	3,724
Evaluation gain on financial instruments, net	307,727	202,298	6,283
Gain on disposal of property, plant and equipment	50,727	12,371	384
Gain on disposal of investments, net	751,693	166,478	5,170
Foreign exchange gains	-	28,384	881
Others	517,752	430,706	13,376
	<u>5,955,143</u>	<u>1,083,888</u>	<u>33,661</u>
Non-operating expenses:			
Interest expense	(1,557,396)	(967,712)	(30,053)
Foreign currency exchange loss, net	(106,607)	-	-
Loss on disposal of fixed assets	(18,465)	(9,061)	(281)
Impairment loss on assets	-	(124,519)	(3,867)
Investment loss recorded under the equity method, net	-	(1,452,769)	(45,117)
Other investment loss	-	(82,684)	(2,568)
Others	(301,251)	(112,355)	(3,489)
	<u>(1,983,719)</u>	<u>(2,749,100)</u>	<u>(85,375)</u>
Income from continuing operations before income tax	<u>1,294,833</u>	<u>(1,291,924)</u>	<u>(40,121)</u>
Income tax expense	(685,098)	(372,758)	(11,576)
Income from continuing operations	<u>\$609,735</u>	<u>(\$1,664,682)</u>	<u>(\$51,697)</u>
Consolidated net income attributable to parent company	<u>\$475,461</u>	<u>(\$1,745,741)</u>	<u>(\$54,215)</u>
Minority interest income	\$152,274	\$81,059	\$2,517
Consolidated net income	<u>\$627,735</u>	<u>(\$1,664,682)</u>	<u>(\$51,697)</u>
Earnings per share (expressed in New Taiwan dollars and US dollars):			
Basic earnings per share	<u>0.25</u>	<u>(0.91)</u>	
Diluted earnings per share	<u>0.25</u>		

Qisda Corporation

Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2008 and 2009
(expressed in thousands of New Taiwan dollars and US Dollars)

	2008Q3 NT\$	2009 NT\$
Cash flows from operating activities:		
Net income (loss)	\$609,735	(1,664,682)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,463,015	2,782,315
Amortization	516,992	379,340
Amortization of discount on convertible bond	66,076	7,690
Investment loss (income) recorded under the equity method, net	(3,865,175)	1,452,769
Cash dividends received from investments recorded under equity method	1,591,265	231,277
Evaluation gain on financial assets	(307,727)	(202,298)
Gain on disposal of investments	(751,693)	(166,478)
Loss on redeemable of bonds	-	10,511
Impairment loss on financial assets carried at cost	-	82,684
Gain on disposal of property, plant and equipment, net	(32,262)	(3,310)
Amortization of deferred profits on sale-leaseback transaction	(81,882)	(81,883)
Long-term equity investments charged to expenses	-	3,290
Amortization of bond issuance costs	10,130	15,349
Impairment loss	-	124,519
Differences in accounts in the accompanying balance sheets:		
Financial assets and liabilities at fair value through profit or loss	166,735	915,953
Notes and accounts receivable	(4,393,512)	(1,577,120)
Receivables from related parties	269,688	(209,877)
Other receivables	1,658,978	(428,165)
Inventories	3,503,449	372,720
Other financial assets — current	(1,423,534)	2,998,655
Prepaid expenses and other current assets	(706,539)	284,910
Deferred income tax assets	227,275	34,932
Prepaid pension	(10,942)	(3,788)
Notes and accounts payable	2,920,133	5,494,082
Payables to related parties	(2,359,290)	(8,182)
Accrued expenses and other current liabilities	18,350	2,685,793
Other liabilities	(163,196)	27,389
Net cash provided by (used in) operating activities	(\$73,931)	13,558,395
Cash flows from investing activities:		
Additions to long-term equity investments	(21,330)	(5,504)
Increase in available-for-sale financial assets — current	(6,283)	(14,184)
Additions to property, plant and equipment	(5,584,277)	(3,117,240)
Proceeds from disposal of long-term equity investments	894,923	228,458
Proceeds from disposal of property, plant and equipment	446,700	346,921
Increase in refundable deposits and deferred assets	(288,474)	(520,513)
Net cash used in investing activities	(\$4,558,741)	(3,082,062)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	3,558,572	(14,272,377)
Increase in long-term debt	888,990	1,212,832
Prepayment long-term debt	(300,086)	(2,647,940)
Redemption of bonds	(2,200,000)	(3,622,400)
Decrease in minority interest	(319,096)	(205,778)
Cash dividend, directors' and supervisors' remuneration, and employees' bonuses	(625,090)	-
Issuance of common stock	5,000,000	-
Net cash provided by (use in) financing activities	\$6,003,290	(19,535,663)
Effect of exchange rate changes	(\$162,291)	123,853
Effect of new consolidated subsidiaries	\$1,065,393	-
Net increase(decrease) in cash and cash equivalents	\$2,273,720	(8,935,477)
Cash and cash equivalents at beginning of period	\$8,111,641	19,627,193
Cash and cash equivalents at end of period	\$ 10,385,361	10,691,716
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$1,475,342	\$1,124,726
Income taxes	\$193,424	\$92,431
Supplemental disclosure of non-cash investing and financial activities:		
Changes in unrealized loss on available-for-sale financial assets	(\$1,036,446)	\$1,645,753
Adjustments of net equity of investee companies	(\$1,317,750)	\$37,659
Increase(Decrease) in cumulative translation adjustment	\$133,229	(\$250,081)