

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheet**  
**March 31, 2010 and 2009**  
(in thousands of New Taiwan dollars)

| Assets  | 2010/3/31                   |                   | 2009/3/31                |                   |
|---|-----------------------------|-------------------|--------------------------|-------------------|
|   | Amount                      | %                 | Amount                   | %                 |
| <b>Current assets :</b>   |                             |                   |                          |                   |
| Cash and cash equivalents                                       | \$ 4,368,723                | 28                | \$ 4,789,935             | 38                |
| Financial assets at fair value through profit or loss - current | 44,865                      | -                 | 79,155                   | 1                 |
| Investments in debt security with no active market - current    | -                           | -                 | 34,690                   | -                 |
| Notes and accounts receivable, net                              | 1,775,968                   | 11                | 1,380,823                | 11                |
| Receivables from related parties                                | 2,645,863                   | 17                | 1,360,627                | 11                |
| Other financial assets - current                                | 54,278                      | -                 | 26,709                   | -                 |
| Inventories   | 3,526,582                   | 23                | 2,042,869                | 16                |
| Deferred income tax assets - current                            | 93,931                      | 1                 | 116,681                  | 1                 |
| Other current assets  | 102,604                     | 1                 | 59,074                   | -                 |
|   | <u>12,612,814</u>           | <u>81</u>         | <u>9,890,563</u>         | <u>78</u>         |
| <b>Funds and investments :</b>                                  |                             |                   |                          |                   |
| Other financial assets - noncurrent                             | 45,144                      | -                 | 19,510                   | -                 |
| Available-for-sale financial assets - noncurrent                | 323,224                     | 2                 | 207,893                  | 2                 |
| Financial assets carried at cost - noncurrent                   | 9,996                       | -                 | 9,996                    | -                 |
|   | <u>378,364</u>              | <u>2</u>          | <u>237,399</u>           | <u>2</u>          |
| <b>Property, plant and equipment :</b>                          |                             |                   |                          |                   |
| Buildings and improvements                                      | 1,908,906                   | 12                | 1,674,931                | 13                |
| Machinery and equipment   | 1,500,432                   | 10                | 1,503,325                | 12                |
| Transportation, office and other equipment                      | 248,992                     | 1                 | 267,069                  | 2                 |
|   | <u>3,658,330</u>            | <u>23</u>         | <u>3,445,325</u>         | <u>27</u>         |
| Less: accumulated depreciation                                  | 1,571,324                   | 10                | 1,411,507                | 11                |
| Prepayment for equipment and construction in progress           | 180,771                     | 1                 | 292,124                  | 2                 |
|   | <u>2,267,777</u>            | <u>14</u>         | <u>2,325,942</u>         | <u>18</u>         |
| <b>Intangible assets</b>  |                             |                   |                          |                   |
| Goodwill  | 140,913                     | 1                 | 140,913                  | 1                 |
| Core technologies   | 17,270                      | -                 | 28,782                   | -                 |
| Land use right  | 145,347                     | 1                 | 11,779                   | -                 |
|   | <u>303,530</u>              | <u>2</u>          | <u>181,474</u>           | <u>1</u>          |
| <b>Other assets :</b>   |                             |                   |                          |                   |
| Deferred expenses   | 91,885                      | 1                 | 101,060                  | 1                 |
| <b>Total assets</b>   | <u><u>\$ 15,654,370</u></u> | <u><u>100</u></u> | <u><u>12,736,438</u></u> | <u><u>100</u></u> |

| Liabilities and Stockholders' Equity                                 | 2010/3/31                   |                   | 2009/3/31                |                   |
|--|-----------------------------|-------------------|--------------------------|-------------------|
|  | Amount                      | %                 | Amount                   | %                 |
| <b>Current liabilities :</b>   |                             |                   |                          |                   |
| Short-term borrowings  | \$ 306,570                  | 2                 | \$ 139,020               | 1                 |
| Accounts payable   | 4,390,643                   | 28                | 2,162,723                | 17                |
| Payable to related parties   | 73,181                      | -                 | 41,571                   | -                 |
| Income tax payable   | 194,082                     | 1                 | 366,981                  | 3                 |
| Accrued expenses   | 1,015,442                   | 7                 | 978,177                  | 8                 |
| Financial liabilities at fair value through profit or loss - current | 28,035                      | -                 | 32,031                   | -                 |
| Bonds payable - current portion                                      | 306,006                     | 2                 | -                        | -                 |
| Other current liabilities  | 261,489                     | 2                 | 191,073                  | 2                 |
|  | <u>6,575,448</u>            | <u>42</u>         | <u>3,911,576</u>         | <u>31</u>         |
| <b>Long-term liabilities :</b>                                       |                             |                   |                          |                   |
| Bonds payable  | -                           | -                 | 372,506                  | 3                 |
| <b>Other liabilities :</b>   |                             |                   |                          |                   |
| Accrued pension liabilities  | 117,048                     | 1                 | 108,728                  | 1                 |
| Deferred income tax liability - noncurrent                           | 38,953                      | -                 | 87,632                   | 1                 |
| Others   | 333                         | -                 | 90                       | -                 |
|  | <u>156,334</u>              | <u>1</u>          | <u>196,450</u>           | <u>2</u>          |
| <b>Total liabilities</b>   | <u>6,731,782</u>            | <u>43</u>         | <u>4,480,532</u>         | <u>36</u>         |
| <b>Stockholders' equity :</b>  |                             |                   |                          |                   |
| Common stock   | 4,654,575                   | 30                | 4,488,347                | 35                |
| Advance receipts for common stock                                    | 31,452                      | -                 | 1,150                    | -                 |
|  | <u>4,686,027</u>            | <u>30</u>         | <u>4,489,497</u>         | <u>35</u>         |
| Capital surplus  | 1,671,059                   | 11                | 1,539,841                | 12                |
| Retained earnings :  |                             |                   |                          |                   |
| Legal reserve  | 516,800                     | 3                 | 411,544                  | 3                 |
| Special reserve  | 42,504                      | -                 | -                        | -                 |
| Unappropriated earnings  | 2,013,272                   | 13                | 1,835,373                | 14                |
|  | <u>2,572,576</u>            | <u>16</u>         | <u>2,246,917</u>         | <u>17</u>         |
| Cumulative foreign currency translation adjustment                   | 125,871                     | 1                 | 226,938                  | 2                 |
| Unrealized gain or loss on available-for-sale financial assets       | (109,282)                   | (1)               | (224,613)                | (2)               |
| Treasury stock   | (28,962)                    | -                 | (28,962)                 | -                 |
| Minority interest  | 5,299                       | -                 | 6,288                    | -                 |
| <b>Total stockholders' equity</b>                                    | <u>8,922,588</u>            | <u>57</u>         | <u>8,255,906</u>         | <u>64</u>         |
| <b>Commitments and contingencies</b>                                 |                             |                   |                          |                   |
| <b>Total liabilities and stockholders' equity</b>                    | <u><u>\$ 15,654,370</u></u> | <u><u>100</u></u> | <u><u>12,736,438</u></u> | <u><u>100</u></u> |

# ALPHA NETWORKS INC. AND SUBSIDIARIES

## Consolidated Statements of Income

Years ended March 31, 2010 and 2009  
(in thousands of New Taiwan dollars, except for net income per common share)

|  | 2010Q1            |          | 2009Q1         |          |
|--|-------------------|----------|----------------|----------|
|  | Amount            | %        | Amount         | %        |
| <b>Sales revenue</b>                       | \$ 4,792,805      | 100      | 3,160,880      | 100      |
| <b>Cost of goods sold</b>                  | 4,000,576         | 83       | 2,404,933      | 76       |
| <b>Gross Profit</b>                        | 792,229           | 17       | 755,947        | 24       |
| <b>Operating expenses :</b>                |                   |          |                |          |
| Selling                                    | 100,499           | 2        | 93,636         | 3        |
| General and administrative                 | 138,421           | 3        | 115,019        | 4        |
| Research and development                   | 396,579           | 8        | 416,641        | 13       |
|  | 635,499           | 13       | 625,296        | 20       |
| <b>Operating income</b>                    | 156,730           | 4        | 130,651        | 4        |
| <b>Non-operating income and gains:</b>     |                   |          |                |          |
| Interest income                            | 2,588             | -        | 8,455          | -        |
| Foreign currency exchange gain, net        | -                 | -        | 159,948        | 5        |
| Gain on valuation of financial assets      | 20,733            | -        | 51,651         | 2        |
| Other income, net                          | 23,287            | -        | -              | -        |
|  | 46,608            | -        | 220,054        | 7        |
| <b>Non-operating expense and loss:</b>     |                   |          |                |          |
| Interest expenses                          | 5,040             | -        | 13,469         | -        |
| Foreign currency exchange loss, net        | 19,361            | -        | -              | -        |
| Loss on valuation of financial liabilities | -                 | -        | 30,919         | 1        |
| Other loss, net                            | -                 | -        | 62,997         | 2        |
|  | 24,401            | -        | 107,385        | 3        |
| <b>Income before income taxes</b>          | 178,937           | 4        | 243,320        | 8        |
| <b>Income tax expenses</b>                 | 25,971            | 1        | 33,838         | 1        |
| <b>Consolidated net income</b>             | <b>\$ 152,966</b> | <b>3</b> | <b>209,482</b> | <b>7</b> |
| <b>Attributable to:</b>                    |                   |          |                |          |
| Shareholders of the parent                 | 153,715           | 3        | 209,962        | 7        |
| Minority interests                         | (749)             | -        | (480)          | -        |
|  | <b>\$ 152,966</b> | <b>3</b> | <b>209,482</b> | <b>7</b> |

| Net income per common share(in New Taiwan dollars)       | Before taxes |      | After taxes |      |
|--|--------------|------|-------------|------|
|  | \$           |      | \$          |      |
| Basic earnings per common share                          | 0.39         | 0.33 | 0.55        | 0.47 |
| Basic earnings per common share-retroactively adjusted   |              |      | 0.54        | 0.46 |
| Diluted earnings per common share                        | 0.38         | 0.32 | 0.52        | 0.45 |
| Diluted earnings per common share-retroactively adjusted |              |      | 0.51        | 0.44 |