

TXC Corporation

Agenda for 2010 General Meeting of Shareholders

Time: 09:30am 15 June (Tuesday), 2010

Venue: Taipei Lin Garden Shuāng - Xǐ hall (2F 1 Section 6, Chungshan North Road, Shilin District, Taipei City)

Attend: Present number of share of stock to add up to: 238,620,878 shares, 82.88% of 287,907,037 shares(excluding treasure stock 3,000,000 shares).

Observer: CPA Tsai at Deloitte & Touche CPA office.

Chairman: Lin, Jin-Bao

Recorder: Kuo, Chia-Ching

Reports

Report (1)

Subject: Report on operation in 2009 and future plans.

Explanation:

1. The company registered a sales revenue of NTD6,557,116 thousand in 2009, an increase of 0.15% over 2008. The consolidated revenue of NTD 7,727,524 thousand in 2009, an increase of 4.97% over 2008. ; The net profit after tax is NTD782,223 thousand, an decrease of 17.82% over the previous year.
2. The sales report and the related final account already published in the meeting handbook annexes 1 and 3.
3. We prudently predict that sales will continue to grow in 2010 and with improvement of yield rate, launching of high-end products, and contributions by new customers and new projects, sustained growth in sales and profits is expected.

Consolidate Operation Analysis for Jan.-Mar. 2010 Unit: Thousand NTD

Item	2010.03.31	2009.03.31	Growth Rate
Sales Revenue	2,112,528	1,393,786	51.6%
Sales Cost	1,580,933	1,120,509	41.1%
Sales Gross Profit	531,595	273,277	94.5%
Gross Profit Rate	25.2%	19.6%	28.6%
Operating Expense	257,055	177,962	44.4%
Operating income	274,540	95,315	188.0%
Non-sales Revenue (expenditure)	110	(16,196)	100.7%
Profit/loss before tax	274,650	79,119	247.1%
Income tax (expense) benefits	(61,648)	(9,899)	522.8%
Profit/loss after tax	213,002	69,220	207.7%

Report (2)

Subject: Report on Auditors' examination of final accounts for 2009.

Explanation:

1. The final account for 2009 has been certified by accountants Gōng shuāng xióng and Yang Qingzhen of Deloitte and Touche and adopted by the Board of Directors meeting and duly examined by the auditors with the examination report published in Annex 2 of the meeting handbook.
2. Auditors are invited to read out the examination report.

Report (3)

Subject: Report on third issuance of unsecured convertible bond in Taiwan.

Explanation:

1. To meet operation demand for capacity expansion and to improve financial structure through conservation of interest, the Company issued the third unsecured convertible bond on 11 November, 2010 amounting to NTD800 million only and issued a total of 8,000 shares with a par value of NTD100,000 only.

單位：新台幣仟元

Plan Item	Complete Date	Capex Total Amount	Scheduled time of funds					
			2010				2011	
			Q1	Q2	Q3	Q4	Q1	Q2
Factory	100.03.31	250,000	30,000	50,000	50,000	50,000	70,000	
Equipment	100.06.30	550,000		50,000	150,000	150,000	100,000	100,000
sum		800,000	30,000	100,000	200,000	200,000	170,000	100,000

2、The practical implementation of the case so far：

單位：新台幣仟元

Plan Item	Status of implementation		2010 Q1	2010 Up to Q1	The reason of Ahead or behind schedule And improvement plan
	Amount	Percentage			
Factory	Amount	Forecast	30,000	30,000	Contract signed for the date slightly later than the original booking due until the second quarter, after signing the contract, the company paid another related plant engineering section.
		Actual	0	0	
	Percentage	Forecast	12.00%	12.00%	
		Actual	0.00%	0.00%	
Equipment	Amount	Forecast	—	—	On schedule.
		Actual	—	—	
	Percentage	Forecast	—	—	
		Actual	—	—	
sum	Amount	Forecast	30,000	30,000	
		Actual	—	—	
	Percentage	Forecast	3.75%	3.75%	
		Actual	0.00%	0.00%	

Matters of concurrence

Matters of concurrence (1) Directors

Presented by Board of

Subject: Concurrence for final accounts of 2009.

Explanation:

- 1.Refer to Annex (1) and (3) in the meeting handbook regarding the report on operation in 2009 and the financial statement.
2. Foregoing Assets/Liabilities Statement, Profit and Loss Statement, Shareholders Equities Changes and Cash Flow Report, etc. (including the consolidated reports) have been duly examined by accountants and adopted by the second session of the board of directors meetings in 2010 with the business report submitted to the auditors for due examination (Auditors' examination report is published in Annex 2 of the meetings handbook.)
- 3.You are invited for concurrence.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

Matters of concurrence (2) Directors

Presented by Board of

Subject: Concurrence of surplus allocation in 2009.

Explanation :

- 1.Surplus in 2009 was allocated in accordance with article 19 of the company charter.
- 2.The company's net profit after tax in 2009was NTD782,222,564 and the unallocated surplus at the beginning of the year and deduct the appropriation of legal reserve amounting, the balance available surplus for allocation was NTD1,293,237,874; we plan to allocate to shareholders bonus amounting to NTD633,395,484, leaving the year-end unallocated surplus at NTD659,842,390.
- 3.We plan to allocate the Shareholder bonus in stock at 20 shares per 1000 shares and in cash at NTD2 per share.
- 4.As of 22 April, 2010, the number of shares circulated outside was 287,907,037shares (deduct the treasure stock 3,000,000 shares); the shareholders' meeting authorized the board of directors to make changes accordingly due to change in stock allocation after conversion of convertible bonds and implementation of employee warrant.
- 5.The surplus allocation table is shown below:

TXC Corporation
Profit distribution for 2009

unit : NT\$

Item	Amount	
	Sub-total	Sum
Beginning period undistributed profits		589,237,566
plus : Available distributed profit for current year	782,222,564	
Net profit after tax for this year		
minus :		
Appropriate legal reserve (10%)	(78,222,256)	
Profits available for distribution		1,293,237,874
Items of distribution :		
Shareholder bonus—transfer raising capital share appropriate (\$0.2 per share)	(57,581,410)	
Shareholder bonus—cash (\$2 per share)	(575,814,074)	
Total of distribution		(633,395,484)
End period of undistributed profits		659,842,390
Reference:		
Employee bonus—cash	71,168,032	
Directors and supervisor remuneration—cash	7,116,803	

Note 1. Calculation for issuance of stock dividend and cash dividend is based on the number of shares in circulation externally (as of April 22, 2010, the number of shares in circulation externally after deducting 3,000 thousand treasury stocks is 287,907,037 shares.)

2. Difference in the planned allocation amount from expense for employee bonus and surplus in the 2009 financial statement is due to difference in the number of shares in circulation externally and is calculated at NT\$916,785. This variation will be adjusted in 2010. In the event of further variation in amount at the resolution date of the shareholders meeting shall be handled in accordance with accounting estimation and will be adjusted in the account book in 2010.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

Discussions and elections

Discussions and elections (1) Directors

Presented by Board of

Subject: Plans for surplus recapitalization, you are invited to concur.

Explanation:

1. Plans for surplus recapitalization with shareholder bonus of NTD57,581,410 for issuance of 5,758,141 new shares.
2. That is allocation for free 20 shares per 1000 shares. Shareholders are required to make up the decimal shares into whole shares and go to Yuanta Securities for handling within 5 days from the base day; decimal shares unable to make whole shares will be allocated in cash up to NTD1 according to the par value (less than NTD1 will be deleted) and the Chairman is authorized to have specified shareholders to buy the shares at par value.
4. The number of shares circulating outside at April 22, 2010 is 287,907,037 shares and after conversion of corporate bond and transference of treasury stocks to employees and affect circulation outside and changes happened to stock dividend, the shareholders general meeting will authorize the board of directors to handle matters of change.
5. The shareholders' meeting will authorize the board of directors with full discretion on issuance and allocation of stock and recapitalization plan if the applicable laws and decrees of the competent organ changes or the objective environment changes or if needed in reality.
6. You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

Discussions and elections (2) Directors

Presented by Board of

Subject: Plans for revision of certain articles of the company charter. You are invited to concur.

Explanation:

1. In consideration of overall operation, it is planned to revise Article 7 of Chapter 2, Article 11 of Chapter 3, Article 14-1 of Chapter 4, Article 19 of Chapter 6 and certain items of Article 22 of annex of Chapter 7.
2. Table of comparison for revised articles vs original articles of the company charter as follows:

Comparison of Revision for Corporate Rules

Article	Content of Revised Article	Content of Original Article	Reason for revision
Article 7	When new shares are issued, these shares are registered and should be signed and sealed by at least three directors and should be approved by the law. The company is permitted not to print shares, which is non-physical issuing, and should register in Centralized Securities Depository Enterprises.	Shares of the company are registered and should be signed and sealed by at least three directors and should be approved by the law. The company should comply with article 162-1 of corporate law to print shares with large face value or comply with article 162-2 of corporate law not to print shares.	To be revised in accordance with the need of operation
Article 11	Shareholders of the company with one share carry one voting right, except for conditions of article 179 of corporate law, including restricted shares or shares without voting rights.	Shareholders of the company with one share carry one voting right. But for those incurred in conditions of article 179 of corporate law carry no voting right.	To be revised in accordance with the need of regulation
Article 14-1	To hold the board of director, the company should indicate matters and inform all the directors and supervisors by mail, E-mail or fax prior to 7 days of the conference. But, as urgent matters are occurred, the company can hold the conference immediately.		To be revised in accordance with the need of regulation and actual requirement
Article 19	<p>If the company has surplus after the end of annual account settlement, the surplus should be used to pay tax to cover previous deficit. Then, 10% is allocated as legal reserve if accumulated legal reserve is not over amount of paid-in capital. The company should allocate certain capital as special reserve then allocate the rest for the following circumstance.</p> <p>(1) Employee bonus must not be less than 3%.</p> <p>(2) Reward for directors and supervisors must not be over 2%.</p> <p>(3) The rest of surplus consolidated with accumulated retained earning is regarded as shareholder bonus and be distributed according to resolving of shareholders' meeting after proper retention for operational purpose.</p> <p>Board of directors should set up the criteria to select proper gainer of employee bonus, which includes employees of subsidiaries who meet</p>	<p>If the company has surplus after the end of annual account settlement, the surplus should be used to pay tax to cover previous deficit. Then, 10% is allocated as legal reserve if accumulated legal reserve is not over amount of paid-in capital. The company should allocate certain capitals as special reserve then allocate the rest for the following circumstance.</p> <p>The rest of surplus consolidated with accumulated retained earning should be properly retained in terms of operational purpose.</p> <p>The residual capital allocated based on the following proportion will be drafted as distribution proposal. This proposal should be discussed in shareholders' meeting.</p> <p>(1) Employee bonus must not be less than 3%.</p> <p>(2) Reward for directors and supervisors must not be over 2%.</p> <p>(3) Shareholder bonus comes from the entire amount after deducting employee bonus and reward for directors and</p>	To be revised in accordance with the need of the policy of employees' expensed bonus

	certain criteria.	supervisors for the year. Board of directors should set up the criteria to select proper gainer of employee bonus, which includes employees of subsidiaries who meet certain criteria.	
Article 22	The article was set up on the 6 th of December in 1983. The 28 th revision was set up on the 16 th of June in 2009. The 29 th revision was set up on the 15 th of June in 2010	The article was set up on the 6 th of December in 1983. The 28 th revision was set up on the 16 th of June in 2009.	Add revision

3. Refer to Annex 4 of the meeting handbook for the company charter before the revision.
4. You are invited to concur.

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

**Discussions and elections (3)
Directors**

Presented by Board of

Subject: Amended Regulations for Guaranty. You are invited to concur.

Explanation:

1. In response to expansion of operation and accommodate the applicable law of the competent organ, plan to revise portions of the Regulations for Guaranty.
2. Attached " Regulations for Guaranty " table amendments are as follows.
3. Refer to Annex 5 in the meeting handbook for Regulations for Guaranty before the revision.
4. You are invited to concur.

Comparison of revised article of “Regulations for Guaranty”

Article	Content of Revised Article	Content of Original Article	Reason for revision
Article 2	The company can make endorsement and guarantee for the following companies: (1) A company with which it does business (2) A company in which that the company directly or indirectly hold more than 50% of the voting rights (3) A company that directly or	The company can make endorsement and guarantee for the following companies: (1) A company with which it does business (2) A company in which that the company directly or indirectly hold more than 50% of the voting rights (3) A company that directly or	To be revised in accordance with Regulations Regarding Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies

	<p>indirectly hold more than 50% of the voting shares</p> <p>The company can endorse and guarantee subsidiaries with more than 90% of direct and indirect voting shares. The amount must not exceed 10% of net value of the company. But, the preceding article is not restricted for wholly owned subsidiaries.</p> <p>Based on the purpose of undertaking a construction project, the company in the same industry or joint builder can make endorsement and guarantee for each other. Moreover, all the invested shareholders, with the mutual investment relationship, are not limited to the preceding two paragraphs and can endorse and guarantee the invested companies according to the investment ratio. The preceding word "invested" means that the company makes direct or indirect investment through wholly owned subsidiaries.</p>	<p>indirectly hold more than 50% of the voting shares</p> <p>Based on the purpose of undertaking a construction project, the company in the same industry or joint builder can make endorsement and guarantee for each other. Moreover, all the invested shareholders, with the mutual investment relationship, are not limited to the preceding two paragraphs and can endorse and guarantee the invested companies according to the investment ratio. The preceding word "invested" means that the company makes direct or indirect investment through wholly owned subsidiaries.</p>	
Article 4	<p>The amount of Endorsement and Guarantee</p> <p>The amount of endorsement and guarantee of the company must not exceed 100% of its current net value. For a single enterprise, the amount must not exceed 5% of its current net value. For wholly owned subsidiaries of the company, the amount can be more than 50% of its current net value, but the company should explain the necessity and rationality in the shareholders' meeting. The current net value is based on data in the latest financial report audited by accountants.</p> <p>The definition of subsidiary is based on the Statements of Financial Accounting Standards No.5 and No.7 published by Accounting Research and Development Association of the Republic of China</p> <p>For those companies with which the company does business, in addition to the preceding regulation, the amount of endorsement and guarantee is limited to the mutual business transaction. The term "business transaction" means the order amount or shipment amount,</p>	<p>The amount of Endorsement and Guarantee</p> <p>The amount of endorsement and guarantee for the company must not exceed 100% of its current net value. For single enterprise, the amount must not exceed 5% of its current net value. For wholly owned subsidiaries of the company, the amount can be up to 50% of its current value. The current net value is based on data in the latest financial report audited by accountants.</p> <p>The definition of subsidiary is based on the Statements of Financial Accounting Standards No.5 and No.7 published by Accounting Research and Development Association of the Republic of China</p> <p>For those companies with which the company does business, in addition to the preceding regulation, the amount of endorsement and guarantee is limited to the mutual business transaction. The term "business transaction" means the order amount or shipment amount, whichever is</p>	<p>To be revised in accordance with Regulations Regarding Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies</p>

	<p>whichever is higher.</p> <p>When the company needs to exceed the limits set out in the operational procedures for endorsement and guarantee to satisfy its business requirements, it should hold the board of directors and ask for attendance of two-thirds directors and have agreement of one-second of attendant directors. Then, the company can revise the operational procedures then report it to shareholders' meeting. If shareholders' meeting disagrees the revision, the company should set up a plan to eliminate the amount which goes beyond the limit.</p> <p>If an endorsed and guaranteed company, which its net value is less than one-second of its paid-up capital, is the subsidiary of the company, the company should establish related follow-up methods of management and control.</p> <p>If any matter of the company is modified so that the endorsed and guaranteed company does not meet this regulation, the company should set up improvement plan then report it to supervisors and carry it out based on schedule.</p>	<p>higher.</p> <p>When the company needs to exceed the limits set out in the operational procedures for endorsement and guarantee to satisfy its business requirements, it should hold the board of directors and ask for attendance of two-thirds directors and have agreement of one-second of attendant directors. Then, the company can revise the operational procedures then report it to shareholders' meeting. If shareholders' meeting disagrees the revision, the company should set up a plan to eliminate the amount which goes beyond the limit.</p> <p>If any matter of the company is modified so that the endorsed company does not meet this regulation, the company should set up improvement plan then report it to supervisors and carry it out based on schedule.</p>	
Article 8	<p>The endorsed and guaranteed items of the fully owned subsidiary should be approved by its board of directors and the procedures should be operated before reporting to the board of directors of the company. But, for more than 90% owned subsidiary, it should report the proposal to the board of director to the company before making endorsement and guarantee.</p> <p>Subsidiaries should comply with the regulation to set up operational procedures of endorsement and guarantee and carry it out based on the procedure.</p>	<p>The endorsed and guaranteed items of the subsidiary should be approved by its board of directors and the procedures should be operated before reporting to the board of directors of the company.</p> <p>Subsidiaries should comply with the regulation to set up operational procedures of endorsement and guarantee and carry it out based on the procedure.</p>	To be revised in accordance with Regulations Regarding Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

Discussions and elections (4)**Presented by Board of Directors**

Subject: Amended Operation Procedure for Fund Loan to Other Parties. You are invited to concur.

Explanation:

1. In response to expansion of operation and accommodate the applicable law of the competent organ, plan to revise portions of the Operation Procedure for Fund Loan to Other Parties.
2. Attached " the Operation Procedure for Fund Loan to Other Parties " table amendments are as follows.
3. Refer to Annex 6 in the meeting handbook for Operation Procedure for Fund Loan to Other Parties before the revision.
4. You are invited to concur.

Comparison of revised article of "Operational Procedures for Making Loans to Others"

Article	Content of Revised Article	Content of Original Article	Reason for revision
Article 8	<p>If the subsidiary of the company plans to loan funds to others, it should report to its board of directors to acquire approval. The subsidiary should comply with the regulation to set up operational procedures for loaning funds to others and make endorsement and guarantee according to the procedure.</p> <p>On the basis of preceding regulation, loaning between the company and parent company, loaning between the company and subsidiary or loaning between subsidiaries should be reported to the board of directors to resolve. Besides, the company can authorize chairman to loan specific limit to an identical company in sequence or employ recurrently.</p> <p>Specific limit represents empowered limit of loaning funds that the company or its subsidiaries make must not exceed 10% of net value of the company shown in the latest financial report.</p>	<p>If the subsidiary of the company plans to loan funds to others, it should report to its board of directors to acquire approval. The subsidiary should comply with the regulation to set up operational procedures for loaning funds to others and make endorsement and guarantee according to the procedure.</p>	<p>To be revised in accordance with Regulations Regarding Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies</p>

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

Discussions and elections (5)**Presented by Board of****Directors**

Subject: Proposal to elect new directors and supervisors’.

Explanation :

1. Tenure of this year's directors and auditors will expire on 12 June, 2010 and shall be re-elected according to the law; the shareholders' meeting will elect 9 directors (including 2 independent directors) and 3 auditors in accordance with the company charter and the tenure of the former directors and auditors will continue until new directors and auditors are elected.
2. The newly elected directors and auditors shall assume office immediately upon election and the tenure will be from 15 June, 2010 to 14 June, 2013 for a period of 3 years.
3. Refer to Annex 7 of the meeting handbook for the candidates list for independent directors and their education background, work experience and holdings of the number of stock.

Resolution:

The elected list of the Directs :

Number	Votes	Name	Notes
1	251,737,079	Lin, Jin-Bao	
7	222,916,380	Hsu, Der-Jun	
6	222,781,586	Lin, Wan-Shing	
8	222,611,783	Kuo, Shu-Hsin	
45	221,850,824	Go, Tien-Chong	
44269	221,640,413	Hong Ding Venture Capital Co., Ltd.	
44	221,347,319	Chen Que Shang Xin	

The elected list of the Independent Directs :

Number	Votes	Name	Notes
H101242626	139,731,106	Shen, Chi-Fong	
J120315449	139,786,033	Yu, Shang-Wu	

The elected list of the Supervisors :

Number	Votes	Name	Notes
18	210,648,188	Yang, Du-An	
5	205,947,149	Yang, Min-shou	
F122510458	204,872,171	Lin Mingzong	

Discussion (6)

Presented by Board of Directors

Subject: Plan for waiving restrictions on prohibition of competition among the newly elected directors and auditors. You are invited to concur.

Explanation :

1. In accordance with Article 209 of the company law, directors should explain to the shareholders' meeting on his/her behalf or others on conduct of competition within company business scope and obtain permission; plans to get endorsement of the board of directors to waive prohibition on competition
2. All newly elected directors of this year have the necessity of competition on his/her behalf or other persons regarding competition within the company business scope, plans to have the endorsement of the shareholders' meeting on waiving prohibition on competition by appointed representatives of directors and legal directors.

3. You are invited to concur.

Corporation	Position	Name	Corporation	Position
TXC Corporation	Chairman/ Directors	Lin, Jin-Bao	TXC TECHNOLOGY INC	Directors (Corporation representative)
			TXC Japan Corporation	Directors (Corporation representative)
	Vice-Chairman/ Directors	Hsu, Der-Jun	Taiwan Crystal Technology International Limited	Chairman
	President/ Directors	Lin, Wan-Shing	GROWING PROFITS TRADING LTD	Chairman
			TXC (NGB) Electronic Co., Ltd. corporation	Chairman
			TXC TECHNOLOGY INC	Chairman
			TXC Japan Corporation	Directors (Corporation representative)
	Marketing VP	Chen Que Shang Xin	TXC (NGB) Electronic Co., Ltd. corporation	President / Directors
	Director	Hong Ding Venture Capital Co., Ltd.	Zhonglei Electronics Co., Ltd.	Directors

Resolution: This case is sought and asked the full attendance shareholders without demur by the Chairman, the case passing.

Other motions and ad hoc motions.

Number 1258 of the shareholder quests operation conditions , Foxconn pay and yen appreciation on the business impact of, through The chairman's answer, the shareholder learns.

Dismissal

TXC CORPORATION

BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 1,053,100	12	\$ 552,242	7	Short-term loans (Note 13)	\$ 416,200	5	\$ 156,543	2
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	1,621	-	28,593	-	Short-term bills payable (Note 14)	-	-	100,000	1
Available-for-sale financial assets - current (Notes 2 and 6)	-	-	120,049	1	Notes payable (Note 25)	52,711	1	40,494	-
Notes receivable, net (Notes 2 and 7)	2,279	-	39,709	1	Accounts payable	660,535	7	466,243	6
Accounts receivable, net (Notes 2 and 7)	2,074,745	24	2,020,735	25	Accounts payable - related parties (Note 25)	319,957	4	221,022	3
Accounts receivable - related parties, net (Notes 2, 7 and 25)	37,057	-	13,235	-	Income tax payable (Note 21)	59,504	1	64,928	1
Other receivable	164,739	2	17,667	-	Accrued expenses (Notes 17 and 25)	311,484	3	313,156	4
Other receivable - related party (Note 25)	124,788	2	-	-	Liability component of convertible bonds - current (Notes 2 and 15)	331	-	-	-
Inventories, net (Notes 2 and 8)	709,374	8	692,037	9	Bonds payable - current portion (Notes 2 and 15)	3,711	-	-	-
Other current assets (Notes 2, 21 and 25)	110,919	1	55,537	1	Current portion of long-term loans (Note 16)	177,250	2	119,273	1
Total current assets	4,278,622	49	3,539,804	44	Other current liabilities	11,218	-	8,341	-
					Total current liabilities	2,012,901	23	1,490,000	18
LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Financial assets carried at cost - noncurrent (Notes 2 and 9)	3,000	-	3,000	-	Bonds payable (Notes 2 and 15)	-	-	49,685	1
Investments accounted for by the equity method (Notes 2 and 10)	2,152,217	25	1,899,741	23	Long-term debt (Note 16)	692,437	8	911,636	11
Total long-term investments	2,155,217	25	1,902,741	23	Liability component of convertible bonds - noncurrent (Notes 2 and 15)	-	-	4,556	-
					Total long-term liabilities	692,437	8	965,877	12
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 26)					RESERVES				
Cost					Reserve for land value increment tax (Notes 2 and 11)	3,512	-	3,512	-
Land	273,496	3	273,496	3	OTHER LIABILITIES				
Land improvements	593	-	593	-	Guarantee deposits received	8,117	-	4,494	-
Buildings	1,056,013	12	611,579	8	Deferred income tax liabilities - noncurrent	73,128	1	-	-
Machinery and equipment	2,931,750	34	2,963,491	37	Deferred credits - gain on inter-company transactions (Notes 2 and 10)	263	-	2,049	-
Transportation equipment	2,557	-	2,557	-	Total other liabilities	81,508	1	6,543	-
Miscellaneous equipment	114,142	2	108,676	1	Total liabilities	2,790,358	32	2,465,932	30
Land - revaluation increment	8,954	-	8,954	-					
Cost and revaluation increment	4,387,505	51	3,969,346	49	STOCKHOLDERS' EQUITY (Note 19)				
Less accumulated depreciation	(2,167,140)	(25)	(1,788,760)	(22)	Capital stock				
Construction in progress and prepayments for equipment	27,459	-	412,008	5	Common stock	2,873,409	33	2,716,981	34
Total property, plant and equipment	2,247,824	26	2,592,594	32	Advance receipts for common stock	13,863	-	-	-
					Total capital stock	2,887,272	33	2,716,981	34
INTANGIBLE ASSETS					Capital surplus	1,168,416	13	1,092,215	14
Deferred pension cost (Notes 2 and 18)	7,947	-	7,947	-	Retained earnings				
					Legal reserve	447,198	5	352,016	4
OTHER ASSETS					Unappropriated earnings	1,371,460	16	1,356,164	17
Assets leased to others (Notes 2 and 12)	7,091	-	7,215	-	Total retained earnings	1,818,658	21	1,708,180	21
Idle assets (Notes 2 and 12)	2,941	-	3,336	-	Other equity (Note 2)				
Refundable deposits	3,915	-	3,705	-	Cumulative translation adjustments	168,373	2	229,680	3
Deferred charges	7,729	-	5,923	-	Unrealized gains on financial instrument	-	-	49	-
Deferred income tax assets - noncurrent (Notes 2 and 21)	-	-	27,981	1	Unrealized revaluation increment (Note 11)	5,442	-	5,442	-
Total other assets	21,676	-	48,160	1	Treasury stock (Notes 2 and 20)	(127,233)	(1)	(127,233)	(2)
					Total other equity	46,582	1	107,938	1
					Total stockholders' equity	5,920,928	68	5,625,314	70
TOTAL	\$ 8,711,286	100	\$ 8,091,246	100	TOTAL	\$ 8,711,286	100	\$ 8,091,246	100

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 8, 2010)

TXC CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
OPERATING REVENUE (Note 2)	\$ 6,614,490	101	\$ 6,618,657	101
LESS: SALES RETURNS	(22,423)	-	(20,914)	-
LESS: SALES ALLOWANCES	<u>(34,951)</u>	<u>(1)</u>	<u>(50,403)</u>	<u>(1)</u>
NET OPERATING REVENUE	6,557,116	100	6,547,340	100
OPERATING COSTS	<u>5,290,904</u>	<u>81</u>	<u>5,012,786</u>	<u>76</u>
GROSS PROFIT	1,266,212	19	1,534,554	24
UNREALIZED INTER-COMPANY GAIN	(263)	-	(2,049)	-
REALIZED INTER-COMPANY GAIN	<u>2,049</u>	<u>-</u>	<u>3,691</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,267,998</u>	<u>19</u>	<u>1,536,196</u>	<u>24</u>
OPERATING EXPENSES				
Selling expenses	316,429	5	328,647	5
General and administrative expenses	140,807	2	168,610	3
Research and development expenses	<u>258,557</u>	<u>4</u>	<u>268,959</u>	<u>4</u>
Total operating expenses	<u>715,793</u>	<u>11</u>	<u>766,216</u>	<u>12</u>
OPERATING INCOME	<u>552,205</u>	<u>8</u>	<u>769,980</u>	<u>12</u>
NONOPERATING INCOME AND GAINS				
Interest income	4,288	-	11,574	-
Investment income recognized under equity method	367,076	6	312,043	5
Gain on disposal of property, plant and equipment	1,960	-	124	-
Gain on sale of investments, net	3,221	-	-	-
Exchange gain	244,414	4	421,713	7
Reversal of impairment loss	-	-	1,821	-
Valuation gain on financial assets, net	1,621	-	24,283	-
Valuation gain on financial liabilities, net	-	-	2,279	-
Miscellaneous income	<u>19,970</u>	<u>-</u>	<u>17,148</u>	<u>-</u>
Total nonoperating income and gains	<u>642,550</u>	<u>10</u>	<u>790,985</u>	<u>12</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	12,143	-	24,728	1
Loss on sale of investments, net	-	-	1,546	-

(Continued)

TXC CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
Loss on disposal of property, plant and equipment	5,120	-	4,222	-
Exchange losses	252,498	4	479,234	7
Impairment loss	3,249	-	-	-
Miscellaneous expenses	<u>10,195</u>	<u>-</u>	<u>759</u>	<u>-</u>
Total nonoperating expenses and losses	<u>283,205</u>	<u>4</u>	<u>510,489</u>	<u>8</u>
INCOME BEFORE INCOME TAX	911,550	14	1,050,476	16
INCOME TAX EXPENSE (Notes 2 and 21)	<u>(129,327)</u>	<u>(2)</u>	<u>(98,659)</u>	<u>(1)</u>
NET INCOME	<u>\$ 782,223</u>	<u>12</u>	<u>\$ 951,817</u>	<u>15</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 3.20</u>	<u>\$ 2.75</u>	<u>\$ 3.71</u>	<u>\$ 3.36</u>
Diluted	<u>\$ 3.19</u>	<u>\$ 2.73</u>	<u>\$ 3.66</u>	<u>\$ 3.31</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 8, 2010)

(Concluded)

TXC CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings		Others Equity				Total
	Capital Stock	Advance Receipts for Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Unrealized Revaluation Increment	Unrealized Gain (Loss) on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	
BALANCE, JANUARY 1, 2008	\$ 2,402,435	\$ 13,091	\$ 1,014,499	\$ 238,045	\$ 1,331,819	\$ 5,442	\$ 462	\$ 111,374	\$ -	\$ 5,117,167
Appropriation of 2007 earnings										
Legal reserve	-	-	-	113,971	(113,971)	-	-	-	-	-
Stock dividends	238,627	-	-	-	(238,627)	-	-	-	-	-
Cash dividends	-	-	-	-	(477,254)	-	-	-	-	(477,254)
Bonus to directors and supervisors	-	-	-	-	(16,270)	-	-	-	-	(16,270)
Bonus to employees - (including \$40,675 thousand paid in stock)	40,675	-	-	-	(81,350)	-	-	-	-	(40,675)
Conversion of convertible bonds	35,244	(13,091)	-	-	-	-	-	-	-	22,153
Equity component of convertible bonds	-	-	77,716	-	-	-	-	-	-	77,716
Net income for the year ended December 31, 2008	-	-	-	-	951,817	-	-	-	-	951,817
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(413)	-	-	(413)
Changes in translation adjustments on long-term equity investments	-	-	-	-	-	-	-	118,306	-	118,306
Acquisition of treasury stock - 3,000 thousand shares	-	-	-	-	-	-	-	-	(127,233)	(127,233)
BALANCE, DECEMBER 31, 2008	2,716,981	-	1,092,215	352,016	1,356,164	5,442	49	229,680	(127,233)	5,625,314
Appropriation of 2008 earnings										
Legal reserve	-	-	-	95,182	(95,182)	-	-	-	-	-
Stock dividends	134,349	-	-	-	(134,349)	-	-	-	-	-
Cash dividends	-	-	-	-	(537,396)	-	-	-	-	(537,396)
Bonus to employees	21,795	-	38,904	-	-	-	-	-	-	60,699
Conversion of convertible bonds	284	13,863	37,297	-	-	-	-	-	-	51,444
Net income for the year ended December 31, 2009	-	-	-	-	782,223	-	-	-	-	782,223
Changes in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	(49)	-	-	(49)
Changes in translation adjustments on long-term equity investments	-	-	-	-	-	-	-	(61,307)	-	(61,307)
BALANCE, DECEMBER 31, 2009	\$ 2,873,409	\$ 13,863	\$ 1,168,416	\$ 447,198	\$ 1,371,460	\$ 5,442	\$ -	\$ 168,373	\$ (127,233)	\$ 5,920,928

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 8, 2010)

TXC CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 782,223	\$ 951,817
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	608,490	551,095
Nonoperating loss - idle assets and lease assets	9,576	519
Amortization	10,802	41,371
(Reversal of) provision for doubtful accounts	(1,833)	794
Provision for loss on inventories	34,172	23,264
Loss on physical inventory	224	565
(Gain) loss on sale of investments	(3,221)	1,546
Cash dividends received from equity method investees	53,293	80,045
Investment income recognized under equity method	(367,076)	(312,043)
Gain on disposal of property, plant and equipment	(1,960)	(124)
Loss on disposal of property, plant and equipment	5,120	4,222
Valuation gain on financial instruments, net	(1,621)	(26,562)
Impairment loss (gain)	3,249	(1,821)
Unrealized gross profit	263	2,049
Realized gross profit	(2,049)	(3,691)
Discount on bonds payable	1,245	4,746
Deferred income tax	69,729	32,630
Net changes in operating assets and liabilities		
Notes receivable	37,620	(27,118)
Accounts receivable	(76,189)	65,652
Inventories	(51,733)	(87,796)
Other receivables	(271,860)	-
Other current assets	(24,002)	16,754
Notes payable	12,217	(28,279)
Accounts payable	293,227	(242,986)
Accrued expenses	59,027	114,889
Income tax payable	(5,424)	(19,021)
Other current liabilities	2,877	(2,179)
Net cash provided by operating activities	<u>1,176,386</u>	<u>1,140,338</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial instruments as at fair value through profit or loss	30,620	(14,624)
Acquisitions of available-for-sale financial assets	(860,000)	(210,000)
Proceeds from disposal of available-for-sale financial assets	981,194	180,906
Acquisition of investments accounted for by equity method	-	(242,985)
Acquisition of property, plant and equipment	(337,612)	(1,170,213)
Proceeds from disposal of property, plant and equipment	58,426	-
(Increase) decrease in refundable deposits	(210)	3,879
Increase in deferred charges	(12,608)	(28,875)

(Continued)

TXC CORPORATION**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	2009	2008
Net cash used in investing activities	<u>(140,190)</u>	<u>(1,481,912)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	259,657	(118,714)
(Decrease) increase in short-term bills payable	(100,000)	100,000
Redemption of convertible bonds	-	(87,900)
Proceeds from long-term debt	-	840,000
Repayment of long-term debt	(161,222)	(207,273)
Increase in guarantee deposits received	3,623	-
Cash dividends	(537,396)	(477,254)
Cash bonus to directors, supervisors and employees	-	(56,945)
Cash paid for acquisition of treasury stock	<u>-</u>	<u>(127,233)</u>
Net cash used in financing activities	<u>(535,338)</u>	<u>(135,319)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	500,858	(476,893)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>552,242</u>	<u>1,029,135</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,053,100</u>	<u>\$ 552,242</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (including capitalized interest \$2,402 thousand and \$5,275 thousand)	<u>\$ 13,390</u>	<u>\$ 30,963</u>
Income tax paid	<u>\$ 65,023</u>	<u>\$ 85,049</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Conversion of convertible bonds	<u>\$ 49,800</u>	<u>\$ 99,000</u>
Acquisition of long-term equity investments through payment in the form of machinery	<u>\$ -</u>	<u>\$ 15,060</u>

The accompanying notes are an integral part of the financial statements.

(With Deloitte & Touche audit report dated March 8, 2010)

(Concluded)

TXC CORPORATION AND SUBSIDIARIES
**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

ASSETS	2009		2008		LIABILITIES AND STOCKHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 1,566,608	17	\$ 842,805	10	Short-term loans (Note 12)	\$ 581,154	6	\$ 612,499	7
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	1,621	-	28,878	-	Short-term bills payable (Note 13)	-	-	100,000	1
Available-for-sale financial assets - current (Notes 2 and 6)	-	-	120,049	2	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	782	-	-	-
Notes receivable, net (Notes 2 and 7)	2,279	-	39,709	1	Notes payable (Note 24)	52,711	1	40,494	1
Accounts receivable, net (Notes 2, 7 and 24)	2,465,921	26	2,222,426	25	Accounts payable (Note 24)	1,211,113	13	706,742	8
Other receivable	172,366	2	17,693	-	Income tax payable (Note 20)	79,288	1	65,048	1
Inventories, net (Notes 2 and 8)	836,512	9	902,447	10	Accrued expenses (Notes 16 and 24)	392,091	4	359,724	4
Other current assets (Notes 2 and 20)	129,871	1	94,400	1	Liability component of convertible bonds - current (Notes 2 and 14)	331	-	-	-
Total current assets	5,175,178	55	4,268,407	49	Bonds payable - current portion (Notes 2 and 14)	3,711	-	-	-
LONG-TERM INVESTMENTS					Current portion of long-term loans (Note 16)	225,295	2	119,273	1
Financial assets carried at cost - noncurrent (Notes 2 and 9)	3,000	-	3,000	-	Other current liabilities	19,427	-	22,908	-
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 25)					Total current liabilities	2,565,903	27	2,026,688	23
Cost					LONG-TERM LIABILITIES				
Land	273,496	3	273,496	3	Bonds payable (Notes 2 and 14)	-	-	49,685	1
Land improvements	593	-	593	-	Long-term debt (Note 15)	892,625	9	1,086,472	12
Buildings	1,490,449	16	1,165,060	13	Liability component of convertible bonds - noncurrent (Notes 2 and 14)	-	-	4,556	-
Machinery and equipment	4,859,927	51	4,660,747	53	Total long-term liabilities	892,625	9	1,140,713	13
Transportation equipment	13,024	-	11,647	-	RESERVES				
Miscellaneous equipment	185,453	2	184,679	2	Reserve for land value increment tax (Notes 2 and 10)	3,512	-	3,512	-
Land - revaluation increment	8,954	-	8,954	-	OTHER LIABILITIES				
Less accumulated depreciation	6,831,896	72	6,305,176	71	Guarantee deposits received	8,618	-	5,032	-
Construction-in-progress and prepayments for equipment	(2,829,720)	(30)	(2,284,177)	(26)	Deferred tax liability - noncurrent (Notes 2 and 20)	73,128	1	-	-
Property, plant and equipment, net	4,109,812	43	4,438,824	50	Total other liabilities	81,746	1	5,032	-
INTANGIBLE ASSETS					Total liabilities	3,543,786	37	3,175,945	36
Land right (Note 25)	16,547	-	17,395	-	STOCKHOLDERS' EQUITY (Note 18)				
Deferred pension cost (Notes 2 and 17)	7,947	-	7,947	-	Capital stock				
Other	789	-	825	-	Common stock	2,873,409	31	2,716,981	31
Total intangible assets	25,283	-	26,167	-	Advance receipts for common stock	13,863	-	-	-
OTHER ASSETS					Total capital stock	2,887,272	31	2,716,981	31
Assets leased to others (Notes 2 and 11)	116,818	1	7,215	-	Capital surplus	1,168,416	12	1,092,215	13
Idle assets (Notes 2 and 11)	2,941	-	3,336	-	Retained earnings				
Refundable deposits	5,290	-	5,205	-	Legal reserve	447,198	5	352,016	4
Deferred charges	26,392	1	21,124	-	Unappropriated earnings	1,371,460	14	1,356,164	15
Deferred income tax assets - noncurrent (Notes 2 and 20)	-	-	27,981	1	Total retained earnings	1,818,658	19	1,708,180	19
Total other assets	151,441	2	64,861	1	Other equity (Note 2)				
TOTAL	\$ 9,464,714	100	\$ 8,801,259	100	Cumulative translation adjustments	168,373	2	229,680	3
					Unrealized gains on financial instruments	-	-	49	-
					Unrealized revaluation increment	5,442	-	5,442	-
					Treasury stock	(127,233)	(1)	(127,233)	(2)
					Total other equity	46,582	1	107,938	1
					Total stockholders' equity	5,920,928	63	5,625,314	64
					TOTAL	\$ 9,464,714	100	\$ 8,801,259	100

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

(With Deloitte & Touche audit report dated March 8, 2010)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
OPERATING REVENUE (Note 2)	\$ 7,787,188	101	\$ 7,432,999	101
LESS: SALES RETURNS	(22,423)	-	(20,914)	-
LESS: SALES ALLOWANCES	<u>(37,241)</u>	<u>(1)</u>	<u>(50,434)</u>	<u>(1)</u>
NET OPERATING REVENUE	7,727,524	100	7,361,651	100
OPERATING COSTS	<u>5,823,114</u>	<u>75</u>	<u>5,345,864</u>	<u>73</u>
GROSS PROFIT	<u>1,904,410</u>	<u>25</u>	<u>2,015,787</u>	<u>27</u>
OPERATING EXPENSES				
Selling expenses	350,553	5	375,285	5
General and administrative expenses	233,871	3	220,607	3
Research and development expenses	<u>316,011</u>	<u>4</u>	<u>317,353</u>	<u>4</u>
Total operating expenses	<u>900,435</u>	<u>12</u>	<u>913,245</u>	<u>12</u>
OPERATING INCOME	<u>1,003,975</u>	<u>13</u>	<u>1,102,542</u>	<u>15</u>
NONOPERATING INCOME AND GAINS				
Interest income	5,435	-	13,648	-
Gain on disposal of property, plant and equipment	2,017	-	124	-
Gain on sale of investments	3,221	-	-	-
Exchange gain	258,297	3	459,356	6
Valuation gain on financial assets, net	1,621	-	24,552	-
Valuation gain on financial liabilities, net	-	-	2,279	-
Miscellaneous income	<u>27,415</u>	<u>1</u>	<u>30,867</u>	<u>1</u>
Total nonoperating income and gains	<u>298,006</u>	<u>4</u>	<u>530,826</u>	<u>7</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	30,539	1	38,203	1
Loss on disposal of property, plant and equipment	10,112	-	5,531	-
Loss on sale of investments, net	-	-	1,546	-
Exchange losses	260,125	4	520,500	7
Impairment loss	11,364	-	4,252	-
Valuation loss on financial liabilities	806	-	-	-
Miscellaneous expenses	<u>20,600</u>	<u>-</u>	<u>7,447</u>	<u>-</u>
Total nonoperating expenses and losses	<u>333,546</u>	<u>5</u>	<u>577,479</u>	<u>8</u>

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	968,435	12	1,055,889	14
INCOME TAX EXPENSE (Notes 2 and 20)	<u>(186,212)</u>	<u>(2)</u>	<u>(104,072)</u>	<u>(1)</u>
NET INCOME	<u>\$ 782,223</u>	<u>10</u>	<u>\$ 951,817</u>	<u>13</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 3.40</u>	<u>\$ 2.75</u>	<u>\$ 3.73</u>	<u>\$ 3.36</u>
Diluted	<u>\$ 3.38</u>	<u>\$ 2.73</u>	<u>\$ 3.68</u>	<u>\$ 3.31</u>

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

(With Deloitte & Touche audit report dated March 8, 2010)

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

	Capital Stock			Retained Earnings		Others Equity			Total	
	Capital Stock	Advance Receipts for Common Stock	Capital Surplus	Legal Reserve	Unappropriated Earnings	Unrealized Revaluation Increment	Unrealized Gain (Loss) on Financial Instruments	Cumulative Translation Adjustments		Treasury Stock
BALANCE, JANUARY 1, 2008	\$ 2,402,435	\$ 13,091	\$ 1,014,499	\$ 238,045	\$ 1,331,819	\$ 5,442	\$ 462	\$ 111,374	\$ -	\$ 5,117,167
Appropriation of 2007 earnings										
Legal reserve	-	-	-	113,971	(113,971)	-	-	-	-	-
Stock dividends	238,627	-	-	-	(238,627)	-	-	-	-	-
Cash dividends	-	-	-	-	(477,254)	-	-	-	-	(477,254)
Bonus to directors and supervisors	-	-	-	-	(16,270)	-	-	-	-	(16,270)
Bonus to employees - (including \$40,675 thousand paid in stock)	40,675	-	-	-	(81,350)	-	-	-	-	(40,675)
Conversion of convertible bonds	35,244	(13,091)	-	-	-	-	-	-	-	22,153
Equity component of convertible bonds	-	-	77,716	-	-	-	-	-	-	77,716
Net income for the year ended December 31, 2008	-	-	-	-	951,817	-	-	-	-	951,817
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(413)	-	-	(413)
Changes in translation adjustments on long-term equity investments	-	-	-	-	-	-	-	118,306	-	118,306
Acquisition of treasury stock - 3,000 thousand shares	-	-	-	-	-	-	-	-	(127,233)	(127,233)
BALANCE, DECEMBER 31, 2008	2,716,981	-	1,092,215	352,016	1,356,164	5,442	49	229,680	(127,233)	5,625,314
Appropriation of 2008 earnings										
Legal reserve	-	-	-	95,182	(95,182)	-	-	-	-	-
Stock dividends	134,349	-	-	-	(134,349)	-	-	-	-	-
Cash dividends	-	-	-	-	(537,396)	-	-	-	-	(537,396)
Bonus to employees	21,795	-	38,904	-	-	-	-	-	-	60,699
Conversion of convertible bonds	284	13,863	37,297	-	-	-	-	-	-	51,444
Net income for the year ended December 31, 2009	-	-	-	-	782,223	-	-	-	-	782,223
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	(49)	-	-	(49)
Changes in translation adjustments on long-term equity investments	-	-	-	-	-	-	-	(61,307)	-	(61,307)
BALANCE, DECEMBER 31, 2009	<u>\$ 2,873,409</u>	<u>\$ 13,863</u>	<u>\$ 1,168,416</u>	<u>\$ 447,198</u>	<u>\$ 1,371,460</u>	<u>\$ 5,442</u>	<u>\$ -</u>	<u>\$ 168,373</u>	<u>\$ (127,233)</u>	<u>\$ 5,920,928</u>

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

(With Deloitte & Touche audit report dated March 8, 2010)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 782,223	\$ 951,817
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	809,844	689,908
Nonoperating loss - idle assets and lease assets	18,324	2,470
Amortization	17,079	46,663
Provision for doubtful accounts	625	2,407
Provision for loss on inventories	34,709	23,845
Loss on physical inventory	224	565
(Gain) loss on sale of investments	(3,221)	1,546
Loss on disposal of property, plant and equipment	8,095	5,407
Valuation gain on financial instruments, net	(815)	(26,831)
Impairment loss	11,364	4,252
Discount on bonds payable	1,245	4,746
Deferred income tax	69,729	32,630
Net changes in operating assets and liabilities		
Notes receivable	37,620	(27,118)
Accounts receivable	(244,310)	(23,715)
Inventories	31,002	(180,185)
Other receivable	(154,673)	-
Other current assets	(4,092)	24,868
Notes payable	12,217	(28,279)
Accounts payable	504,371	(273,359)
Accrued expenses	93,066	105,952
Income tax payable	14,240	(18,901)
Other current liabilities	(3,480)	(18,365)
Net cash provided by operating activities	<u>2,035,386</u>	<u>1,300,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial instruments as at fair value through profit or loss	30,904	(14,624)
Acquisitions of available-for-sale financial assets	(860,000)	(210,000)
Proceeds from disposal of available-for-sale financial assets	981,194	180,906
Acquisitions of property, plant and equipment	(673,990)	(1,799,985)
Increase in intangible assets	(167)	-
Proceeds from disposal of property, plant and equipment	5,034	1,302
(Increase) decrease in refundable deposits	(85)	3,878
Increase in deferred charges	(21,972)	(36,871)
Net cash used in investing activities	<u>(539,082)</u>	<u>(1,875,394)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(31,345)	127,898

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars)

	2009	2008
(Decrease) increase in short-term bill payable	(100,000)	100,000
Redemption of convertible bonds	-	(87,900)
Increase (decrease) in guarantee deposits received	3,586	(573)
(Decrease) increase in long-term loans	(87,825)	807,563
Cash bonus to directors and supervisors	-	(56,945)
Cash dividends	(537,396)	(477,254)
Cash paid for acquisition of treasury stock	<u>-</u>	<u>(127,233)</u>
Net cash (used in) provided by financing activities	<u>(752,980)</u>	<u>285,556</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>(19,521)</u>	<u>(12,144)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	723,803	(301,659)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>842,805</u>	<u>1,144,464</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,566,608</u>	<u>\$ 842,805</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (including capitalized interest \$2,402 thousand and \$15,167 thousand)	<u>\$ 32,267</u>	<u>\$ 58,241</u>
Income tax paid	<u>\$ 123,413</u>	<u>\$ 90,462</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Conversion of convertible bonds	<u>\$ 49,800</u>	<u>\$ 99,000</u>

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

(With Deloitte & Touche audit report dated March 8, 2010)

(Concluded)