

Qisda Corporation
Consolidated Balance Sheets
September 30, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US dollars)

Assets	2011 NT\$	2012 NT\$	US\$	Liabilities and Stockholders' Equity	2011 NT\$	2012 NT\$	US\$
Current assets:				Current liabilities:			
Cash and cash equivalents	7,451,209	11,176,115	380,891	Short-term borrowings	9,822,824	10,466,019	356,691
Financial assets at fair value through profit or loss — current	2,160,389	375,034	12,781	Commercial paper payable	399,236	-	-
Available-for-sale financial assets — current	3,308,689	-	-	Financial liabilities at fair value through profit or loss — current	173,450	110,949	3,781
Notes and accounts receivable, net	11,636,745	11,251,240	383,452	Notes and accounts payable	19,374,810	20,813,182	709,331
Notes and accounts receivables from related parties	1,564,214	2,562,682	87,338	Accounts payable to related parties	1,804,384	2,386,217	81,324
Other receivables, net	1,331,665	1,075,649	36,659	Other payable to related parties	17,515	23,174	790
Other receivables from related parties	19,766	136,786	4,662	Accrued expenses and other current liabilities	11,558,150	9,591,445	326,885
Other financial assets — current	1,475,632	1,360,352	46,362	Bonds payable due within one year	119,639	-	-
Inventories	16,434,987	15,747,861	536,700	Long-term debt due within one year	2,135,714	1,846,412	62,927
Non-current assets held for sale	268,919	-	-	Total current liabilities	<u>45,405,722</u>	<u>45,237,398</u>	<u>1,541,729</u>
Prepaid expenses and other current assets	3,913,976	3,604,857	122,857	Long-term liabilities:	<u>21,850,167</u>	<u>23,130,119</u>	<u>788,294</u>
Deferred income tax assets — current	331,508	158,739	5,410				
Total current assets	<u>49,897,699</u>	<u>47,449,315</u>	<u>1,617,112</u>	Other liabilities			
Long-term investments:				Liability under capital lease — non-current	970,588	973,436	33,175
Equity method	19,750,750	14,965,768	510,046	Deferred profits on sale-leaseback transaction — non-current	527,687	418,511	14,263
Available-for-sale financial assets — non-current	262,846	2,264,671	77,182	Deferred income tax liabilities — non-current	-	63,227	2,155
Financial assets carried at cost — non-current	338,470	194,043	6,613	Other liabilities	404,381	320,980	10,939
Debt investments without active market — non-current	-	34,546	1,177	Total other liabilities	<u>1,902,656</u>	<u>1,776,154</u>	<u>60,532</u>
Total long-term investments	<u>20,352,066</u>	<u>17,459,028</u>	<u>595,018</u>	Total liabilities	<u>69,158,545</u>	<u>70,143,671</u>	<u>2,390,555</u>
Property, plant and equipment:				Stockholders' equity:			
Land	1,509,758	1,515,321	51,643	Common stock	19,667,820	19,667,820	670,296
Buildings	13,929,203	15,072,279	513,676	Capital surplus	3,652,334	3,532,309	120,384
Machinery and equipment	12,042,381	10,817,295	368,662	Legal reserve	312,870	-	-
Furniture and fixtures	517,082	655,341	22,335	Special reserve	286,915	-	-
Lease assets	937,822	951,725	32,436	Retained earnings (accumulated deficit)	(221,780)	(3,160,670)	(107,718)
Leasehold improvement	902,735	909,224	30,987	Cumulative translation adjustment	730,908	307,840	10,491
Miscellaneous equipment	1,096,231	954,737	32,538	Unrealized loss on available-for-sale financial assets	(965,011)	(636,015)	(21,676)
Prepayments for plant and equipment	2,724,332	4,144,993	141,265	Treasury stock	(79,721)	(24,878)	(848)
	<u>33,659,544</u>	<u>35,020,915</u>	<u>1,193,542</u>		<u>23,384,335</u>	<u>19,686,406</u>	<u>670,929</u>
Less: accumulated impairment — fixed assets	(944,717)	(426,312)	(14,529)	Minority interest	3,358,596	2,117,365	72,162
Less: accumulated depreciation	(12,528,288)	(13,448,823)	(458,347)	Total stockholders' equity	<u>26,742,931</u>	<u>21,803,771</u>	<u>743,091</u>
Net property, plant and equipment	<u>20,186,539</u>	<u>21,145,780</u>	<u>720,666</u>	Commitments and contingencies			
Intangible assets	<u>3,104,080</u>	<u>2,972,372</u>	<u>101,301</u>				
Other assets:				Total liabilities and stockholders' equity	<u>95,901,476</u>	<u>91,947,442</u>	<u>3,133,646</u>
Restricted deposits	3,051	761,718	25,960				
Refundable deposits	201,096	198,462	6,764				
Deferred expenses and other assets	1,259,288	653,870	22,285				
Deferred income tax assets — non-current	897,657	1,306,897	44,540				
Total other assets	<u>2,361,092</u>	<u>2,920,947</u>	<u>99,549</u>				
Total assets	<u>95,901,476</u>	<u>91,947,442</u>	<u>3,133,646</u>				

(Note : Translation of 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 as of September 30, 2012, of NT\$29.342 to US\$1 uniformly for all the financial statements accounts.)

Qisda Corporation
Consolidated Statements of Operations
For the nine-month periods ended September 30, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US dollars, except earnings per share)

	2011	2012	
	NT\$	NT\$	US\$
Net sales	91,286,792	87,594,358	2,985,289
Cost of goods sold	(81,632,354)	(79,375,893)	(2,705,197)
Gross profit	<u>9,654,438</u>	<u>8,218,465</u>	<u>280,092</u>
Operating expenses:			
Selling	(4,274,619)	(4,362,480)	(148,677)
Administrative	(2,718,593)	(1,996,851)	(68,054)
Research and development	(2,444,813)	(2,221,522)	(75,711)
	<u>(9,438,025)</u>	<u>(8,580,853)</u>	<u>(292,442)</u>
Operating income (loss)	<u>216,413</u>	<u>(362,388)</u>	<u>(12,350)</u>
Non-operating income:			
Interest income	175,952	221,057	7,534
Rental revenue	-	69,589	2,372
Dividend income	278,449	157,341	5,362
Gain on disposal of property, plant and equipment	38,586	1,384,508	47,185
Gain on disposal of investments, net	1,424,993	4,602	157
Foreign currency exchange gain, net	62,752	211,671	7,214
Others	1,029,668	1,136,700	38,740
	<u>3,010,400</u>	<u>3,185,468</u>	<u>108,564</u>
Non-operating expenses:			
Interest expense	(773,837)	(816,978)	(27,843)
Investment loss recorded under the equity method, net	(3,029,169)	(3,158,422)	(107,642)
Loss on disposal of property, plant and equipment	(8,144)	-	-
Impairment loss on assets	(3,411)	(28,331)	(966)
Evaluation loss on financial instruments, net	(258,849)	(136,063)	(4,637)
Others	(146,030)	(177,335)	(6,044)
	<u>(4,219,440)</u>	<u>(4,317,129)</u>	<u>(147,132)</u>
Loss from continuing operations before income tax	<u>(992,627)</u>	<u>(1,494,049)</u>	<u>(50,918)</u>
Income tax expense	<u>(356,547)</u>	<u>(604,378)</u>	<u>(20,598)</u>
Net loss from continuing operations	<u>(1,349,174)</u>	<u>(2,098,427)</u>	<u>(71,516)</u>
Discontinuing operations:			
Net loss from discontinuing operations	<u>(437,750)</u>	<u>-</u>	<u>-</u>
Net loss	<u>(1,786,924)</u>	<u>(2,098,427)</u>	<u>(71,516)</u>
Attributable to:			
Shareholders of the parent	(1,400,940)	(1,528,438)	(52,090)
Minority interest	(385,984)	(569,989)	(19,426)
Net loss	<u>(1,786,924)</u>	<u>(2,098,427)</u>	<u>(71,516)</u>
Earnings per share (expressed in New Taiwan dollars and US			
Basic earnings per share			
Net loss from continuing operations	(0.69)	(1.07)	(0.036)
Discontinuing operation loss	(0.22)	-	-
Loss attributed to minority interest	0.20	0.29	0.010
Net loss attributed to shareholders of the parent	<u>(0.71)</u>	<u>(0.78)</u>	<u>(0.027)</u>

Qisda Corporation
Consolidated Statements of Cash Flows
For the nine-month periods ended September 30, 2011 and 2012
(Expressed in thousands of New Taiwan dollars and US Dollars)

	2011	2012	
	NT\$	NT\$	US\$
Cash flows from operating activities:			
Net loss	(1,786,924)	(2,098,427)	(71,516)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,761,513	1,595,976	54,392
Amortization	219,300	173,022	5,897
Amortization of discount on convertible bond and syndication loan issuance costs	23,289	32,009	1,091
Investment loss recorded under the equity method, net	3,029,169	3,158,422	107,642
Cash dividends received from investments recorded under equity method	442,480	80,749	2,752
Loss (gain) on disposal of property, plant and equipment, net	5,361	(1,384,508)	(47,185)
Gain on disposal of investments	(1,424,993)	(4,602)	(157)
Evaluation loss on financial instruments	258,849	136,063	4,637
Deferred income tax expense (benefit)	196,260	(56,310)	(1,919)
Other investment income	-	(1,982)	(68)
Amortization of deferred profits on sale-leaseback transaction	(81,882)	(81,882)	(2,791)
Impairment loss on assets	3,411	28,331	966
Long-term equity investments charged to expenses	6,845	-	-
Differences in accounts in the accompanying balance sheets:			
Financial assets and liabilities at fair value through profit or loss	(1,579,201)	32,749	1,116
Notes and accounts receivable	(979,870)	(1,297,851)	(44,232)
Notes and accounts receivables from related parties	(199,569)	(861,232)	(29,352)
Other receivables	(848,207)	650,223	22,160
Other receivables from related parties	5,050	(98,286)	(3,350)
Inventories	8,783	(998,331)	(34,024)
Prepaid expenses and other current assets	(241,970)	(355,949)	(12,131)
Prepaid pension	(2,100)	(4,326)	(147)
Other financial assets—current	192,594	79,370	2,705
Notes and accounts payable	(2,542,163)	972,680	33,150
Accounts payable to related parties	(373,039)	270,848	9,231
Accrued expenses and other current liabilities	(2,265,800)	(1,978,159)	(67,417)
Other payable to related parties	3,260	13,990	477
Other liabilities	(29,436)	(158,387)	(5,398)
Net cash used in operating activities	(6,198,990)	(2,155,800)	(73,471)
Cash flows from investing activities:			
Proceeds from disposal of available-for-sale financial assets	9,806	21,999	750
Additions to long-term equity investments	(158,410)	(99,095)	(3,377)
Proceeds from disposal of long-term equity investments	2,082,628	7,124	243
Proceeds from capital return of investees	-	3,574	122
Additions to property, plant and equipment	(2,151,533)	(1,854,823)	(63,214)
Proceeds from disposal of property, plant and equipment	151,406	1,752,403	59,723
Increase in refundable deposits and deferred assets	(186,934)	(79,081)	(2,695)
Increase in restricted deposits	-	(761,718)	(25,960)
Net cash used in investing activities	(253,037)	(1,009,617)	(34,409)
Cash flows from financing activities:			
Increase in short-term borrowings	6,802,499	2,991,795	101,963
Increase in commercial paper payable	399,236	-	-
Redemption of bonds	-	(120,900)	(4,120)
Increase in long-term debt	5,309,108	11,173,499	380,802
Decrease in long-term debt	(8,778,853)	(11,738,063)	(400,043)
Distribution of cash dividends	(964,108)	-	-
Increase(decrease) in minority interest	527,308	(99,485)	(3,391)
Net cash provided by financing activities	3,295,190	2,206,846	75,211
Effect of exchange rate changes	(353,108)	(215,209)	(7,335)
Net decrease in cash and cash equivalents	(3,509,945)	(1,173,780)	(40,004)
Cash and cash equivalents at beginning of period	10,961,154	12,349,895	420,895
Cash and cash equivalents at end of period	7,451,209	11,176,115	380,891
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	742,630	832,593	28,375
Income taxes	149,729	24,812	846
Supplemental disclosure of non-cash investing and financial activities:			
Adjustments of net equity of investee companies	80,837	(151,097)	(5,150)
Changes in unrealized loss on available-for-sale financial assets	(509,588)	195,581	6,666
Changes in available-for-sale financial assets in investee accounted for under long-term equity investments	(66,549)	75,401	2,570