TXC Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2009 and 2008 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
TXC Corporation

We have reviewed the accompanying consolidated balance sheets of TXC Corporation and subsidiaries (collectively, the Corporation) as of June 30, 2009 and 2008, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on reviews.

We conducted our reviews in accordance with statement of Auditing Standards No. 36, "Review of Financial Statements," a generally accepted auditing standard in the Republic of China. A review of financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the consolidated financial statements, on January 1, 2009, the Corporation adopted the newly revised SFAS No. 10 "Accounting for Inventories"

As discussed in Note 3 to the consolidated financial statements, the Accounting Research and Development Foundation (ARDF) issued Interpretation 2007-052 that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriation from earnings.

August 12, 2009

<u>*Notice to Readers*</u>

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

For the convenience of readers, the accountants' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language accountants' review report and consolidated financial statements shall prevail.

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

ASSETS	2009 Amount	%	2008 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 1,433,273	16	$ 787,360	9
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	9,988	-	23,143	-
Available-for-sale financial assets (Notes 2 and 6)	120,329	2	-	-
Notes receivable, net (Notes 2 and 7)	769	-	14,016	-
Accounts receivable, net (Notes 2, 7 and 23)	2,030,230	23	2,121,807	26
Inventories, net (Notes 2, 3 and 8)	810,849	9	1,130,106	14
Other current assets (Notes 2 and 19)	106,136	1	157,070	2
Total current assets	4,511,574	51	4,233,502	51
INVESTMENTS				
Financial assets carried at cost (Notes 2 and 9)	3,000	-	3,000	-
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 24)				
Cost				
Land	273,496	3	154,438	2
Land improvements	593	-	442	-
Buildings	1,507,031	17	817,545	10
Machinery and equipment	4,562,267	52	4,101,593	49
Transportation equipment	13,305	-	9,852	-
Miscellaneous equipment	182,258	2	161,464	2
Land - revaluation increment	8,954	-	8,954	-
	6,547,904	74	5,254,288	63
Less accumulated depreciation	(2,529,754)	(28)	(1,905,725)	(23)
Construction in progress and prepayments for equipment	104,192	1	608,039	8
Property, plant and equipment, net	4,122,342	47	3,956,602	48
INTANGIBLE ASSETS				
Deferred pension cost (Notes 2 and 16)	7,947	-	7,947	-
Land rights (Note 24)	17,213	-	16,182	-
Total intangible assets	25,160	-	24,129	-
OTHER ASSETS				
Assets leased to others (Notes 2 and 11)	122,603	2	7,277	-
Idle assets (Notes 2 and 11)	3,139	-	3,534	-
Refundable deposits	4,761	-	4,182	-
Deferred charges	31,095	-	37,598	-
Deferred income tax assets - noncurrent (Notes 2 and 19)	22,361	-	44,529	1
Total other assets	183,959	2	97,120	1
TOTAL	$ 8,846,035	100	$ 8,314,353	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2009 Amount	%	2008 Amount	%
CURRENT LIABILITIES				
Short-term loans (Note 12)	$ 265,489	3	$ 616,358	8
Financial liabilities at fair value through profit or loss (Notes 2 and 5)	477	-	4,439	-
Notes payable (Note 23)	35,321	-	78,476	1
Accounts payable (Note 23)	1,013,688	12	1,177,962	14
Accrued expenses (Notes 3, 13 and 23)	278,182	3	254,712	3
Dividend payable (Note 17)	537,396	6	477,254	6
Bonds payable - current portion (Note 14)	-	-	181,512	2
Liability component of convertible bonds - current (Note 14)	-	-	19,713	-
Current portion of long-term loans (Notes 15 and 24)	244,874	3	207,273	3
Other current liabilities	96,702	1	111,853	1
Total current liabilities	2,472,129	28	3,129,552	38
LONG-TERM LIABILITIES				
Financial liabilities at fair value through profit or loss - noncurrent (Notes 2 and 5)	-	-	6,640	-
Bonds payable (Notes 2 and 14)	50,388	1	-	-
Long-term loans (Notes 15 and 24)	920,601	10	278,399	3
Liability component of convertible bonds - noncurrent (Notes 2 and 14)	4,556	-	-	-
Total long-term liabilities	975,545	11	285,039	3
RESERVES				
Reserve for land value increment tax (Notes 2 and 10)	3,512	-	3,512	-
OTHER LIABILITIES				
Guarantee deposits received	8,979	-	4,849	-
Others	150	-	-	-
Total other liabilities	9,129	-	4,849	-
Total liabilities	3,460,315	39	3,422,952	41
STOCKHOLDERS' EQUITY (Note 17)				
Capital stock				
Common stock	2,716,981	30	2,416,271	29
Advance receipts for common stock	-	-	8,377	-
Stock dividend to be distributed	156,144	2	279,302	4
Total capital stock	2,873,125	32	2,703,950	33
Capital surplus	1,131,119	13	1,047,380	13
Retained earnings				
Legal reserve	447,198	5	352,016	4
Unappropriated earnings	828,207	9	822,596	10
Total retained earnings	1,275,405	14	1,174,612	14
Cumulative translation adjustments (Note 2)	227,533	3	87,250	1
Unrealized gains on financial instruments (Note 2)	329	-	-	-
Unrealized revaluation increment	5,442	-	5,442	-
Treasury stock - 2008: 3,000 thousand shares; 2007: 3,000 thousand shares (Notes 2 and 18)	(127,233)	(1)	(127,233)	(2)
Total stockholders' equity	5,385,720	61	4,891,401	59
TOTAL	$ 8,846,035	100	$ 8,314,353	100

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

(With Deloitte & Touche review report dated August 12, 2009)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2009		2008	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE	$ 3,250,902	101	$ 3,426,929	101
LESS: SALES RETURNS	(13,420)	-	(7,731)	-
LESS: SALES ALLOWANCES	(19,547)	(1)	(13,634)	(1)
NET OPERATING REVENUE	3,217,935	100	3,405,564	100
OPERATING COST	2,522,450	78	2,515,452	74
GROSS PROFIT	695,485	22	890,112	26
OPERATING EXPENSES				
Selling expenses	148,422	5	166,762	5
General and administration expenses	101,438	3	117,520	4
Research and development expenses	136,019	4	148,248	4
Total operating expenses	385,879	12	432,530	13
OPERATING INCOME	309,606	10	457,582	13
NONOPERATING INCOME AND GAINS				
Interest income	2,124	-	7,822	-
Reversal of impairment loss	-	-	905	-
Valuation gain on financial assets, net	6,768	-	13,833	-
Gain on disposal of property, plant and equipment	2,010	-	-	-
Gain on sale of investments	735	-	853	-
Exchange gains	150,091	5	196,309	6
Miscellaneous income	8,388	-	18,549	1
Total nonoperating income and gains	170,116	5	238,271	7
NONOPERATING EXPENSES AND LOSSES				
Interest expense	18,148	1	19,033	1
Loss on disposal of property, plant and equipment	1,600	-	2,268	-
Exchange losses	158,143	5	206,991	6
Impairment loss	8,189	-	-	-
Valuation loss on financial liabilities	485	-	1,174	-
Miscellaneous expenses	5,855	-	4,637	-
Total nonoperating expenses and losses	192,420	6	234,103	7

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2009		2008	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	$ 287,302	9	$ 461,750	13
INCOME TAX EXPENSE (Notes 2 and 19)	(48,332)	(2)	(43,501)	(1)
NET INCOME	$ 238,970	7	$ 418,249	12

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (Note 21)				
Basic	$ 1.07	$ 0.89	$ 1.73	$ 1.57
Diluted	$ 1.07	$ 0.89	$ 1.70	$ 1.54

(Concluded)

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

(With Deloitte & Touche review report dated August 12, 2009)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Capital Stock				Retained Earnings		Other Equity				
	Common Stock	Advance Receipts for Common Stock	Stock Dividends to be Distributed	Capital Surplus	Legal Reserve	Unappropriated Earnings	Unrealized Revaluation Increment	Unrealized Gains on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	Total
BALANCE, JANUARY 1, 2009	$ 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 (Note)											
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
Net income for the six months ended June 30, 2009	-	-	-	-	-	238,970	-	-	-	-	238,970
Change in unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	280	-	-	280
Change in translation adjustments	-	-	-	-	-	-	-	-	(2,147)	-	(2,147)
BALANCE, JUNE 30, 2009	$ 2,716,981	$ -	$ 156,144	$ 1,131,119	$ 447,198	$ 828,207	$ 5,442	$ 329	$ 227,533	$ (127,233)	$ 5,385,720
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 employees (including $40,675 thousand paid in stock)	-	-	40,675	-	-	(81,350)	-	-	-	-	(40,675)
Bonus to directors and supervisors	-	-	-	-	-	(16,270)	-	-	-	-	(16,270)
Advance receipts for common stock converted to common stock	13,091	(13,091)	-	-	-	-	-	-	-	-	-
Conversion of convertible bonds	745	8,377	-	34,944	-	-	-	-	-	-	44,066
Equity component of convertible bonds	-	-	-	(2,063)	-	-	-	-	-	-	(2,063)
Net income for the six months ended June 30, 2008	-	-	-	-	-	418,249	-	-	-	-	418,249
Change in unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	(462)	-	-	(462)
Change in translation adjustments	-	-	-	-	-	-	-	-	(24,124)	-	(24,124)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	(127,233)	(127,233)
BALANCE, JUNE 30, 2008	$ 2,416,271	$ 8,377	$ 279,302	$ 1,047,380	$ 352,016	$ 822,596	$ 5,442	$ -	$ 87,250	$ (127,233)	$ 4,891,401

Note: Note：The bonus to employees of $122,755 thousand and the remuneration to directors and supervisors of $16,368 thousand have been expensed and deducted from 2008 earnings.

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

(With Deloitte & Touche review report dated August 12, 2009)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 238,970	$ 418,249
Depreciation	407,172	312,531
Nonoperating loss - idle assets and lease assets	4,168	259
Amortization	6,706	42,893
Reversal of provision for doubtful accounts	(1,987)	(1,017)
Provision for loss on inventories	16,102	11,308
Loss on physical inventories	119	59
Gain on sale of investments	(735)	(853)
(Gain) loss on disposal of property, plant and equipment	(410)	2,268
Valuation gain on financial instruments, net	(6,283)	(12,659)
Impairment loss (gain)	8,189	(905)
Discount on bonds payable	703	3,116
Deferred income tax	8,401	10,877
Net changes in operating assets and liabilities		
Notes receivable	39,136	(1,295)
Accounts receivable	193,987	78,834
Inventories	75,377	(390,684)
Other current assets	3,177	(13,524)
Notes payable	(5,173)	9,703
Accounts payable	306,946	195,108
Accrued expenses	(20,843)	939
Other current liabilities	8,745	(54,342)
Other liabilities	150	-
Net cash provided by operating activities	1,282,617	610,865
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial instruments at fair value through profit or loss	25,729	(6,606)
Acquisition of available-for-sale financial assets	(650,000)	(30,000)
Proceeds from disposal of available-for-sale financial assets	650,664	120,853
Acquisition of property, plant and equipment	(219,092)	(1,066,098)
Proceeds from disposal of property, plant and equipment	2,659	889
Increase in intangible assets	(16)	-
Decrease in refundable deposits paid	444	3,519
Increase in deferred charges	(15,707)	(50,132)
Net cash used in investing activities	(205,319)	(1,027,575)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	$ (347,010)	$ 131,758
Decrease in short-term bills payable	(100,000)	-
(Decrease) increase in long-term loans	(40,270)	87,489
Increase (decrease) in guarantee deposits received	3,947	(757)
Cash bonus to employees	-	(15,971)
Cash paid for acquisition of treasury stock	-	(127,233)
Net cash (used in) provided by financing activities	(483,333)	75,286
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,497)	(15,680)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	590,468	(357,104)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	842,805	1,144,464
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,433,273	$ 787,360
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid (including interest capitalized $2,402 thousand and $1,981 thousand)	$ 19,935	$ 23,240
Income tax paid	$ 68,855	$ 85,074
NONCASH INVESTING AND FINANCING ACTIVITIES		
Declaration of cash dividends from earnings	$ 537,396	$ 477,254
Conversion of convertible bonds	$ -	$ 41,600

(Concluded)

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

(With Deloitte & Touche review report dated August 12, 2009)

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

TXC Corporation (TXC) was incorporated on December 28, 1983 under the Company Law and related regulations of the Republic of China (ROC).

TXC Corporation specializes in five categories of products such as high quality Quartz Unite Crystul, Automotive Crystal, Crystal Oscillator (CXO) Surface Acoutic Wave (SAW) Filter, and Timing Module (TM), and provides for a complete solution of frequency devices and modules, design in service to fully satisfy various needs of the customers.

On August 26, 2002, TXC Corporation’s shares began to be traded on the Taiwan Stock Exchange.

As of June 30, 2009 and 2008, TXC and its consolidated subsidiaries had 1,979 and 2,122 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC. Under these guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, plant and equipment, pension cost, compensation expenses bonuses paid to employees, directors and supervisors, and impairment of assets etc. Actual results may differ from these estimates.

For readers’ convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

Significant accounting policies are summarized as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TXC and its subsidiaries. All significant intercompany balances and transactions are eliminated upon consolidation.

The consolidated entities were as follows:

Investor	Investee	Business Nature	Percentage of Ownership at December 31 2009	Percentage of Ownership at December 31 2008
TXC Corporation	Taiwan Crystal Technology International Limited (TCTI)	Investment holding	100%	100%
	TXC Technology, Inc.	Marketing activities	100%	100%
	TXC Japan Corporation	Marketing activities	100%	100%
TCTI	Growing Profits Trading Ltd. (GPT)	International trading	100%	100%
	TXC (NGB) Corporation (NGB)	Manufacture and sales of electronic products	100%	100%
NGB	TXC (HK) Limited	International trading	100%	100%

a. TCTI was incorporated on December 23, 1998 in Samoa.

b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.

c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokhoma, Japan.

d. GPT was incorporated on March 9, 1999 in the British Virgin Islands.

e. NGB was incorporated on March 12, 1999 in Ningbo, China.

f. TXC (HK) Limited was incorporated on March 31, 2008 in Hong Kong Special Administrative Region, China.

TXC and its consolidated subsidiaries, listed above, are hereinafter collectively referred to as the “Corporation”.

Current/Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents, consisting of commercial papers, bank acceptances and repurchase agreements collateralized by bonds, are highly liquid financial instruments with maturities of three months or less when acquired and with carrying amounts that approximate their fair values.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Corporation recognizes a financial asset or a financial liability on its balance sheet when the Corporation becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Corporation has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A derivative objective of the Corporation is to minimize risks due to changes in fair value or cash flows, that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Bonds - at prices quoted by the Taiwan GreTai Securities Market; and financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

Available-for-Sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the period. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity. If the fair value of a debt instrument classified as available-for-sale subsequently increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Fair value of financial assets at the balance sheet date is determined as follows: Open-end mutual funds - at net assets values.

Revenue Recognition, Trade Receivables and Allowance for Doubtful Accounts

Revenue from sales of goods is recognized when the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or realizable. The Corporation does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Corporation and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Corporation assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables as well as the economic environment.

Inventories

Inventories consist of raw materials, supplies and spare parts, work-in-process, finished goods and merchandize. Before January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value meant replacement cost for raw materials and supplies and spare parts and net realizable value for work in process, finished goods and merchandize. As discussed in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost.

Cash dividends are recognized as divider income on the ex-dividend date, but are accounted for as reductions to the original cost of investments if such dividends are declared on the earnings of investees attributable to periods prior to the purchase of investments. Stock dividends are not recognized as current income but are accounted for only as an increase in the number of shares held. The cost per share is re-calculated based on the new number of shares.

If there is objective evidence that a financial asset is impaired, a loss is recognized. No recording of a subsequent recovery in fair value is allowed.

Property, Plant and Equipment

Property, plant and equipment are stated at cost plus revaluation increment less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of those assets. Major additions and improvements to property, plant and equipment are capitalized, while costs of repairs and maintenance are expensed currently.

Depreciation is provided on a straight-line basis over the estimated useful lives as follow: buildings - 3 to 60 years; machinery and equipment - 3 to 10 years; transportation equipment - 2 to 5 years; miscellaneous equipment - 2 to 8 years.

Property, plant and equipment still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives. Depreciation of revaluated assets is provided on a straight-line basis over their remaining estimated useful lives determined at the time of revaluation.

The related cost (including revaluation increment), accumulated depreciation, accumulated impairment losses and any unrealized revaluation increment of an item of property, plant and equipment are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the period of disposal.

Impairment of Assets

If the recoverable amount of an asset (mainly property, plant and equipment and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is first treated as a deduction to the unrealized revaluation increment and any remaining loss is charged earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Stock-based Compensation

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation ("ARDF"). The Corporation adopted the intrinsic value method, under which compensation cost is recognized on a straight-line basis over the vesting period.

Pension Cost

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the period in which employees render services.

Curtailment or settlement gains or losses of the defined benefit plan are recognized as part of the net periodic pension cost for the period.

Convertible Bonds

For convertible bonds issued on or after January 1, 2006, the Corporation first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component, then determines the carrying amount of the equity component, representing the equity conversion option, by deducting the fair value of the liability component from the fair value of the convertible bonds as a whole. The liability component (excluding embedded derivatives) is measured at amortized cost using the effective interest method, while the embedded non-equity derivatives are measured at fair value. Upon conversion, the Corporation uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the common shares issued.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction to arrive at stockholders' equity.

Income Tax

The Corporation applies intra-period and inter-period allocations for its income tax, whereby (1) a portion of income tax expense is allocated to the cumulative effect of changes in accounting principles; and (2) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current period's tax provision.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

TCTI and GPT are tax-exempted companies incorporated in Samoa and the British Virgin Islands.

The Corporation's other subsidiaries, including TXC Technology, Inc., TXC Japan Corporation, NGB and TXC (HK) Limited are subject to their respective local country's income tax law.

Foreign Currencies

The financial statements of foreign operations are translated into New Taiwan dollars at the following exchange rates:

a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
b. Stockholder's equity - at historical exchange rates;
c. Dividends - at the exchange rate prevailing on the dividend declaration date; and
d. Income and expenses - at average exchange rates for the year.

Exchange differences arising from the translation of the financial statements of foreign operations are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign operations are disposed of.

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2008 have been reclassified to conform to the presentation of the consolidated financial statements as of and for the six months ended June 30, 2009.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the ARDF issued Interpretation 2007-52 that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of $63,992 thousand in net income from continuing operations, a decrease of $54,178 thousand in net income and a decrease in after income tax basic earnings per share of NT$0.22 for the six months ended June 30, 2009.

Accounting for Inventories

On January 1, 2009, the Corporation adopted the newly revised SFAS No. 10, “Accounting for Inventories”. The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal costs, write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period. The adoption did not result in net income. For comparison purposes, the Corporation also reclassified nonoperating losses of $11,367 thousand to cost of goods sold for the six months ended June 30, 2008.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2009	**2008**
Cash on hand	$ 1,889	$ 1,769
Checking accounts and demand deposits	834,084	426,972
Time deposits	312,300	293,619
Cash equivalents		
Repurchase agreement collateralized bonds	285,000	65,000
	$ 1,433,273	$ 787,360

Overseas deposits are summarized as follows:

	June 30	
	2009	2008
Hong Kong (US$365 thousand in 2009 and US$135 thousand in 2008)	$ 12,031	$ 4,105
Hong Kong (HK$2,148 thousand in 2009 and HK$118 thousand in 2008)	9,125	460
China (RMB12,323 thousand, US$2,544 thousand, JP¥ 869 thousand in 2009 and RMB19,001 thousand, US$2,692 thousand, JP¥12,778 thousand in 2008)	143,536	169,561
American (US$432 thousand in 2009 and US$283 thousand in 2008)	14,215	8,587
Japan (JP¥33,018 thousand in 2009 and JP¥21,088 thousand in 2008)	11,312	6,075
	$ 190,219	$ 188,788

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30	
	2009	2008
Financial assets at FVTPL		
Forward exchange contracts	$ 6,168	$ 13,843
Convertible bonds	3,820	9,300
	$ 9,988	$ 23,143
Financial liabilities at FVTPL		
Forward exchange contracts	$ 477	$ 4,439
Cross-currency swap contracts	$ -	$ 6,640

The Corporation entered into derivative contracts during the six months ended June 30, 2009 and 2008 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Corporation is to minimize risks due to change in fair value or cash flows.

The Corporation did not enter into any cross-currency swap contracts during the six months ended June 30, 2009.

Outstanding forward contracts as of June 30, 2009 and 2008:

	Currency	Maturity	Contract Amount (In Thousands)
June 30, 2009			
Sell	USD/NTD	October 08, 2009	US$28,500/NT$937,449
Sell	NTD/JPY	October 23, 2009	NT$223,287/JP¥660,000
Sell	USD/RMB	November 4, 2009	US$8,500/RMB58,018
June 30, 2008			
Sell	USD/NTD	September 30, 2008	US$34,500/NT$1,054,209
Sell	USD/JPY	September 19, 2008	US$5,250/JP¥560,720
Sell	NTD/JPY	September 24, 2008	NT$127,608/JP¥450,000
Sell	USD/RMB	November 21, 2008	US$12,000/RMB81,038

Outstanding cross-currency contracts as of June 30, 2008:

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
300,000	August 12, 2010	3.68%	Rate on 90-day commercial paper

Net (losses) gains on financial instruments held for trading for the six months ended June 30, 2009 and 2008 were $(32,760) thousand and $67,916 thousand.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30 2009	June 30 2008
Mutual funds	$ 120,329	$ -

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30 2009	June 30 2008
Notes receivable from third parties	$ 773	$ 14,086
Less: Allowance for doubtful accounts	(4)	(70)
	$ 769	$ 14,016
Accounts receivable from third parties	$ 2,045,830	$ 2,133,842
Accounts receivable from related parties	2,626	4,486
	2,048,456	2,138,328
Less: Allowance for doubtful accounts	(18,226)	(16,521)
	$ 2,030,230	$ 2,121,807

8. INVENTORIES

	June 30	
	2009	2008
Raw materials	$ 174,340	$ 228,068
Supplies and spare parts	56,078	34,460
Work in-process	192,698	222,037
Finished goods	221,825	304,499
Merchandise inventories	155,237	317,177
Goods in transit	10,671	23,865
	$ 810,849	$ 1,130,106

As of June 30, 2009 and 2008, the allowance for inventory devaluation was $43,074 thousand and $37,812 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the six months ended June 30, 2009 and 2008 was $2,552,450 thousand and $2,515,452 thousand, respectively, which included $16,221 thousand and $11,367 thousand due to write-downs of inventories.

9. FINANCIAL ASSETS CARRIED AT COST

	June 30	
	2009	2008
Domestic unquoted common stocks	$ 3,000	$ 3,000

The above equity investments which had no quoted prices in an active market and of which fair values could not be reliably measured were carried at cost.

10. PROPERTY, PLANT AND EQUIPMENT

	Six Months Ended June 30, 2009			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Value
Land	$ 273,496	$ 8,954	$ -	$ 282,450
Land improvements	593	-	457	136
Buildings	1,507,031	-	274,703	1,232,328
Machinery and equipment	4,562,267	-	2,138,727	2,423,540
Transportation equipment	13,305	-	5,242	8,063
Miscellaneous equipment	182,258	-	110,625	71,633
Prepayments for equipment	103,776	-	-	103,776
Construction in progress	416	-	-	416
	$ 6,643,142	$ 8,954	$ 2,529,754	$ 4,122,342

	Six Months Ended June 30, 2008			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Value
Land	$ 154,438	$ 8,954	$ -	$ 163,392
Land improvements	442	-	442	-
Buildings	817,545	-	219,927	597,618
Machinery and equipment	4,101,593	-	1,590,407	2,511,186
Transportation equipment	9,852	-	3,741	6,111
Miscellaneous equipment	161,464	-	91,208	70,256
Prepayments for equipment	220,751	-	-	220,751
Prepayments for land	88,739	-	-	88,739
Construction in progress	298,549	-	-	298,549
	$ 5,853,373	$ 8,954	$ 1,905,725	$ 3,956,602

Information about capitalized interest was as follows:

	Six Months Ended June 30	
	2009	2008
Interest paid	$ 20,550	$ 21,014
Capitalized interest	2,402	1,981
Capitalization rates	1.45%	7.64%

See Note 24 for the details on property, plant and equipment pledged as collaterals.

The Corporation revalued its land in 1996, which resulted in total revaluation increments of $8,954 thousand. The net add revaluation amount of $5,442 thousand after deducting the reserve for land value increment tax of $3,512 thousand was credited to equity as unrealized revaluation increment.

11. OTHER ASSETS

Leased to Others

	June 30, 2009		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	125,665	(5,664)	120,001
	$ 128,267	$ (5,664)	$ 122,603

	June 30, 2008		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	7,558	(2,883)	4,675
	$ 10,160	$ (2,883)	$ 7,277

Future rental payments receivable were summarized as follows:

Period	Amount
2nd half of 2009	$ 2,142
2010	4,105
2011	3,370
2012	237

As of June 30, 2009, the Corporation had received deposits of NT$270 thousand. The interest on these deposits of $1 thousand and $3 thousand imputed at interest rates on time deposits was recognized as rental revenue, with a corresponding charge to interest expense for the six months ended June 30, 2009 and 2008, respectively.

Idle Assets

	June 30, 2009		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	5,759	4,873	886
Machinery and equipment	25,887	25,887	-
	$33,899	$30,760	$ 3,139

	June 30, 2008		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	6,154	4,873	1,281
Machinery and equipment	11,032	11,032	-
Miscellaneous equipment	27	27	-
	$19,466	$15,932	$ 3,534

Impairment loss was as follows:

	Six Months Ended June 30, 2009	
	Recognized in Income Statement	Recognized in Stockholders' Equity
Impairment loss		
Machinery and equipment	$ 8,189	$ -

	Six Months Ended June 30, 2008	
	Recognized in Income Statement	Recognized in Stockholders' Equity
Gain on reversal of impairment loss		
Machinery and equipment	$ 905	$ -

12. SHORT-TERM LOANS

	June 30	
	2009	2008
Usance letters of credit	$116,820	$234,766
Working capital loans	148,669	381,592
	$265,489	$616,358

Usance letters of credit amounted to JP¥340,980 thousand as of June 30, 2009, and JP¥814,876 thousand as of June 30, 2008. Interest rates ranged from 1.133% to 1.500% and from 1.383% to 1.999% at June 30, 2009 and 2008, respectively.

Working capital loans amounted to US$1,000 thousand and RMB16,000 thousand as of June 30, 2009, and US$7,900 thousand as of June 30, 2008. Interest rates ranged from 2.94% to 5.31% and from 3.07% to 8.22% at June 30, 2009 and 2008, respectively.

See Note 24 for details of pledged assets.

13. ACCRUED EXPENSES

	June 30	
	2009	2008
Payroll	$ 50,622	$ 49,949
Bonus	33,158	39,932
Bonus to employees, directors and supervisors	83,630	63,992
Service fee	-	2,830
Commission	40,490	30,327
Others	70,282	67,682
	$278,182	$254,712

14. BONDS PAYABLE

	June 30	
	2009	2008
Second unsecured domestic convertible bonds	$ 53,700	$199,000
Less: Discount on bonds payable	(3,312)	(17,488)
Less: Current portion	-	(181,512)
	$ 50,388	$ -
Liability component of unsecured domestic convertible bonds	$ 4,556	$ 19,713

Second Unsecured Domestic Convertible Corporate Bonds

On November 8, 2006, the Corporation issued second unsecured domestic convertible bonds with an aggregate value of $800,000 thousand and maturity on November 8, 2011. Nominal interest is 0%. As of June 30, 2009, the bonds with a face value of $658,400 thousand had been converted into 13,620 thousand common shares. Before the third anniversary of the issuance date, the Corporation redeem the bonds from holders at contracted price of $87,900 thousand. According to Statement of Financial Accounting Standards No. 36, "Disclosure and Presentation of Financial Instruments," these unsecured domestic convertible bonds were separated into convertible options, equity (Note 18), and bonds payable, liability. Other details of the bond issuance are summarized as follows:

(a) Upon maturity the Corporation has redeemed the bonds by cash at face value.

(b) On the third anniversary of the issuance date, bonds are redeemable at face value.

(c) During the period between one month after issuance and the 40th day before maturity, the Corporation can redeem the bonds from holders at contracted price.

(d) During the period between one month after issuance and the 10th day before maturity, except for the period between the ex-dividend date and the date of record, holders can request for conversion of the bonds to the Corporation's common stock.

(e) The original conversion price per share is NT$52.00. The conversion price is subject to adjustment based on a certain formula if there are changes in outstanding shares or execution of conversion below market price. The conversion price per share is NT$39.3 on June 30, 2009.

15. LONG-TERM LOANS

		June 30	
Nature of Loans	**Repayment Period**	**2009**	**2008**
Secured bank loans	Maturity on May 4, 2021, repayable in 55 quarterly installments from November 2007	$ 87,273	$ 94,546
Secured bank loans	Maturity on June 9, 2011, repayable in three monthly installments from September 2009	-	91,126
Unsecured bank loans	Repayable at maturity on August 14, 2009	100,000	100,000
Secured bank loans	Repayable at maturity on July 24, 2013	233,000	-
Unsecured bank loans	Repayable at maturity on July 24, 2013	28,000	-
Unsecured bank loans	Repayable at maturity on September 11, 2010	100,000	-
Unsecured bank loans	Repayable at maturity on March 16, 2011	210,000	-
Secured bank loans	Maturity on August 25, 2013, repayable in 20 quarterly installments from August 2008	51,000	-
Unsecured bank loans	Maturity on June 9, 2011, repayable in 8 quarterly installments from September 2009	98,829	-

Nature of Loans	Repayment Period	June 30 2009	June 30 2008
Mortgage loans	Repayable at maturity on January 18, 2010	76,187	-
Unsecured bank loans	Repayable at maturity on March 30, 2011	82,357	-
Unsecured bank loans	Repayable at maturity on February 27, 2011	65,886	-
Unsecured bank loans	Repayable at maturity on March 31, 2011	32,943	-
Unsecured bank loans	Repayable at maturity on October 26, 2008	-	200,000
		1,165,475	485,672
Less current portion		(244,874)	(207,273)
		$ 920,601	$ 278,399
Interest rate (%)		1.02~5.40	2.15~4.10

See Note 24 for collateral on long-term loans.

16. PENSION PLANS

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at not less than 6% of monthly salaries and wages. Such pension costs were $8,790 thousand and $8,442 thousand for the six months ended June 30, 2009 and 2008, respectively.

Based on the defined benefit plan under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is deposited in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2008, with the Bank of Taiwan as the survivor entity) in the committee's name. The Corporation recognized pension costs of $1,716 thousand and $2,151 thousand for the six months ended June 30, 2009 and 2008, respectively.

17. STOCKHOLDERS' EQUITY

Capital Stock

The Corporation's authorized capital is $3,500,000 thousand at June 30, 2009 and 2008 ($10.00 par value per share, respectively). As of June 30, 2009 and 2008, the Corporation's issued capital stock were $2,716,981 thousand and $2,416,271 thousand, respectively, divided into 271,698 thousand and 241,627 thousand shares, respectively, at NT$10.00 par value each.

Employee Stock Options

In December 2007；8,000, options were granted to qualified employees of the Corporation and its subsidiaries. Each option entitles the holder to subscribe for one thousand common shares of the Corporation when exercisable. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary year from the grant date. The options were granted at an exercise price equal to the closing price of the Corporation's common shares listed on the TSE on the grant date. For any subsequent changes in the Corporation's paid-in capital, the exercise price and the number of options are adjusted accordingly.

Information about employee stock option plans was as follows:

	Six Months Ended June 30			
	2009		2008	
Employee Stock Options	**Number of Options (In Thousand)**	**Weighted Average Exercise Price**	**Number of Options (In Thousand)**	**Weighted Average Exercise Price**
Balance, beginning of period	8,000	$ 50.7	8,000	$ 58.8
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options expired	-	-	-	-
Balance, end of period	8,000	$ 50.7	8,000	$ 58.8
Options exercisable, end of period	-	-	-	-

Information about outstanding options as of June 30, 2009 was as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Price (NT$)	**Number of Options (In Thousand)**	**Weighted Average Remaining Contractual Life (In Years)**	**Weighted Average Exercise Price (NT$)**	**Number of Options (In Thousand)**	**Weighted Average Exercise Price (NT$)**
$58.8~$50.7	8,000	3.45	$ 50.7	-	$ -

The pro forma information for the six months ended June 30, 2009 assuming employee stock options granted before December 31, 2007 were accounted for under SFAS No. 39 was as follows:

Assumptions	
Risk-free interest rate	2.42%
Expected life (years)	3.875 years
Expected volatility	4.35%
Expected dividend yield	

	Six Months Ended June 30	
	2009	**2008**
Net income		
As reported (in thousand)	$ 238,970	$ 418,249
Pro forma net income (in thousand)	$ 196,270	$ 375,549
Basic after income tax earnings per share (NT$)		
As reported	$0.89	$1.74
Pro forma	$0.73	$1.57
Diluted after income tax earnings per share (NT$)		
As reported	$0.89	$1.72
Pro forma	$0.73	$1.55

Capital Surplus

Under the Company Law capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be capitalized, which however is limited to a certain percentage of the Corporation's paid-in capital and once a year. Also the capital surplus from long-term investments may not be used for any purpose.

Capital surplus comprised of the following

	June 30	
	2009	**2008**
Arising from issuance of common shares	$ 329,152	$ 290,248
Arising from conversion of bonds	736,879	689,197
Arising from treasury stock transactions	4,360	-
Employee stock options	58,064	58,064
Conversion options	2,664	9,871
	$ 1,131,119	$ 1,047,380

Appropriation of Earnings and Dividend Policy

Under and the Corporation's Articles of Incorporation, from annual net income less any prior years' deficit, 10% should be appropriated as legal reserve. The remaining amount may be fully or partially retained and partially distributed for dividends, with the stockholders' approval, according to the following percentages.

(a) Employee bonus - not less than 3%;
(b) Directors and supervisors' remuneration - not more than 2%; and
(c) Stock bonuses to employees include subsidiary employees who meet certain criteria set by the board of directors.

Dividends are recommended by the board of directors in accordance with the Corporation's dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

For the six months ended June 30, 2009 and 2008, the bonus to employees was $21,507 thousand and $56,463 thousand, respectively, the remuneration to directors and supervisors was $2,151 thousand and $7,529 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 10% and 15%; 1% and 2%, respectively, of net income (net of the bonus and remuneration).

Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain stockholders' equity accounts (including unrealized revaluation increment, unrealized gain or loss on financial instruments, net loss not recognized as pension cost, cumulative transaction adjustments) shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Legal reserve shall be appropriated until it has reached the Corporation's paid-in capital. This reserve may be used to offset a deficit. When legal reserve has reaches 50% of the Corporation's paid-in capital, up to 50% there of may be transferred to paid in capital.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equals to their proportionate share of the income tax paid by the Corporation.

The appropriation of earnings for 2008 and 2007 had been approved in the stockholders' meeting on June 13, 2009 and June 13, 2008, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2008	**For Year 2007**	**For Year 2008**	**For Year 2007**
Legal reserve	$ 95,182	$ 113,971	$ -	$ -
Cash dividends	537,396	477,254	2.0	2.0
Stock dividends	134,349	238,627	0.5	1.0
Bonus to employees - stock	-	40,675	-	-
Bonus to employee - cash	-	40,675	-	-
Bonus to directors and supervisors - cash	-	16,270	-	-

The bonus to employees of $121,398 thousand and the remuneration to directors and supervisors of $16,187 thousand for 2008 were approved in the stockholder's meeting on June 13, 2009. The bonus to employees included a cash bonus of $60,699 thousand and a share bonus of $60,699 thousand. The number of shares of 2,180 thousand was determined by dividing the amount of share bonus by the closing price. (after considering the effect of cash and stock dividends) The approved amounts of the bonus to employees and the remuneration to directors and supervisors were different from the accrual amount of $122,755 thousand and $16,368 thousand, respectively, reflected in the financial statements for the year ended December 31, 2008, and the differences of $(1,357) thousand and $(181) thousand, respectively, resulted from the weighted average number of shares outstanding and had been adjusted in profit for the six months ended June 30, 2009.

The Board of Directors set August 30, 2009 as the ex-dividend date.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

18. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Period	Addition During the Period	Reduction During the Period	Number of Shares, End of Period
Six months ended June 30, 2009				
For transfer to employees	3,000	-	-	3,000
Six months ended June 30, 2008				
For transfer to employees	-	3,000	-	3,000

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury stock nor exercise stockholders' rights on these shares, such as rights to dividends and to vote.

19. INCOME TAX

A reconciliation of income tax expense based on income before income tax at the 25% statutory rate and income tax expense was as follows:

	Six Months Ended June 30	
	2009	2008
Income tax expense at 25% statutory rate	$ 67,632	$ 115,794
Tax effect on adjusting items:		
Permanent differences	(184)	(360)
Temporary differences	(27,763)	(43,075)
Tax-exempt income for five years	(11,968)	(27,600)
Additional 10% income tax on unappropriated earnings	18,489	21,223
Investment tax credits used	(23,103)	(32,991)
Current income tax expense	23,103	32,991
Subsidiary's income tax	16,734	(1,468)
Deferred tax expenses (benefits)		
Temporary differences	11,799	43,075
Adjustment in valuation allowance due to changes in tax laws	(18,536)	-
Investment tax credits	15,138	(32,198)
Adjustments for prior years' tax	94	1,101
	$ 48,332	$ 43,501

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Corporation recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax benefit or expense.

Deferred income tax assets (liabilities) were as follows:

	Six Months Ended June 30	
	2009	**2008**
Current		
Deferred income tax assets		
Investment tax credit	$ 39,200	$ 41,571
Unrealized allowance for loss on inventories	7,435	8,560
Unrealized exchange losses	3,863	3,283
Unrealized gain on transactions with investees	1,426	4,441
Allowance for doubtful accounts	-	739
Unrealized valuation loss on financial instruments	75	3,280
Others	1,563	-
	53,562	61,874
Less: Valuation allowance	(1,563)	-
	51,999	61,874
Deferred income tax liabilities		
Unrealized exchange gains	(3,586)	(3,250)
Unrealized valuation gain on financial instrument	(1,234)	(3,461)
	(4,820)	(6,711)
	$ 47,179	$ 55,163
Noncurrent		
Deferred income tax assets		
Investment tax credits	$117,600	$124,714
Impairment loss	2,899	2,823
Unrealized valuation loss on financial instrument	-	1,660
Accrued pension cost	265	331
Others	2,440	-
	123,204	129,528
Less: Valuation allowance	(2,440)	-
	120,764	129,528
Deferred income tax liabilities		
Investment income recognized on equity-method investments	(98,403)	(84,999)
	$ 22,361	$ 44,529

As of June 30, 2009, investment tax credit comprised of:

Lows and Statutes	Tax Credit Source	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	$ 92,832	$ 71,832	2011~ 2013
	Research and development expenditures	114,377	84,298	2011~ 2013
	Personnel training expenditures	670	670	2011~ 2013
		$207,879	$156,800	

As of June 30, 2009, profits attributable to the following expansion and construction projects were exempted from income tax for five-year.

	Tax-Exemption Period
Acquisition of equipment in 2004	2005 to 2009
Acquisition of equipment in 2005	2010 to 2014

The Corporation's income tax returns through 2004 have been examined and approved by the tax authorities.

Information about integrated income tax was as follows:

	June 30	
	2009	2008
Balance of ICA	$ 32,890	$ 32,474

	2008 (Estimate)	2007 (Actual)
The creditable ratio for distribution	7.26%	8.02%

	June 30	
	2009	2008
Unappropriated earnings generated before January 1, 1998	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	828,207	822,596
	$ 828,207	$ 822,596

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2007 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

Function / Expense Item	Six Months Ended June 30					
	2009			2008		
	Classified as Cost of Sales	Classified as Operating Expenses	Total	Classified as Cost of Sales	Classified as Operating Expenses	Total
Personnel						
Salary	177,218	146,316	323,534	235,700	186,304	422,004
Pension	6,531	5,431	11,962	6,680	5,404	12,084
Meal	6,764	4,417	11,181	7,508	5,234	12,742
Welfare	3,024	5,078	8,102	3,857	3,796	7,653
Insurance	14,870	8,863	23,733	10,036	6,508	16,544
Depreciation	343,612	63,560	407,172	267,775	44,756	312,531
Amortization	1,490	5,216	6,706	7,362	35,531	42,893

21. EARNINGS PER SHARE

	Six Months Ended June 30			
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic earnings per share (NT$)				
From continuing operations	$ 1.07	$ 0.89	$ 1.73	$ 1.57
Net income	$ 1.07	$ 0.89	$ 1.73	$ 1.57
Pro forma EPS adjusted for stock dividends with ex-dividend date after issuance of financial statement	$ 0.95	$ 0.84	$ 1.64	$ 1.48
Diluted earnings per share (NT$)				
From continuing operations	$ 1.07	$ 0.89	$ 1.70	$ 1.54
Net income	$ 1.07	$ 0.89	$ 1.70	$ 1.54
Pro forma EPS adjusted for stock dividends with ex-dividend date after issuance of financial statement	$ 0.95	$ 0.84	$ 1.62	$ 1.46

The numerators and denominators used in calculating basic and diluted EPS were as follows:

	Six Months Ended June 30, 2009				
	Amount (Numerator)			EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (in Thousands)	Before Income Tax	After Income Tax
Net income	$ 287,302	$ 238,970			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 287,302	$ 238,970	268,698	$ 1.07	$ 0.89
Effect of dilutive potential common stock					
Convertible bonds	704	528	1,366		
Bonus to employee	-	-	339		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 288,006	$ 239,498	270,403	$ 1.07	$ 0.89

	Six Months Ended June 30, 2008				
	Amount (Numerator)			EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (in Thousands)	Before Income Tax	After Income Tax
Net income	$ 461,750	$ 418,249			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 461,750	$ 418,249	239,273	$ 1.73	$ 1.57
Effect of dilutive potential common stock					
Convertible bonds	4,133	3,100	5,214		
Bonus to employee	-	-	551		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 465,883	$ 421,349	245,038	$ 1.70	$ 1.54

The ARDF issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings.

If the Corporation may settle the bonus to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares of the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of employee stock bonuses distributed out of earnings for the year ended December 31, 2006 and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the six months ended June 30, 2008 to decrease from NT$1.74 to NT$1.57 and from NT$1.72 to NT$1.54, respectively.

22. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	June 30			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets at fair value through profit or loss - current	$ 9,988	$ 9,988	$ 23,143	$ 23,143
Available-for-sale financial assets, current	120,329	120,329	-	-
Financial assets carried at cost	3,000	-	3,000	-
Financial liabilities				
Financial liabilities at fair value through profit or loss - noncurrent	477	477	11,079	11,079
Bonds payable (including current portion)	54,944	54,944	201,225	201,225
Long-term debt (including current portion)	1,165,475	1,165,475	485,672	485,672

Methods and assumptions used in the determination of fair values of financial instruments were as follows:

(a) The above financial instruments do not include cash and cash equivalents, receivables, payables and short-term bank loans. Because of the short maturities of these instruments, the carrying values represent a reasonable basis to estimate fair values.

(b) Fair values of financial instruments designated as at FVTPL and available-for-sale and derivatives are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

(c) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.

(d) Fair values of long-term loans and bonds payable are estimated using the present value of future cash flows discounted by the interest rates.

Fair value of financial assets and liabilities based on quoted market prices or valuation techniques were as follows:

	Quoted Market Price		Valuation Techniques	
	June 30		June 30	
	2009	2008	2009	2008
Assets				
Available-for-sale financial assets, current	$ 120,329	$ -	$ -	$ -
Financial assets at fair value through profit or loss	3,820	9,300	6,168	13,843

	Quoted Market Price June 30		Valuation Techniques June 30	
	2009	**2008**	**2009**	**2008**
Liabilities				
Financial liabilities at fair value through profit or loss, current	-	-	477	4,439
Bonds payable	-	-	54,944	201,225
Long-term debt (including current portion)	-	-	1,165,474	485,672
Financial liabilities at fair value through profit of loss, noncurrent	-	-	-	6,640

Valuation gains arising from changes in fair value of financial instruments determined using valuation techniques were $5,691 thousand and $9,404 thousand for the six months ended June 30, 2009 and 2008, respectively.

As of June 30, 2008, financial liabilities exposed to cash flow interest rate risk were $6,640 thousand.

Information about financial risks is as follows:

(a) Market risk: The Corporation's market risk refers to the uncertainties due to exchange rate fluctuations. Gains or losses on forward exchange contracts are likely to offset the gains or losses on foreign-currency assets or liabilities. Interest rate risk refers to the risk arising from interest rate fluctuations in the market. The Corporation does not have significant price risk.

(b) Credit risk: Credit risk represents the potential loss that would be incurred by the Corporation if the counter-parties breached the contracts. The counter-parties to the foregoing financial instruments are reputable financial institutions. Management does not expect the Corporation's exposure to default by those parties be material.

(c) Liquidity risk: The Corporation's operating funds are deemed sufficient to meet the cash flow demand, therefore liquidity risk is not considered to be significant.

The Company's investments in debt instruments are traded in active markets and can be disposed of quickly at close to their fair values.

(d) Cash flow interest rate risk: The Corporation's short-term and long-term are floating-rate. When the market interest rate increases by one percentage point, the Corporation's cash outflow will increase by $14,310 thousand a year.

23. RELATED-PARTY TRANSACTIONS

The related parties and their relationships with the Corporation are as follows:

Related Party	Relationship with the Corporation
Tai-Shing Electronic Components Corporation (Tai-Shing)	Chairman is the Corporation's general manager
K&H MFG. Co., Ltd. (K&H)	Chairman is the Corporation's vice-chairman
TSE Technology (Ningbo) Co., Ltd. (TSE Technology)	Chairman is the equity-method investees' general manager

Major transactions with related parties were summarized below:

Sales

	Six Months Ended June 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 4,568	-	$ 7,088	-

The selling prices for products sold to related parties were similar to those for products sold to third parties.

Purchases

	Six Months Ended June 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 419	-	$ 262	-

Terms of purchases from related parties were similar to those for third parties.

Other Expense

	Six Months Ended June 30			
	2009		2008	
	Amount	% to Total Account Balance	Amount	% to Total Account Balance
Tai-Shing	$ 822	-	$ 3,455	2
TES Technology	1,040	-	-	-
K&H	-	-	27	-
	$ 1,862	-	$ 3,482	2

Rent Income

	Six Months Ended June 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
TES Technology	$ 1,207	-	$ -	-

Receivables from and Payables to Related Parties

		June 30			
		2009		2008	
Item	Related Party	Amount	% to Total Account Balance	Amount	% to Total Account Balance
Accounts receivable	Tai-Shing	$ 2,626	-	$ 4,486	-
Other account receivable	TES Technology	$ 453	-	$ -	-
Notes payable	Tai-Shing	$ 417	-	$ -	-
Accounts payable	Tai-Shing	$ 705	-	$ 587	-
Accrued expenses	Tai-Shing	$ 6	-	$ 15	-

24. MORTGAGED OR PLEDGED ASSETS

The Corporation’s assets mortgaged or pledged as collateral for bank loans were as follows:

	June 30	
	2009	2008
Property, plant and equipment		
Land	$ 258,076	$ 163,392
Buildings, net	997,928	578,218
Machinery and equipment, net	336,052	359,716
Leased assets	-	2,620
Restricted deposit	-	943
Intangible asset – Land rights	17,213	16,182
	$ 1,609,269	$ 1,121,071

25. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Unit: In Thousands

Commitment	Contract Price	Paid Up	Not Yet Paid
Prepayments on purchase of equipment	JP¥ 125,800	JP¥ -	JP¥ 125,800
Prepayments on purchase of equipment	JP¥ 42,699	JP¥ 11,357	JP¥ 31,342
Prepayments on purchase of equipment	USD 2,569	USD 481	USD 2,088
Prepayments on purchase of equipment	RMB 1,795	RMB 272	RMB 1,523

Unused letters of credit was about JP¥162,475 thousand, and US$91 thousand.

Guarantee notes payable for short-term loan and long-term loan amount to about $1,310,000 thousand.

As of June 30, 2009, the Corporation's guarantees for loan of its subsidiaries were described in Table 1.

26. SUBSEQUENT EVENTS

None.

27. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for the Corporation and its investees:

a. Financing provided: None.

b. Endorsement/guarantee provided: Table 1 (attached).

c. Marketable securities held: Table 2 (attached).

d. Marketable securities acquired or disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: Table 3 (attached).

e. Acquisition of individual real estate at prices of at least $100 million or 20% of the paid-in capital: Table 4 (attached).

f. Disposal of individual real estate at prices of at least $100 million or 20% of the paid-in capital: None.

g. Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: Table 5 (attached).

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 6 (attached).

i. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 7 (attached).

j. Derivative transactions of investees over which the Corporation has a controlling interest: Note 5 and Table 8 (attached).

k. Investment in Mainland China: Table 9 (attached).

l. Intercompany relationships and significant intercompany transactions: Table 10 (attached).

TXC CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Counter-Party		Limit on Each Endorsement/ Guarantee Amounts Provided to Each Counter-Party (Note 2)	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statement	Maximum Endorsement/ Guarantee Amounts Allowable (Note 2)
		Name	Nature of Relationship						
0	TXC Corporation	TCTI	Subsidiary	$ 2,692,860	$ 33,089	$ 33,089	$ -	0.61	$ 5,385,720
		GPT	Subsidiary	2,692,860	189,240	75,769	-	1.41	5,385,720

Note 1: Issuing corporation
Note 2: Not to exceed 50% of the Corporation’s net equity. ($5,385,720 thousand × 50% = $2,692,860 thousand)
Not to exceed the net value of the Corporation.

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2009
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company	Marketable Securities Type and Issuer/ Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Convertible bonds							
	AMTRAN	-	Financial assets at FVTPL	40	$ 3,820	-	$ 3,820	
	Beneficiary's certificates							
	UPAMC James Bond Fund	-	Available-for-sale financial assets	1,884	$ 30,101	-	$ 30,101	
	Cathy Bond Fund	-	〃	5,046	60,214	-	60,214	
	The Rsit Enhanced Bond Fund	-	〃	2,627	30,014	-	30,014	
					$ 120,329			
	Stock							
	TCTI	Subsidiary	Investment accounted for by the equity method	37,835	$ 1,949,349	100	None	
	TXC Technology Inc.	Subsidiary	〃	300	14,618	100	None	
	TXC Japan Corporation	Subsidiary	〃	2	9,491	100	None	
					$ 1,973,458		None	
	Marson Technology Co., Ltd.	-	Financial assets carried at cost - noncurrent	414	$ 3,000	5	None	
TCTI	Stock							
	GPT	Subsidiary	Investment accounted for by the equity method	50	120,356 US$ 3,653	100	None	
	TXC (Ningbo) Corporation	Subsidiary	〃	1,244,699 US$ 37,835	1,835,450 US$ 55,716	100	None	
NGB	TXC (HK) Limited	Subsidiary	Investment accounted for by the equity method	846 HK$ 200	1,848 RMB 383	100	None	

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company	Marketable Securities Type and Issuer/Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (in Thousands)	Amount	Shares/Units (in Thousands)	Amount	Shares/Units (in Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units (in Thousands)	Amount
TXC Corporation	UPAMC James Bond Fund	Available-for-sale financial assets	-	-	1,884	$ 30,000	6,270	$ 100,000	6,270	$ 100,137	$ 100,000	$ 137	1,884	$ 30,101
	Hua Nan Kirin Fund	Available-for-sale financial assets	-	-	-	-	9,610	110,000	9,610	110,120	110,000	120	-	-
	Capital Income Fund	Available-for-sale financial assets	-	-	1,951	30,000	7,150	110,000	9,101	140,175	140,000	175	-	-

TABLE 4

TXC CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
TXC Corporation	Buildings	2009.05.31	$ 449,281	Full payment	Zhi qin Company	-	-	-	-	$ -	-	Operating purpose	-

TXC CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms (Note)	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	NGB	Subsidiary	Purchase	$ 555,047	31		-	-	$ (344,969)	(35)	

Note: The terms of purchases from related parties were not significantly different from those with third parties.

TABLE 6

TXC CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2009
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amounts	Action Taken		
NGB	TXC Corporation	Ultimate parent	$ 344,969	3.92	$ -	-	$ -	$ -

TXC CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
JUNE 30, 2009
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2009			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				June 30, 2009	December 31, 2008	Shares (in Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	TCTI	WESTERN Samoa	Investment holding	$ 1,244,699	$ 1,244,699	37,835	100	$ 1,949,349	$ 122,107	$ 121,747	Difference from
				US$ 37,835	US$ 37,835						upstream transactions
											$360 thousand
	TXC Technology Inc.	U.S.A.	Marketing activities								
	TXC Japan Corporation	Japan	Marketing activities	9,879	9,879	300	100	14,618	2,898	2,898	
				US$ 300	US$ 300						
				6,172	6,172	2	100	9,491	4,512	4,512	
				JPY 21,000	JPY 21,000						
TCTI	GPT	B.V.I.	National trading								
	NGB	Ningbo	Manufacture and sales of electronics products	1,691	1,691		100	120,356	14,483	14,483	
				US$ 50	US$ 50	50		US$ 3,653	US$ 432	US$ 432	
				1,244,699	1,244,699		100	1,835,450	98,328	98,328	
				US$ 37,835	US$ 37,835	US$ 37,835		US$ 55,716	US$ 2,932	US$ 2,932	
NGB	TXC (HK) Limited	Hong Kong	National trading	846	846			1,847	886	886	
				HK$ 200	HK$ 200	HK$ 200	100	RMB 383	RMB 181	RMB 181	

TABLE 8

DERIVATIVE TRANSACTIONS OF INVESTEES OVER WHICH THE CORPORATION HAS A CONTROLLING INTEREST

NGB entered into derivative transactions during the six months ended June 30, 2009 to manage exposures related to foreign exchange rate fluctuations.

Outstanding forward contracts as of June 30, 2009:

June 30, 2009	**Currency**	**Maturity**	**Contract Amount (In Thousands)**
Sell	USD/RMB	July 3, 2009 to November 4, 2009	US$8,500/RMB58,018

TXC CORPORATION

INFORMATION OF INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars and U.S. Dollars)

1. Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2009 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2009 (US$ in Thousand)	Percentage of Ownership	Investment Income (Loss) Recognized (Note)	Carrying Amount as of June 30, 2009	Accumulated Inward Remittance of Earnings as of June 30, 2009
					Outflow	Inflow					
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,244,699 US$ 37,835	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,185,118 (US$ 36,000)	$ -	$ -	$ 1,185,118 (US$ 36,000)	100	$ 98,328 (US$ 2,932)	$ 1,835,450 (US$ 55,716)	$ 256,146 (US$ 7,897)

Note: Calculation was based on audited financial statements.

Accumulated Investment in Mainland China as of June 30, 2009 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$ 1,185,118 US$ 36,000	$ 1,245,526 US$ 37,835	$ -

2. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Nature of Relationship	Transaction Details					Accounts/Notes Receivable/Payable		Unrealized Gain or Loss
		Purchase/Sale	Amount	Price	Payment Term	Compared with Terms of Third Parties	Balance	%	
NGB	Subsidiary	Purchase	$ 555,047	Negotiated price	Similar with third parties	Similar	$ (344,969)	35	$ (6,839)
		Sale	$ 35,850	Negotiated price	Similar with third parties	Similar	$ 24,074	1	$ (289)

3. Endorsements, guarantees or collateral directly or indirectly provided to the investees: None.

4. Financings directly or indirectly provided to the investees: None.

5. Other transactions that significantly impacted current year's profit or loss or financial position: None.

TABLE 10

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

No.	Company Name	Counter Party	Flow of Transaction (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	1	Sales	1,155	-	-
				Other expense - consulting expense	14,171	-	-
				Accounts receivable	303	-	-
				Other current assets	206	-	-
		TXC Japan Corporation	1	Sales	642	-	-
				Purchase	1,384	-	-
				Other expense - consulting expense	24,543	-	1
				Other expense	178	-	-
				Accounts receivable	552	-	-
				Accounts payable	1,129	-	-
				Accrued expense	38	-	-
		TXC (NGB) Corporation		Sales	35,850	-	1
				Purchase	555,047	-	17
				Other expense - consulting expense	14,537	-	-
				Accounts receivable	24,074	-	-
				Accounts payable	344,969	-	4
				Accrued expense	7,116	-	-
				Other accounts receivable	99,630	-	1
		TXC (HK) Limited		Sales	1,232	-	-
				Accounts receivable	852	-	-
		GPT	1	Purchases	13,643	-	-
				Accounts payable	13,482	-	-
1	Growing Profits Trading Ltd.	TXC (NGB) Corporation	3	Sales	64,581	-	2
				Consulting expense	604	-	-
				Accounts receivable	43,241	-	-
				Accrued expenses	296	-	-
2	TXC (NGB) Corporation	TXC (HK) Limited	3	Sales	2,559	-	-
				Accounts receivable	1,922	-	-

TABLE 10

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2008
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

No.	Company Name	Counter Party	Flow of Transaction (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	1	Sales	1,621	-	-
				Other expense - consulting expense	18,792	-	-
				Accounts receivable	770	-	-
				Other current assets	780	-	-
		TXC Japan Corporation	1	Sales	778	-	-
				Purchases	19	-	-
				Other expense - consulting expense	18,055	-	-
				Accounts receivable	278	-	-
				Accounts payable	19	-	-
				Accrued expense	18	-	-
		TXC (NGB) Corporation		Sales	80,024	-	2
				Purchase	610,271	-	18
				Other expense - consulting expense	15,734	-	-
				Accounts receivable	29,839	-	-
				Accounts payable	217,943	-	3
				Accounts receivable	1,518	-	-
1	Growing Profits Trading Ltd.	Taiwan Crystal Technology Inc.	3	Other accounts receivable	30	-	-
		TXC (NGB) Corporation	3	Sale	11,213	-	-
				Accounts receivable	10,986	-	-
2	TXC (NGB) Corporation	TXC Japan Corporation	3	Accrued expense	195	-	-

Note 1: 1. From parent company to subsidiary.
3. Between subsidiaries.

Note2: The term of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices are determined in accordance with mutual agreement.