TXC Corporation and Subsidiaries

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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 (Note 3)	$ 1,540,877	14	$ 1,282,984	14
Financial assets at fair value through profit or loss - current (Note 4)	40,772	-	37,511	1
Available-for-sale financial assets - current (Note 5)	150,000	1	90,300	1
Notes receivable, net (Note 6)	1,142	-	2,771	-
Accounts receivable, net (Notes 6 and 20)	2,806,950	26	2,415,535	27
Inventories, net (Notes 2 and 7)	1,312,667	12	803,151	9
Other current assets	116,530	1	126,269	1
Total current assets	5,968,938	54	4,758,521	53
INVESTMENTS				
Investments accounted for by the equity method (Notes 1 and 9)	33,195	-	-	-
Other financial assets - noncurrent (Note 14)	9,736	-	-	-
Financial assets carried at cost - noncurrent (Note 8)	96,678	1	3,000	-
Total investments	139,609	1	3,000	-
PROPERTY, PLANT AND EQUIPMENT(Notes 10 and 21)				
Cost				
Land	273,496	2	273,496	3
Land improvements	593	-	593	-
Buildings	1,501,252	14	1,498,319	16
Machinery and equipment	5,483,121	50	4,682,566	52
Transportation equipment	13,971	-	13,082	-
Office equipment	200,565	2	182,941	2
Land - revaluation increment	8,954	-	8,954	-
	7,481,952	68	6,659,951	73
Less: Accumulated depreciation	(3,169,237)	(29)	(2,714,569)	(30)
Construction-in-progress and prepayments for equipment	368,627	4	156,758	2
Total property, plant and equipment, net	4,681,342	43	4,102,140	45
INTANGIBLE ASSETS				
Land rights (Note 21)	16,222	-	16,737	-
Other intangible assets	1,647	-	679	-
Deferred pension cost	7,947	-	7,947	-
Total intangible assets	25,816	-	25,363	-
OTHER ASSETS				
Assets leased to others (Notes 11 and 21)	113,593	1	118,749	1
Idle assets (Note 11)	2,656	-	3,040	-
Refundable deposits	4,016	-	4,808	-
Deferred charges	44,232	1	29,781	1
Deferred income tax assets - noncurrent	6,489	-	-	-
Total other assets	170,986	2	156,378	2
TOTAL	$ 10,986,691	100	$ 9,045,402	100

	2010		2009	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 12)	$ 634,558	6	$ 259,466	3
Notes payable (Note 20)	65,807	1	42,963	-
Accounts payable (Note 20)	1,566,980	14	1,234,664	14
Accrued expenses (Notes 13 and 20)	558,029	5	287,379	3
Other payables	57,350	1	164,686	2
Current portion of long-term loans (Note 15)	385,143	3	193,793	2
Other current liabilities	86,572	1	73,735	1
Total current liabilities	3,354,439	31	2,256,686	25
LONG-TERM LIABILITIES				
Bonds payable (Note 14)	777,688	7	49,796	1
Long-term loans, net of current portion (Note 15)	434,500	4	1,116,879	12
Liability component of convertible bonds - noncurrent (Note 14)	-	-	4,470	-
Total long-term liabilities	1,212,188	11	1,171,145	13
RESERVES				
Reserve for land value increment tax (Note 10)	3,512	-	3,512	-
OTHER LIABILITIES				
Deferred income tax	-	-	3,552	-
Guarantee deposits received	8,835	-	9,292	-
Total other liabilities	8,835	-	12,844	-
Total liabilities	4,578,974	42	3,444,187	38
STOCKHOLDERS' EQUITY (Note 16)				
Capital stock				
Common stock	2,966,651	27	2,873,125	32
Advance receipts for common stock	5,180	-	284	-
Total capital stock	2,971,831	27	2,873,409	32
Capital surplus	1,302,853	12	1,131,864	12
Retained earnings				
Legal reserve	525,420	5	447,198	5
Unappropriated earnings	1,564,525	14	1,088,535	12
Total retained earnings	2,089,945	19	1,535,733	17
Other equity				
Cumulative translation adjustments	164,879	1	181,700	2
Unrealized gains on financial instruments	-	-	300	-
Unrealized revaluation increment	5,442	-	5,442	-
Treasury stock (Note 17)	(127,233)	(1)	(127,233)	(1)
Total other equity	43,088	-	60,209	1
Total stockholders' equity	6,407,717	58	5,601,215	62
TOTAL	$ 10,986,691	100	$ 9,045,402	100

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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				
Sales	$ 6,997,370	100	$ 5,482,804	101
LESS: SALES RETURNS	(16,407)	-	(18,729)	-
LESS: SALES ALLOWANCES	(20,301)	-	(28,899)	(1)
NET OPERATING REVENUE	6,960,662	100	5,435,176	100
OPERATING COSTS	(5,103,400)	(73)	(4,163,317)	(76)
GROSS PROFIT	1,857,262	27	1,271,859	24
OPERATING EXPENSES				
Selling expenses	344,113	5	282,730	5
General and administration expenses	226,665	3	128,472	3
Research and development expenses	297,699	5	221,624	4
Total operating expenses	868,477	13	632,826	12
OPERATING INCOME	988,785	14	639,033	12
NONOPERATING INCOME AND GAINS				
Interest income	4,049	-	3,990	-
Investment income recognized under equity method (Notes 1 and 9)	1,224	-	-	-
Dividend income	828	-	621	-
Valuation gain on financial assets, net	34,924	-	34,291	1
Gain on disposal of property, plant and equipment	970	-	2,017	-
Gain on sale of investments	873	-	927	-
Exchange gains	185,051	3	185,498	3
Miscellaneous income	47,748	1	12,711	-
Total nonoperating income and gains	275,667	4	240,055	4
NONOPERATING EXPENSES AND LOSSES				
Interest expense	(20,376)	(1)	(25,105)	(1)
Loss on disposal of property, plant and equipment	(4,330)	-	(3,230)	-
Exchange losses	(220,928)	(3)	(227,447)	(4)
Impairment loss	(4,184)	-	(7,113)	-
Miscellaneous expenses	(8,831)	-	(8,429)	-
Total nonoperating expenses and losses	(258,649)	(4)	(271,324)	(5)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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**	**%**
INCOME BEFORE INCOME TAX	1,005,803	14	607,764	11
INCOME TAX EXPENSE	(101,121)	(1)	(108,466)	(2)
NET INCOME	$ 904,682	13	$ 499,298	9

	2010		2009	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 18)				
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 consolidated financial statements.

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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	612,410	610,031
Nonoperating loss - idle assets and lease assets	4,432	6,265
Amortization	16,208	11,557
Provision for (reversal of) provision for doubtful accounts	2,323	(1,248)
Provision for loss on inventories	24,935	23,936
Loss on physical inventories	41	119
Gain on sale of investments	(873)	(927)
Investment income recognized under equity method	(1,224)	-
Loss on disposal of property, plant and equipment	3,360	1,213
Valuation gain on financial instruments	(34,924)	(34,291)
Impairment loss	4,184	7,113
Discount on bonds payable	7,027	1,055
Deferred income tax	(4,619)	33,100
Net changes in operating assets and liabilities		
Notes receivable	1,136	37,124
Accounts receivable	(343,351)	(192,047)
Inventories	(501,131)	75,241
Other current assets	110,709	(15,743)
Notes payable	13,096	2,469
Accounts payable	355,867	527,922
Accrued expenses	165,938	(11,647)
Other payables	48,325	164,686
Other current liabilities	(3,119)	(14,221)
Net cash provided by operating activities	1,385,432	1,731,005
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial instruments at fair value through profit or loss	839	25,729
Acquisition of available-for-sale financial assets	(1,170,000)	(860,000)
Proceeds from disposal of available-for-sale financial assets	1,020,873	890,856
Acquisition of investments accounted for by equity method	(31,971)	-
Acquisition of financial assets carried at cost	(93,678)	-
Acquisition of property, plant and equipment	(1,245,799)	(444,802)
Proceeds from disposal of property, plant and equipment	49,720	2,656
Decrease in refundable deposits	1,274	397
Increase in deferred charges	(34,647)	(20,224)
Net cash used in investing activities	(1,503,389)	(405,388)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	53,404	(353,033)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

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

	2010	2009
Decrease in short-term bills payable	-	(100,000)
(Decrease) increase in long-term loans	(298,277)	104,927
Issuance of convertible bonds	795,000	-
Increase in guarantee deposits received	217	4,260
Cash dividends	(575,814)	(537,396)
Proceeds from exercise of employee stock options	117,450	-
Net cash (used in) provided by financing activities	91,980	(881,242)
EXCHANGE INFLUENCE	246	(4,196)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25,731)	440,179
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,566,608	842,805
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,540,877	$ 1,282,984
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 20,450	$ 28,512
Income tax paid	$ 121,671	$ 83,974
NONCASH INVESTING AND FINANCING ACTIVITIES		
Convertible bonds	$ 14,971	$ 1,000

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

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009
(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 2009 and 2008, 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	
			2010	2009
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".

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.

2. 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.

3. CASH AND CASH EQUIVALENTS

	September 30	
	2010	**2009**
Cash on hand	$ 2,032	$ 1,937
Checking accounts and demand deposits	837,545	715,550
Time deposits	211,300	320,497
Cash equivalents		
Repurchase agreement collateralized by bonds	490,000	245,000
	$ 1,540,877	$ 1,282,984

4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30	
	2010	**2009**
Financial assets at FVTPL		
Forward exchange contracts	$ 40,772	$ 32,865
Convertible bonds	-	4,646
	$ 40,772	$ 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 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, 2010 and 2009:

	Currency	Maturity Date	Contract Amount (In Thousands)
September 30, 2010			
Sell	USD/NTD	October 5, 2010-December 23, 2010	US$43,000/NTD1,373,286
Sell	USD/JPY	October 5, 2010-November 12, 2010	US$3,500/JPY309,900
Sell	NTD/JPY	October 5, 2010-January 14, 2011	NTD673,944/JPY1,810,000
Sell	USD/RMB	October 8, 2010-January 28, 2011	US$ 15,000/RMB101,395
September 30, 2009			
Sell	USD/NTD	October 2, 2009-December 23, 2009	US$34,500/NTD1,131,041
Sell	USD/JPY	October 22, 2009-December 28, 2009	US$2,500/JPY230,298
Sell	NTD/JPY	October 5, 2009-December 28, 2009	NTD269,979/JPY780,000
Sell	USD/RMB	October 9, 2009-January 29, 2010	US$ 8,500/RMB58,101
Sell	USD/JPY	October 20, 2010	US$ 436/JPY40,000

Net gains (loss) on financial instruments held for the nine months ended September 30, 2010 and 2009 were $54,653 thousand and $25,496 thousand.

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

6. 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

(Continued)

	September 30	
	2010	2009
Accounts receivable, third parties	$ 2,818,136	$ 2,430,297
Accounts receivable, related parties	11,810	4,110
	2,829,946	2,434,407
Less: Allowance for doubtful accounts	(22,996)	(18,872)
	$ 2,806,950	$ 2,415,535

(Concluded)

7. INVENTORIES

	September 30	
	2010	2009
Raw materials	$ 302,929	$ 177,600
Supplies and spare parts	78,270	61,317
Work in-process	235,479	200,609
Finished goods	322,483	188,033
Merchandise inventories	345,387	169,386
Goods in transit	28,119	6,206
	$ 1,312,667	$ 803,151

As of September 30, 2010 and 2009, the allowance for inventory devaluation was $40,194 thousand and $42,659 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the nine months ended September 30, 2010 and 2009 was $5,103,400 thousand and $4,163,317 thousand, respectively, which included $24,976 thousand and $24,055 thousand due to write-downs of inventories.

8. FINANCIAL ASSETS CARRIED AT COST

	September 30	
	2010	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.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	September 30			
	2010		2009	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies				
TSE Technology (Ningbo) Co., Ltd.	$ 33,195	23	$ -	-

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

	Nine Months Ended September 30	
	2010	2009
TSE Technology (Ningbo) Co., Ltd.	$ 1,224	$ -

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

10. 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	1,501,252	-	354,777	1,146,475
Machinery and equipment	5,483,121	-	2,673,560	2,809,561
Transportation equipment	13,971	-	7,893	6,078
Office equipment	200,565	-	132,519	68,046
Prepayments for equipment	45,905	-	-	45,905
Prepayments for building	184,847	-	-	184,847
Construction in progress	137,875	-	-	137,875
	$ 7,841,625	$ 8,954	$ 3,169,237	$ 4,681,342

	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	1,498,319	-	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
Office equipment	182,941	-	115,117	67,824
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

Information about capitalized interest was as follows:

	Nine Months Ended September 30	
	2010	2009
Interest expense	$ 20,376	$ 27,507
Capitalized interest	-	2,402
Capitalization rates	-	1.45%

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.

11. OTHER ASSETS

Leased to Others

	September 30, 2010		
	Cost	Accumulated Depreciation	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	126,145	(15,154)	110,991
	$ 128,747	$ (15,154)	$ 113,593

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

Future rental payments receivable were summarized as follows:

Period	Amount
4th of 2010	$ 1,096
2011	3,561
2012	230

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	22,897	(22,897)	-
	$ 30,427	$ (27,771)	$ 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	24,462	(24,462)	-
	$ 32,376	$(29,336)	$ 3,040

Impairment loss was as follows:

	Nine Months Ended September 30, 2010	
	Recognized in Income Statement	Recognized in Stockholders' Equity
Impairment loss		
Machinery and equipment	$ 4,184	$ -

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

11. SHORT-TERM LOANS

	September 30	
	2010	2009
Usance letters of credit	$ 446,278	$ 203,450
Working capital loans	188,280	56,016
	$ 634,558	$ 259,466

Usance letters of credit amounted to JPY1,191,345 thousand as of September 30, 2010, and JPY558,824 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.

Working capital loans amounted to US$6,000 thousand, as of September 30, 2010, and US$1,000 thousand and HK$2,325 thousand as of September 30, 2009. Interest rates ranged from 1.702% to 2.068% and from 2.90% to 4.86% at September 30, 2010 and 2009, respectively.

See Note 21 for details of pledged assets.

13. ACCRUED EXPENSES

	September 30	
	2010	**2009**
Payroll	$ 52,567	$ 57,031
Bonus	65,794	59,532
Bonus to employees, directors and supervisors	138,416	49,430
Commission	82,447	49,515
Others	218,805	71,871
	$ 558,029	$ 287,379

14. 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 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.

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.

15. LONG-TERM LOANS

		September 30	
Nature of Loans	**Repayment Period**	**2010**	**2009**
Secured bank loans	Maturity on August 25, 2013, repayable in three monthly 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	Maturity on July 24, 2013, repayable in three monthly installments from July 2008	174,750	233,000
Unsecured bank loans	Maturity on July 24, 2013, repayable in three monthly installments from April 2009	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 maturity on Augst 24, 2012	-	50,000
Unsecured bank loans	Repayable at maturing on Augst 31, 2012	-	100,000
Unsecured bank loans	Repayable at maturity 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
Unsecured bank loans	Repayable at maturity on March 31, 2011	78,450	80,522
Unsecured bank loans	Repayable at maturity on February 27, 2011	62,760	64,418
Unsecured bank loans	Maturity on June 9, 2011, repayable in six monthly installments	35,303	84,548
Unsecured bank loans	Repayable at maturity on February 27, 2011	31,380	32,209
Unsecured bank loans	Repayable at maturity on January 18, 2010	-	74,520
Less current portion		(385,143)	(193,793)
		$ 434,500	$ 1,116,879
Interest rate (%)		0.86%-2.07%	0.95%-2.40%

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, 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	-	-
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, 2009e, 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

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, 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.

18. 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					
Income for the period	$ 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	147,743		
Bonus to employee	-	-	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

Income for the period	$ 571,608	$ 499,298			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 571,608	$ 499,298	289,988	$ 1.97	$ 1.72
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	$ 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.

19. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	September 30			
	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets at FVTPL, current	$ 40,772	$ 40,772	$ 37,511	$ 37,511
Available-for-sale financial assets, current	150,000	150,206	90,300	90,300
Other financial asset - noncurrent	9,736	-	-	-
Financial assets carried at cost	96,678	-	3,000	-
Financial liabilities				
Bonds payable (including current portion)	777,688	777,688	54,266	54,266
Long-term loans (including current portion)	819,643	819,643	1,310,672	1,310,672

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

a. The above financial instruments do not include cash and cash equivalents, 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 Incorporating Estimates and Assumptions**	
	September 30		**September 30**	
	2010	**2009**	**2010**	**2009**
Assets				
Financial assets at fair value through profit or loss, current	$ -	$ 4,646	$ 40,772	$ 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)	-	-	819,643	1,310,672

Valuation gains and losses arising from changes in fair value of financial instruments determined using valuation techniques were $34,924 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 $14,542 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)	Equity-method investee
Lin, Wan Xing	The general manager of TXC.

Major transactions with related parties were summarized below:

Sales

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 29,705	-	$ 8,283	-

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

Purchases

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
Tai-Shing	$ 14	-	$ 419	-
TSE Technology	460	-	-	-
	$ 474	-	$ 419	-

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

Other Expense

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances

Tai-Shing	$ 599	-	$ 1,653	-

Rent Income

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
TES Technology	$ 2,074	4	$ 1,490	-

Consulting Revenue

	Nine Months Ended September 30			
	2010		2009	
	Amount	% to Total Account Balances	Amount	% to Total Account Balances
TES Technology	$ 1,301	3	$ 1,202	-

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	-	$ 4,110	-
Notes payable	Tai-Shing	$ 563	1	$ 553	-
Accounts payable	Tai-Shing	$ 668	-	$ 290	-
	TSE	452	-	-	-
		$ 1,120	-	$ 290	-
Accrued expenses	Tai-Shing	$ 34	-	$ 30	-

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

Property Transactions

Nine months ended September 30, 2010

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

Nine months ended September 30, 2009: None.

Endorsement/Guarantee Provided

As of September 30, 2010, Lin, Wan Xing was a Joint guarantor for parts loans of NGB.

21. PLEDGED ASSETS

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

	September 30	
	2010	2009
Land	$ 258,076	$ 258,076
Buildings, net	1,054,988	976,808
Leased to others	105,668	-
Machinery and equipment, net	-	318,704
Intangible asset - land rights	16,222	16,737
	$ 1,434,954	$ 1,570,325

22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Unused letters of credit was about JPY1,167,789 and US$3,259 thousand.

Guarantee notes receivable for construction in progress amount to about $4,176 thousand.

As of September 30, 2010, the Corporation's commitments were as follows:

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
Prepaid land	RMB 19,318	RMB 14,489	RMB 4,829
Machinery and equipment	US$ 693	US$ 1	US$ 692

23. SUBSEQUENT EVENTS

None.

24. INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS: TABLE 1 (ATTACHED).

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
NINE MONTHS ENDED SEPTEMBER 30, 2010
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Nine months ended September 30, 2010

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 (%)
0	TXC Corporation	TXC Technology, Inc.	1	Consulting expense	$ 20,072	-	-
				Other current asset	26	-	-
		TXC Japan Corporation	1	Sales	5,384	-	-
				Purchase	14,706	-	-
				Consulting expenses	36,187	-	1
				Other expense	240	-	-
				Accounts payable	4,971	-	-
				Accrued expenses	100	-	-
		TXC (NGB) Corporation	1	Purchase	1,527,025	-	22
				Sales	79,651	-	1
				Accounts receivable	10,375	-	-
				Accounts payable	447,111	-	4
				Other receivable	249,304	-	2
		TXC (H.K.) Limited	1	Sales	5,173	-	-
				Accounts receivable	2,641	-	-
		Growing Profits Trading Ltd.	1	Purchase	3,224	-	-
				Accounts payable	3,153	-	-
2	TXC (NGB) Corporation	TXC (H.K.) Limited	3	Sales	38,184	-	1
				Accounts receivable	6,884	-	-

(Continued)

Nine months ended September 30, 2009

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 (%)
0	TXC Corporation	TXC Technology, Inc.	1	Sales	$ 2,056	-	-
				Consulting expense	22,137	-	-
				Accounts receivable	448	-	-
				Other current asset	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 receivable	123,740	-	1
		TXC (HK) Limited	1	Sales	7,669	-	-
				Accounts receivable	6,508	-	-
		Growing Profits Trading Ltd.	1	Purchase	20,583	-	-
				Accounts payment	11,059	-	-
1	Growing Profits Trading Ltd.	TXC (NGB) Corporation	3	Consulting expense	899	-	-
				Other payment	290	-	-
			3	Sales	83,457	-	2
				Accounts receivable	18,726	-	-
2	TXC (NGB) Corporation	TXC (HK) Limited	3	Sale	21,275	-	-
				Accounts receivable	18,136	-	-

Note 1: 1. The transaction is between TXC Corporation and subsidiaries.
3. The transaction is between subsidiaries and subsidiaries.

Note 2: 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.

(Concluded)