

Report of Independent Auditors
English Translation of a Report Originally Issued in Chinese

To Quanmax Inc.

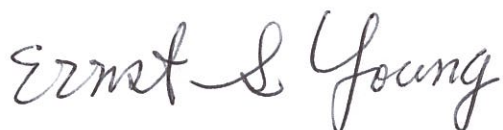
We have audited the accompanying balance sheets of Quanmax Inc. as of December 31, 2009 and 2008, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with "Regulation on Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Quanmax Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with the related financial accounting standards of "Business Entity Accounting Act", and of the "Regulation Business Entity Accounting Handling", "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", and accounting principles generally accepted in the Republic of China.

As described in Note 3(1) to the financial statements, effective from January 1, 2009, Quanmax Inc. has adopted the amendment of R.O.C. Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". As described in Note 3(2) to the financial statements, according to the revised Income Tax Law, the income tax rate will be adjusted from 25% to 20% effective from 2010, thus deferred income tax assets and liabilities of Quanmax Inc. have been adjusted in accordance with the R.O.C. Statement of Financial Accounting Standards No. 22, "Accounting for Tax."

We have also audited the consolidated financial statements of Quanmax Inc. and its subsidiaries as of and for the years ended December 31, 2009 and 2008, and have expressed an unqualified opinion on such financial statements.



March 10, 2010
Taipei, Taiwan
Republic of China

Notice to Readers

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices utilized to audit such financial statements are those generally accepted and applied in the Republic of China.

English Translation of Financial Statements Originally Issued in Chinese

Quanmax Inc.

Balance Sheets

As of December 31, 2009 and 2008

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2009		December 31, 2008		Liabilities and Stockholders' Equity	December 31, 2009		December 31, 2008	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents	\$214,391	12.69	\$308,923	17.36	Short-term loans	\$250,362	14.82	\$40,065	2.25
Financial assets at fair value through profit or loss	3,105	0.18	-	-	Notes payable	860	0.05	3,778	0.21
Notes and accounts receivable, net	31,666	1.87	90,142	5.07	Accounts payable	81,236	4.81	151,523	8.52
Accounts receivable from related parties, net	198,277	11.74	105,501	5.93	Income tax payable	31,565	1.87	3,890	0.22
Other receivables	2,467	0.15	4,100	0.23	Accrued expenses	24,641	1.46	26,900	1.51
Other receivables from related parties	171,551	10.15	7,901	0.45	Other payables to related parties	346	0.02	203,621	11.44
Inventories, net	103,748	6.14	126,521	7.11	Other payable	1,479	0.09	5,866	0.33
Prepayments	3,089	0.18	6,831	0.38	Advance receipts	14,318	0.84	532	0.03
Other current assets	5,529	0.33	6,012	0.34	Current portion of long-term liabilities	-	-	100,000	5.62
Deferred income tax assets – current	19,404	1.15	11,431	0.64	Other current liabilities	874	0.05	1,213	0.07
Total current assets	<u>753,227</u>	<u>44.58</u>	<u>667,362</u>	<u>37.51</u>	Total current liabilities	<u>405,681</u>	<u>24.01</u>	<u>537,388</u>	<u>30.20</u>
Funds and investments					Total liabilities	<u>405,681</u>	<u>24.01</u>	<u>537,388</u>	<u>30.20</u>
Long-term investments accounted for under the equity method	<u>860,538</u>	<u>50.93</u>	<u>1,039,601</u>	<u>58.43</u>	Stockholders' equity				
Property, plant and equipment					Common stock	<u>499,200</u>	<u>29.54</u>	<u>499,200</u>	<u>28.06</u>
Machinery and equipment	10,734	0.64	10,583	0.60	Capital surplus				
Office equipment	12,744	0.75	13,550	0.76	Additional paid-in capital	<u>35,645</u>	<u>2.11</u>	<u>8,000</u>	<u>0.45</u>
Leasehold improvements	6,583	0.39	7,498	0.42	Retained earnings				
Others	<u>336</u>	<u>0.02</u>	<u>336</u>	<u>0.02</u>	Legal reserve	91,989	5.44	55,218	3.10
Total cost	30,397	1.80	31,967	1.80	Special reserve	14,751	0.87	-	-
Less: accumulated depreciation	<u>(22,305)</u>	<u>(1.32)</u>	<u>(21,879)</u>	<u>(1.23)</u>	Unappropriated retained earnings	<u>677,500</u>	<u>40.11</u>	<u>694,120</u>	<u>39.02</u>
Property, plant and equipment, net	<u>8,092</u>	<u>0.48</u>	<u>10,088</u>	<u>0.57</u>	Subtotal	<u>784,240</u>	<u>46.42</u>	<u>749,338</u>	<u>42.12</u>
Intangible assets					Adjusting items in stockholders' equity				
Computer software cost	<u>2,253</u>	<u>0.13</u>	<u>3,660</u>	<u>0.20</u>	Cumulative translation adjustments	<u>(35,137)</u>	<u>(2.08)</u>	<u>(14,751)</u>	<u>(0.83)</u>
Other assets					Total stockholders' equity	<u>1,283,948</u>	<u>75.99</u>	<u>1,241,787</u>	<u>69.80</u>
Refundable deposits	9,139	0.54	9,240	0.52	Total liabilities and stockholders' equity	<u>\$1,689,629</u>	<u>100.00</u>	<u>\$1,779,175</u>	<u>100.00</u>
Deferred charges, net	6,265	0.37	3,336	0.19					
Deferred income tax assets – noncurrent	40,684	2.41	36,672	2.06					
Prepaid pension cost	9,431	0.56	9,216	0.52					
Total other assets	<u>65,519</u>	<u>3.88</u>	<u>58,464</u>	<u>3.29</u>					
Total assets	<u>\$1,689,629</u>	<u>100.00</u>	<u>\$1,779,175</u>	<u>100.00</u>					

English Translation of Financial Statements Originally Issued in Chinese

Quanmax Inc.

Statements of Income

For the years ended December 31, 2009 and 2008

(Expressed in Thousands of New Taiwan Dollars, Except for Earning Per Share)

	Dec. 31, 2009		Dec. 31, 2008	
	Amount	%	Amount	%
Operating revenues				
Sales revenues	\$1,173,648	100.95	\$696,719	100.03
Less: Sales returns	(14,046)	(1.21)	(2,502)	(0.36)
Sales discounts and allowances	(1,988)	(0.17)	(656)	(0.09)
Service revenues	2,954	0.26	1,774	0.25
Other operating revenues	1,993	0.17	1,175	0.17
Net operating revenues	<u>1,162,561</u>	<u>100.00</u>	<u>696,510</u>	<u>100.00</u>
Operating costs	<u>(1,090,627)</u>	<u>(93.81)</u>	<u>(649,647)</u>	<u>(93.27)</u>
Gross profits	<u>71,934</u>	<u>6.19</u>	<u>46,863</u>	<u>6.73</u>
Add: Realized intercompany profit	-	-	1,061	0.15
Gross profits realized	<u>71,934</u>	<u>6.19</u>	<u>47,924</u>	<u>6.88</u>
Operating expenses				
Selling expenses	(38,230)	(3.29)	(40,312)	(5.79)
General and administrative expenses	(43,173)	(3.71)	(49,497)	(7.11)
Research and development expenses	(63,055)	(5.43)	(52,803)	(7.58)
Total operating expenses	<u>(144,458)</u>	<u>(12.43)</u>	<u>(142,612)</u>	<u>(20.48)</u>
Operating loss	<u>(72,524)</u>	<u>(6.24)</u>	<u>(94,688)</u>	<u>(13.60)</u>
Non-operating income and gain				
Interest income	248	0.02	5,363	0.77
Investment income accounted for under the equity method, net	52,957	4.56	451,038	64.76
Gains on disposal of property, plant and equipment	-	-	16	-
Gains on sale of investments	45,514	3.91	-	-
Foreign exchange gain, net	40,473	3.48	-	-
Valuation gain on financial instruments	3,105	0.27	-	-
Others	607	0.05	6,106	0.87
Subtotal	<u>142,904</u>	<u>12.29</u>	<u>462,523</u>	<u>66.40</u>
Non-operating expenses and losses				
Interest expenses	(9,000)	(0.77)	(4,933)	(0.71)
Losses on disposal of property, plant and equipment	(7)	-	(29)	-
Foreign exchange loss, net	-	-	(6,910)	(0.99)
Valuation loss on financial instruments	(4,914)	(0.42)	-	-
Others	(1,746)	(0.15)	(1,895)	(0.27)
Subtotal	<u>(15,667)</u>	<u>(1.34)</u>	<u>(13,767)</u>	<u>(1.97)</u>
Income from continuing operations before income tax	54,713	4.71	354,068	50.83
Income tax (expense) benefit	(19,811)	(1.71)	13,647	1.96
Net income	<u>\$34,902</u>	<u>3.00</u>	<u>\$367,715</u>	<u>52.79</u>
Basic earnings per share (NTD)				
Pre-tax	<u>\$ 1.10</u>		<u>\$ 7.09</u>	
Pro-tax	<u>\$ 0.70</u>		<u>\$ 7.37</u>	

English Translation of Financial Statements Originally Issued in Chinese
 Quanmax Inc.
 Statements of Changes in Stockholders' Equity
 For the years ended December 31, 2009 and 2008
 (Expressed in Thousands of New Taiwan Dollars)

Item	Common stock	Capital surplus	Retained earnings			Cumulative translation adjustments	Total stockholders' equity
			Legal reserve	Special reserve	Unappropriated retained earnings		
Balance as of January 1, 2008	\$499,200	\$8,000	\$36,537	\$ -	\$427,479	\$58,085	\$1,029,301
Appropriation and distribution for 2007:							
Legal reserve	-	-	18,681	-	(18,681)	-	-
Employee bonus - cash	-	-	-	-	(840)	-	(840)
Cash dividends	-	-	-	-	(79,872)	-	(79,872)
Remuneration paid to directors and supervisors	-	-	-	-	(1,681)	-	(1,681)
Changes in cumulative translation adjustments	-	-	-	-	-	(72,836)	(72,836)
Net income in 2008	-	-	-	-	367,715	-	367,715
Balance as of December 31, 2008	499,200	8,000	55,218	-	694,120	(14,751)	1,241,787
Appropriation and distribution for 2008 (Note1):							
Legal reserve	-	-	36,771	-	(36,771)	-	-
Special reserve	-	-	-	14,751	(14,751)	-	-
Adjustment arising from changes in percentage of ownership in equity method investees	-	27,645	-	-	-	-	27,645
Changes in cumulative translation adjustments	-	-	-	-	-	(20,386)	(20,386)
Net income in 2009	-	-	-	-	34,902	-	34,902
Balance as of December 31, 2009	<u>\$499,200</u>	<u>\$35,645</u>	<u>\$91,989</u>	<u>\$14,751</u>	<u>\$677,500</u>	<u>\$ (35,137)</u>	<u>\$1,283,948</u>

Note1: Remuneration paid to directors and supervisors \$3,162 thousand and Employee bonus - cash \$1,581 thousand have deducted from Statements of Income.

English Translation of Financial Statements Originally Issued in Chinese
 Quanmax Inc.
 Statements of Cash Flows
 For the years ended December 31, 2009 and 2008
 (Expressed in Thousands of New Taiwan Dollars)

Items	2009	2008
Cash flows from operating activities:		
Net income	\$34,902	\$367,715
Adjustments to reconcile net income to net cash provided by		
Operating activities:		
Depreciation	2,667	2,664
Amortization	4,911	2,627
Bad debt expenses	1,692	9,497
Investment income accounted for under the equity method, net	(52,957)	(451,038)
Losses on disposal of property, plant and equipment	150	153
Gains on sale of investments	(45,514)	-
Gains on pension	(215)	(3,421)
Valuation gains on financial instruments	(3,105)	-
Losses on inventory valuation and obsolescence	12,512	29,568
Losses on deferred charges and others	-	430
Realized intercompany profits	-	(1,061)
Changes in assets and liabilities:		
(Increase) decrease in notes receivable and accounts receivable	56,784	(34,637)
Increase in accounts receivable from related parties	(92,776)	(87,328)
(Increase) decrease in other receivables	1,633	(1,359)
Increase in other receivables from related parties	(36,049)	(1,844)
(Increase) decrease in inventories	10,259	(41,716)
(Increase) decrease in prepayments	3,742	(4,865)
(Increase) decrease in other current assets	484	(3,259)
Increase in deferred income tax assets — net	(11,985)	(10,616)
Increase (decrease) in notes payable	(2,918)	2,975
Increase (decrease) in accounts payable	(70,287)	123,677
Decrease in accounts payable to related parties	-	(30,555)
Increase (decrease) in tax payable	27,675	(12,128)
Increase (decrease) in accrued expenses	(2,259)	5,489
Increase (decrease) in other payable	(4,387)	5,824
Increase (decrease) in advance receipts	13,786	(13,741)
Increase (decrease) in other current liabilities	(339)	473
Net cash (used in) provided by operating activities	<u>(151,594)</u>	<u>(146,476)</u>
Cash flows from investing activities:		
Acquisitions of investments under equity method	(34,332)	(86,293)
Acquisitions of property, plant and equipment	(833)	(4,202)
Proceeds from disposal of property, plant and equipment	11	436
Acquisitions of intangible assets	(86)	(155)
Increase (decrease) in other receivables from related parties	(4,090)	251,991
Increase (decrease) in refundable deposits	101	(31)
Increase in deferred charges	(6,346)	(3,739)
Net cash (used in) provided by investing activities	<u>(45,575)</u>	<u>158,007</u>

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 Quanmax Inc.
 Statements of Cash Flows
 For the years ended December 31, 2009 and 2008
 (Expressed in Thousands of New Taiwan Dollars)

Items	2009	2008
Cash flows from financing activities:		
Decrease in short-term loans	210,297	28,065
Increase (decrease) in other payables to related parties	(7,660)	203,621
Repayment of long-term loans payable	(100,000)	-
Remuneration paid to directors and supervisors	-	(2,521)
Cash dividends	-	(79,872)
Net cash provided by financial activities	<u>102,637</u>	<u>149,293</u>
Net increase (decrease) in cash and cash equivalents	(94,532)	160,824
Cash and cash equivalents at beginning of period	308,923	148,099
Cash and cash equivalents at end of the period	<u>\$214,391</u>	<u>\$308,923</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$9,000</u>	<u>\$4,933</u>
Income tax paid	<u>\$4,122</u>	<u>\$8,968</u>
Investing and financing activities not affecting cash flows:		
Proceeds from disposal of investments under equity method -other receivables from related parties	<u>\$319,125</u>	<u>\$-</u>