ALLIANCE SEMICONDUCTOR CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

DECEMBER 31, 2012

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors and
Stockholders of Alliance Semiconductor Corporation

We have compiled the accompanying consolidated balance sheet of Alliance Semiconductor Corporation and subsidiaries as of December 31, 2012 and the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for the nine months then ended. We have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

Excelsis Accounting Group

Excelsis Accounting Group
Reno, Nevada
February 22, 2013

ALLIANCE SEMICONDUCTOR CORPORATION
Consolidated Balance Sheet
December 31, 2012

ASSETS

Current assets		
Cash	$	617,724
Marketable securities		11,953,954
Other current assets		26,653
Total current assets		12,598,331
Total assets	$	12,598,331

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities		
Accounts payable	$	4,037
Total liabilities		4,037
Stockholders' equity		
Common stock (41,222,289 shares issued and 33,047,882 shares outstanding at December 31, 2012)		412,223
Additional paid-in capital		194,546,805
Treasury stock (at cost)		(68,658,045)
Accumulated other comprehensive income		11,953,954
Accumulated deficit		(125,660,644)
Total stockholders' equity		12,594,293
Total liabilities and stockholders' equity	$	12,598,331

See accompanying notes and independent accountant’s compilation report.

ALLIANCE SEMICONDUCTOR CORPORATION
Consolidated Statement of Comprehensive Income
For the nine months ended December 31, 2012

General and administrative expense	$	(181,792)
Loss from operations		(181,792)
Realized gain on sale of securities		524,987
Other income		102,803
Income before income tax		445,999
Provision for income tax		(3,480)
Income from continuing operations		442,519
Net Income	$	442,519
Other comprehensive income, net of tax		
Unrealized gain on held for sale marketable securities		11,953,954
Comprehensive Income	$	12,396,473

See accompanying notes and independent accountant's compilation report.

ALLIANCE SEMICONDUCTOR CORPORATION
Consolidated Statement of Changes in Stockholders' Equity
Nine Months Ended December 31, 2012

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
Balance at March 31, 2012	41,222,289	$ 412,223	$ 194,546,805	$ (68,658,045)	$ (126,103,163)	$ -	$ 197,820
Net income					442,519		442,519
Unrealized gain on held for sale marketable securities						11,953,954	11,953,954
Balance at December 31, 2012	41,222,289	$ 412,223	$ 194,546,805	$ (68,658,045)	$ (125,660,644)	$ 11,953,954	$ 12,594,293

See accompanying notes and independent accountant’s compilation report.

ALLIANCE SEMICONDUCTOR CORPORATION
Consolidated Statement of Cash Flows
Nine Months Ended December 31, 2012

Cash flows from operating activities		
Net income	$	442,519
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Accounts payable		3,693
Net cash provided by operating activities		446,213
Net increase in cash and cash equivalents		446,213
Cash and cash equivalents at March 31, 2012		171,511
Cash and cash equivalents at December 31, 2012	$	617,724
Cash paid for taxes, net	$	-
Cash paid for interest	$	-

See accompanying notes and independent accountant's compilation report.

Note 1. Alliance Semiconductor and our Significant Accounting Policies
The Company's primary activities consist of managing cash balances and maximizing return to shareholders.

Principles of Consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of Alliance Semiconductor and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the period. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the period that they are determined to be necessary. These estimates include the realization of deferred tax assets and valuations associated with our investments, among others. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid money market instruments with banks and financial institutions. We consider all highly liquid investments with maturity from the date of purchase of three months or less to be cash equivalents.

Income Taxes

We account for our deferred income taxes in accordance with the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and income tax bases of the assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

Potential tax benefits from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits.

The Company recognizes interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statement of operations. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

The Company has not recognized a liability related to any uncertain tax positions. Accordingly, a reconciliation of the beginning and ending amount of unrecognized tax benefits has not been provided since there is no unrecognized benefit or liability.

Concentration of Risks

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash.

Cash is deposited with one major bank in the United States that exceeds federally insured limits. We actively monitor the on-going credit worthiness of the financial institution as part of our risk management policies. We have not experienced any significant losses due to this concentration, nor do we expect any significant losses in the future.

Marketable Securities and Investments

All equity investments are classified as available for sale and any subsequent changes in the fair value are recorded in comprehensive income. If in the opinion of management there has been a decline in the value of the investment below the carrying value that is considered to be other than temporary, the valuation adjustment is recorded in net earnings in the period of determination.

Fair Value

The Company adopted FASB ASC 820-10-50, *"Fair Value Measurements"*. This guidance defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The three levels are defined as follows:

> Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
>
> Level 3 inputs to valuation methodology are unobservable and significant to the fair measurement.

The carrying amount reported in the balance sheet for cash and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments. Marketable securities are valued using Level 3 inputs.

Recently Issued Accounting Standards

There are no recently issued accounting standards that are likely to have a material impact on our financial position, results of operations, or cash flows.

Note 2. Marketable Securities

As of December 31, 2012, the estimated fair value of our available-for-sale securities was $11,953,954, which consisted of 2,277 preferred shares of Ambac.

The following table provides a reconciliation between beginning and ending balances of items measured at fair value on a recurring basis that used significant unobservable inputs (Level 3).

Balance at March 31, 2012	$ -
Unrealized gain on marketable securities	12,478,941
Realized gain included in earnings	524,987
Balance at December 31, 2012	$ 11,953,954

At December 31, 2012, our estimated fair value of the preferred shares was based on recent sales activity that is not observable in the marketplace. Unrealized gains of $11,953,954 were included in other comprehensive income at December 31, 2012.

Note 3. Provision for Income Taxes

At March 31, 2012, the Company's last fiscal year, the provision for or benefit from income taxes consisted of the following:

Current	
Federal	$ -
State	-
Total Current	$ -
Deferred	
Federal	$ -
State	-
Total Deferred	$ -
Total Tax (Benefit)	$ -

At March 31, 2012, the Company's last fiscal year, gross deferred tax assets and liabilities (federal & state) consisted of the following:

Deferred Tax Assets	
NOL	$ 31,729,459
Capital Loss Carryforwards	8,984,835
Tax Credits	7,160,972
Unrealized Loss on Investments	23,948,275
Gross deferred tax assets	$ 71,823,541
Less: Valuation Allowance	$(71,823,541)
Net deferred tax assets	$ -

At March 31, 2012, the Company's last fiscal year, benefit for income taxes differs from the amount obtained by applying the U.S. federal statutory rate to income before income taxes as follows:

Tax rate reconciliation	
Federal statutory rate	35 %
Tax at federal statutory rate	$ (245,315)
Permanent differences	-
Change in valuation allowance	25,809
Other, net	219,506
Total	$ -

The Company settled its audit with the Internal Revenue Service for the fiscal years 2006 & 2007 as of January 2010. Therefore, the fiscal years from 2008 through 2012 remain subject to IRS examination. The Company has also settled its most recent exam with the California Franchise Tax Board.

As of March 31, 2012, the Company's last fiscal year, the Company had a federal net operating loss carry forward of approximately $87.9 million and cumulative state net operating loss carry forwards of approximately $18.4 million. The federal net operating loss carryforwards will expire beginning in fiscal 2025 and the state net operating loss carryforwards will begin to expire in fiscal 2014. As of March 31, 2012, the Company had federal research and experimentation tax credit carry forwards of approximately $3.4 million that will begin to expire in fiscal 2025; federal alternative minimum tax credit carryfowards of approximately $1.6 million that may be carried over indefinitely and federal foreign tax credit carryforwards of approximately $2.5 million that will begin to expire in fiscal 2017. The research and experimentation tax credit carryforward attributable to states is approximately $1.2 million, of which all is attributable to the State of California and may be carried over indefinitely. Utilization of net operating losses and tax credit carryforwards may be subject to limitations due to ownership changes and other limitations provided by the Internal Revenue Code and similar state provisions. If such a limitation applies, the net operating loss and tax credit carryforwards may expire before full utilization.

Note 4. Treasury Shares
The Company holds 8,174,407 of its own shares.

Note 5. Subsequent Events
On February 4, 2013 the Company sold an additional eighty units of Ambac preferred securities for approximately $540,000. There have been no other subsequent events requiring disclosure. Subsequent events were evaluated through February 22, 2013, the date these financial statements were issued.