TXC Corporation

Financial Statements for the
Three Months Ended March 31, 2011 and 2010

TXC CORPORATION

BALANCE SHEETS
MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011		2010	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 1,142,401	11	$ 1,119,079	12
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	-	-
Available-for-sale financial assets - current (Notes 2 and 6)	67,930	1	720,230	7
Notes receivable, net (Notes 2 and 7)	819	-	3,311	-
Accounts receivable, net (Notes 2 and 7)	2,544,348	24	2,016,002	21
Accounts receivable - related parties, net (Notes 2, 7 and 24)	14,853	-	32,499	-
Other receivables (Note 24)	5,134	-	314,856	3
Inventories, net (Notes 2, 3 and 8)	1,029,434	9	738,036	8
Other current assets (Notes 2, 21 and 24)	47,056	-	53,157	1
Total current assets	4,851,975	45	4,997,170	52
LONG-TERM INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 10)	2,744,291	25	2,240,097	23
Other financial assets - noncurrent (Notes 2 and 14)	4,123	-	14,224	-
Financial assets carried at cost (Notes 2 and 9)	96,678	1	51,000	1
Total long-term investments	2,845,092	26	2,305,321	24
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 25)				
Cost				
Land	597,385	6	273,496	3
Land improvements	593	-	593	-
Buildings	1,049,583	10	1,044,873	11
Machinery and equipment	3,230,980	30	2,880,431	30
Transportation equipment	2,557	-	2,557	-
Office equipment	123,020	1	119,269	1
Land - revaluation increment	8,954	-	8,954	-
	5,013,072	47	4,330,173	45
Less: Accumulated depreciation	(2,492,654)	(23)	(2,240,116)	(23)
Construction in progress and prepayments for equipment	558,308	5	124,337	1
Total property, plant and equipment	3,078,726	29	2,214,394	23
OTHER ASSETS				
Assets leased to others (Notes 2 and 12)	7,745	-	8,105	-
Idle assets (Notes 2 and 12)	2,475	-	2,843	-
Refundable deposits	3,572	-	3,821	-
Deferred charges	17,803	-	10,414	1
Other assets (Notes 2 and 17)	10,494	-	7,947	-
Total other assets	42,089	-	33,130	1
TOTAL	$ 10,817,882	100	$ 9,550,015	100

	2011		2010	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 13)	$ 264,142	2	$ 345,077	4
Financial liabilities at fair value through profit or loss (Notes 2 and 5)	1,104	-	1,842	-
Notes payable (Note 24)	51,138	1	35,172	-
Accounts payable	748,603	7	630,979	6
Accounts payable - related parties (Note 24)	523,428	5	359,634	4
Income tax payable (Note 20)	64,729	1	69,598	1
Accrued expenses (Notes 3, 16 and 24)	474,079	4	322,750	3
Current portion of long-term loans (Note 15)	227,750	2	77,250	1
Other current liabilities	32,264	-	9,500	-
Total current liabilities	2,387,237	22	1,851,802	19
LONG-TERM LIABILITIES				
Bonds payable (Notes 2 and 14)	782,670	7	772,787	8
Long-term debt (Note 15)	715,375	7	623,125	7
Total long-term liabilities	1,498,045	14	1,395,912	15
RESERVES				
Reserve for land value increment tax (Notes 2 and 11)	3,512	-	3,512	-
OTHER LIABILITIES				
Guarantee deposits received	11,664	-	8,117	-
Deferred income tax liability (Notes 2 and 20)	7,507	-	32,709	-
Deferred credits - gain on inter-company transactions (Note 2)	-	-	57	-
Total other liabilities	19,171	-	40,883	-
Total liabilities	3,907,965	36	3,292,109	34
STOCKHOLDERS' EQUITY (Note 18)				
Capital stock				
Common stock	2,963,051	27	2,909,070	31
Capital surplus	1,355,601	13	1,284,515	14
Retained earnings				
Legal reserve	525,420	5	447,198	5
Unappropriated earnings	2,007,281	18	1,584,462	16
Total retained earnings	2,532,701	23	2,031,660	21
Other equity				
Cumulative translation adjustments (Note 2)	54,191	1	154,222	1
Unrealized gains on financial instruments (Note 2)	(1,069)	-	230	-
Unrealized revaluation increment (Notes 2 and 11)	5,442	-	5,442	-
Treasury stock (Notes 2 and 20)	-	-	(127,233)	(1)
Total other equity	58,564	1	32,661	-
Total stockholders' equity	6,909,917	64	6,257,906	66
TOTAL	$ 10,817,882	100	$ 9,550,015	100

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

TXC CORPORATION

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2011		2010	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 2)	$ 2,099,018	101	$ 1,769,239	100
LESS: SALES RETURNS	(4,280)	-	(1,595)	-
LESS: SALES ALLOWANCES	(12,952)	(1)	(6,797)	-
NET OPERATING REVENUE	2,081,786	100	1,760,847	100
OPERATING COSTS	(1,697,251)	(82)	(1,413,917)	(80)
GROSS PROFIT	384,535	18	346,930	20
UNREALIZED INTER-COMPANY GAIN	-	-	(57)	-
REALIZED INTER-COMPANY GAIN	-	-	263	-
REALIZED GROSS PROFIT	384,535	18	347,136	20
OPERATING EXPENSES				
Selling expense	(97,241)	(5)	(83,434)	(5)
General and administrative expense	(51,581)	(2)	(45,498)	(3)
Research and development expense	(82,172)	(4)	(71,677)	(4)
Total operating expenses	(230,994)	(11)	(200,609)	(12)
OPERATING INCOME	153,541	7	146,527	8
NONOPERATING INCOME AND GAINS				
Interest income	838	-	815	-
Investment income recognized under equity method	103,417	5	102,031	6
Exchange gains	7,191	-	39,172	2
Reversal of doubtful accounts	-	-	87	-
Miscellaneous income	1,637	-	6,190	-
Total nonoperating income and gains	113,083	5	148,295	8
NONOPERATING EXPENSES AND LOSSES				
Interest expense	(4,773)	-	(4,718)	-
Loss on disposal of property, plant and equipment	-	-	(178)	-
Exchange loss	(926)	-	(33,237)	(2)

(Continued)

TXC CORPORATION

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2011		2010	
	Amount	**%**	**Amount**	**%**
Valuation loss on financial liabilities	$ (4,992)	-	$ (3,202)	-
Miscellaneous expenses	(420)	-	(191)	-
Total nonoperating expenses and losses	(11,111)	-	(41,526)	(2)
INCOME BEFORE INCOME TAX	255,513	12	253,296	14
INCOME TAX EXPENSE (Notes 2 and 20)	(18,085)	(1)	(40,294)	(2)
NET INCOME	$ 237,428	11	$ 213,002	12

	2011		2010	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 22)				
Basic	$ 0.87	$ 0.81	$ 0.87	$ 0.73
Diluted	$ 0.83	$ 0.77	$ 0.83	$ 0.70

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

TXC CORPORATION

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 237,428	$ 213,002
Depreciation	136,753	148,890
Nonoperating loss - idle assets and lease assets	180	191
Amortization	3,895	6,878
Reversal of doubtful accounts	-	(87)
Discount on bonus payable	2,491	2,125
Provided for loss on inventories	10,492	1,249
Valuation loss on financial instruments	4,992	3,202
Investment income recognized under equity method	(103,417)	(102,031)
Loss on disposal of property, plant and equipment	-	178
Unrealized gross profit	-	57
Realized gross profit	-	(263)
Deferred income tax	9,495	29,876
Net changes in operating assets and liabilities		
Notes receivable	694	(1,039)
Accounts receivable	(234,183)	63,395
Inventories	(100,074)	(29,911)
Other receivable	98,219	(25,329)
Other current assets	(30,907)	(12,533)
Notes payable	(2,563)	(17,539)
Accounts payable	274,752	10,121
Income tax payable	8,590	10,094
Accrued expenses	(58,616)	11,266
Other current liabilities	19,364	(1,718)
Net cash provided by operating activities	277,585	310,074
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	58,168	1,621
Acquisition of available-for-sale financial assets	(9,000)	(720,000)
Acquisition of financial assets carried at cost	-	(48,000)
Acquisition of investments accounted for by equity method	(48,320)	-
Acquisition of property, plant and equipment	(247,560)	(133,606)
Proceeds of the disposal of property, plant and equipment	-	16,861
Decrease in refundable deposits	4	94
Increase in deferred charges	(7,290)	(9,563)
Net cash used in investing activities	(253,998)	(892,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(115,686)	(71,123)
Issuance of convertible bonds	-	795,000

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TXC CORPORATION

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011	2010
Repayment of long-term loans	$ (16,313)	$ (169,312)
Increase in guarantee deposits received	3,547	-
Proceeds from the exercise of employee stock options	91,033	93,933
Net cash (used in) provided by financing activities	(37,419)	648,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,832)	65,979
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,156,233	1,053,100
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,142,401	$ 1,119,079
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 5,385	$ 4,961

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

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 Crystal, 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 March 31, 2011 and 2010, the Corporation had 1,059 and 986 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

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, income tax, depreciation of property, plant and equipment, 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 flows, that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: 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 the 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.

As discussed in Note 3 to the financial statements, the Company early adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Company should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- The accounts receivable become overdue; or
- It becoming probable that the debtor will enter bankruptcy or financial re-organization.

Accounts receivable that are assessed not to be impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Company's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Inventories

Inventories consist of raw materials, supplies and spare parts, work-in-process, finished goods and merchandize and are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

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

Cash dividends are recognized 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 12 years; transportation equipment - 2 to 5 years; office equipment - 2 to 8 years; leased assets - 3 to 60 years.

Property, plant and equipment and leased assets 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 the intra-period and inter-period allocations methods to 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.

If the Company can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

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 three months ended March 31, 2010 have been reclassified to conform to the presentation of the financial statements as of and for the three months ended March 31, 2011.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Financial Instruments

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revisions includes (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. The adoption did not result in net income for the three months ended March 31, 2011.

Operating Segments

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - "Operating Segments." The requirements of the statement are based on the information about the components of the Company that management uses to make decisions about operating matters. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "Segment Reporting." For this accounting change, the Company restated the segment information as of and for the three months ended March 31, 2010 to conform to the disclosures as of and for the three months ended March 31, 2011.

4. CASH AND CASH EQUIVALENTS

	March 31	
	2011	2010
Cash on hand	$ 1,082	$ 1,161
Checking accounts and demand deposits	593,056	378,014
Time deposits	234,200	249,904
Cash equivalents		
Repurchase agreements collateralized by bonds	314,063	490,000
	$ 1,142,401	$ 1,119,079

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31 2011	March 31 2010
Financial liabilities at FVTPL		
Optoins	$ -	$ 1,286
Forward exchange contracts	$ 1,104	$ 556

The Corporation entered into derivative contracts during the three months ended March 31, 2011 and 2010 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 or cash flows.

Outstanding forward exchange contracts as of March 31, 2011 and 2010 were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2011			
Sell	USD/NTD	April 12, 2011 to June 28, 2011	USD58,000/NTD1,702,524
Sell	USD/JPY	May 6, 2011 to June 3, 2011	USD2,000/JPY165,038
Sell	NTD/JPY	April 6, 2011 to June 24, 2011	JPY1,050,000/NTD369,816
March 31, 2010			
Sell	USD/NTD	April 6, 2010 to June 24, 2010	USD45,500/NTD1,453,324
Sell	USD/JPY	April 14, 2010 to June 23, 2010	USD2,750/JPY252,342
Sell	NTD/JPY	April 23, 2010 to June 24, 2010	NTD261,309/JPY750,000
Sell USD/Buy NTD		April 13, 2010 to April 22, 2010	USD4,000/NTD127,710
Sell USD/Buy JPY		April 6, 2010 to June 16, 2010	USD1,250/JPY112,900

Net gain on financial instruments held for trading for the three months ended March 31, 2011 and 2010 were $20,802 thousand and $9,625 thousand.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31 2011	March 31 2010
Mutual funds	$ 58,093	$ 480,230
Government bond	-	240,000
Corporate bond	9,837	-
	$ 67,930	$ 720,230

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31 2011	March 31 2010
Notes receivable, third parties	$ 827	$ 3,328
Notes receivable, related parties	-	-
	827	3,328
Less: Allowance for doubtful accounts	(8)	(17)
	$ 819	$ 3,311
Accounts receivable, third parties	$ 2,562,102	$ 2,031,113
Accounts receivable, related parties	14,926	32,499
	2,577,028	2,063,612
Less: Allowance for doubtful accounts	(17,827)	(15,111)
	$ 2,559,201	$ 2,048,501

Movements of allowances for doubtful accounts were as follows:

	Three Months Ended March 31			
	2011		2010	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Balance, beginning of period	$ 8	$ 17,827	$ 10	$ 15,205
Add (deduct): Provision (reversal of provision) for doubtful accounts	-	-	7	(94)
Balance, end of period	$ 8	$ 17,827	$ 17	$ 15,111

8. INVENTORIES

	March 31 2011	March 31 2010
Raw materials	$ 171,739	$ 159,543
Supplies and spare parts	50,620	61,145
Work in-process	161,278	162,812
Finished goods	261,658	175,249
Merchandise	325,272	160,003
Goods in transit	58,867	19,284
	$ 1,029,434	$ 738,036

As of March 31, 2011 and 2010 the allowance for inventory devaluation was $34,741 thousand and $31,286 thousand, respectively.

The cost of inventories recognized as cost of goods sold during the three months ended March 31, 2011 and 2010 was $ 1,697,251 thousand and $1,413,917 thousand, respectively, which included $10,492 thousand and $1,249 thousand, respectively, due to inventory devaluation.

9. FINANCIAL ASSETS CARRIED AT COST

	March 31 2011	March 31 2010
Domestic unquoted common stocks	$ 50,200	$ 51,000
Overseas unquoted common stocks	46,478	-
	$ 96,678	$ 51,000

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

10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	March 31			
	2011		2010	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies				
Taiwan Crystal Technology International Ltd. (“TCTI”)	$ 2,674,879	100	$ 2,219,089	100
TXC Technology Inc.	11,020	100	11,179	100
TXC Japan Corporation	10,779	100	9,829	100
Taiwan Crystal Technology - HK	47,613	100	-	-
	$ 2,744,291		$ 2,240,097	

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

	Three Months Ended March 31 2011	Three Months Ended March 31 2010
TCTI	$ 102,656	$ 103,531
TXC Technology Inc.	759	(44)
TXC Japan Corporation	2	(1,456)
	$ 103,417	$ 102,031

The investment income (loss) for the three month ended March 31, 2011 and 2010 was based on the investees’ financial statements unreviewed by the auditors for the same period.

11. PROPERTY, PLANT AND EQUIPMENT

	Three Months Ended March 31, 2011			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Value
Land	$ 597,385	$ 8,954	$ -	$ 606,339
Land improvements	593	-	501	92
Buildings	1,049,583	-	305,630	743,953
Machinery and equipment	3,230,980	-	2,092,052	1,138,928
Transportation equipment	2,557	-	2,551	6
Office equipment	123,020	-	91,920	31,100
Prepayments for equipment	172,938	-	-	172,938
Construction in progress	385,370	-	-	385,370
	$ 5,562,426	$ 8,954	$ 2,492,654	$ 3,078,726

	Three Months Ended March 31, 2010			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Value
Land	$ 273,496	$ 8,954	$ -	$ 282,450
Land improvements	593	-	476	117
Buildings	1,044,873	-	243,171	801,702
Machinery and equipment	2,880,431	-	1,910,764	969,667
Transportation equipment	2,557	-	2,413	144
Office equipment	119,269	-	83,292	35,977
Prepayments for equipment	124,337	-	-	124,337
	$ 4,445,556	$ 8,954	$ 2,240,116	$ 2,214,394

See Note 25 for collaterals on loans.

No interest for the three months ended March 31, 2011 and 2010 was capitalized.

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

	March 31, 2011		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	11,445	(6,302)	5,143
	$ 14,047	$ (6,302)	$ 7,745

	March 31, 2010		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	11,445	(5,942)	5,503
	$ 14,047	$ (5,942)	$ 8,105

Future rental payments receivable were summarized as follows:

Period	Amount
2011	$ 390

As of March 31, 2011, the Corporation had received deposits of $270 thousand. The interest on these deposits of $1 thousand imputed at interest rates on time deposits was recognized as rental revenue, with a corresponding charge to interest expense for the three months ended March 31, 2011 and 2010.

Idle Assets

	March 31, 2011		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	5,096	(4,874)	222
Machinery and equipment	4,038	(4,038)	-
	$ 11,387	$ (8,912)	$ 2,475

	March 31, 2010		
	Book Value	Accumulated Impairment	Carrying Value
Land	$ 2,253	$ -	$ 2,253
Buildings	5,464	(4,874)	590
Machinery and equipment	6,203	(6,203)	-
	$ 13,920	$ (11,077)	$ 2,843

13. SHORT-TERM LOANS

	March 31	
	2011	2010
Usance letters of credit	$ 178,830	$ 345,077
Working capital loans	85,312	-
	$ 264,142	$ 345,077

Usance letters of credit amounted to JPY503,747 thousand as of March 31, 2011 and; JPY990,359 thousand and US$228 thousand as of March 31, 2010. Interest rates ranged from 0.72% to 0.95% and from 1.00% to 1.089% at March 31, 2011 and 2010, respectively.

Working capital loans amounted to US$2,900 thousand as of March 31, 2011. Interest rates is 0.82% at March 31, 2011.

14. BONDS PAYABLE

	March 31	
	2011	2010
Third unsecured domestic convertible bonds	$ 800,000	$ 800,000
Less: Discount on bonds payable	(17,330)	(27,213)
Less: Current portion	-	-
	$ 782,670	$ 772,787
Assets component of unsecured domestic corporate bonds	$ 4,123	$ 14,224

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 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 $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 March 31, 2010, he 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 March 31, 2011.

15. LONG-TERM DEBT

Nature of Loan	Repayment Period	March 31 2011	March 31 2010
Secured bank loans	Maturity on August 25, 2013, repayable in 20 quarterly installments from August 2008 and advanced redemption	$ -	$ 42,000
Secured bank loans	Maturity on July 24, 2013, repayable in 20 quarterly installments from July 2008	143,875	203,875
Secured bank loans	Maturity on July 24, 2013, repayable in 16 quarterly installments from April 2009	19,250	24,500
Unsecured bank loans	Repayable at maturity on June 12, 2011, advanced redemption	-	100,000
Unsecured bank loans	Repayable at maturity on June 1, 2011, advanced redemption	-	50,000
Unsecured bank loans	Repayable at maturity on September 16, 2011	100,000	100,000
Unsecured bank loans	Repayable at maturity on February 28, 2013	180,000	180,000
Unsecured bank loans	Maturity on October 28, 2015, repayable in 16 quarterly installments from October 2011	500,000	-
Less current portion		(227,750)	(77,250)
		$ 715,375	$ 623,125
Interest rate (%)		0.900-1.056	0.900-0.994

See Note 25 for collateral on long-term debt.

16. ACCRUED EXPENSES

	March 31 2011	March 31 2010
Payroll	$ 35,560	$ 31,389
Bonus	51,162	28,286
Bonus to employees, directors and supervisors	218,423	109,957
Commission	50,479	65,561
Others	118,455	87,557
	$ 474,079	$ 322,750

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 $5,994 thousand and $5,123 thousand for the three months ended March 31, 2011 and 2010, 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 $1,005 thousand and $1,006 thousand for the three months ended March 31, 2011 and 2010, respectively.

18. STOCKHOLDERS' EQUITY

Capital Stock

The Corporation's authorized capital is $4,000,000 thousand at March 31, 2011 and 2010 ($10.00 par value per share). As of March 31, 2011 and 2010, the Corporation's issued capital stock were $2,963,051 thousand and $2,909,070 thousand, respectively, divided into 296,305 thousand shares and 290,907 thousand shares, respectively, at $10.00 par value each.

Employee Stock Options

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

Information about employee stock option plans was as follows:

	Three Months Ended March 31			
	2011		2010	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Balance, beginning of period	4,954	$ 42.9	7,585	$ 45.4
Options granted	-	-	-	-
Options exercised	(2,122)	42.9	(2,069)	45.4
Options expired	(76)	-	-	
Balance, end of period	2,756	42.9	5,516	45.4
Options exercisable, end of period	924		1,724	

Information about outstanding options as of March 31, 2011 and 2010 was as follows:

March 31			
2011		2010	
Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
$42.9	1.70	$45.4	2.70

For the three months ended March 31, 2011, termination of employment resulted in forfeiture of stock options which were granted during the three months ended March 31, 2011 at 1%.

The pro forma information for the years ended March 31, 2011 and 2010 assuming employee stock options granted before January 1, 2008 were accounted for under SFAS No. 39 is as follows:

Pricing model:	Black-Scholes pricing model	
Assumption:	Risk-free interest rate	2.42%
	Expected life (years)	3.875 years
	Expected volatility	43.5%
	Divided yield	-

	Three Months Ended March 31	
	2011	2010
Net income (in thousands of NT$)	$ 237,428	$ 194,068
After income tax earnings per share (NT$)	$0.81	$0.68

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

	March 31	
	2011	2010
Arising from issuance of common shares	$ 328,935	$ 332,289
Arising from conversion of bonds	768,805	776,646
Arising from treasury stock transactions	-	4,360
Employee stock options	217,947	131,306
Conversion options	39,914	39,914
	$ 1,355,601	$ 1,284,515

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%

c. Stock bonuses to employees include subsidiary employees who meet certain criteria set by the board of stockholders.

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 three month ended March 31, 2011 and 2010, the bonus to employees was $32,053 thousand and $28,755 thousand, respectively, and the remuneration to directors and supervisors was $4,273 thousand and $3,834 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 15% and 2%, respectively, of net income (net of the bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

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

Legal reserve shall be appropriated until it has reached the Corporation's paid-in capital. It 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 pay in capital.

Except for non-ROC resident shareholders, all shareholders 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 Fiscal Year 2009	**For Fiscal Year 2008**	**For Fiscal Year 2009**	**For Fiscal Year 2008**
Legal reserve	$ 78,222	$ 95,182	$ -	$ -
Cash dividends	575,814	537,396	2.0	2.0
Stock dividends	57,581	134,349	0.2	0.5

The bonus to employees and the remuneration to directors and supervisors for 2009 and 2008 approved in the shareholders' 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 for 2008 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 shareholders' 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 shareholders' meetings	$ 71,168	$ 7,117	$ 121,398	$ 16,187
Amounts recognized in respective financial statements	70,335	7,033	122,755	16,368
	$ 833	$ 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 years ended December 31, 2010 and 2009, respectively.

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

Unrealized Gains on Financial Instruments

For the three months ended March 31, 2011 and 2010, movements of unrealized gain or loss on financial instruments were as follows:

	Available-for-sale Financial Assets	Total
Three months ended March 31, 2011		
Balance, beginning of period	$ (3,235)	$ (3,235)
Recognized in stockholders' equity	2,166	2,166
Transferred to profit or loss	-	-
Balance, ended of period	$ (1,069)	$ (1,069)

(Continued)

Three months ended March 31, 2010	Available-for-sale Financial Assets	Total
Balance, beginning of period	$ -	$ -
Recognized in stockholders' equity	230	230
Transferred to profit or loss	-	-
Balance, ended of period	$ 230	$ 230

(Concluded)

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
Three months ended March 31, 2011				
For transfer to employees	3,000	-	3,000	-
Three months ended March 31, 2010				
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:

	Three Months Ended March 31	
	2011	2010
Income tax expense at statutory rate	$ 43,437	$ 50,659
Tax effect on adjusting items:		
Permanent differences	661	272
Temporary differences	(20,723)	(20,830)
Tax-exempt income for five years	(8,433)	(9,913)
	14,942	20,188
Investment tax credits used	(6,352)	(10,094)
Current income tax expense	8,590	10,094
Deferred tax expenses (benefits)		
Temporary differences	3,142	20,829
Investment tax credits	6,353	9,049
Adjustments for prior years' tax	-	322
	$ 18,085	$ 40,294

For the years ended December 31, 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%, effective January 1, 2010.

Deferred income tax assets (liabilities) were as follows:

	March 31	
	2011	**2010**
Current		
Deferred income tax assets		
Unrealized allowance for loss on inventories	$ 5,906	$ 6,257
Unrealized exchange losses	2,072	4,086
Unrealized gain on transactions with investees	-	2,134
Unrealized valuation loss on financial instruments	187	369
Others	-	2,317
	8,165	15,163
Less: Valuation allowance	-	-
	8,165	15,163
Deferred income tax liabilities		
Unrealized exchange gains	(1,794)	(4,121)
	$ 6,371	$ 11,042
Deferred income tax assets		
Investment tax credits	$ 110,532	$ 131,389
Accrued pension cost	225	265
Impairment loss	4,140	2,784
Others	2,032	-
	116,929	134,438
Less: Valuation allowance	-	-
	116,929	134,438
Deferred income tax liabilities		
Investment income recognized on equity-method investments	(124,436)	(167,147)
	$ (7,507)	$ (32,709)

As of March 31, 2011, 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	$ 11,592	2014
	Research and development expenditures	129,945	98,072	2014
	Personnel training expenditures	868	868	2014
		$ 189,324	$ 110,532	

As of March 31, 2011, profits attributable to the following expansion and construction projects were exempted from income tax for five-year.

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

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:

	March 31	
	2011	2010
Balance of ICA	$ 48,831	$ 32,890

	2010 (Estimate)	2009 (Actual)
The creditable ratio for distribution	5.68%	7.39%

	March 31	
	2011	2010
Unappropriated earnings generated before January 1, 1998	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	2,007,281	1,584,462
	$ 2,007,281	$ 1,584,462

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

21. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

Function / Expense Item	Three Months Ended March 31					
	2011			2010		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Personnel						
Salary	$ 115,729	$ 92,331	$ 208,060	$ 96,030	$ 71,868	$ 167,898
Pension	4,176	2,988	7,164	3,769	2,492	6,261
Insurance	7,896	4,367	12,263	6,375	3,409	9,784
Others	-	-	-	-	-	-
Depreciation	113,934	22,819	136,753	119,078	29,812	148,890
Amortization	-	3,895	3,895	134	6,744	6,878

22. EARNINGS PER SHARE (EPS)

	Three Months Ended March 31			
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic earnings per share (dollars)				
From continuing operations	$ 0.87	$ 0.81	$ 0.87	$ 0.73
Net income	$ 0.87	$ 0.81	$ 0.87	$ 0.73
Diluted earnings per share (dollars)				
From continuing operations	$ 0.83	$ 0.77	$ 0.83	$ 0.70
Net income	$ 0.83	$ 0.77	$ 0.83	$ 0.70

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

	Three Months Ended March 31, 2011				
	Amounts (Numerator)			EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (In Thousands)	Before Income Tax	After Income Tax
Net income	$ 255,513	$ 237,428			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 255,513	$ 237,428	294,183	$ 0.87	$ 0.81
Effect of dilutive potential common stock					
Employees stock option	-	-	1,093		
Convertible bonds	2,491	2,067	14,706		
Bonus to employees	-	-	587		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 258,004	$ 239,495	310,569	$ 0.83	$ 0.77

	Three Months Ended March 31, 2010				
	Amounts (Numerator)			EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (In Thousands)	Before Income Tax	After Income Tax
Net income	$ 253,296	$ 213,002			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 253,296	$ 213,002	291,431	$ 0.87	$ 0.73
Effect of dilutive potential common stock					
Employee stock option	-	-	1,102		
Convertible bonds	2,125	1,700	14,000		
Bonus to employees	-	-	516		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 255,421	$ 214,702	307,049	$ 0.83	$ 0.70

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 at 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 stock dividends and employee stock bonuses distributed out of earnings for the three months ended March 31, 2010 and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the three months ended March 31, 2010 to decrease from NT$0.75 to NT$0.73 and from NT$0.71 to NT$0.70, respectively.

23. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	March 31			
	2011		2010	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
<u>Financial assets</u>				
Available-for-sale financial assets, current	$ 67,930	$ 67,930	$ 720,230	$ 720,230
Other financial assets - noncurrent	4,123	4,123	14,224	14,224
Financial assets carried at cost	96,678	-	51,000	-
<u>Financial liabilities</u>				
Financial liabilities at FVTPL, current	1,104	1,104	1,842	1,842
Bonds payable (including current portion)	782,670	782,670	772,787	772,787
Long-term debt (including current portion)	943,125	943,125	700,375	700,375

Methods and assumptions used to estimate the fair values of financial instruments were as follows:

a. The above financial instruments do not include cash and cash equivalents, notes and accounts receivable, payable 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, available-for-sale and derivatives are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

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

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

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

	Quoted Market Price		Valuation Techniques Incorporating Estimates and Assumptions	
	March 31		March 31	
	2011	2010	2011	2010
Assets				
Available-for-sale financial assets, current	$ 67,930	$ 720,230	$ -	$ -
Other financial assets - noncurrent	-	-	4,123	14,224
Liabilities				
Financial liabilities at fair value through profit or loss, current	-	-	1,104	1,842
Bonds payable (including current portion)	-	-	782,670	772,787
Long-term debt (including current portion)	-	-	943,125	700,375

Valuation gains and losses arising from changes in fair value of financial instruments determined using valuation techniques were $4,992 thousand and $3,202 thousand for the three months ended March 31, 2011 and 2010, respectively.

Information about financial risks is as follows:

a. Market risk: The Corporation's market risk refers to the uncertainties due to exchange rate fluctuations. Gains or losses on forward exchange contracts are likely to offset the gains or losses on foreign-currency assets or liabilities. 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 to 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 $12,072 thousand a year.

24. RELATED-PARTY TRANSACTIONS

Related parties and their relationships 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
TXC (Ningbo) Corporation (NGB)	Subsidiary's equity-method sub-investee
Growing Profits Trading Ltd.	Subsidiary's equity-method sub-investee
TXC (H.K.) 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:

Purchases

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
NGB	$ 589,055	40	$ 410,696	36
TXC Japan Corporation	1,687	-	4,798	-
Tai-Shing	2	-	3	-
	$ 590,744	40	$ 415,497	36

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

Sales

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
Tai-Shing	$ 5,956	-	$ 5,659	-
TXC Technology Inc.	111	-	369	-
NGB	11,800	1	20,540	1
TXC Japan Corporation	2,967	-	1,516	-
TXC HK	120	-	1,266	-
	$ 20,954	1	$ 29,350	1

Consulting Fee

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
TXC Japan Corporation	$ 12,161	53	$ 11,761	64
TXC Technology Inc.	10,735	47	6,705	36
	$ 22,896	100	$ 18,466	100

Other Expenses

	Three Months Ended March 31			
	2011		2010	
	Amount	% to Total	Amount	% to Total
Tai-Shing	$ -	-	$ 228	-
TXC Japan Corporation	59	-	9	-
NGB	104	-	-	-
	$ 163	-	$ 237	-

In the three month ended March 31, 2011, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, 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

		March 31			
		2011		2010	
Item	Related Party	Amount	% to Total	Amount	% to Total
Accounts receivable	Tai-Shing	$ 6,359	-	$ 6,190	-
	TXC Technology Inc.	13	-	86	-
	TXC Japan Corporation	356	-	1,462	-
	NGB	7,867	-	23,381	1
	TXC HK	331	-	1,380	-
		14,926	-	32,499	1
	Allowance for doubtful accounts	(73)	-	-	-
		$ 14,853	-	$ 32,499	1
Other current assets	TXC Technology Inc.	$ 1,509	-	$ 1,598	1
Notes payable	Tai-Shing	$ 64	-	$ 783	-
Accounts payable	TXC Japan Corporation	$ -	-	$ 4,647	1
	Tai-Shing	1	-	772	-
	NGB	523,427	41	354,215	39
		$ 523,428	41	$ 359,634	40
Accrued expenses	TXC Japan Corporation	$ -	-	$ 9	-
	Tai-Shing	66	-	151	-
		$ 66	-	$ 160	-
Other current liability	TXC Technology Inc.	$ 11	-	$ -	-
	NGB	8,661	27	-	-
		$ 8,672	27	$ -	-

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

Property transactions

In the three months ended March 31, 2010, the Corporation purchased the computer from Tai-Shing was about $3,000 thousand.

In the three months ended March 31, 2010, the Corporation sold its equipment to NGB it machinery, with a net book value of $15,914 thousand, for $15,914 thousand.

In the three months ended March 31, 2010, the Corporation purchased the computer from Tai-Shing was about $1,393 thousand.

25. MORTGAGED OR PLEDGED ASSETS

As of March 31, 2011 and 2010, the following assets had been pledged at their book values to secure short-term loans and long-term loans:

	2011	2010
Property, plant and equipment		
Land	$ 258,076	$ 258,076
Buildings, net	741,211	799,065
	$ 999,287	$ 1,057,141

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Corporation's commitments and contingencies as of March 31, 2011, which were not shown in the financial statements, were as follows:

Unused letters of credit amounted to approximately JPY1,495,785 thousand, US$1,719 thousand and EUR198 thousand.

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

As of March 31, 2011, the Corporation's commitments was as follow:

Commitment	Total Dollars Amount of Contract	Dollars Paid	Dollars Unpaid
Construction of plant	$ 256,697	$ 187,705	$ 68,992
Mechanical and electrical engineering	$ 235,701	$ 190,723	$ 44,978

27. SUBSEQUENT EVENTS

None.

28. OPERATING SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or service delivered or provided. The Corporation's reportable segment under SFAS No. 41 are therefore as follows:

Crystal and New energy

The Corporation's operating segments information was as follows:

	Segment Revenue		Segment Income	
	2011	**2010**	**2011**	**2010**
Crystal	$ 2,081,786	$ 1,760,847	$ 153,541	$ 146,527
New energy	-	-	-	-
	$ 2,081,786	$ 1,760,847	153,541	146,527
Investment income recognized under equity method			103,417	102,031
Interest income			838	815
Loss on disposal of property, plant and equipment			-	(178)
Exchange gain			6,265	5,935
Valuation loss on financial liabilities			(4,992)	(3,202)
Other nonoperating income and gains (expenses and losses)			1,217	6,086
Interest expense			(4,773)	(4,718)
Income before tax			$ 255,513	$ 253,296

Segment revenue is from extra customers, and there is no inter-segment sales for the three months ended March 31, 2011 and 2010.

There was no material inconsistency between the accounting policies of operating segment and the accounting policies describe in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' compensation, investment income or loss recognized under the equity method, gain or loss on disposal of investments accounted for by the equity method, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on sale of investments, exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

	2011	**2010**
Segment assets		
Crystal	$ 6,462,001	$ 5,319,098
New energy	206,178	-
Unamortized assets	4,149,703	4,230,917
	$ 10,817,882	$ 9,550,015

29. OTHER

Information of significant impact for foreign financial asset and debit:

	March 31					
	2011			2010		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 95,645	29.418	$ 2,813,683	$ 70,180	31.819	$ 2,233,050
JPY	316,865	0.355	112,487	943,998	0.3411	321,998
Investment accounted for by entity method						
USD	93,877	29.418	2,761,672	70,426	31.819	2,240,879
JPY	30,360	0.355	10,779	28,815	0.3411	9,829
Financial liabilities						
Monetary items						
USD	32,789	29.418	964,604	22,428	31.819	713,633
JPY	1,623,121	0.355	576,208	695,884	0.3411	439,494

30. 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: None.

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

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 2 (attached).

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached).

i. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 4 (attached).

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

k. Investment in Mainland China: Table 6 (attached).

TABLE 1

TXC CORPORATION

MARKETABLE SECURITIES HELD
MARCH 31, 2011
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2011				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Bond							
	SDTI Corporate Bond III	None	Available-for-sale financial assets	90	$ 9,837	-	$ 9,837	
	Mutual funds							
	Shin Kong Cross Strait Selective Fund	None	Available-for-sale financial assets	2,691	$ 29,704	-	$ 29,704	
	Shin Kong China Growth Fund	None	〃	2,177	28,389	-	28,389	
					$ 58,093			
	Stock							
	TCTI	Subsidiary	Investment accounted for by the equity method	40,835	$ 2,674,879	100	None	
	TXC Technology Inc.	Subsidiary	〃	300	11,020	100	None	
	TXC Japan Corporation	Subsidiary	〃	2	10,779	100	None	
	Taiwan Cystal Technology - HK	Subsidiary	〃	US$ 1,600	47,613	100	None	
					$ 2,744,291			
	Marson Technology Co., Ltd.	None	Financial assets carried at cost - noncurrent	414	$ 3,000	5	None	
	Win Win Precision Technology Co., Ltd.	None	〃	1,040	47,200	3	None	
	Dongguan Failong Dong Bong Electric Co.	None	〃	RMB 10,096	46,478	8	None	
					$ 96,678			
TCTI	Stock							
	GPT	Subsidiary	Investment accounted for by the equity method	50	$ 76,604 US$ 2,604	100	None	
	TXC (Ningbo) Corporation	Subsidiary	〃	1,429,385 US$ 43,835	2,626,174 US$ 89,271	100	None	
NGB	TXC (HK) Limited	Subsidiary	〃	HK$ 200	12,239 RMB 2,728	100	None	
	TSE Technology Co.	Subsidiary	〃	RMB 6,828	35,765 RMB 7,971	23	None	
	TXC (Chongqing) Corporation	None	〃	RMB 7,000	31,408 RMB 7,000	40	None	
	Chongqing Co., Ltd.	None	Financial assets carried at cost - noncurrent	RMB 66,000	35,895 RMB 8,000	12	None	
Taiwan Cystal Technology - HK	TXC (Chongqing) Corporation	None	Investment accounted for by the equity method	US$ 1,600	47,613 RMB 1,619	60	None	

TXC CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars or 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	$ 589,055	40	Note	Divisions of the Group strategy, its trading price to cost-adjust according to the agreed terms.	-	$ (523,427)	(41)	

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

TXC CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2011
(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 Year	Allowance for Bad Debts
					Amounts	Action Taken		
NGB	TXC Corporation	Ultimate parent	$ 523,427	4.02	$ -	-	$ -	$ -

TXC CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2011
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2011			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				March 31, 2011	March 31, 2010	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	TCTI	WESTERN SAMOA	Investment holding	$ 1,332,635 US$ 40,835	$ 1,322,635 US$ 40,835	40,835	100	$ 2,674,879	$ 108,064	$ 102,656	Difference from upstream transactions $5,408 thousand
	TXC Technology Inc.	USA	Marketing activities	9,879 US$ 300	9,879 US$ 300	300	100	11,020	759	759	
	TXC Japan Corporation	Japan	Marketing activities	6,172 JPY 21,000	6,172 JPY 21,000	2	100	10,779	2	2	
	Taiwan Cystal Technology - HK	Hong Kong	Investment	48,320 US$ 1,600	- -	1,600	100	47,613	-	-	
TCTI	GPT	BVI	National trading	1,691 US$ 50	1,691 US$ 50	50	100	76,604 US$ 2,096	14,881 US$ 508	14,881 US$ 508	
	NGB	Ningbo	Manufacture and sales of electronics products	1,429,385 US$ 43,835	1,429,385 US$ 43,835	US$ 43,835	100	2,626,174 US$ 89,271	93,201 US$ 3,180	93,201 US$ 3,180	
NGB	TXC (HK) Limited	Hong Kong	National trading	846 HK$ 200	846 HK$ 200	HK$ 200	100	12,239 RMB 2,728	566 RMB 127	566 RMB 127	
	TSE Technology (Ningbo) Co., Ltd.	Ningbo	Manufacture and sales of electronics products	31,972 RMB 6,828	31,972 RMB 6,828	RMB 6,828	23	35,765 RMB 7,971	7,993 RMB 1,796	1,836 RMB 412	
	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of electronics products	30,780 RMB 7,000	- -	RMB 7,000	40	31,408 RMB 7,000	-	-	
Taiwan Cystal Technology - HK	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of electronics products	48,320 US$ 1,600	- -	US$ 1,600	60	47,613 US$ 1,619	-	-	

TABLE 5

TXC CORPORATION

DERIVATIVE TRANSACTIONS OF INVESTEES OVER WHICH THE CORPORATION HAS A CONTROLLING INTEREST
MARCH 31, 2011
(In Thousands of New Taiwan Dollars or U.S. Dollars)

NGB entered into derivative transactions during the three months ended March 31, 2011 to manage exposures related to foreign exchange rate fluctuations

Outstanding forward contracts as of March 31, 2011:

	Currency	Maturity	Contract Amount (In Thousands)
March 31, 2011			
Sell	USD/RMB	April 1, 2011 to August 29, 2011	USD18,500/RMB121,142
Sell	USD/JPY	April 28, 2011 to May 27, 2011	USD243/JPY20,000

TXC CORPORATION

INFORMATION OF INVESTMENT IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2011
(In Thousands of New Taiwan Dollars or US 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 March 31, 2011 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2011 (US$ in Thousand)	Percentage of Ownership	Investment Income (Loss) Recognized	Carrying Amount as of March 31, 2011	Accumulated Inward Remittance of Earnings as of March 31, 2011
					Outflow	Inflow					
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,429,385 (US$ 43,855)	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,369,804 (US$ 42,000)	$ -	$ -	$ 1,369,804 (US$ 42,000)	100	$ 93,201 (US$ 3,180) (Note 1)	$ 2,626,174 (US$ 89,271)	$ 256,146 (US$ 7,897)
Dongguan Failong Dong Bond Electronic Co.	Manufacturing and sale 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 Mainland China	-	-	-	-	23	1,836 (RMB 412) (Note 1)	35,765 (RMB 7,971)	-
TXC (Chongqing) Corporation	Manufacturing and sales of electronic devices and hardware components	RMB 17,611	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	-	48,320 (US$ 1,600)	-	48,320 (US$ 1,600)	100	-	-	-
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	RMB 66,000	Other investment of the Corporation Mainland China	-	-	-	-	12	-	-	-

Note 1: Other.

Accumulated Investment in Mainland China as of March 31, 2011 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$ 1,416,282 US$ 45,480	$ 1,561,131 US$ 53,480	$ - (Note 2)

Note 2: The investment in Mainland China has no maximum limitation since TXC Corporation had acquire the approval by the Industrial Development Bureau of the Company's establishment of operating head quarters 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	$ 589,055	Divisions of the Group strategy its trading price to cost	Similar with third parties	Divisions of the Group strategy its trading price to cost	$ (523,427)	41	$ (28,160)
		Sale	11,800	Divisions of the Group strategy its trading price to cost	Similar with third parties	Divisions of the Group strategy its trading price to cost	7,867	-	-

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)