

Qisda Corporation
Reviewed Non-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	645,607	932,034	31,765	Short-term borrowings	4,124,262	2,084,468	71,040
Financial assets at fair value through profit or loss — current	53,520	33,640	1,146	Financial liabilities at fair value through profit or loss — current	164,079	38,306	1,306
Available-for-sale financial assets — current	3,306,278	-	-	Accounts payable	2,399,339	2,873,583	97,934
Accounts receivable, net	4,195,607	4,677,019	159,397	Accounts payable to related parties	8,971,426	11,821,231	402,877
Accounts receivable from related parties	8,446,011	9,017,197	307,314	Other payable to related parties	95,223	34,141	1,164
Other receivables, net	729,279	477,707	16,281	Accrued expenses	3,362,466	2,213,270	75,430
Other receivable from related parties	1,060,121	86,470	2,947	Advance receipts	318,830	138,497	4,720
Inventories	2,900,835	3,189,636	108,705	Bonds payable due within one year	119,639	-	-
Prepaid expenses and other current assets	61,346	70,594	2,406	Long-term debt due within one year	1,742,280	785,720	26,778
Deferred income tax assets — current	81,953	-	-	Other current liabilities	202,017	160,890	5,483
Total current assets	<u>21,480,557</u>	<u>18,484,297</u>	<u>629,961</u>	Deferred income tax liabilities-current	-	150,163	5,118
Long-term investments:				Deferred inter-company profits	16,481	16,373	558
Equity method	32,486,815	28,813,312	981,982	Total current liabilities	<u>21,516,042</u>	<u>20,316,642</u>	<u>692,408</u>
Available-for-sale financial assets — non-current	148,806	2,000,499	68,179	Long-term debt	<u>11,793,720</u>	<u>12,644,670</u>	<u>430,941</u>
Financial assets carried at cost — non-current	17,774	-	-	Other liabilities			
Total long-term investments	<u>32,653,395</u>	<u>30,813,811</u>	<u>1,050,161</u>	Deposit-in	2,530	2,530	86
Property, plant and equipment:				Deferred gain on sale-and-leaseback transaction — non-current	527,687	418,511	14,263
Land	600,168	635,066	21,644	Other liabilities	48,188	170,234	5,802
Buildings	1,426,072	1,460,301	49,768	Total other liabilities	<u>578,405</u>	<u>591,275</u>	<u>20,151</u>
Machinery and equipment	881,567	872,682	29,742	Total liabilities	<u>33,888,167</u>	<u>33,552,587</u>	<u>1,143,500</u>
Furniture and fixtures	91,469	98,886	3,369	Stockholders' equity:			
Miscellaneous equipment	57,471	57,471	1,959	Common stock	19,667,820	19,667,820	670,297
Prepayments for plant and equipment	14,036	2,682	91	Capital surplus	3,652,334	3,532,309	120,384
	3,070,783	3,127,088	106,573	Legal reserve	312,870	-	-
Less: accumulated depreciation	(1,573,181)	(1,641,545)	(55,945)	Special reserve	286,915	-	-
Net property, plant and equipment	<u>1,497,602</u>	<u>1,485,543</u>	<u>50,628</u>	Retained earnings (accumulated deficit)	(221,780)	(3,160,670)	(107,718)
Intangible assets	<u>56,340</u>	<u>44,549</u>	<u>1,518</u>	Cumulative translation adjustment	730,908	307,840	10,491
Other assets:				Unrealized loss on available-for-sale financial assets	(965,011)	(636,015)	(21,676)
Assets for lease	211,793	154,569	5,268	Treasury stock	(79,721)	(24,878)	(848)
Idle assets	104,324	104,324	3,555	Total stockholders' equity	<u>23,384,335</u>	<u>19,686,406</u>	<u>670,930</u>
Restricted deposits	3,051	761,718	25,960	Commitments and contingencies			
Refundable deposits	93,834	58,543	1,995	Total liabilities and stockholders' equity	<u>57,272,502</u>	<u>53,238,993</u>	<u>1,814,430</u>
Deferred expenses	104,969	36,935	1,259				
Deferred income tax assets — non-current	947,016	1,179,132	40,186				
Prepaid pension cost	119,621	115,572	3,939				
Total other assets	<u>1,584,608</u>	<u>2,410,793</u>	<u>82,162</u>				
Total assets	<u>57,272,502</u>	<u>53,238,993</u>	<u>1,814,430</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

Reviewed Non-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	49,601,265	58,016,071	1,977,236
Cost of goods sold	(47,193,385)	(56,049,567)	(1,910,216)
Gross profit	2,407,880	1,966,504	67,020
Change in deferred inter-company profits	72,425	8,334	284
Realized gross profit	2,480,305	1,974,838	67,304
Operating expenses:			
Selling	(357,758)	(609,147)	(20,760)
Administrative	(453,996)	(176,969)	(6,031)
Research and development	(1,626,539)	(1,497,975)	(51,052)
	(2,438,293)	(2,284,091)	(77,843)
Operating income(loss)	42,012	(309,253)	(10,539)
Non-operating income:			
Interest income	32,126	14,799	504
Dividend income	272,786	154,412	5,262
Foreign currency exchange gain, net	267,037	90,030	3,068
Evaluation gain on financial instruments, net	-	33,025	1,126
Others	636,052	399,154	13,604
	1,208,001	691,420	23,564
Non-operating expenses:			
Interest expense	(384,146)	(392,878)	(13,390)
Investment loss recorded under the equity method, net	(1,790,931)	(1,511,115)	(51,500)
Evaluation loss on financial instruments, net	(447,346)	-	-
Others	(1,338)	(6,612)	(225)
	(2,623,761)	(1,910,605)	(65,115)
Loss before income tax	(1,373,748)	(1,528,438)	(52,090)
Income tax expense	(27,192)	-	-
Net loss	(1,400,940)	(1,528,438)	(52,090)
Earnings per share (expressed in New Taiwan dollars and US dollars):			
Basic earnings per share	(0.70)	(0.78)	0
Diluted earnings per share	(0.71)	(0.78)	0

Qisda Corporation

Reviewed Non-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	(1,400,940)	(1,528,438)	(52,090)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	74,845	58,459	1,992
Amortization	29,059	21,242	724
Change in allowance for bad debt and sales discount	42,100	18,180	620
Amortization of bond discount and bond issuance costs	23,289	27,631	942
Change in provision for inventory obsolescence	1,142	(20,174)	(688)
Investment loss recorded under the equity method, net	1,790,931	1,511,115	51,500
Cash dividends received from investments recorded under the equity method	513,467	144,874	4,937
Loss (gain) on disposal of property, plant and equipment, net	(842)	1,960	67
Other investment gain	-	(1,982)	(68)
Amortization of deferred profits on sale-and-leaseback transaction	(81,882)	(81,882)	(2,791)
Differences in accounts in the accompanying balance sheets:			
Financial assets and liabilities at fair value through profit or loss	447,346	(33,025)	(1,126)
Accounts receivable	13,495	(859,792)	(29,302)
Receivables from related parties	(2,647,233)	(1,424,683)	(48,554)
Other receivables	(133,865)	381,213	12,992
Other receivables from related parties	60,701	(22,146)	(755)
Inventories	(1,142,697)	(693,502)	(23,635)
Prepaid expenses and other current assets	(14,208)	(6,602)	(225)
Prepaid pension	(534)	1,800	61
Accounts payable	569,411	776,641	26,469
Payables to related parties	6,071,485	1,985,652	67,673
Income tax payable	(132,075)	-	-
Accrued expenses and other current liabilities	(1,909,970)	(688,383)	(23,461)
Other payables to related parties	62,571	(62,714)	(2,137)
Deferred inter-company profit	(72,425)	(8,334)	(284)
Net cash provided by (used in) operating activities	2,163,171	(502,890)	(17,139)
Cash flows from investing activities:			
Proceeds from capital return of investees	-	3,574	122
Additions to property, plant and equipment	(56,723)	(15,683)	(534)
Proceeds from disposal of property, plant and equipment	890	5,010	171
Increase in restricted deposits	-	(761,718)	(25,960)
Decrease (increase) in refundable deposits	(2,600)	3,045	104
Increase in deferred expenses	(25,347)	(34,552)	(1,178)
Decrease in other receivables from related parties	461,049	939,777	32,028
Net cash provided by investing activities	377,269	139,453	4,753
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	4,124,262	(1,626,186)	(55,422)
Redemption of bonds	-	(120,900)	(4,120)
Increase in long-term debt	2,000,000	7,720,390	263,117
Decrease in long-term debt	(7,520,500)	(8,819,460)	(300,574)
Distribution of cash dividends	(964,108)	-	-
Net cash provided by (used in) financing activities	(2,360,346)	(2,846,156)	(96,999)
Net increase (decrease) in cash and cash equivalents	180,094	(3,209,593)	(109,385)
Cash and cash equivalents at beginning of period	465,513	4,141,627	141,150
Cash and cash equivalents at end of period	645,607	932,034	31,765
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	377,355	403,792	13,762
Income taxes	109,715	1,776	61
Supplemental disclosure of non-cash investing and financial activities:			
Increase (decrease) in cumulative translation adjustment	628,949	(439,306)	(14,972)
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