TXC Corporation

Financial Statements for the
Nine Months Ended September 30, 2010 and 2009

TXC CORPORATION

BALANCE SHEETS
SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	2010		2009	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 1,213,125	12	$ 938,291	11
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	36,409	-	37,511	1
Available-for-sale financial assets - current (Notes 2 and 6)	150,000	2	90,300	1
Notes receivable, net (Notes 2 and 7)	1,142	-	2,771	-
Accounts receivable, net (Notes 2, 7 and 24)	2,366,843	23	2,010,219	24
Other receivables (Note 24)	293,689	3	144,065	2
Inventories, net (Notes 2, 3 and 8)	1,115,467	11	675,379	8
Other current assets (Notes 2 and 20)	14,471	-	54,608	1
Total current assets	5,191,146	51	3,953,144	48
LONG-TERM INVESTMENTS				
Investments accounted for the equity method (Notes 2 and 10)	2,418,426	24	2,054,659	25
Other financial assets - noncurrent (Notes 2 and 15)	9,736	-	-	-
Financial assets carried at cost - noncurrent (Notes 2 and 9)	96,678	1	3,000	-
Total long-term investments	2,524,840	25	2,057,659	25
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 25)				
Cost				
Land	273,496	3	273,496	3
Land improvements	593	-	593	-
Buildings	1,046,060	10	1,061,507	13
Machinery and equipment	3,024,311	30	2,853,201	34
Transportation equipment	2,557	-	2,557	-
Office equipment	119,903	1	114,323	2
Land - revaluation increment	8,954	-	8,954	-
Cost and revaluation increment	4,475,874	44	4,314,631	52
Less: Accumulated depreciation	(2,334,003)	(23)	(2,098,202)	(25)
Construction-in-progress and prepayments for equipment	293,652	3	41,879	-
Property, plant and equipment, net	2,435,523	24	2,258,308	27
INTANGIBLE ASSETS				
Deferred pension cost (Notes 2 and 17)	7,947	-	7,947	-
OTHER ASSETS				
Assets leased to others (Notes 2 and 12)	7,925	-	7,122	-
Idle assets (Notes 2 and 12)	2,656	-	3,040	-
Refundable deposits	2,539	-	3,326	-
Deferred charges	18,438	-	10,698	-
Deferred income tax assets - noncurrent (Notes 2 and 20)	6,489	-	-	-
Total other assets	38,047	-	24,186	-
TOTAL	$ 10,197,503	100	$ 8,301,244	100

	2010		2009	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 13)	$ 446,278	4	$ 203,450	2
Notes payable (Note 24)	65,807	1	42,963	1
Accounts payable to third parties	872,882	9	681,791	8
Accounts payable to related parties (Note 24)	456,272	4	315,444	4
Accrued expenses (Notes 14 and 24)	458,472	4	237,415	3
Other payables	27,318	-	121,376	2
Current portion of long-term loans (Notes 17 and 25)	177,250	2	119,273	1
Other current liabilities	61,544	1	52,456	1
Total current liabilities	2,565,823	25	1,774,168	22
LONG-TERM LIABILITIES				
Bonds payable (Notes 2 and 15)	777,688	8	49,796	1
Long-term loans (Notes 16 and 25)	434,500	4	855,182	10
Liability component of convertible bonds - noncurrent (Notes 2 and 15)	-	-	4,470	-
Total long-term liabilities	1,212,188	12	909,448	11
RESERVES				
Reserve for land value increment tax (Notes 2 and 11)	3,512	-	3,512	-
OTHER LIABILITIES				
Guarantee deposits received	8,117	-	8,779	-
Deferred income tax liabilities - noncurrent (Notes 2 and 20)	-	-	3,552	-
Deferred credits - gain on inter-company transaction (Note 2)	146	-	570	-
Total other liabilities	8,263	-	12,901	-
Total liabilities	3,789,786	37	2,700,029	33
STOCKHOLDERS' EQUITY (Note 18)				
Capital stock				
Common stock	2,966,651	29	2,873,125	34
Advance receipts for common stock	5,180	-	284	-
Total capital stock	2,971,831	29	2,873,409	34
Capital surplus	1,302,853	13	1,131,864	14
Retained earnings				
Legal reserve	525,420	5	447,198	5
Unappropriated earnings	1,564,525	16	1,088,535	13
Total retained earnings	2,089,945	21	1,535,733	18
Other equity				
Cumulative translation adjustments (Note 2)	164,879	1	181,700	2
Unrealized gains on financial instruments (Note 2)	-	-	300	-
Unrealized revaluation increment (Note 2)	5,442	-	5,442	-
Treasury stock (Notes 2 and 19)	(127,233)	(1)	(127,233)	(1)
Total other equity	43,088	-	60,209	1
Total stockholders' equity	6,407,717	63	5,601,215	67
TOTAL	$ 10,197,503	100	$ 8,301,244	100

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

TXC CORPORATION

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 2)				
Sales	$ 5,923,525	100	$ 4,692,304	101
Less: Sales returns	(16,407)	-	(18,729)	-
Less: Sales allowances	(20,295)	-	(26,985)	(1)
Net operating revenue	5,886,823	100	4,646,590	100
OPERATING COSTS (Note 3)	(4,661,430)	(79)	(3,812,029)	(82)
GROSS PROFIT	1,225,393	21	834,561	18
UNREALIZED INTER-COMPANY GAIN	(146)	-	(570)	-
REALIZED INTER-COMPANY GAIN	263	-	2,049	-
REALIZED GROSS PROFIT	1,225,510	21	836,040	18
OPERATING EXPENSES				
Selling expenses	(283,463)	(5)	(227,581)	(5)
General and administration expenses	(150,612)	(2)	(99,590)	(2)
Research and development expenses	(230,798)	(4)	(182,831)	(4)
Total operating expenses	(664,873)	(11)	(510,002)	(11)
OPERATING INCOME	560,637	10	326,038	7
NONOPERATING INCOME AND GAINS				
Interest income	2,687	-	3,348	-
Investment income recognized under equity method	366,453	6	256,191	5
Gain on disposal of property, plant and equipment	820	-	1,960	-
Gain on sale of investments	873	-	927	-
Exchange gains	170,080	3	175,892	4
Valuation gain on financial assets, net	30,561	-	34,291	1
Miscellaneous income	31,557	1	7,746	-
Total nonoperating income and gains	603,031	10	480,355	10
NONOPERATING EXPENSES AND LOSSES				
Interest expense	(14,758)	-	(8,937)	-
Loss on disposal of property, plant and equipment	(178)	-	(203)	-
Exchange losses	(203,256)	(4)	(223,058)	(5)
Impairment loss	-	-	(2,144)	-

(Continued)

TXC CORPORATION

STATEMENTS OF INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2010		2009	
	Amount	%	Amount	%
Miscellaneous expenses	(3,574)	-	(983)	-
Total nonoperating expenses and losses	(221,766)	(4)	(235,325)	(5)
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	941,902	16	571,068	12
INCOME TAX EXPENSE (Notes 2 and 20)	(37,220)	(1)	(71,770)	(1)
NET INCOME	$ 904,682	15	$ 499,298	11

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 22)				
Basic	$ 3.22	$ 3.09	$ 1.97	$ 1.72
Diluted	$ 3.05	$ 2.93	$ 1.96	$ 1.71

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

TXC CORPORATION

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 904,682	$ 499,298
Depreciation	418,454	466,035
Nonoperating loss - idle assets and lease assets	557	389
Amortization	9,770	6,352
Provision for (reversal of) doubtful accounts	1,557	(2,189)
Provision for loss on inventories	25,176	25,971
Loss on physical inventories	41	119
Gain on sale of investments	(873)	(927)
Investment income recognized under equity method	(366,453)	(256,191)
Cash dividends received from equity method investees	-	53,293
Gain on disposal of property, plant and equipment	(642)	(1,757)
Valuation gain on financial instruments	(30,561)	(34,291)
Impairment loss	-	2,144
Unrealized gross profit	146	570
Realized gross profit	(263)	(2,049)
Deferred income tax	(4,619)	33,100
Discount on bonds payable	7,027	1,055
Net changes in operating assets and liabilities		
Notes receivable	1,136	37,124
Accounts receivable	(256,598)	25,754
Other receivables	38,922	(126,399)
Inventories	(431,310)	(9,432)
Other current assets	(21,633)	(637)
Notes payable	13,096	2,469
Accounts payable	348,662	309,970
Accrued expenses	146,988	(15,043)
Other payables	23,101	120,334
Other current liabilities	(4,961)	(19,771)
Net cash provided by operating activities	821,402	1,115,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial instruments at fair value through profit or loss	1,621	25,444
Acquisition of available-for-sale financial assets	(1,170,000)	(860,000)
Proceeds from capital decrease of investments accounted for the equity method	96,750	-
Proceeds from disposal of available-for-sale financial assets	1,020,873	890,856
Acquisition of financial assets carried cost	(93,678)	-
Decrease in refundable deposits	1,376	379
Increase in deferred charges	(20,479)	(11,127)
Acquisition of property, plant and equipment	(649,695)	(188,212)
Proceeds from disposal of property, plant and equipment	43,078	56,076

(Continued)

TXC CORPORATION

STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2010	**2009**
Net cash used in investing activities	(770,154)	(86,584)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	30,078	46,907
Decrease in short-term bills payable	-	(100,000)
Issuance of convertible bonds	795,000	-
Decrease in long-term loans	(257,937)	(56,454)
Proceeds from exercise of employee stock options	117,450	-
Increase in guarantee deposits received	-	4,285
Cash dividends	(575,814)	(537,396)
Net cash provided by (used in) financing activities	108,777	(642,658)
NET INCREASE IN CASH AND CASH EQUIVALENTS	160,025	386,049
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,053,100	552,242
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,213,125	$ 938,291
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 14,299	$ 10,358
Income tax paid	$ 58,091	$ 65,023
NONCASH INVESTING AND FINANCING ACTIVITIES		
Convertible bonds	$ 14,971	$ 1,000

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

TXC CORPORATION

NOTES TO FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

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

The 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, the Corporation's shares began to be traded on the Taiwan Stock Exchange.

As of September 30, 2010 and 2009, the Corporation had 1,066 and 979 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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, income tax, pension cost, bonuses to employees, directors and supervisors, and impairment of assets, etc. Actual results may differ from these estimates.

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 difference arises in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

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 flow, 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: 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 same with 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 instrument with no quoted price in an active market and with fair value 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 on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized in profit or loss.

An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Investments Accounted for by the Equity Method

Investments in which the Corporation holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee; however, if the Corporation has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee.

Property, Plant and Equipment, Assets Leased to Others and Idle Assets

Property, plant and equipment and assets leased to others 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 50 years; machinery and equipment - 3 to 8 years; transportation equipment - 2 to 5 years; miscellaneous equipment - 2 to 8 years; Assets leased to others - 3 to 60 years.

Property, plant and equipment and assets leased to others 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, idle assets, leased assets 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. A reversal of an impairment loss is recognized in earnings, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is first recognized as gains to the extent that an impairment loss on the same revalued asset was previously charged to earnings.

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 the 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.

Foreign Currencies

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.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Corporation. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Reclassifications

Certain accounts in the financial statements as of and for the nine months ended September 30, 2009 have been reclassified to conform to the presentation of the financial statements as of and for the nine months ended September 30, 2010.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

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 the nine months ended September 30, 2009.

4. CASH AND CASH EQUIVALENTS

	September 30	
	2010	**2009**
Cash on hand	$ 1,412	$ 1,384
Checking accounts and demand deposits	510,413	371,507
Time deposits	211,300	320,400
Cash equivalents		
Repurchase agreement collateralized bonds	490,000	245,000
	$ 1,213,125	$ 938,291

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30	
	2010	**2009**
Financial assets at FVTPL		
Forward exchange contracts	$ 36,409	$ 32,865
Convertible bonds	-	4,646
	$ 36,409	$ 37,511

The Corporation entered into derivative contracts during the nine months ended September 30, 2010 and 2009 to manage exposures related to exchange rate fluctuations. The financial risk management objective of the Corporation is to minimize risks due to change in fair value of cash flows.

Outstanding forward contracts as of September 30, 2010 and 2009:

	Currency	**Maturity Date**	**Contract Amount (In Thousands)**
September 30, 2010			
Sell	USD/NTD	October 5, 2010-December 23, 2010	USD43,000/NTD1,373,286
Sell	USD/JPY	October 5, 2010-November 12, 2010	USD3,500/JPY309,900
Sell	NTD/JPY	October 5, 2010-January 14, 2011	NTD673,944/JPY1,810,000

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
September 30, 2009			
Sell	USD/NTD	October 2, 2009-December 23, 2009	USD34,500/NTD1,131,041
Sell	USD/JPY	October 22, 2009-December 28, 2009	USD2,500/JPY230,298
Sell	NTD/JPY	October 5, 2009-December 28, 2009	NTD269,979/JPY780,000

(Concluded)

Net gain (loss) on financial instrument held for trading for the nine months ended September 30, 2010 and 2009 were $48,168 thousand and $(26,621) thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30	
	2010	2009
Mutual funds	$ 150,000	$ 90,300

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	September 30	
	2010	2009
Notes receivable, third parties	$ 1,153	$ 2,785
Less: Allowance for doubtful accounts	(11)	(14)
	$ 1,142	$ 2,771
Accounts receivable, third parties	$ 2,358,778	$ 1,988,564
Accounts receivable, related parties	24,826	36,500
	2,383,604	2,025,064
Less: Allowance for doubtful accounts	(16,761)	(14,845)
	$ 2,366,843	$ 2,010,219

Movements of allowance for doubtful accounts were as follows:

	Nine Months Ended September 30			
	2010		2009	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Balance, beginning of period	$ 10	$ 15,205	$ 200	$ 16,848
Add (deduct): Provision (reversal of provision) for doubtful accounts	1	1,556	(186)	(2,003)
Balance, end of period	$ 11	$ 16,761	$ 14	$ 14,845

8. INVENTORIES

	September 30 2010	September 30 2009
Raw materials	$ 185,063	$ 125,670
Supplies and spare parts	68,096	51,460
Work in-process	195,889	158,876
Finished goods	253,643	163,720
Merchandise inventories	338,149	170,874
Goods in transit	74,627	4,779
	$ 1,115,467	$ 675,379

As of September 30, 2010 and 2009, the allowance for inventory devaluation was $34,070 thousand and $38,740 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the nine months ended September 30, 2010 and 2009 was $4,661,430 thousand and $3,812,029 thousand, respectively, which included $25,217 thousand and $26,090 thousand, respectively, due to write downs of inventories.

9. FINANCIAL ASSETS CARRIED AT COST

	September 30 2010	September 30 2009
Domestic unquoted common stocks	$ 96,678	$ 3,000

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

10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	September 30			
	2010		2009	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies				
Taiwan Crystal Technology International Ltd. (TCTI)	$ 2,395,272	100	$ 2,031,172	100
TXC Technology Inc.	11,186	100	12,510	100
TXC Japan Corporation	11,968	100	10,977	100
	$ 2,418,426		$ 2,054,659	

Investment income (loss) recognized under the equity-method was as follows:

	Nine Months Ended September 30	
	2010	**2009**
TCTI	$ 366,690	$ 249,630
TXC Technology Inc.	120	1,038
TXC Japan Corporation	(357)	5,523
	$ 366,453	$ 256,191

The above equity-method investments were determined on the basis of unreviewed financial statements of the investees for the same periods.

11. PROPERTY, PLANT AND EQUIPMENT

	Nine Months Ended September 30, 2010			
	Cost	**Revaluation Increment**	**Accumulated Depreciation**	**Carrying Value**
Land	$ 273,496	$ 8,954	$ -	$ 282,450
Land improvements	593	-	488	105
Buildings	1,046,060	-	274,216	771,844
Machinery and equipment	3,024,311	-	1,970,091	1,054,220
Transportation equipment	2,557	-	2,498	59
Office equipment	119,903	-	86,710	33,193
Prepayments for equipment	43,452	-	-	43,452
Prepayments for buildings	117,000	-	-	117,000
Construction in progress	133,200	-	-	133,200
	$ 4,760,572	$ 8,954	$ 2,334,003	$ 2,435,523

	Nine Months Ended September 30, 2009			
	Cost	**Revaluation Increment**	**Accumulated Depreciation**	**Carrying Value**
Land	$ 273,496	$ 8,954	$ -	$ 282,450
Land improvements	593	-	463	130
Buildings	1,061,507	-	232,926	828,581
Machinery and equipment	2,853,201	-	1,783,351	1,069,850
Transportation equipment	2,557	-	2,327	230
Office equipment	114,323	-	79,135	35,188
Prepayments for equipment	41,879	-	-	41,879
	$ 4,347,556	$ 8,954	$ 2,098,202	$ 2,258,308

Information about capitalized interest was as follows:

	Nine Months Ended September 30	
	2010	**2009**
Interest expense (including capitalized interest)	$ 14,758	$ 11,339
Capitalized interest	-	2,402
Capitalization rates	-	1.45%

See Note 25 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.

12. OTHER ASSETS

Leased to Others

	September 30, 2010		
	Cost	Accumulated Depreciation	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	11,445	(6,122)	5,323
	$ 14,047	$ (6,122)	$ 7,925

	September 30, 2009		
	Cost	Accumulated Depreciation	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	7,558	(3,038)	4,520
	$ 10,160	$ (3,038)	$ 7,122

Future rental payments receivable were summarized as follows:

Period	
4th quarter of 2010	$ 405
2011	795

As of September 30, 2010 and 2009, the Corporation had received deposits of $270 thousand. The interest on these deposits of $2 thousand and $2 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, 2010 and 2009, respectively.

Idle Assets

	September 30, 2010		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	5,277	(4,874)	403
Machinery and equipment	4,099	(4,099)	-
	$ 11,629	$ (8,973)	$ 2,656

	September 30, 2009		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	5,661	4,874	787
Machinery and equipment	7,847	7,847	-
	$ 15,761	$ 12,721	$ 3,040

Impairment loss was as follows:

Nine months ended September 30, 2010: None

	Nine Months Ended September 30, 2009	
	Recognized in Income Statement	Recognized in Stockholders' Equity
Impairment loss		
Machinery and equipment	$ 2,144	$ -

13. SHORT-TERM LOANS

	September 30	
	2010	2009
Usance letters of credit	$ 446,278	$ 203,450

Usance letters of credit amounted to JPY1,191,345 thousand as of September 30, 2010 and JPY558,842 thousand and US$91 thousand as of September 30, 2009. Interest rates ranged from 0.855% to 1.150% and from 1.09% to 1.536% at September 30, 2010 and 2009, respectively.

14. ACCRUED EXPENSES

	September 30	
	2010	2009
Payroll	$ 34,523	$ 31,132
Bonus	31,892	50,428
Bonus to employees, directors and supervisors	138,416	49,430
Commission	78,643	49,515
Others	174,998	56,910
	$ 458,472	$ 237,415

15. BONDS PAYABLE

	September 30	
	2010	2009
Second unsecured domestic convertible bonds	$ -	$ 52,700
Third unsecured domestic convertible bonds	800,000	-
Deduct: Discount on bonds payable	(22,312)	(2,904)
Deduct: Current portion	-	-
	$ 777,688	$ 49,796
Assets (liability) component of unsecured domestic corporate bonds	$ 9,736	$ (4,470)

Second Unsecured Domestic Convertible 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%. 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 40^{th} 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 10^{th} 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.

Third Unsecured Domestic Convertible Bonds

On January 11, 2010, the Corporation issued third unsecured domestic convertible bonds with an aggregate value of $800,000 thousand and maturity on January 11, 2013. Nominal interest is 0%. As of September 30, 2010, the Corporation's outstanding domestic unsecured convertible corporate bonds were $800,000 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. 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.

c. 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.

d. The original conversion price per share is $57.6. 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 $54.4 on September 30, 2010.

16. LONG-TERM LOANS

		September 30	
Nature of Loans	**Repayment Period**	**2010**	**2009**
Secured bank loans	Maturity on August 25, 2013, repayable in 20 quarterly installments from August 2008	$ 36,000	$ 48,000
Secured bank loans	Maturity on May 4, 2021, repayable in 55 quarterly installments from November 2007	-	85,455
Secured bank loans	Repayable at maturing on July 24, 2013	174,750	233,000
Unsecured bank loans	Repayable at maturing on July 24, 2013	21,000	28,000
Unsecured bank loans	Repayable at maturing on June 12, 2011	-	100,000
Unsecured bank loans	Repayable at maturing on June 1, 2011	-	50,000
Unsecured bank loans	Repayable at maturing on August 24, 2012	-	50,000
Unsecured bank loans	Repayable at maturing on August 31, 2012	-	100,000
Unsecured bank loans	Repayable at maturing on September 16, 2011	100,000	-
Unsecured bank loans	Repayable at maturing on October 1, 2012	100,000	-
Unsecured bank loans	Repayable at maturing on February 28, 2011	180,000	180,000
Unsecured bank loans	Repayable at maturing on September 11, 2010	-	100,000
Less current portion		(177,250)	(119,273)
		$ 434,500	$ 855,182
Interest rate (%)		0.86-1.06	0.95-2.55

See Notes 25 for collateral on long-term loans.

17. 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 $15,657 thousand and $13,518 thousand for the nine months ended September 30, 2010 and 2009, 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 in the committee's name. The Corporation recognized pension costs of $2,974 thousand and $2,724 thousand for the nine months ended September 30, 2010 and 2009, respectively.

18. STOCKHOLDERS' EQUITY

Capital Stock

The Corporation's authorized capital is $4,000,000 thousand and $3,500,000 thousand at September 30, 2010 and 2009 ($10.00 par value per share). As of September 30, 2010 and 2009, the Corporation's issued capital stock were $2,966,651 thousand and $2,873,409 thousand divided into 296,665 thousand shares and 287,341 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 is a adjusted accordingly.

Information about employee stock option plans was as follows:

	Nine Months Ended September 30			
	2010		2009	
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	7,585	$45.4	8,000	$50.7
Options granted	-	-	-	-
Option forfeited	(44)	-	-	-
Options exercised	(2,587)	45.4	-	-
Options expired	-		-	-
Balance, end of period	4,954	42.9	8,000	45.4
Options exercisable, end of period	1,096		-	

Information about outstanding options as of September 30, 2010 and 2009 was as follows:

September 30			
2010		2009	
Range of Exercise Price (NT$)	Weighted Average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted Average Remaining Contractual Life (Years)
$45.4-42.9	2.19	$50.7-45.4	3.19

For the nine months ended September 30, 2010, termination of employment resulted in forfeiture of stock options which were granted during the year ended December 31, 2010 at 1%.

The pro forma information for the nine months ended September 30, 2010 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	
	2010	**2009**
Net income	$ 904,682	$ 435,248
After income tax earnings per share (NT$)	3.09	1.53

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. Also the capital surplus from long-term investments may not be used for any purpose.

Capital surplus comprised of the following

	September 30	
	2010	**2009**
Arising from issuance of common shares	$ 332,289	$ 329,152
Arising from conversion of bonds	776,646	737,674
Arising from treasury stock transaction	4,360	4,360
Employee stock options	149,644	58,064
Conversion options	39,914	2,614
	$ 1,302,853	$ 1,131,864

Appropriation of Earnings and Dividend Policy

Under and the Corporation's Articles of Incorporation, the Corporation should make appropriation from its 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, 2010 and 2009, the bonus to employees was $122,132 thousand and $44,936 thousand, respectively, the remuneration to directors and supervisors was $16,284 thousand and $4,494 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 15% and 10%; 2% and 1%, 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 gain or loss on financial instruments, 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% thereof 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 15, 2010 and June 13, 2009, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2009	**For Year 2008**	**For Year 2009**	**For Year 2008**
Legal reserve	$ 78,222	$ 95,182	$ -	$ -
Cash dividends	575,814	537,396	2.0	2.0
Stock dividends	57,581	134,349	0.3	0.5

The bonus to employees and the remuneration to directors and supervisors for 2009 and 2008 approved in the stockholders' meetings on June 15, 2010 and June 13, 2009, respectively, were as follows:

	Years Ended December 31			
	2009		**2008**	
	Cash	**Stock**	**Cash**	**Stock**
Bonus to employees	$ 71,168	$ -	$ 60,699	$ 60,699
Remuneration to directors and supervisors	7,117	-	16,187	-

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) of the day immediately preceding the stockholders' meeting.

	Years Ended December 31			
	2009		2008	
	Bonus to Employee Bonus	**Remuneration to Directors and Supervisors**	**Bonus to Employee Bonus**	**Remuneration to Directors and Supervisors**
Amounts approved in stockholders' meetings	$ 71,168	$ 7,117	$121,398	$ 16,187
Amounts recognized in respective financial statements	70,334	7,033	122,755	16,368
	$ 834	$ 84	$ (1,357)	$ (181)

The differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements for the years ended December 31, 2009 and 2008 were primarily due to changes in estimates had been adjusted in profit and loss for the nine months ended September 30, 2010 and 2009, respectively.

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, 2010 and 2009, movements of unrealized gain or loss on financial instruments were as follows:

Nine months ended September 30, 2010: None.

	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

19. 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, 2010				
For transfer to employees	3,000	-	-	3,000
Nine months ended September 30, 2009				
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.

20. INCOME TAX

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

	Nine Months Ended September 30	
	2010	2009
Income tax expense at statutory rate	$ 160,123	$ 142,757
Tax effect on adjusting items:		
Permanent differences	771	(387)
Temporary differences	(61,872)	(58,783)
Tax-exempt income for five years	(32,386)	(24,923)
Additional 10% income tax on unappropriated earnings	7,061	18,489
Investment tax credits used	(31,119)	(38,577)
Current income tax expense	42,578	38,576
Deferred tax expenses (benefits)		
Temporary differences	1,111	36,105
Investment tax credits	14,106	15,531
Effect of tax law changes on deferred income tax	(19,836)	(18,536)
Adjustments for prior years' tax	(739)	94
	$ 37,220	$ 71,770

For the nine months ended September 30, 2010 and 2009, the Legislative Yuan passed the following amendments to tax laws:

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% and revised the income tax rate from 20% to 17% in May 2010, effective January 1, 2010.

Deferred income tax assets (liabilities) were as follows:

	Nine Months Ended September 30	
	2010	2009
Current		
Deferred income tax assets		
Investment tax credit	$ -	$ 39,101
Unrealized allowance for loss on inventories	5,792	8,337
Unrealized exchange losses	12,063	9,116
Unrealized gain on transactions with investees	-	1,338
	17,855	57,892
Less: Valuation allowance	-	-
	17,855	57,892
Deferred income tax liabilities		
Unrealized exchange gains	(5,325)	(2,837)
Unrealized valuation gain on financial instrument	(6,190)	(6,663)
	(11,515)	(9,500)
	$ 6,340	$ 48,392
Noncurrent		
Deferred income tax assets		
Investment tax credits	$ 126,332	$ 117,305
Impairment loss	2,367	2,544
Accrued pension cost	225	265
Others	2,001	
	130,925	120,114
Less: Valuation allowance	-	-
	130,925	120,114
Deferred income tax liabilities		
Investment income recognized on equity-method investments	(124,436)	(123,666)
	$ 6,489	$ (3,552)

As of September 30, 2010, 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	$ 58,511	$ 27,392	2011-2014
	Research and development expenditures	129,945	98,072	2011-2014
	Personnel training expenditures	868	868	2011-2014
		$ 189,324	$ 126,332	

As of September 30, 2010, profits attributable to the following expansion and construction projects were exempted from income tax for five-year.

Expansion of Construction Project	**Tax-exemption Period**
Acquisition of equipment in 2004	2005-2010
Acquisition of equipment in 2005	2010-2014
Acquisition of equipment in 2009	Not complete yet

The Corporation’s income tax returns through 2005 have been examined and approved by the tax authorities.

Information about integrated income tax was as follows:

	September 30	
	2010	**2009**
Balance of ICA	$ 38,677	$ 32,890

	2009 (Estimate)	**2008 (Actual)**
The creditable ratio for distribution	7.38%	7.26%

	September 30	
	2010	**2009**
Undistributed earnings		
Unappropriated earnings generated before January 1, 1998	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	1,564,525	1,088,535
	$ 1,564,525	$ 1,088,535

21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

Function / Expense Item	Nine Months Ended September 30					
	2010			2009		
	Classified as Cost of Sales	Classified as Operating Expenses	Total	Classified as Cost of Sales	Classified as Operating Expenses	Total
Personnel						
Salary	$313,685	$267,979	$581,664	$217,037	$153,892	$370,929
Pension	11,301	7,726	19,027	9,464	7,030	16,494
Insurance	20,088	11,207	31,295	15,992	9,855	25,847
Others	-	-	-	-	-	-
Depreciation	338,373	80,081	418,454	380,753	85,282	466,035
Amortization	1,200	8,570	9,770	1,277	5,075	6,352

22. EARNINGS PER SHARE

	Nine Months Ended September 30			
	2010		2009	
	Before Tax	After Tax	Before Tax	After Tax
Basic earnings per share (NT$)				
From continuing operations	$ 3.22	$ 3.09	$ 1.97	$ 1.72
Income for the period	$ 3.22	$ 3.09	$ 1.97	$ 1.72
Diluted earnings per share (NT$)				
From continuing operations	$ 3.05	$ 2.93	$ 1.96	$ 1.71
Income for the period	$ 3.05	$ 2.93	$ 1.96	$ 1.71

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, 2010					
Net income	$ 941,902	$ 904,682			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 941,902	$ 904,682	292,938	$ 3.22	$ 3.09
Effect of dilutive potential common stock					
Employee stock option	-	-	929		
Convertible bonds	7,061	5,861	14,743		
Bonus to employees	-	-	2,189		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 948,963	$ 910,543	310,799	$ 3.05	$ 2.93
Nine months ended September 30, 2009					
Net income	$ 571,068	$ 499,298			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 571,068	$ 499,298	289,988	$ 1.97	$ 1.72
Effect of dilutive potential common stock					
Convertible bonds	1,082	811	1,526		
Bonus to employees	-	-	528		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 572,150	$ 500,109	292,042	$ 1.96	$ 1.71

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 needs to 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 nine month ended September 30, 2009 and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the nine months ended September 30, 2009 to decrease from $1.76 to $1.72 and from $1.75 to 1.71, respectively.

23. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	Nine Months Ended September 30			
	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Financial assets at FVTPL, current	$ 36,409	$ 36,409	$ 37,511	$ 37,511
Available-for-sale financial assets, current	150,000	150,206	90,300	90,300
Financial assets carried at cost	96,678	-	3,000	-
Other financial asset - noncurrent	9,736	-	-	-
Financial liabilities				
Bonds payable (including current portion)	777,688	777,688	54,266	54,266
Long-term loans (including current portion)	611,750	611,750	974,455	974,455

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, notes and accounts receivables, payables and short-term 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 value 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 technique were as follow:

	Quoted Market Price		Valuation Techniques	
	September 30		September 30	
	2010	2009	2010	2009
Assets				
Financial assets at fair value through profit or loss, current	$ -	$ 4,646	$ 36,409	$ 32,865
Available-for-sale financial assets, current	150,000	90,300	-	-
Liabilities				
Bonds payable(including current portion)	-	-	777,688	54,266
Long-term debt (including current portion)	-	-	611,750	974,455

Valuation gains and losses arising from changes in fair value of financial instruments determined using valuation techniques were $30,561 thousand and $32,865 thousand for the nine months ended September 30, 2010 and 2009, respectively.

Information about financial risks was 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. 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 and business organizations. 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.

d. Cash flow interest rate risk: The Corporation's short-term and long-term loans are floating-rate. When the market interest rate increases by one percentage point, the Corporation's cash outflow will increase by $10,580 thousand a year.

24. RELATED-PARTY TRANSACTIONS

The related parties and their relationship with the Corporation

Related Party	Relationship with the Corporation
Tai Shing Electronic Components Corporation (Tai-Shing)	Chairman is the Corporation's general manager
TXC Technology Inc.	Equity-method investee
TXC Japan Corporation	Equity-method investee
Taiwan Crystal Technology International Ltd. (TCTI)	Equity-method investee
Growing Profits Trading Ltd. (GPT)	Subsidiary's equity-method investee
TXC (NGB) Corporation (NGB)	Subsidiary's equity-method investee
TXC (HK) Limited	Subsidiary's equity-method sub-investee
TSC Technology (Ningbo) Co., Ltd. (TSE Technology)	Subsidiary's equity-method sub-investee

Significant transactions with related parties:

Sales

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 29,705	1	$ 8,283	-
NGB	79,651	1	63,179	2
TXC Technology Inc.	-	-	2,056	-
TXC Japan Corporation	5,384	-	1,680	-
TXC (HK) Limited	5,173	-	7,669	-
	$ 119,913	2	$ 82,867	2

Purchases

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
GPT	$ 3,224	-	$ 20,583	-
NGB	1,527,025	38	961,016	32
TXC Japan Corporation	14,706	-	3,835	-
Tai-Shing	14	-	419	-
TSE Technology	377	-	-	-
	$ 1,545,346	38	$ 985,853	32

Consulting Fee

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
TXC Technology Inc.	$ 20,072	36	$ 22,137	27
TXC Japan Corporation	36,187	64	36,853	46
NGB	-	-	21,606	27
	$ 56,259	100	$ 80,596	100

Other Expense

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 599	-	$ 1,653	-
TXC Japan Corporation	240	-	-	-
	$ 839	-	$ 1,653	-

In the nine months ended September 30, 2010, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, GPT, and TXC (HK) Limited, those related parties are divisions of the Group strategy, its trading price to cost-adjust according to the agreed terms.

Receivables from and Payables to Related Parties

		September 30			
		2010		2009	
Item	Related Party	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Accounts receivable	Tai-Shing	$ 11,810	1	$ 4,110	-
	TXC Japan Corporation	-	-	1,073	-
	TXC Technology Inc.	-	-	448	-
	NGB	10,375	-	24,361	1
	TXC (HK) Limited	2,641	-	6,508	-
		$ 24,826	1	$ 36,500	1
Other current assets	TXC Technology Inc.	$ 26	-	$ 965	-
Notes payable	Tai-Shing	$ 563	-	$ 553	-
Accounts payable	Tai-Shing	$ 668	-	$ 290	-
	NGB	447,111	33	301,332	30
	TXC Japan Corporation	4,971	-	2,763	-
	GPT	3,153	-	11,059	1
	TSE Technology	369	-	-	-
		$ 456,272	33	$ 315,444	31
Accrued expenses	NGB	$ -	-	$ 7,201	3
	Tai-Shing	34	-	30	-
	TXC Japan Corporation	100	-	-	-
		$ 134	-	$ 7,231	3

The collection term and payment term to related parties were not significantly different from third parties.

		September 30			
		2010		2009	
Item	Related Party	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Other receivable	NGB	$ 249,304	99	$ 123,740	86

As of September 30, 2010, the Corporation purchase machinery and equipment for NGB amount to $441,355 thousand.

Property Transactions

In the nine months ended September 30, 2010 and 2009, the Corporation sold its equipment to NGB it machinery, with a net book value of $41,310 thousand and $53,799 thousand, respectively, for $41,310 thousand and $53,799 thousand, respectively.

In the nine months ended September 30, 2010, the Corporation purchased the computer from Tai-Shing was about $4,133 thousand.

Endorsement/Guarantee Provided

As of September 30, 2009, the Corporation’s guarantee amount for loans of Taiwan Crystal Technology International Ltd. (TCTI) was $33,089 thousand.

As of September 30, 2009, the Corporation’s guarantee amount for loans of Growing Profits Trading Ltd. was $189,240 thousand.

25. MORTGAGED OR PLEDGED ASSETS

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

	September 30	
	2010	2009
Property, plant and equipment		
Land	$ 258,076	$ 258,076
Buildings, net	769,266	824,993
	$ 1,027,342	$ 1,083,069

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Unused letters of credit amounted to approximately JPY1,167,789 thousand and US$3,259 thousand.

Guarantees notes receivable for construction amounted to about $4,176 thousand.

As of September 30, 2010, the Corporation's commitments was as follow:

Commitment	Total Dollars Amount of Contract	Dollars Paid	Dollars Unpaid
Construction of plant	$ 202,532	$ 108,233	$ 94,299
Prepaid building	$ 322,698	$ 117,000	$ 205,698
Mechanical and electrical engineering	$ 113,377	$ 27,321	$ 86,056

27. SUBSEQUENT EVENTS

None.

28. 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: None.

c. Marketable securities held: Table 1 (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 2 (attached).

e. Acquisition of individual real estate at prices of at least $100 million or 20% of the paid-in capital: Table 3 (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 4 (attached).

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (attached).

i. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 6 (attached).

j. Derivative transactions: Please refer to Note 5 and Table 7 (attached).

k. Investment in Mainland China: Table 8 (attached).

TXC CORPORATION

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2010
(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	September 30, 2009				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Mutual funds							
	Taishin Lucky Fund	None	Available-for-sale financial assets	5,633	$ 60,000	-	$ 60,015	
	Prudential Financial Return Fund	None	〃	2,025	30,000	-	30,104	
	Fubon Chi-Hsiang Fund	None	〃	1,995	30,000	-	30,000	
	Mega Diamond Bond Fund	None	〃	2,514	30,000	-	30,087	
					$ 150,000			
	Stock							
	TCTI	Subsidiary	Investment accounted for by the equity method	34,835	$ 2,395,272	100	None	
	TXC Technology Inc.	〃	〃	300	11,186	100	〃	
	TXC Japan Corporation	〃	〃	2	11,968	100	〃	
					$ 2,418,426			
	Dongguan Failong Dong Bong Electric Co.	None	Financial assets carried at cost - noncurrent	RMB 10,096	$ 46,478	8	〃	
	Marson Technology Co., Ltd.	-	〃	414	3,000	5	〃	
	Win Win Precision Technology Co., Ltd.		〃	1,040	47,200	3	〃	
					$ 96,678			
TCTI	Stock							
	Growing Profits Trading Ltd.	Subsidiary	Investment accounted for by the equity method	50	$ 42,882 US$ 1,366	100	None	
	NGB	〃	〃	US$ 37,835	2,375,279 US$ 75,694	100	〃	
NGB	TXC (HK) Limited	〃	〃	HK$ 200	10,020 RMB 2,140	100	〃	
	Ningbo XingMao Electronic Technology Co.	〃	〃	RMB 6,828	33,195 RMB 7,089	23	〃	

TABLE 2

TXC CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2010
(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	Fubon Chi-Hsiang Fund	Available-for-sale financial assets	-	-	-	$ -	9,992	$ 150,000	7,997	$ 120,166	$ 120,000	$ 166	1,995	$ 30,000
	Fubon Feng-Yi Fund	Available-for-sale financial assets	-	-	-	-	12,000	120,000	12,000	119,741	120,000	(259)	-	-

TXC CORPORATION

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2010
(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	Land and building	2010.09.17	$ 322,698	$117,000	Note	None	-	-	-	$ -	Note 2	Operating purpose	-

Note 1: Owner of land and building.

Note 2: CCIS Real Estate Appraisers Firm’s valuation report

TABLE 4

TXC CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2010
(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	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	NGB	Subsidiary	Purchase	$1,527,025	38	Note	Divisions of the Group strategy, its trading price to cost-adjust according to the agreed terms.	-	$ (447,111)	(33)	

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

TABLE 5

TXC CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2010
(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	$ 447,111	5.34	$	-	$ 91,040	$

TXC CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SEPTEMBER 30, 2010
(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 September 30, 2010			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				September 30, 2010	December 31, 2009	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	TCTI	WESTERN Samoa	Investment holding	$ 1,147,949 US$ 34,835	$ 1,244,699 US$ 37,835	34,835	100	$ 2,395,272	$ 381,036	$ 366,690	Difference from upstream transactions $14,346 thousand
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879 US$ 300	9,879 US$ 300	300	100	11,186	120	120	
	TXC Japan Corporation	Japan	Marketing activities	6,172 JPY 21,000	6,172 JPY 21,000	2	100	11,968	(357)	(357)	
TCTI	GPT	B.V.I.	National trading	1,691 US$ 50	1,691 US$ 50	50	100	42,882 US$ 1,366	15,386 US$ 482	15,386 US$ 482	
	NGB	Ningbo	Manufacture and sales of electronics products	1,244,699 US$ 37,835	1,244,699 US$ 37,835	US$ 37,835	100	2,375,279 US$ 75,694	365,646 US$ 11,460	365,646 US$ 11,460	
NGB	TXC (HK) Limited	Hong Kong	National trading	846 HK$ 200	846 HK$ 200	HK$ 200	100	10,020 RMB 2,140	4,116 RMB 878	4,116 RMB 878	
	TSE Technology (Ningbo) Co., Ltd.	Ningbo	Manufacture and sales of electronics products	31,972 RMB 6,828	- -	RMB 6,828	23	33,195 RMB 7,089	23,148 RMB 4,939	1,224 RMB 261	

TXC CORPORATION

DERIVATIVE TRANSACTIONS OF INVESTEES OVER WHICH THE CORPORATION HAS A CONTROLLING INTEREST
SEPTEMBER 30, 2010
(In Thousands of New Taiwan Dollars or U.S. Dollars)

NGB entered into derivative transactions during the nine months ended September 30, 2010 to manage exposures related to foreign exchange rate fluctuations.

Outstanding forward contracts as of September 30, 2010:

	Currency	Maturity	Contract Amount (In Thousands)
September 30, 2010			
Sell	USD/RMB	2010.10.08-2011.01.28	USD15,000/RMB101,395

TXC CORPORATION

INFORMATION OF INVESTMENT IN MAINLAND CHINA
NINE MONTHS ENDED SEPTEMBER 30, 2010
(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, 2010 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2010 (US$ in Thousand)	Percentage of Ownership	Investment Income (Loss) Recognized (Note)	Carrying Amount as of September 30, 2010	Accumulated Inward Remittance of Earnings as of September 30, 2010
					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	$ 365,646 (US$ 11,460) (Note)	$ 2,375,279 (US$ 75,694)	$ 256,146 (US$ 7,897)
Dongguan Failong Dong Bong Electronic Co.	Manufacturing and sales of electronic devices	RMB 126,194	Direct investment of the Corporation in Mainland China	-	46,478 (RMB 10,096)	-	46,478 (RMB 10,096)	8	-	46,478 (RMB 10,096)	-
TSE Technology (Ningbo) Co., Ltd.	Manufacturing and sales of electronic devices and hardware components	RMB 29,723	Other (investment of the Corporation in Mainland China)	-	-	-	-	23	1,224 (RMB 261) (Note)	33,195 (RMB 7,089)	-

Note: Calculation was based on unreviewed financial statements.

Accumulated Investment in Mainland China as of September 30, 2010 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$1,231,596 (US$37,480)	$1,548,004 (US$47,315)	$ - (Note 2)

Note2: The investment in Mainland China has no maximum limitation since TXC corporation had acquired the approval by the Industrial Development Bureau of the Company's establishment of operating headquarters in Taiwan.

(Continued)

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	$ 1,527,025	Divisions of the Group strategy, its trading price to cost	Normal	Divisions of the Group strategy, its trading price to cost	$ (447,111)	33	$ (23,229)
		Sale	79,651	Divisions of the Group strategy, its trading price to cost	Normal	Divisions of the Group strategy, its trading price to cost	10,375	-	(146)

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.

(Concluded)