

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheet
June 30, 2010 and 2009
(in thousands of New Taiwan dollars)

Assets	2010/6/30		2009/6/30	
	Amount	%	Amount	%
Current assets :				
Cash and cash equivalents	\$ 2,993,329	17	\$ 4,444,794	33
Financial assets at fair value through profit or loss - current	13,772	-	31,286	-
Investments in debt security with no active market - current	-	-	34,690	-
Notes and accounts receivable, net	3,043,519	17	1,347,562	11
Receivables from related parties	4,136,760	24	2,559,663	19
Other financial assets - current	38,159	-	19,132	-
Inventories	3,968,966	22	1,833,823	14
Other current assets	158,426	1	141,644	1
	<u>14,352,931</u>	<u>81</u>	<u>10,412,594</u>	<u>78</u>
Funds and investments :				
Other financial assets - noncurrent	46,420	-	58,486	-
Available-for-sale financial assets - noncurrent	241,926	2	230,800	2
Financial assets carried at cost - noncurrent	9,996	-	9,996	-
	<u>298,342</u>	<u>2</u>	<u>299,282</u>	<u>2</u>
Property, plant and equipment :				
Buildings and improvements	2,056,460	11	1,925,984	15
Machinery and equipment	1,563,145	8	1,483,841	11
Transportation, office and other equipment	249,864	2	264,515	2
	<u>3,869,469</u>	<u>21</u>	<u>3,674,340</u>	<u>28</u>
Less: accumulated depreciation	1,644,358	9	1,440,421	11
Prepayment for equipment and construction in progress	278,985	2	14,225	-
	<u>2,504,096</u>	<u>14</u>	<u>2,248,144</u>	<u>17</u>
Intangible assets :				
Goodwill	140,913	1	140,913	1
Core technologies	14,392	-	25,904	-
Land use right	115,630	1	169,429	1
	<u>270,935</u>	<u>2</u>	<u>336,246</u>	<u>2</u>
Other assets :				
Deferred expenses and others	108,003	1	94,517	1
	<u>108,003</u>	<u>1</u>	<u>94,517</u>	<u>1</u>
Total assets	<u>\$ 17,534,307</u>	<u>100</u>	<u>13,390,783</u>	<u>100</u>

Liabilities and Stockholders' Equity	2010/6/30		2009/6/30	
	Amount	%	Amount	%
Current liabilities :				
Short-term borrowings	\$ 410,506	2	\$ 86,436	1
Accounts payable	5,844,967	34	2,967,205	22
Payable to related parties	94,419	1	41,529	-
Accrued expenses	769,310	4	725,250	5
Payroll and bonus payable	494,605	3	288,052	2
Financial liabilities at fair value through profit or loss - current	75,690	-	21,938	-
Dividend payable	602,720	3	357,644	3
Bonds payable - current portion	247,098	1	-	-
Other current liabilities	187,983	1	240,108	2
	<u>8,727,298</u>	<u>49</u>	<u>4,728,162</u>	<u>35</u>
Long-term liabilities :				
Bonds payable	-	-	373,789	3
Other liabilities :				
Accrued pension liabilities	122,945	1	118,840	1
Deferred income tax liabilities - noncurrent	26,588	-	63,465	-
Miscellaneous liabilities - others	392	-	78	-
	<u>149,925</u>	<u>1</u>	<u>182,383</u>	<u>1</u>
Total liabilities	<u>8,877,223</u>	<u>50</u>	<u>5,284,334</u>	<u>39</u>
Stockholders' equity :				
Common stock	4,685,184	27	4,489,497	33
Advance receipts for common stock	24,748	-	5,221	-
Stock dividend and employees' bonuses to be distributed	-	-	146,477	2
	<u>4,709,932</u>	<u>27</u>	<u>4,641,195</u>	<u>35</u>
Capital surplus	1,708,490	10	1,625,627	12
Retained earnings :				
Legal reserve	599,696	3	516,800	4
Special reserve	-	-	42,504	-
Unappropriated earnings	1,694,390	10	1,313,689	10
	<u>2,294,086</u>	<u>13</u>	<u>1,872,993</u>	<u>14</u>
Cumulative foreign currency translation adjustment	159,486	1	191,245	2
Unrealized gain or loss on available-for-sale financial assets	(190,580)	(1)	(201,706)	(2)
Treasury stock	(28,962)	-	(28,962)	-
Minority interest	4,632	-	6,057	-
	<u>8,657,084</u>	<u>50</u>	<u>8,106,449</u>	<u>61</u>
Total stockholders' equity	<u>8,657,084</u>	<u>50</u>	<u>8,106,449</u>	<u>61</u>
Commitments and contingencies				
Total liabilities and stockholders' equity	<u>\$ 17,534,307</u>	<u>100</u>	<u>13,390,783</u>	<u>100</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Income

Years ended June 30, 2010 and 2009
(in thousands of New Taiwan dollars, except for net income per common share)

	2010Q2		2009Q2	
	Amount	%	Amount	%
Sales revenue	\$ 12,298,624	100	7,544,780	100
Cost of goods sold	10,453,365	85	6,016,294	80
Gross Profit	1,845,259	15	1,528,486	20
Operating expenses :				
Selling	197,050	2	273,210	4
General and administrative	274,948	2	218,614	3
Research and development	866,408	7	811,392	11
	1,338,406	11	1,303,216	18
Operating income	506,853	4	225,270	2
Non-operating income and gains:				
Interest income	9,493	-	18,409	-
Foreign currency exchange gain, net	-	-	120,058	2
Gain on valuation of financial assets	56,130	-	57,397	1
Other income, net	65,915	1	-	-
	131,538	1	195,864	3
Non-operating expense and loss:				
Interest expenses	11,604	-	19,307	-
Foreign currency exchange loss, net	10,121	-	-	-
Loss on valuation of financial liabilities	53,163	-	17,044	-
Other loss, net	-	-	57,726	1
	74,888	-	94,077	1
Income before income taxes	563,503	5	327,057	4
Income tax expenses	86,977	1	44,675	1
Net income	\$ 476,526	4	282,382	3
Attributable to:				
Equity holders of parent company	477,945	4	283,093	3
Minority interest	(1,419)	-	(711)	-
	\$ 476,526	4	282,382	3

	2010Q2		2009Q2	
	Before taxes	After taxes	Before taxes	After taxes
Earnings per share(in New Taiwan dollars)				
Basic earnings per share	\$ 1.21	1.02	\$ 0.73	0.63
Basic earnings per share-retroactively adjusted			\$ 0.72	0.62
Diluted earnings per share	\$ 1.17	0.99	\$ 0.71	0.61
Diluted earnings per share-retroactively adjusted			\$ 0.70	0.60