GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2011 AND NOVEMBER 30, 2010 (THE DATE OF INCEPTION) TO DECEMBER 31, 2010

For the convenience of readers and for information purpose only, the report of independent accountants and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language report of independent accountants and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of GCS Holdings, Inc.

We have audited the accompanying consolidated balance sheets of GCS Holdings, Inc. (the “Company”) and its subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows from January 1, 2011 to December 31, 2011 and from November 30, 2010 (the date of inception) to December 31, 2010, expressed in thousands of New Taiwan dollars. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the “Rules Governing Examination of Financial Statements by Certified Public Accountants” 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of GCS Holdings, Inc. and its subsidiary as of December 31, 2011 and 2010, and the results of their operations and their cash flows from January 1, 2011 to December 31, 2011and from November 30, 2010 (the date of inception) to December 31, 2010, in conformity with the "Rules Governing Compilation of Financial Statements by Securities Issuers" and accounting principles generally accepted in the Republic of China.

March 28, 2012

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011		2010	
	Amount	%	Amount	%
ASSETS				
Current assets				
Cash and cash equivalents (Note 4 (1))	$ 248,925	34	$ 57,638	14
Accounts receivable (Note 4 (2))	68,741	9	83,529	21
Accounts receivable – related parties (Note 5)	40,233	5	34,041	8
Income tax refundable	1,640	-	-	-
Other receivables	6,002	1	6,320	2
Other financial assets – current	3,945	1	2,516	1
Inventories (Note 4 (3))	146,382	20	78,814	19
Prepaid expenses	1,872	-	1,586	-
Deferred income tax assets – current (Note 4(10))	37,100	5	50,598	12
Total Current Assets	554,840	75	315,042	77
Funds and long-term investments				
Other financial assets – non-current	5,493	1	4,783	1
Total Funds and Long-term Investments	5,493	1	4,783	1
Property, plant and equipment(Note 4(4))				
Cost				
Machinery and equipment	588,768	79	532,176	131
Computer and communication equipment	5,074	1	3,235	1
Research equipment	23,958	3	21,657	5
Furniture and fixtures	5,931	1	4,229	1
Leasehold improvements	147,530	20	122,370	30
Cost and revaluation	771,261	104	683,667	168
Less: Accumulated depreciation	(684,155)	(92)	(661,778)	(162)
Construction-in-progress and prepayments for equipment	15,446	2	11,709	3
Property, Plant and Equipment, Net	102,552	14	33,598	9
Intangible assets				
Computer software	3,634	-	1,501	-
Total intangible assets	3,634	-	1,501	-
Other assets				
Deferred income tax assets – non-current (Note 4(10))	82,815	10	54,260	13
TOTAL ASSETS	$ 749,334	100	$ 409,184	100

(Continued)

GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011		2010	
	Amount	%	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable	$ 20,974	3	$ 12,178	3
Income tax payable (Note 4(10))	1,228	-	6,502	1
Accrued expenses (Note 4 (5))	72,852	10	43,555	11
Receipts in advance	3,198	-	4,377	1
Total Current Liabilities	98,252	13	66,612	16
Total Liabilities	98,252	13	66,612	16
Stockholders' Equity				
Capital				
Common stock (Note 4 (7))	364,906	49	306,946	75
Capital reserve				
Additional paid-in capital	143,814	20	2,978	1
Employee stock options (Note 4(9))	45,234	6	25,381	6
Retained earnings				
Unappropriated earnings (Note 4 (9))	79,274	10	11,522	3
Other adjustments to stockholders' equity				
Cumulative translation adjustments	17,854	2	(4,255)	(1)
Total Stockholders' Equity	651,082	87	342,572	84
Contingencies and commitments (Note 7)				
Subsequence events (Note 9)				
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 749,334	100	$ 409,184	100

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2012.

GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

JANUARY 1, 2011 TO DECEMBER 31, 2011 AND

NOVEMBER 30, 2010 (THE DATE OF INCEPTION) TO DECEMBER 31, 2010

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT FOR EARNINGS PER SHARE)

	2011		2010	
	Amount	%	Amount	%
Operating revenues				
Sales (Note 5)	$ 945,604	103	$ 23,393	100
Sales returns	(8,095)	(1)	-	-
Sales allowance	(20,080)	(2)	-	-
Net Operating Revenues	917,429	100	23,393	100
Cost of goods sold	(583,500)	(64)	(14,771)	(63)
Gross profit	333,929	36	8,622	37
Operating expenses				
Sales and marketing expenses	(18,571)	(2)	(106)	-
General and administration expenses	(127,519)	(14)	(594)	(3
Research and development expenses	(111,445)	(12)	(517)	(2
Total operating expenses	(257,535)	(28)	(1,217)	(5)
Operating income	76,394	8	7,405	32)
Non-operating income and gains				
Interest income	168	-	1	-
Other non-operating income	53	-	-	-
Non-operating Income and Gain	221	-	1	
Non-operating expenses and loss				
Interest expenses	(120)	-	-	-
Non-operating expenses and loss	(120)	-	-	-
Income from continuing operations before income tax	76,495	8	7,406	32
Income tax benefit (Note 4 (10))	(8,744)	(2)	4,116	17
Consolidated net income	$ 67,751	6	$ 11,522	49
Attributable to				
Consolidated net income	$ 67,751	6	$ 11,522	49

	2011 Before Tax	2011 After Tax	2010 Before Tax	2010 After Tax
Basic Earnings Per Share				
Net income (Notes 4 (11))	$ 2.31	$ 2.05	$ 0.24	$ 0.38
Diluted Earnings Per Share				
Net income (Notes 4 (11))	$ 2.22	$ 1.97	$ 0.24	$ 0.38

The accompanying notes are an integral part of these consolidated financial statements

See report of independent accountant date March 28, 2012

GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE PERIOD FROM JANUARY 1, 2011 TO DECEMBER 31, 2011 AND NOVEMBER 30, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

2010	Common Stock	Capital Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Total
Balance at November 30, 2010 (the date of inception)	$ -	$ -	$ -	$ -	$ -
Exercise of employees' stock options	306,946	28,359	-	-	335,305
Cumulative translation adjustments	-	-	-	(4,255)	(4,255)
Consolidated net income for the period from November 30 to December 31, 2010	-	-	11,522	-	11,522
Balance at December 31, 2010	$ 306,946	$ 28,359	$ 11,522	($ 4,255)	$ 342,572
2011					
Balance at January 1, 2011	$ 306,946	$ 28,359	$ 11,522	($ 4,255)	$ 342,572
Issuance of common stock by cash	57,200	139,013	-	-	196,213
Employee stock options exercised	760	1,823	-	-	2,583
Compensation cost of employee stock options	-	19,853	-	-	19,853
Cumulative translation adjustments	-	-	-	22,109	22,109
Consolidated net income for 2011	-	-	67,752	-	67,752
Balance at December 31, 2011	$ 364,906	$ 189,048	$ 79,274	$ 17,854	$ 651,082

Note: Directors' remuneration $140 and employees' bonus $349 of 2011 have been deducted from consolidated statement of income. Neither directors' remuneration nor employees' bonus have been paid in 2010.

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2012.

GCS HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2011 TO DECEMBER 31, 2011 AND
NOVEMBER 30, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$ 67,751	$ 11,522
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Bad debt expense	2,585	-
Depreciation	9,538	103
Amortization	1,335	10
Loss for market price decline and obsolete inventories	5,757	-
Compensation cost of stock options	19,853	-
Changes in assets and liabilities		
Accounts receivable	10,365	(14,484)
Income tax refundable	(1,640)	-
Other receivables	318	-
Prepaid expenses	(286)	-
Inventories	(70,528)	14,771
Deferred income tax assets, net	(15,057)	(4,863)
Accounts payable	8,796	-
Income tax payable	(5,274)	-
Accrued expenses	29,297	(853)
Receipts in advance	(1,179)	
Net cash provided by operating activities	61,631	6,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in other financial assets - current	(1,429)	
Increase in other financial assets - non-current	(710)	
Acquisition of property, plant and equipment	(75,236)	
Acquisition of intangible assets	(3,350)	
Cash and cash equivalent acquired from reorganization	-	49,394
Net cash provided by investing activities	(80,725)	49,394

		2011		2010
<u>CASH FLOWS FROM FINANCIAL ACTIVITIES</u>				
Issuance of common stock by cash	$	196,213	$	-
Exercise of employee's stock options		2,583		-
Net cash used in financing activities		198,796		-
Effect of changes in exchange rates		11,585		2,038
Increase in cash and cash equivalents		191,287		57,638
Cash and cash equivalents at beginning of year		57,638		-
Cash and cash equivalents at end of year	$	248,925	$	57,638
Supplemental disclosures of cash flow information				
Cash paid for interest	$	119	$	-
Cash paid for income tax	$	-	$	-
CASH RECEIVED FROM MERGER				
New share issued for the reorganization	$	-	$	306,946
Additional paid-in capital incurred from reorganization		-		28,359
Net assets other than cash and cash equivalent acquired from reorganization		-		(285,911)
Cash and cash equivalent acquired from reorganization	$	-	$	49,394

The accompanying notes are an integral part of these consolidated financial statements.

See report of independent accountants dated March 28, 2012.

1. HISTORY AND ORGANIZATION

1) The Company

GCS Holdings, Inc. (the "Company") was incorporated in Cayman Islands on November 30, 2010, as a holding company for the purpose of registering its shares with the GreTai Securities Market. After the reorganization, the Company became the parent company of Global Communication Semiconductors, Inc. Global Communication Semiconductors, Inc. was converted into Global Communication Semiconductors, LLC. on January 24, 2011.

Global Communication Semiconductors, Inc. converted all of its originally outstanding common shares and preferred shares into newly issued common shares on October 4, 2010. The Company was incorporated in Cayman Islands on November 30, 2010 and issued new shares in exchange of 100% of Global Communication Semiconductors, Inc.'s outstanding shares at the exchange ratio of 5 to 1 on December 28, 2010 (merger date).

The Company and its subsidiary engage in the manufacturing of GaAs wafer and provide GaAs foundry related services. As of December 31, 2011, the Company and its subsidiary had 143 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements of the Company and its subsidiary are prepared in conformity with the "Rules Governing the Compilation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China. The Group's significant accounting policies are summarized below:

1) Basis for preparation of consolidated financial statements:

A. Principles of consolidation

The Company adopted the Statement of Accounting Standards No. 7, "Consolidated Financial Statements", which requires an entity to consolidate all of the subsidiaries which it owns, directly or indirectly, more than 50% of the voting rights and which it owns, directly or indirectly, less than 50% of the voting rights but has effective control. Therefore, Global Communication Semiconductors, Inc. had been the subsidiary of the Company since the Company owned 100% shares of Global Communication Semiconductors, Inc. through the reorganization occurred on December 28, 2010.

Significant inter-company transactions and balances between the Company and its subsidiary are eliminated.

B. Subsidiary included in the consolidated financial statement and their changes:

			Percentage of ownership		
Investment company	Investee company	Nature of business	December 31, 2011	December 31, 2010	Note
The Company	Global Communication Semiconductors, Inc.	GaAs wafer and foundry service	100%	100%	Note

Note: The Company was incorporated on November 30, 2010. On December 28, 2010, the Company issued new shares in exchange of 100% shares of Global Communication Semiconductors, Inc. Global Communication Semiconductors, Inc. was converted into Global Communication Semiconductors, LLC. on January 24, 2011.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different accounting periods:

The accounting period of the Company's subsidiary was not calendar year. However, the financial statements of the subsidiary have been adjusted to comply with the accounting period of the Company in the consolidated financial statements.

E. Special operating risks from foreign subsidiaries:

None.

F. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company:

None.

G. Information on convertible bonds and stocks issued by subsidiaries:

None.

2) Translation of financial statements of foreign subsidiaries

The Company maintains its accounts in its functional currency, United States dollars. Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date, which are US$1 to NT$30.28 and US$1 to NT$29.18 as of December 31, 2011 and 2010, respectively. Equity accounts are translated at historical rates except for beginning retained earnings, which is carried forward from prior year's balance. Dividends are translated at the exchange rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the period from January 1, 2011 to December 31, 2011 and from November 30, 2010 (date of inception) to December 31, 2010, which are US$1 to 29.39 and US$1 to NT$29.91, respectively. The resulting translation differences are included in “Cumulative translation adjustments” under stockholders’ equity.

3) Foreign currency transactions

A. The accounts of the Company is maintained in United States dollars. Transactions denominated in foreign currencies are translated into functional currencies at the spot exchange rates prevailing at the transaction dates. Foreign currency translation gains or losses are included in the current year’s results of operations.

B. Assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from the aforementioned translations are recognized in the current year's results.

4) Criteria for classifying current and non-current assets and liabilities

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as noncurrent assets:

a) Assets arising from operating activities and are expected to be sold or consumed within the operating cycle;

b) Assets held mainly for trading purposes;

c) Assets expected to be realized within twelve months from the balance sheet date;

d) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as noncurrent liabilities:

a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;

b) Liabilities arising mainly from trading activities;

c) Liabilities that are to be paid off within twelve months from the balance sheet date;

d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

5) Cash equivalents

Cash equivalents that meet both of the following criteria and are within short-term, highly liquid are classified as cash equivalents.

A. Readily convertible to known amounts of cash;

B. With maturity dates that do not present significant risk of changes in value due to changes in interest rates.

The Company's statement of cash flows is prepared on the basis of cash and cash equivalents.

6) Notes and accounts receivable, other receivables

(1) Notes and accounts receivable are claims resulting from the sale of goods or services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables. Notes and accounts receivable and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

(2) The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, a provision for impairment of financial asset is recognized. The amount of impairment loss is determined based on the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the fair value of the asset subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortized cost where no impairment loss was recognized. Subsequent recoveries of amounts previously written off are recognized in profit or loss.

7) Inventories

The perpetual inventory system is adopted for inventory recognition. Inventories are stated at cost. The cost is determined using the First in, First out method. At the end of period, the allowance for loss on obsolescence and decline in market value is recorded based on inventory aging and obsolescence. Inventories are stated at the lower of cost or net realizable value by item, except where it may be appropriate to group similar or related items. The market values of raw materials are determined on the basis of replacement cost. The market values of merchandise, finished goods and work in processes are determined on the basis of net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and necessary selling expenses.

8) Property, plant and equipment

A) Property, plant and equipment are stated at cost. Cost includes all expenditures incurred before the assets are placed in service.

B) Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. The estimated economic service lives of property, plant and equipment are set forth below:

Items	Service liv
Machinery and equipment	7 yea
Company and communication equipment	5 yea
Research equipment	7 yea
Office equipment	7 ~ 10 y
Leasehold equipment	6 yea

C) Maintenance and repairs are expensed as incurred. Significant renewals and improvements are capitalized and depreciated accordingly.

9) Intangible assets

Computer software expenditures are stated at cost and amortized over the estimated life of 3-7 years using the straight-line method.

10) Impairment of non-financial assets

The Company recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

11) Pension plan

Under the defined contribution pension plan, the amount contributed is recognized as pension cost as incurred on an accrual basis.

12) Income tax

Provision for income tax includes deferred income tax resulting from temporary differences and loss carryforward. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized. Over or under provisions of prior years' income tax liabilities are included in the current period's income tax expense.

13) Share-based payment – employee compensation plan

Compensation cost under the share-based employee compensation plan is recognized using the fair value method and recognized during the vesting period of the equity instrument granted.

14) Employees' bonuses and directors' and supervisors' remuneration

Pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such a recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as income or expense in the following year.

15) Revenue and expenses

Revenues are recognized when the earning process is substantially completed and are realized or realizable. Costs and expenses are recognized as incurred.

16) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the reporting period. Actual results could differ from those assumptions and estimates.

17) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In accordance with R.O.C. SFAS No. 41, "Operating Segments", segment information is disclosed in the consolidated financial statements of the Company.

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Notes and accounts receivable, other receivables

Effective January 1, 2011, the Company adopted the amendments of R.O.C. SFAS No. 34, "Accounting for Financial Instruments". A provision for impairment (bad debts) of notes and accounts receivable and other receivables is recognized when there is objective evidence that the receivables are impaired. As a result of the adoption of the amended SFAS No. 34, this change in accounting principle had no significant effect on net income and earnings per share for the year ended December 31, 2011.

2) Operating segments

Effective January 1, 2011, the Company adopted the newly issued R.O.C. SFAS No. 41, "Operating Segments" to replace the original R.O.C. SFAS No. 20, "Segment Reporting". In accordance with such standard, the Company re-prepared the segment information for 2010 upon the first adoption of R.O.C. SFAS No. 41. This change in accounting principle had no significant effect on net income and earnings per share for the year ended December 31, 2011.

4. DETAILS OF MAJOR ACCOUNTS

1) CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2010
Cash and bank deposits		
Cash on hand	$ 61	$ 58
Checking and saving accounts	157,850	13,732
Cash equivalents		
Money market mutual fund	91,014	43,848
	$ 248,925	$ 57,638

2) ACCOUNTS RECEIVABLE, NET

	December 31, 2011	December 31, 2010
Account receivable	$ 72,454	$ 93,819
Less: Allowance for doubtful accounts	(2,881)	(210)
Allowance for sales discount and allowance	(832)	(10,080)
	$ 68,741	$ 83,529

3) INVENTORIES

	December 31, 2011		
	Cost	Allowance	Book Value
Raw materials	$ 101,376	($ 8,825)	$ 82,904
Work in process	70,072	(16,241)	63,478
	$ 171,448	($ 25,066)	$ 146,382

	December 31, 2010		
	Cost	Allowance	Book Value
Raw materials	$ 52,778	($ 14,741)	$ 38,037
Work in process	44,476	(3,699)	40,777
	$ 97,254	($ 18,440)	$ 78,814

Expense and loss incurred on inventories for the years ended December 31, 2011 and 2010 were as follows:

	For the year ended December 31, 2011	From November 30, 2010 (the date of inception) to December 31, 2010
Cost of inventories sold	$ 624,978	$ 14,771
Loss on market price decline	5,757	-
Revenue from sale of scraps	(46,762)	-
Gain on physical inventory count	(506)	-
	$ 583,467	$ 14,771

4) PROPERTY, PLANT AND EQUIPMENT

	December 31, 2011		
	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	$ 588,768	($ 526,425)	$ 62,343
Computer and communication equipment	5,074	(2,776)	2,298
Research equipment	23,958	(22,122)	1,836
Office equipment	5,931	(4,603)	1,328
Leasehold improvement	147,530	(128,229)	19,301
Construction in progress and Prepayments for equipment	15,446	-	15,446
	$ 786,707	($ 684,155)	$ 102,552

	December 31, 2010		
	Cost	Accumulated Depreciation	Book Value
Machinery and equipment	$ 532,176	($ 513,302)	$ 18,874
Computer and communication equipment	3,235	(2,323)	912
Research equipment	21,657	(21,006)	651
Office equipment	4,229	(4,226)	3
Leasehold improvement	122,370	(120,921)	1,449
Construction in progress and Prepayments for equipment	11,709	-	11,709
	$ 695,376	($ 661,778)	$ 33,598

5) ACCRUED EXPENSES

	December 31,	
	2011	2010
Accrued salary and bonus	$ 24,400	$ 15,830
Accrued untaken leave	11,994	9,090
Accrued employees’ bonuses	423	-
Accrued service fee	7,257	5,261
Other accrued expenses	28,711	13,374
	$ 72,785	$ 43,555

6) PENSION PLAN

The Company’s subsidiary has established a 401(K) pension plan (“the Plan”) covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code, as well as discretionary matching contributions below 15% of employees’ salary determined annually by its Board of Directors from the Company’s subsidiary to its employees’ individual pension accounts. The Company’s subsidiary has not adopted the Plan in accordance with IRC 401K until August 2010 and $59 was contributed by the Company for the period from December 28, 2010 (merger date) to December 31, 2010.

The pension costs under defined contribution pension plan for the year ended December 31, 2011 was $8,621.

7) COMMON STOCK

The Company was incorporated on November 30, 2010. On December 28, 2010, the Company issued new shares in exchange of 100% ownership of Global Communication Semiconductors, Inc. As of December 31, 2010, the issued capital of the Company was $306,946, representing by 30,694,587 outstanding shares with par value of $10 (in New Taiwan dollars) per share.

On January 31, 2011, the Company issued 5,720,000 new common shares with issuance price of US$1.17 (dollars) per share. In addition, the Company issued 76,000 new shares for the expercise of employees’ stock option. As of December 31, 2011, the issued capital of the Company was $364,906, representing by 36,490,587 outstanding shares with par value of $10 (in New Taiwan dollars) per share.

8) CAPITAL RESERVE

With the proposal resolved by the board of directors and approved by the shareholders of the Company, the Company may utilize capital reserve to issue new shares or to distribute dividends.

9) RETAINED EARNINGS

(1) Under the Company's Articles of Incorporation approved on August 25, 2011, the Board of Directors can resolve to distribute retained earnings whether is realized or unrealized to the shareholders.

(2) The Company accrued employees' bonus and directors' remuneration based on 10% of net income to be distributed and 5% and 2% of the distributed amount as employees' bonus and directors' remuneration, respectively. The estimated employees' bonus and directors' remuneration will be recognized as operating cost or operating expense of the year. If there is difference occurred between estimated and actual amounts resolved by the shareholders, the difference shall be recognized as cost or expense in the subsequent year. The estimated amount of 2011 is as follow:

	December 31, 2011
Employee's bonus	$ 349
Directors' remuneration	140
	$ 489

10) SHARE BASED PAYMENT-EMPLOYEE COMPENSATION PLAN

A. As of December 31, 2011, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted (Note 2)	Contract period	Vesting conditions	Actual for feature rate in the current period	Estimated future forfeiture rate
Employee stock options	2011 (Note 1)	2,320,498 shares	10 years	Note 2	6.37%	4.95%

Note 1: On December 28, 2010, the merger effective day of the Company and Global Communication Semiconductors, Inc, all outstanding employee stock options of Global Communication Semiconductors, Inc. were cancelled for no consideration. In substitution for canceled options, every five shares of original options were entitled to receive one newly issued option for the Company's common shares with exercise price of US$1.17 per share. The five-for-one exchange resulted to 1,349,398 new employee stock options.

Note 2: Some employees' stock options shall vest and become exercisable as to 50% of the shares immediately, and as to the remaining 50% of such share to be vested in the following year. Some options shall vest and become exercisable as to 25% of the share covered on the first anniversary of the vesting commencement date, and as to the remaining 75% of such share ratably in equal installments as of the last day of each of the succeeding 36 months; vested as determined in the option agreement.

B. Details of the employee stock options are set forth below:

	For the year ended December 31, 2011	
	Number of shares	Weighted-average exercise price (in US dollars)
Options outstanding at January 1, 2011	1,331,840	$ 1.17
Adjustment of company reorganization	-	-
Increment of company reorganization	17,558	1.17
Option outstanding after company reorganization	1,349,398	1.17
Options granted	1,114,100	1.17
Options canceled	(143,000)	1.17
Options exercised	(76,000)	1.17
Options outstanding at end year	2,244,498	1.17
Options exercisable at end of year	1,125,478	

	From November 30, 2010 (the date of inception) to December 31, 2010	
	Number of shares	Weighted-average exercise price (in US dollars)
Options outstanding at November 30, 2010	6,659,200	$ 0.18
Adjustment of company reorganization	(5,327,360)	
Increment of company reorganization	-	
Option outstanding after company reorganization	1,331,840	1.17
Options granted	-	-
Options canceled	-	-
Options exercised	-	-
Options outstanding at end year	1,331,840	1.17
Options exercisable at end of year	1,158,395	

C. As of December 31, 2011, the details of outstanding employee stock options are as follows:

December 31, 2011		
Stock options exercised price (in US Dollars)		Weighted-average excepted remaining period
$	1.17	9.03 years

December 31, 2010		
Stock options exercised price (in US Dollars)		Weighted-average excepted remaining period
$	1.17	4.13 years

D. For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the granted date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant day	Fair value (in USD)	Exercise price (in USD)	Expected price volatility	Expected option period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit (in USD)
Employee stock options	January 2011	$1.31	$1.17	76.33%	1.48-6.05	-	4.83%	$0.52-0.90
Employee stock options	January 2011	1.31	1.17	76.33%	5.75-6.25	-	4.83%	0.89~0.92
Employee stock options	May 2011	1.22	1.17	63.00%	6.08	-	2.51%	0.74
Employee stock options	July 2011	1.22	1.17	63.00%	6.08	-	1.94%	0.73
Employee stock options	October 2011	1.22	1.17	64.00%	6.08	-	1.16%	0.72

E. Expenses incurred on share-based payment transactions are shown below:

	For the year ended December, 2011	From November 30, 2010 (the date of inception) to December 31, 2010
Equity-settled	$ 19,853	$ -

11) INCOME TAX

A. Income tax expense calculated at the statutory rate (the federal tax rate is 34%; the state tax rate is 8.84%) and income tax payable is reconciled as follows:

	For the year ended December 31, 2011	From November 30, 2010 (the date of inception) to December 31, 2010
Income tax expense calculated at the statutory rate	$ 33,139	$ 3,173
Tax effect of permanent differences	(12,944)	630
Tax effect of minimum tax	-	51
Tax effect of loss carryforward	(11,032)	(3,384)
Tax effect of valuation allowance	(419)	(4,586)
Income tax expense (benefit)	8,744	(4,116)
Effect of changes in exchange rates	(6,287)	42
Less: Net changes in deferred tax assets and liabilities	15,057	4,863
Tax effect of foreign tax credit	(8,669)	
Prepaid income tax	(9,257)	(892)
Income tax payable of prior year	(-)	6,605
Income tax payable (refundable)	($ 412)	$ 6,502
Income tax payable-federal tax	1,228	6,502
Income tax refundable-state tax	(1,640)	-

B. Deferred income tax assets and liabilities:

	December 31, 2011	December 31, 2010
Deferred income tax assets - current	$ 61,603	$ 73,271
Valuation allowance	(24,503)	(22,673)
	$ 37,100	$ 50,598
Deferred income tax assets - non-current	$ 630,488	$ 584,797
Deferred income tax liabilities - non-current	(19,385)	
Valuation allowance	(528,288)	(530,537)
	$ 82,815	$ 54,260

C. Details of temporary differences and loss carryforwards resulting in deferred income tax assets and liabilities are as follows:

	December 31,			
	2011		2010	
	Amount	Tax effect	Amount	Tax effect
Current items:				
Allowance for inventory obsolescence and decline in market value	$ 25,066	$ 9,985	$ 18,440	$ 7,353
Allowance for sales discount and allowance	832	332	10,080	4,027
Allowance for bad debt	2,881	1,148	210	88
Accrued untaken leave	11,994	4,778	9,090	3,618
Accrued employees' bonus and directors' remuneration	489	194	-	-
263 A Adjustments	4,624	1,842	2,934	1,167
Deferred revenue	3,107	1,238	4,464	1,780
Deffered state tax	14,666	4,987	14,211	4,669
Loss carryforwards - Federal tax	109,116	37,099	148,818	50,569
		61,603		73,271
Valuation allowance		(24,503)		(22,673)
		$ 37,100		$ 50,598
Non-current items:				
Depreciation- Federal tax	($ 57,014)	($ 19,385)	$ 17,804	$ 7,091
Depreciation- state tax	13,619	794	17,804	1,038
Employee stock options	3,394	1,352	1,796	730
Loss carryforwards - Federal tax	1,627,336	553,295	1,509,669	513,218
Loss carryforwards – State tax	1,096,814	63,944	1,056,969	61,657
Foreign tax credit		11,103		2,101
		611,103		584,797
Valuation allowance		(528,288)		(530,537)
		$ 82,815		$ 54,260

D. As of December 31, 2011, the Company's losses available to be carried forward were as follows:

(1) Federal tax of the United States

Year in which losses incurred (end of tax report date)	Losses available to be carried forward	Unused loss carry forwards	Final year losses can be carried forward (end of tax report date)
1999.6.30	$ 139,923	$ 29,620	2018.6.30
2000.6.30	154,517	154,517	2019.6.30
2001.6.30	289,161	289,161	2020.6.30
2002.6.30	331,583	331,583	2021.6.30
2003.6.30	267,507	267,507	2022.6.30
2004.6.30	172,713	172,713	2023.6.30
2005.6.30	164,495	164,495	2024.6.30
2006.6.30	152,235	152,235	2025.6.30
2007.6.30	111,223	111,223	2026.6.30
2008.6.30	63,398	63,398	2027.6.30
	$ 1,846,755	$ 1,736,452	

(2) State tax of California

Year in which losses incurred (end of tax report date)	Losses available to be carried forward	Unused loss carry forwards	Final year losses can be carried forward (end of tax report date)
2001.6.30	$ 160,440	$ 160,440	2020.6.30
2002.6.30	182,344	182,344	2021.6.30
2003.6.30	160,475	160,475	2022.6.30
2004.6.30	103,607	103,607	2023.6.30
2005.6.30	164,494	164,494	2024.6.30
2006.6.30	152,211	152,211	2025.6.30
2007.6.30	111,199	111,199	2026.6.30
2008.6.30	32,951	32,951	2027.6.30
2009.6.30	29,093	29,093	2028.6.30
	$ 1,096,814	$ 1,096,814	

12) EARNINGS PER SHARE

	For the year ended December 31, 2011				
	Amount		Weighted average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share: Net income attributable to common stockholders	$ 76,495	$ 67,751	33,114	$ 2.31	$ 2.05
Employee stock options	-	-	1,277		
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	$ 76,495	$ 67,751	$ 34,391	$ 2.22	$ 1.97

	November 30, 2010 (date of inception) to December 31, 2010				
	Amount		Weighted average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share	$ 7,406	$ 11,522	30,695	$ 0.24	$ 0.38

12) PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION:

Nature of cost	For the year ended December 31, 2011 Operating cost	Operating expense	Total
Personnel Expenses			
Payroll	$ 223,440	$ 93,858	$ 317,258
Insurance expenses	19,404	18,013	37,417
Pension expenses	-	8,621	8,621
Others	28	1,955	1,983
	$ 242,832	$ 122,447	$ 365,279
Depreciation	$ 6,576	$ 2,962	$ 9,538
Amortization	$ 1,335	$ -	$ 1,335

Nature of cost	From November 30, 2010 (the date of inception) to December 31, 2010 Operating cost	Operating expense	Total
Personnel Expenses			
Payroll	$ 1,551	$ 575	$ 2,126
Insurance expenses	152	65	217
Pension expenses	-	59	59
	$ 1,703	$ 699	$ 2,402
Depreciation	$ 101	$ 2	$ 103
Amortization	$ 10	$ -	$ 10

5. RELATED PARTY TRANSACTIONS

A. Names of the related parties and their relationship with the Company:

Name of Related Parties	Relationship with the Company
RF Micro Devices, Inc.	Related party in substance

B. Significant related party transactions

(1) Sales

	For the year ended December 31, 2011		From November 30, 2010 (inception date) to December 31, 2010	
	Amount	% of net sales	Amount	% of net sales
RF Micro Devices, Inc.	$ 298,237	33%	$ 4,987	21%

The sales prices and payment terms provided to related party were generally comparable to those provided to non-related parties. The collection term was within 45 days from the date of sales.

(2) Accounts Receivable

	December 31, 2011		2010	
	Amount	% of accounts receivable	Amount	% of accounts receivable
RF Micro Devices, Inc.	$ 40,233	37%	$ 34,041	29%

6. PLEDGED ASSETS

As of December 31, 2011 and 2010, the Company's assets pledged as collateral were as follows:

	December 31, 2011		Natural
Asset	2011	2010	
Other financial assets non - current	$ 5,493	$ 4,783	Rental security deposit of the office and deposit for wastewater treatment

7. COMMITMENTS AND CONTINGENT LIABILITIES

The Company's subsidiary entered into operating lease contracts with Hamazawa Investment Company for its office and plant located in Los Angeles, California. The lease period is from September 2002 to April 2016. As of December 31, 2011, the future minimum rental payments based on the above lease agreements are as follows:

Year	Amount
2012	$ 11,155
2013	11,504
2014	12,550
2015	12,550
2016 and thereafter	4,183
	$ 51,942

8. SIGNIFICANT CATASTROPHE LOSS

None

9. SIGNIFICANT SUBSEQUENT EVENTS

The Company applied for public offering of its common shares and employee stock options in accordance with "Regulations Governing the Offering and Issuance of Securities by Foreign Issuers". The application was effective on January 17, 2012.

10. OTHERS

1) Basis for preparation of pro forma consolidated financial statements

The Company prepared the 2010 pro forma consolidated financial statements of the Company and its subsidiary for the purpose of the Company's stock listing with the GreTai Securities Market of Taiwan. The pro forma consolidated financial statements were prepared on the basis assuming the Company commenced to own 100% shares of Global Communication Semiconductors, Inc. on August 15, 1997, the incorporation date of Global Communication Semiconductors, Inc. All majority-owned subsidiaries and controlled entities are included in the pro forma consolidated financial statements.

Significant inter-company transactions and balances between the Company and its subsidiary are eliminated.

On December 28, 2010, the Company issued new shares in exchange of 100% shares of Global Communication Semiconductors, Inc. The pro forma consolidated financial statements were prepared on the basis assuming the Company commenced to own

100% shares of Global Communication Semiconductors, Inc. on August 15, 1997, the incorporation date of Global Communication Semiconductors, Inc.

The Company maintains its accounts in its functional currency, United States dollars. Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date, which is US$1 to NT$29.18 as of December 31, 2010. Equity accounts are translated at historical rates except for beginning retained earnings, which are carried forward from prior year's balances. Dividends are translated at the exchange rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year, which is US$1 to NT$31.52 for the year ended December 31, 2010. The resulting translation difference is included in "Cumulative translation adjustments" under shareholders' equity.

The pro forma consolidated balance sheet and statement of income are as follows:

GCS HOLDINGS, INC. AND SUBSIDIARY

PRO FORMA CONSOLIDATED BALANCE SHEET

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2010	
	Amount	%
ASSETS		
Current assets		
Cash and cash equivalents	$ 57,638	14
Accounts receivable	83,529	20
Accounts receivable – related parties	34,041	8
Other financial assets – current	8,836	2
Inventories	78,814	20
Deferred income tax assets – current	50,598	12
Other current assets	1,586	1
Total Current Assets	315,042	77
Funds and long-term investments		
Other financial assets – non-current	4,783	1
Total Funds and Long-term Investments	4,783	1
Property, plant and equipment		
Cost		
Machinery and equipment	532,176	138
Computer and communication equipment	3,235	1
Reserch equipment	21,657	6
Furniture and fixtures	4,229	1
Leasehold improvements	122,370	32
Cost and revaluation	683,667	178
Less: Accumulated depreciation	(661,778)	(172)
Construction-in-progress and prepayments for equipment	11,709	3
Property, plant and equipment, net	33,598	9
Intangible assets		
Computer software	1,501	-
Total intangible assets	1,501	-
Other assets		
Deferred income tax assets – non-current	54,260	13
TOTAL ASSETS	$ 409,184	100

(Continued)

GCS HOLDINGS, INC. AND SUBSIDIARY

PRO FORMA CONSOLIDATED BALANCE SHEET

DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2010	
	Amount	%
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 12,178	3
Income tax payable	6,502	2
Accrued expenses	43,555	11
Receipts in advance	4,377	1
Total Current Liabilities	66,612	17
Total Liabilities	66,612	17
Stockholders' equity		
Capital		
Common stock	306,946	75
Capital reserve		
Additional paid-in capital	1,743,557	423
Employee stock options	25,381	6
Retained earnings		
Unappropriated earnings (accumulated deficit)	(1,700,397)	(413)
Other adjustments to stockholders' equity		
Cumulative translation adjustments	(32,915)	(8)
Total Stockholders' Equity	342,572	83
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 409,184	100

GCS HOLDINGS, INC. AND SUBSIDIARY

PRO FORMA CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31,

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT FOR EARNINGS PER SHARE)

	2010	
	Amount	%
Operating revenues		
Sales	$ 881,345	102
Sales returns	(14,960)	(2)
Sales allowances	(1,889)	-
Net sales	864,496	100
Operating costs		
Cost of goods sold	(566,875)	(66)
Gross profit	297,621	34
Operating expenses		
Sales and marketing expenses	(21,553)	(2)
General and administration expenses	(105,350)	(12)
Research and development expenses	(98,179)	(11)
Total operating expenses	(225,082)	(25)
Operating income	72,539	9
Non-operating income and gains		
Interest income	259	-
Gain on disposal of assets	389	-
Other non-operating income	2,868	-
	3,516	-
Non-operating expenses and losses		
Interest expense	(321)	-
	(321)	-
Income before income tax	75,734	9
Income tax benefit	42,092	5
Consolidated net income	$ 117,826	14
Attributable to		
Pro forma consolidated net income	$ 117,826	14
	Before Tax	After Tax
Basic earnings per share (in dollars)		
Pro forma consolidated net income	$ 2.47	$ 3.84

2) Fair value of financial instruments

	December 31, 2011		
	Book value	Fair value	
Financial Assets		Quotations in an active market	Estimated using valuation technique
Financial assets with fair values equal to book values	$ 374,979	$ -	$ 374,979
Financial liability			
Financial liabilities with fair values equal to book values	95,054	-	95,054

	December 31, 2010		
	Book value	Fair value	
Financial Assets		Quotations in an active market	Estimated using valuation technique
Financial assets with fair values equal to book values	$ 188,827	$ -	$ 188,827
Financial liability			
Financial liabilities with fair values equal to book values	62,235	-	62,235

The fair values of short-term financial instruments, which include cash and cash equivalent, accounts receivable, notes receivable, other receivables, accounts payable, notes payable, income tax payable, accrued expenses and other payables, are estimated based on the book values recognized in the balance sheets due to their short maturities.

3) Information on interest rate risk positions

As of December 31, 2011 and 2010, the financial assets and liabilities with fair value risk due to fluctuation of interest both amounted to $0. As of December 31, 2011 and 2010, the financial assets with cash flow risk due to fluctuation of interest amounted to $220,362 and $57,063, respectively. As of December 31, 2011 and 2010, the financial liabilities with cash flow risk due to fluctuation of interest both amounted to $0.

4) Procedure of financial risk control and hedge

The Company has undertaken appropriate risk management and control measures in order to identify all the possible risks (including market risk, credit risk, liquidity risk and cash flow risk) and to facilitate effective control and measurement of these risks by the management.

The management of Company reached optimize risk position, maintained suitable current position, and centrally manage all market risks to utilize effectively control all market risks. The above goal is under consideration about the effects of economy, competition, and market value risks to reach optimize risk position, maintain suitable current position, and centrally manage all market risks.

5) Information of material financial risk

A. Market risk

The Company's account receivables and other receivables are all due in one year. Thus, the market risk is deemed as minimal.

B. Foreign exchange risk

The Company's and subsidiaries' business are all involve functional currency operation. Therefore, the foreign exchange risk is deemed as minimal.

C. Credit risk

The Company has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The maximum loss to the Company is the total amount of all book value of accounts receivables.

D. Liquidity risk

The Company's accounts receivable are all due in one year. The Company has adequate working capital generated from its operations; therefore, the Company expects no significant liquidity risk.

E. Fair value of floating interest risk

The debt borrowed by the Company bears floating interest rate. Therefore, the fluctuations of market interest rate affected efficient rate and induced the fluctuations of future cash flow.

11. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES BUREAU

1) Significant Transaction Information.

A. Loans to third parties attributed to financial activities: None.

B. Endorsement and guarantee to third parties: None.

C. The ending balance of securities is summarized as follows:

As of December 31, 2011: None.

D. Securities for which total buying or selling amount exceeding the lower of $100 million or 20% of the capital stock:

2011: None.

E. Acquisition of real estate with an amount exceeding the lower of $100 million or 20% of the capital stock:

2011: None.

F. Disposal of real estate with an amount exceeding the lower of $100 million or 20% of the capital stock:

2011: None.

G. Purchases from or sales to related parties exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2011:

2011: None.

H. Receivables from related parties exceeding the lower of $100 million or 20% of capital stock:

2011: None.

I. Transaction of Derivative financial instruments:

As of December 31, 2011: None.

2) Related information on investee companies:

A. Related information for being significant influence or control on investee companies

As of December 31, 2011:

				Original investments		The Company owns			Current period		
Investor	Investee	Location	Main Activities	Balance at 2011/12/31	Balance at 2010/12/31	No. of Shares (thousand)	Owner-Ships(%)	Book Value	Net income (loss) of investee	Investment income (loss) recognized by company	Note
GCS Holdings, Inc.	Global Communication Semicondoctors, LLC.	Los Angeles, USA	GaAs wafer and foundry service	$403,975	$335,305	-	100%	$502,260	$71,923	$71,923	-

B. Information of subsidiaries:

a) Loans to third parties attributed to financial activities: None.

b) Endorsement and guarantee to third parties: None.

c) The ending balance of securities held by investee companies is summarized as follows:

As of December 31, 2011: None.

d) Securities for which total buying or selling amount exceeding the lower of $100 million or 20% of the capital stock:

2011: None.

e) Acquisition of real estate with an amount exceeding the lower of $100 million or 20% of the capital stock:

2011: None.

f) Disposal of real estate with an amount exceeding the lower of $100 million or 20% of the capital stock:

2011: None.

g) Related party transactions for purchase and sales amount exceeding the lower of $100 million or 20% of the capital stock:

As of December 31, 2011: None.

h) Receivables from related parties exceeding the lower of $100 million or 20% of the capital stock:

As of December 31, 2011:

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/Seller	Counterparty	Relationship with the Company	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Remark
Global Communication Semiconductors, Inc.	RF MICRO Devices, Inc.	Related party	Sale	$298,237	33%	45 days	Not applicable	Not applicable	$40,233	37%	-

i) Transaction of derivative financial instruments: None.

2011: None.

3) Investment in Mainland China information:

(1) Information of investment in Mainland China: None.

(2) Material transactions occurred directly or indirectly between the Company and its Mainland China investee: None.

4) The transaction amount between holding company and subsidiaries: None.

12. SEGMENT INFORMATION

In accordance with R.O.C. SFAS No. 41, "Operating Segments", segment information is disclosed as follows.

1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

2) Measurement of segment information

The chief operating decision-maker assesses the performance of the operating segments based on the pre-tax income. This measurement basis excludes the effects of non-recurring expenditures from the operating segments. This also excludes the effects of equity-settled share-based payments and unrealized gains/losses on financial instruments.

3) Information on segment profit (loss), assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments for the years ended December 31, 2011 and 2010 are as follows:

	2011			
	Cayman Islands	America	Adjustments and elimination	Consolidated amount
Revenue from external customers	$ -	$ 917,429	$ -	$ 917,429
Inter-segment revenue	-	-	-	-
Total segment revenue	$ -	$ 917,429	$ -	$ 917,429
Segment profit (loss)(note)	$ 67,751	$ 80,667	($ 71,923)	$ 76,495
Total assets	$ 651,082	$ 620,966	($ 522,714)	$ 749,334

	From November 30 (the date of inception) to December 31, 2010			
	Cayman Islands	America	Adjustments and elimination	Consolidated amount
Revenue from external customers	$ -	$ 23,393	$ -	$ 23,393
Inter-segment revenue	-	-	-	-
Total segment revenue	$ -	$ 23,393	$ -	$ 23,393
Segment profit (loss)(note)	$ -	$ 7,406	$ -	$ 7,406
Total assets	$ 342,572	$409,184	($ 342,572)	$409,184

Note: Profit before tax

4) Reconciliation for segment profit (loss), assets and liabilities

The Company and subsidiary engage in single industry and the chief operating decision-maker assesses performance of the whole group and allocating resources. The Company is regarded as a single operating segment. So there is no inter-segment revenue. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement. The amount provided to the chief operating decision-maker with respect to total assets is measured in a manner consistent with that in the balance sheet.

5) Revenue information by category

Breakdown of the revenue from all sources is as follows:

	For the year ended December 31, 2011	From November 30, 2010 (the date of inception) to December 31, 2010
Total Revenue	$ 917,429	$ 23,393

6) Export sales by geographic area

The export sales detail of the Company and its subsidiary from January 1, 2011 to December 31, 2011 and November 30, 2010 to December 31, 2010 is as follows:

Area	For the year ended December 31, 2011	From November 30, 2010 (the date of inception) to December 31, 2010
United State	$ 740,175	$ 23,393
Taiwan	50,370	
Canada	49,771	
Others	77,113	
	$ 917,429	$ 23,393

4) Information on major customers

A major customer is identified as the party that accounts for more than 10% of the Company's net sales in the period listed below.

	For the year ended December 31, 2011		From November 30, 2010 (the date of inception) to December 31, 2010	
Customer	Amount	% of sales	Amount	% of sales
A	$298,237	33%	$ 4,987	21%

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSs

Pursuant to the regulations of the Financial Supervisory Commission, Executive Yuan, R.O.C., effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and relevant interpretations and interpretative bulletins that are ratified by the Financial Supervisory Commission.

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the Financial Supervisory Commission, dated February 2, 2010:

Major contents and status of execution of the Company's plan for IFRSs adoption:

1) The Company has formed an IFRSs group headed by the Company's Chief Executive Officer, which is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
a. Formation of an IFRSs group	Completed
b. Setting up a plan relative to the Company's transition to IFRSs	Completed
c. Identification of the differences between current accounting policies and IFRSs	Completed
d. Identification of consolidated entities under the IFRSs framework	Completed
e. Evaluation of the impact of each exemption and option on the Company under IFRS 1 – First-time Adoption of International Financial Reporting Standards	Completed
f. Evaluation of needed information system adjustments	Completed
g. Evaluation of needed internal control adjustments	Completed
h. Establish IFRSs accounting policies	Completed
i. Selection of exemptions and options available under IFRS 1 – First-time Adoption of International Financial Reporting Standards	Completed
j. Preparation of statement of financial position on the date of transition to IFRSs	Actively in progress
k. Preparation of IFRSs comparative financial information for 2012	Actively in progress
l. Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	Actively in progress

2) Material differences that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Compilation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future:

The Company uses the IFRSs already ratified currently by the Financial Supervisory Commission and the “Rules Governing the Compilation of Financial Statements by Securities Issuers” that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company’s current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by the Financial Supervisory Commission or relevant interpretations or amendments to the “Rules Governing the Compilation of Financial Statements by Securities Issuers” come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Compilation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future are set forth below:

Leases

In accordance with current accounting standards in R.O.C., for the Company’s long-term lease contracts with variable rents which are adjusted year by year, the lease payment is recognized as an expense for each term based on each term’s rent agreement. However, in accordance with IAS 17, “Leases”, all lease payments stipulated in the lease contracts should be recognized as an expense over the lease term on a straight-line basis.