TXC Corporation and Subsidiaries

Consolidated Financial Statements for the
Nine Months Ended September 30, 2009 and 2008

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2009		2008	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 3)	$ 1,282,984	14	$ 898,731	10
Financial assets at fair value through profit or loss - current (Note 4)	37,511	1	8,500	-
Available-for-sale financial assets - current (Note 5)	90,300	1	-	-
Notes receivable, net (Note 6)	2,771	-	17,244	-
Accounts receivable, net (Notes 6 and 20)	2,415,535	27	2,560,692	28
Inventories, net (Note 7)	803,151	9	1,121,351	12
Other current assets	126,269	1	180,079	2
Total current assets	4,758,521	53	4,786,597	52
INVESTMENTS				
Financial assets carried at cost - noncurrent (Note 8)	3,000	-	3,000	-
PROPERTY, PLANT AND EQUIPMENT(Notes 9 and 21)				
Cost				
Land	273,496	3	272,106	3
Land improvements	593	-	442	-
Buildings	1,498,319	16	850,123	9
Machinery and equipment	4,682,566	52	4,412,453	48
Transportation equipment	13,082	-	10,359	-
Miscellaneous equipment	182,941	2	170,301	2
Land - revaluation increment	8,954	-	8,954	-
	6,659,951	73	5,724,738	62
Less: Accumulated depreciation	(2,714,569)	(30)	(2,096,637)	(23)
Construction-in-progress and prepayments for equipment	156,758	2	736,025	8
Property, plant and equipment, net	4,102,140	45	4,364,126	47
INTANGIBLE ASSETS				
Land rights (Note 21)	16,737	-	17,208	-
Deferred pension cost	7,947	-	7,947	-
Total intangible assets	24,684	-	25,155	-
OTHER ASSETS				
Assets leased to others (Note 10)	118,749	1	7,246	-
Idle assets (Note 10)	3,040	-	3,435	-
Refundable deposits	4,808	-	4,264	-
Deferred charges	30,460	1	28,966	1
Deferred income tax assets - noncurrent	-	-	25,299	-
Total other assets	157,057	2	69,210	1
TOTAL	$ 9,045,402	100	$ 9,248,088	100

	2009		2008	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 11)	$ 259,466	3	$ 954,809	10
Short-term bills payable (Note 12)	-	-	100,000	1
Financial liabilities at fair value through profit or loss - current (Note 4)	-	-	12,667	-
Notes payable (Note 20)	42,963	-	67,083	1
Accounts payable (Note 20)	1,234,664	14	1,185,300	13
Accrued expenses (Notes 13 and 20)	287,379	3	377,315	4
Other payables	164,686	2	15,556	-
Liability component of convertible bonds - current (Note 14)	-	-	12,172	-
Bonds payable - current portion (Note 14)	-	-	130,084	2
Current portion of long-term loans (Note 15)	193,793	2	207,273	2
Other current liabilities	73,735	1	58,821	1
Total current liabilities	2,256,686	25	3,121,080	34
LONG-TERM LIABILITIES				
Financial liabilities at fair value through profit or loss - noncurrent (Note 4)	-	-	8,466	-
Bonds payable (Note 14)	49,796	1	-	-
Long-term loans, net of current portion (Note 15)	1,116,879	12	749,339	8
Liability component of convertible bonds - noncurrent (Note 14)	4,470	-	-	-
Total long-term liabilities	1,171,145	13	757,805	8
RESERVES				
Reserve for land value increment tax (Note 9)	3,512	-	3,512	-
OTHER LIABILITIES	12,844	-	4,942	-
Total liabilities	3,444,187	38	3,887,339	42
STOCKHOLDERS' EQUITY				
Capital stock (Note 16)				
Common stock	2,873,125	32	2,703,951	29
Advance receipts for common stock	284	-	13,030	-
Total capital stock	2,873,409	32	2,716,981	29
Capital surplus	1,131,864	12	1,092,215	12
Retained earnings				
Legal reserve	447,198	5	352,016	4
Unappropriated earnings	1,088,535	12	1,098,992	12
Total retained earnings	1,535,733	17	1,451,008	16
Other equity				
Cumulative translation adjustments	181,700	2	222,336	2
Unrealized gains on financial instruments	300	-	-	-
Unrealized revaluation increment	5,442	-	5,442	-
Treasury stock - 2009: 3,000 thousand shares; 2008: 3,000 thousand shares (Note 17)	(127,233)	(1)	(127,233)	(1)
Total other equity	60,209	1	100,545	1
Total stockholders' equity	5,601,215	62	5,360,749	58
TOTAL	$ 9,045,402	100	$ 9,248,088	100

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

(With Deloitte & Touche review report dated October 19, 2009)

TXC CORPORATION AND SUBSIDIARIES

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

	2009		2008	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE	$ 5,482,804	101	$ 5,605,026	101
LESS: SALES RETURNS	(18,729)	-	(15,932)	-
LESS: SALES ALLOWANCES	(28,899)	(1)	(30,279)	(1)
NET OPERATING REVENUE	5,435,176	100	5,558,815	100
OPERATING COSTS	4,163,317	76	4,079,625	74
GROSS PROFIT	1,271,859	24	1,479,190	26
OPERATING EXPENSES				
Selling expenses	282,730	5	268,567	5
General and administration expenses	128,472	3	175,621	3
Research and development expenses	221,624	4	235,818	4
Total operating expenses	632,826	12	680,006	12
OPERATING INCOME	639,033	12	799,184	14
NONOPERATING INCOME AND GAINS				
Interest income	3,990	-	10,899	-
Valuation gain on financial assets, net	34,291	1	-	-
Gain on disposal of property, plant and equipment	2,017	-	-	-
Gain on sale of investments	927	-	853	-
Exchange gains	185,498	3	311,312	6
Reversal of impairment loss	-	-	907	-
Miscellaneous income	13,332	-	25,217	-
Total nonoperating income and gains	240,055	4	349,188	6
NONOPERATING EXPENSES AND LOSSES				
Interest expense	25,105	1	34,159	-
Loss on disposal of property, plant and equipment	3,230	-	2,277	-
Exchange losses	227,447	4	312,213	6
Impairment loss	7,113	-	-	-
Valuation loss on financial assets, net	-	-	810	-
Valuation loss on financial liabilities, net	-	-	8,831	-
Miscellaneous expenses	8,429	-	5,875	-
Total nonoperating expenses and losses	271,324	5	364,165	6

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 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	607,764	11	784,207	14
INCOME TAX EXPENSE	(108,466)	(2)	(89,561)	(2)
NET INCOME	$ 499,298	9	$ 694,646	12

	2009		2008	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 18)				
Basic	$ 2.14	$ 1.76	$ 2.77	$ 2.46
Diluted	$ 2.13	$ 1.75	$ 2.73	$ 2.42

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

(With Deloitte & Touche review report dated October 19, 2009) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 499,298	$ 694,646
Depreciation	610,031	495,368
Nonoperating loss - idle assets and lease assets	6,265	389
Amortization	11,557	68,360
Reversal of provision for doubtful accounts	(1,248)	(382)
Provision for loss on inventories	23,936	15,910
Loss on physical inventories	119	59
Gain on sale of investments	(927)	(853)
Loss on disposal of property, plant and equipment	1,213	2,277
Valuation (gain) loss on financial instruments	(34,291)	9,641
Impairment loss (gain)	7,113	(907)
Discount on bonds payable	1,055	4,202
Deferred income tax	33,100	33,847
Net changes in operating assets and liabilities		
Notes receivable	37,124	(4,541)
Accounts receivable	(192,047)	(359,447)
Inventories	75,241	(390,648)
Other current assets	(15,743)	(40,272)
Notes payable	2,469	(1,690)
Accounts payable	527,922	205,198
Accrued expenses	(11,647)	123,542
Other payables	164,686	-
Other current liabilities	(14,221)	(50,843)
Net cash provided by operating activities	1,731,005	803,856
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	(860,000)	(30,000)
Proceeds from disposal of available-for-sale financial assets	890,856	120,853
Acquisition of property, plant and equipment	(444,802)	(1,539,184)
Proceeds from disposal of property, plant and equipment	2,656	1,328
Decrease in refundable deposits	397	3,437
Increase in deferred charges	(20,224)	(66,199)
Net cash used in investing activities	(405,388)	(1,516,371)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(353,033)	470,208
(Decrease) increase in short-term bills payable	(100,000)	100,000
Increase in long-term loans	104,927	558,430
Increase (decrease) in guarantee deposits received	4,260	(663)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

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

	2009	**2008**
Cash dividends	(537,396)	(477,254)
Cash bonus to directors, supervisors and employees	-	(56,945)
Cash paid for acquisition of treasury stock	-	(127,233)
Net cash (used in) provided by financing activities	(881,242)	466,543
EXCHANGE INFLUENCE	(4,196)	239
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	440,179	(245,733)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	842,805	1,144,464
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,282,984	$ 898,731
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 28,512	$ 37,928
Income tax paid	$ 83,974	$ 90,342
NONCASH INVESTING AND FINANCING ACTIVITIES		
Convertible bonds	$ 1,000	$ 99,000

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

(With Deloitte & Touche review report dated October 19, 2009) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, order No. VI-0960064020 issued by the Financial Supervisory Commission under the Executive Yuan on November 15, 2007, and accounting principles generally accepted in the Republic of China ("ROC").

Except for changes in accounting principles as described in Note 2 and details of significant accounting policies summarized below, all the other accounting policies are the same as consolidated financial statements in 2008 and 2007, respectively.

For readers' convenience, the accompanying 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 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 as of September 30	
			2009	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%
TXC (NGB) Corporation	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".

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

Treasury Stock

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

Reclassifications

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

2. 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 $106,280 thousand in net income from continuing operations, a decrease of $89,709 thousand in net income and a decrease in after income tax basic earnings per share of NT$0.33 for the nine months ended September 30, 2008.

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 $15,969 thousand to cost of goods sold for the nine months ended September 30, 2008.

3. CASH AND CASH EQUIVALENTS

	September 30 2009	September 30 2008
Cash on hand	$ 1,937	$ 1,554
Checking accounts and demand deposits	715,550	415,789
Time deposits	320,497	296,388
Cash equivalents		
Repurchase agreement collateralized by bonds	245,000	185,000
	$ 1,282,984	$ 898,731

4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30 2009	September 30 2008
Financial assets at FVTPL		
Forward exchange contracts	$ 32,865	$ -
Convertible bonds	4,646	8,500
	$ 37,511	$ 8,500
Financial liabilities at FVTPL		
Forward exchange contracts	$ -	$ 12,667
Cross-currency swap contracts	$ -	$ 8,466

The Corporation entered into derivative contracts during the nine months ended September 30, 2009 and 2008 to manage exposures related 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.

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

	Currency	Maturity Date	Contract Amount (In Thousands)
September 30, 2009			
Sell	USD/NTD	December 23, 2009	US$34,500/NT$1,131,041
Sell	USD/JPY	December 28, 2009	US$2,500/JPY230,298
Sell	NTD/JPY	December 28, 2009	NT$269,979/JPY780,000
Sell	USD/RMB	January 29, 2010	US$8,500/RMB58,101
Sell	USD/JPY	October 20, 2009	US$436/JPY40,000
September 30, 2008			
Sell	USD/NTD	January 21, 2009	US$33,500/NT$1,044,957
Sell	USD/JPY	December 12, 2008	US$9,250/JPY994,395
Sell	NTD/JPY	December 24, 2008	NT$44,001/JPY150,000
Sell	USD/RMB	January 22, 2009	US$8,500/RMB57,518

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

Outstanding cross-currency swap contracts as of September 30, 2008:

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

Net (loss) gains on financial instruments held for the nine months ended September 30, 2009 and 2008 were $(25,496) thousand and $30,041 thousand.

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30	
	2009	2008
Mutual funds	$ 90,300	$ -

6. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	September 30	
	2009	2008
Notes receivable, third parties	$ 2,785	$ 17,331
Notes receivable, related parties	-	-
	2,785	17,331
Less: Allowance for doubtful accounts	(14)	(87)
	$ 2,771	$ 17,244
Accounts receivable, third parties	$ 2,430,297	$ 2,571,892
Accounts receivable, related parties	4,110	6,082
	2,434,407	2,577,974
Less: Allowance for doubtful accounts	(18,872)	(17,282)
	$ 2,415,535	$ 2,560,692

7. INVENTORIES

	September 30	
	2009	2008
Raw materials	$ 177,600	$ 263,403
Supplies and spare parts	61,317	37,871
Work in-process	200,609	238,219
Finished goods	188,033	276,184
Merchandise inventories	169,386	271,490
Goods in transit	6,206	34,184
	$ 803,151	$ 1,121,351

As of September 30, 2009 and 2008, the allowance for inventory devaluation was $42,659 thousand and $36,827 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the nine months ended September 30, 2009 and 2008 was $4,163,317 thousand and $4,079,625 thousand, respectively, which included $24,055 thousand and $15,969 thousand due to write-downs of inventories.

8. FINANCIAL ASSETS CARRIED AT COST

	September 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.

9. PROPERTY, PLANT AND EQUIPMENT

	Nine Months Ended September 30, 2009			
	Cost	**Revaluation Increment**	**Accumulated Depreciation**	**Carrying Value**
Land	$ 273,496	$ 8,954	$ -	$ 282,451
Land improvements	593	-	463	130
Buildings	1,498,319	-	293,869	1,204,450
Machinery and equipment	4,682,566	-	2,299,401	2,383,165
Transportation equipment	13,082	-	5,719	7,363
Miscellaneous equipment	182,941	-	115,117	67,823
Prepayments for equipment	151,860	-	-	151,860
Construction in progress	4,898	-	-	4,898
	$ 6,807,755	$ 8,954	$ 2,714,569	$ 4,102,140

	Nine Months Ended September 30, 2008			
	Cost	**Revaluation Increment**	**Accumulated Depreciation**	**Carrying Value**
Land	$ 272,106	$ 8,954	$ -	$ 281,060
Land improvements	442	-	442	-
Buildings	850,123	-	236,451	613,672
Machinery and equipment	4,412,453	-	1,760,157	2,652,296
Transportation equipment	10,359	-	4,247	6,112
Miscellaneous equipment	170,301	-	95,340	74,961
Prepayments for equipment	53,292	-	-	53,292
Construction in progress	682,733	-	-	682,733
	$ 6,451,809	$ 8,954	$ 2,096,637	$ 4,364,126

Information about capitalized interest was as follows:

	Nine Months Ended September 30	
	2009	2008
Capitalized interest	$ 2,402	$ 1,981
Capitalization rates	1.45%	7.64%

See Note 21 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.

10. OTHER ASSETS

Leased to Others

	September 30, 2009		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	123,083	(6,936)	116,147
	$ 125,685	$ (6,936)	$ 118,749

	September 30, 2008		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	7,558	(2,914)	4,644
	$ 10,160	$ (2,914)	$ 7,246

Future rental payments receivable were summarized as follows:

Period	Amount
4th of 2009	$ 1,034
2010	4,135
2011	3,400
2012	240

As of September 30, 2009 and 2008, the Corporation had received deposits of $270 thousand. The interest on these deposits of $2 thousand and $5 thousand imputed at interest rates on time deposits was recognized as rental revenue, with a corresponding charge to interest expense for the nine months ended September 30, 2009 and 2008, respectively.

Idle Assets

	September 30, 2009		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	5,660	4,873	787
Machinery and equipment	24,462	24,462	-
	$ 32,375	$ 29,335	$ 3,040

	September 30, 2008		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	6,055	4,873	1,182
Machinery and equipment	5,704	5,704	-
	$ 14,012	$ 10,577	$ 3,435

Impairment loss was as follows:

	Nine Months Ended September 30, 2009	
	Recognized in Income Statement	Recognized in Stockholders' Equity
Impairment loss		
Machinery and equipment	$ 7,113	$ -

	Nine Months Ended September 30, 2008	
	Recognized in Income Statement	Recognized in Stockholders' Equity
Gain on reversal of impairment loss		
Machinery and equipment	$ 907	$ -

11. SHORT-TERM LOANS

	September 30	
	2009	2008
Usance letters of credit	$ 203,450	$ 258,534
Working capital loans	56,016	696,275
	$ 259,466	$ 954,809

Usance letters of credit amounted to JPY558,842 thousand and US$91 thousand as of September 30, 2009, and JPY844,606 thousand as of September 30, 2008. Interest rates ranged from 1.09% to 1.536% and 1.64% to 2.002% at September 30, 2009 and 2008, respectively.

Working capital loans amounted to US$1,000 thousand, RMB3,000 thousand and HK$2,325 thousand as of September 30, 2009, and US$13,200 thousand and RMB57,000 thousand as of September 30, 2008. Interest rates ranged from 2.90% to 4.86% and 3.273% to 8.217% at September 30, 2009 and 2008, respectively.

See Note 21 for details of pledged assets.

12. SHORT-TERM BILLS PAYABLE

	September 30			
	2009		2008	
	Interest Rate	Amount	Interest Rate	Amount
Commercial paper	-	$ -	2.212	$ 100,000
Less: Unamortized discount on bills payable	-	-	-	-
		$ -		$ 100,000

13. ACCRUED EXPENSES

	September 30	
	2009	2008
Payroll	$ 57,031	$ 54,219
Bonus	59,532	61,423
Bonus to employees, directors and supervisors	49,430	106,280
Commission	49,515	42,108
Others	71,871	113,285
	$ 287,379	$ 377,315

14. BONDS PAYABLE

	September 30	
	2009	2008
Second unsecured domestic convertible bonds	$ 52,700	$ 141,600
Less: Discount on bonds payable	(2,904)	(11,516)
Less: Current portion	-	(130,084)
	$ 49,796	$ -
Liability component of unsecured domestic corporate bonds	$ 4,470	$ 12,172

Second Unsecured Domestic Convertible Corporate Bonds

On November 8, 2006, the Corporation issued second domestic unsecured convertible bonds with an aggregate value of $800,000 thousand and maturity on November 8, 2011. Nominal interest is 0%. As of September 30, 2008, bonds with a face value of $659,400 thousand had been converted into 13,648 thousand common shares. Before the third anniversary of the issuance date, the Corporation redeemed 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 16), 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$35.2 on September 30, 2009.

15. LONG-TERM LOANS

Nature of Loans	Repayment Period	September 30 2009	September 30 2008
Unsecured bank loans	Maturity on June 9, 2011, repayable in three monthly installments from September 2009	$ 84,548	$ 96,885
Secured bank loans	Maturity on May 4, 2021, repayable in 55 quarterly installments from November 2007	85,455	92,727
Secured bank loans	Repayable at maturity on July 24, 2013	233,000	217,000
Unsecured bank loans	Repayable at maturing on July 24, 2013	28,000	-
Unsecured bank loans	Repayable at maturing on September 11, 2010	100,000	100,000
Secured bank loans	Maturity on August 25, 2013, repayable in three monthly installments from August 2008	48,000	-
Secured bank loans	Repayable at maturity on January 18, 2010	74,520	-
Unsecured bank loans	Repayable at maturity on March 30, 2011	80,522	-
Unsecured bank loans	Repayable at maturity on February 27, 2011	64,418	-
Unsecured bank loans	Repayable at maturity on March 31, 2011	32,209	-
Unsecured bank loans	Repayable at maturity on June 12, 2011	100,000	-
Unsecured bank loans	Repayable at maturity on June 1, 2011	50,000	-
Unsecured bank loans	Repayable at maturity on August 24, 2012	50,000	-
Unsecured bank loans	Repayable at maturity on August 31, 2012	100,000	-
Unsecured bank loans	Repayable at maturing on August 14, 2009	-	100,000

(Continued)

Nature of Loans	Repayment Period	September 30 2009	September 30 2008
Unsecured bank loans	Repayable at maturity on October 26, 2008	$ -	$ 200,000
Unsecured bank loans	Repayable at maturing on March 16, 2011	180,000	-
Unsecured bank loans	Repayable at maturing on August 14, 2009	-	150,000
Less current portion		(193,793)	(207,273)
		$ 1,116,879	$ 749,339
Interest rate (%)		0.95-5.40	2.15-4.10

(Concluded)

See Note 21 for collateral on long-term loans.

16. STOCKHOLDERS' EQUITY

Capital Stock

The Corporation's authorized capital is $4,000,000 thousand and $3,500,000 thousand at September 30, 2009 and 2008 ($10.00 par value per share). As of September 30, 2009 and 2008, the Corporation's issued capital stock were $2,873,125 thousand and $2,703,951 thousand, respectively, divided into 287,313 thousand and 270,395 thousand shares, respectively, at $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:

	Nine Months Ended September 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	45.4	8,000	50.7
Options exercisable, end of period	-		-	

Information about outstanding options as of September 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-$45.4	8,000	3.19	$45.4	-	$ -

The pro forma information for the nine months ended September 30, 2009 assuming employee stock options granted before January 1, 2008 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	43.5%
Expected dividend yield	-

	Nine Months Ended September 30	
	2009	2008
Net income		
As reported	$ 499,298	$ 694,646
Pro forma net income	435,248	630,596
Basic after income tax earnings per share (NT$)		
As reported	$1.76	$2.60
Pro forma	1.53	2.36
Diluted after income tax earnings per share (NT$)		
As reported	1.75	2.55
Pro forma	1.52	2.30

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

	September 30	
	2009	2008
Arising from issuance of common shares	$ 329,152	$ 290,248
Arising from conversion of bonds	737,674	736,879
Arising from treasury stock transaction	4,360	-
Employee stock options	58,064	58,064
Conversion options	2,614	7,024
	$ 1,131,864	$ 1,092,215

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 nine months ended September 30, 2009 and 2008 the bonus to employees was $44,936 thousand and $93,777 thousand, respectively, the remuneration to directors and supervisors was $4,494 thousand and $12,503 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 2009 and 2008 had been approved in the stockholders' meeting on June 16, 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 16, 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 nine months ended September 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.

Unrealized Gains or Loss on Financial Instruments

For the nine months ended September 30, 2009 and 2008, movements of unrealized gain or loss on financial instruments were as follows:

	Available-for-sale Financial Assets	Total
Nine months ended September 30, 2009		
Balance, beginning of period	$ 49	$ 49
Recognized in stockholders' equity	295	295
Transferred to profit or loss	(44)	(44)
Balance, ended of period	$ 300	$ 300
Nine months ended September 30, 2008		
Balance, beginning of period	$ -	$ -
Recognized in stockholders' equity	462	462
Transferred to profit or loss	(462)	(462)
Balance, ended of period	$ -	$ -

17. 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
Nine months ended September 30, 2009				
For transfer to employees	3,000	-	-	3,000
Nine months ended September 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.

18. EARNINGS PER SHARE

	Nine Months Ended September 30			
	2009		2008	
	Before Tax	After Tax	Before Tax	After Tax
Basic earnings per share (NT$)				
From continuing operations	$ 2.14	$ 1.76	$ 2.77	$ 2.46
Income for the period	$ 2.14	$ 1.76	$ 2.77	$ 2.46
Diluted earnings per share (NT$)				
From continuing operations	$ 2.13	$ 1.75	$ 2.73	$ 2.42
Income for the period	$ 2.13	$ 1.75	$ 2.73	$ 2.42

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

	Amount (Numerator)		Shares	EPS (NT$)	
	Before Income Tax	After Income Tax	(Denominator) (in Thousands)	Before Income Tax	After Income Tax
Nine months ended September 30, 2009					
Income for the period	$ 607,764	$ 499,298			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 607,764	$ 499,298	284,313	$ 2.14	$ 1.76
Effect of dilutive potential common stock					
Convertible bonds	1,082	811	1,526		
Bonus to employee	-	-	528		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 608,846	$ 500,109	286,367	$ 2.13	$ 1.75

	Amount (Numerator)		Shares	EPS (NT$)	
	Before Income Tax	After Income Tax	(Denominator) (in Thousands)	Before Income Tax	After Income Tax
Nine months ended September 30, 2008					
Income for the period	$ 784,207	$ 694,646			
Basic EPS (NT$)					
Income for the period attributable to common stockholders					
Effect of dilutive potential common stock	$ 784,207	$ 694,646	282,951	$ 2.77	$ 2.46
Convertible bonds					
Bonus to employee	6,096	4,572	5,226		
	-	-	1,161		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 790,303	$ 699,218	289,338	$ 2.73	$ 2.42

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 should 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 stock dividends and employee stock bonuses. This adjustment caused the basic and diluted after income tax EPS for the nine months ended September 30, 2008 to decrease from NT$2.60 to NT$2.46 and NT$2.55 to NT$2.42, respectively.

19. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	September 30			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets at fair value through profit or loss - current	$ 37,511	$ 37,511	$ 8,500	$ 8,500
Available-for-sale financial assets, current	90,300	90,300	-	-
Financial assets carried at cost	3,000	-	3,000	-

(Continued)

	September 30			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Financial liabilities at fair value through profit or loss - noncurrent	$ -	$ -	$ 21,133	$ 21,133
Bonds payable (including current portion)	54,266	54,266	142,256	142,256
Long-term debt (including current portion)	1,310,672	1,310,672	956,612	956,612

(Concluded)

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

a. The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash and cash equivalents, receivables, payables and short-term bank loans.

b. Fair values of financial instruments designated as at FVTPL and available-for-sale 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.

   Fair values of derivatives are based on their quoted prices in an active market. For those derivatives 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 value of long-term loans and bonds payable is estimated using the present value of future cash flows discounted by the interest rates.

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

	Quoted Market Price		Valuation Techniques Incorporating Estimates and Assumptions	
	September 30		September 30	
	2009	2008	2009	2008
Assets				
Financial assets at fair value through profit or loss	$ 4,646	$ 8,500	$ 32,865	$ -
Available-for-sale financial assets, current	90,300	-	-	-

(Continued)

	Quoted Market Price		Valuation Techniques Incorporating Estimates and Assumptions	
	September 30		September 30	
	2009	2008	2009	2008
Liabilities				
Financial liabilities at fair value through profit or loss, current	$ -	$ -	$ -	$ 12,667
Financial liabilities at fair value through profit of loss, noncurrent	-	-	-	8,466
Bonds payable (including current portion)	-	-	54,266	142,256
Long-term debt (including current portion)	-	-	1,310,672	956,612

(Concluded)

Valuation gains and losses arising from changes in fair value of financial instruments determined using valuation techniques were $32,865 thousand and $8,831 thousand for the nine months ended September 30, 2009 and 2008, respectively.

As of September 30, 2008, financial liabilities exposed to fair value interest rate risk amounted to $8,466 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 or third-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 Corporation'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- and long are floating-rate loans. When the market interest rate increases by one percentage point, the Corporation's cash outflow will increase by $15,701 thousand a year.

20. 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
TSE Technology (Ningbo) Co., Ltd. (TSE Technology)	Chairman is the equity method investee's general manager

Major transactions with related parties were summarized below:

Sales

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 8,283	-	$ 12,565	-

Selling prices to related parties were similar to those for third parties.

Purchases

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 419	-	$ 271	-

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

Other Expense

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 1,653	-	$ 5,282	-

Rent Income

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
TES Technology	$ 1,490	-	$ -	-

Consulting Revenue

	Nine Months Ended September 30			
	2009		2008	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
TES Technology	$ 1,202	-	$ -	-

Receivables from and Payables to Related Parties

		September 30			
		2009		2008	
Item	Related Party	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Accounts receivable	Tai-Shing	$ 4,110	-	$ 6,082	-
Notes payable	Tai-Shing	$ 553	-	$ 1,463	2
Accounts payable	Tai-Shing	$ 290	-	$ 725	-
Accrued expenses	Tai-Shing	$ 30	-	$ -	-

21. PLEDGED ASSETS

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

	September 30	
	2009	2008
Property, plant and equipment		
Land	$ 258,076	$ 281,060
Buildings, net	976,808	595,465
Leased to others	-	2,602
Machinery and equipment, net	318,704	559,979
Restricted deposit	-	9,205
Intangible asset – Land rights	16,737	17,208
	$ 1,570,325	$ 1,465,519

22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Unused letters of credit was about JPY306,234 thousand.

Guarantee notes payable for short-term loan and long-term loan amount to about $560,000 thousand.

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

23. SUBSEQUENT EVENTS

None.

24. INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS: TABLE 2 (ATTACHED).

TXC CORPORATION AND SUBSIDIARIES

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

No.	Endorsement/ Guarantee Provider	Counter-party		Limit on Endorsement/ Guarantee Amounts Provided to Each Counter-party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable (Note 2)
		Name	Nature of Relationship						
0	TXC Corporation	TCTI	Subsidiary	$ 2,800,608	$ 33,089	$ -	$ -	-	$ 5,601,215
		GPT	Subsidiary	2,800,608	189,240	-	-	-	5,601,215

Note 1: Not to exceed 50% of the Corporation’s net equity. ($5,601,215 thousand × 50% = $2,800,608 thousand)

Note 2: Not to exceed the net worth of the Corporation.

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counter Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
	September 30, 2009						
0	TXC Corporation	TXC Technology, Inc.	1	Sales	$ 2,056	-	-
				Consulting expense	22,137	-	-
				Accounts receivable	448	-	-
				Other current assets	965	-	-
		TXC Japan Corporation	1	Sales	1,680	-	-
				Purchase	3,835	-	-
				Consulting expense	36,853	-	1
				Accounts receivable	1,073	-	-
				Accounts payable	2,763	-	-
		TXC (NGB) Corporation	1	Purchase	961,016	-	18
				Sales	63,179	-	1
				Consulting expense	21,606	-	-
				Accounts receivable	24,361	-	-
				Accounts payable	301,332	-	3
				Accrued expenses	7,201	-	-
				Other accounts receivable	123,740	-	1
		TXC (HK) Limited	1	Sales	7,669		-
				Account receivable	6,508		-
		Growing Profits Trading Ltd.	1	Purchase	20,583		-
				Accounts payable	11,059		
1	Growing Profits Trading Ltd.	Taiwan Crystal Technology Inc.	3	Consulting expense	899		-
				Other accounts payable	290		-
		TXC (NGB) Corporation	3	Sales	83,457		2
				Accounts receivable	18,726		-
2	TXC (NGB) Corporation	TXC (HK) Limited	3	Sales	21,275		-
				Accounts receivable	18,136		-

(Continued)

No.	Company Name	Counter Party	Natural of Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Terms (Note 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
	September 30, 2008						
0	TXC Corporation	TXC Technology, Inc.	1	Sales	$ 2,844	-	-
				Consulting expense	27,903	-	-
				Accounts receivable	495	-	-
				Other current assets	1,422	-	-
				Temporary receipts	10	-	-
		TXC Japan Corporation	1	Sales	1,456	-	-
				Purchase	19	-	-
				Consulting expense	26,750	-	-
				Accounts receivable	722	-	-
				Accrued expense	106	-	-
		TXC (NGB) Corporation	1	Purchase	939,950	-	17
				Sales	97,416	-	2
				Consulting expense	23,818	-	-
				Accounts receivable	17,364	-	-
				Accounts payable	358,103	-	4
				Accrued expense	8,235	-	-
				Temporary receipts	857	-	-
		TXC (HK) Limited	1	Sales	30	-	-
				Account receivable	31	-	-
		Growing Profits Trading Ltd.	1	Temporary receipts	15,436	-	-
1	Growing Profits Trading Ltd.	Taiwan Crystal Technology Inc.	3	Other receivable	32	-	-
				Accounts receivable	1,615	-	-
		TXC (NGB) Corporation	3	Sales	27,185	-	-
				Accounts receivable	28,277	-	-
2	TXC (NGB) Corporation	TXC (HK) Limited	3	Sales	2,177	-	-
				Accounts receivable	2,265	-	-

Note 1: 1 - Represents the transactions from parent company to subsidiary.
3 - Represent the transactions between subsidiaries.

Note 2: 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.

(Concluded)