TXC Corporation and Subsidiaries

Consolidated Financial Statements for the
Six Months Ended June 30, 2011 and 2010 and
Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
TXC Corporation

We have reviewed the accompanying consolidated balance sheets of TXC Corporation and subsidiaries (collectively, the Corporation) as of June 30, 2011 and 2010, and the related consolidated statements of income, changes in Shareholders' equity, and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report based on reviews.

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

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

August 18, 2011

Notice to Readers

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

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

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
JUNE 30, 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)	$ 1,774,548	15	$ 1,730,641	16
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	16,459	-	741	-
Available-for-sale financial assets - current (Notes 2 and 6)	145,070	1	760,554	7
Notes receivable, net (Notes 2 and 7)	17,158	-	2,201	-
Accounts receivable, net (Notes 2, 7 and 24)	2,922,865	25	2,694,910	24
Inventories, net (Notes 2 and 8)	1,190,600	10	1,012,237	9
Other current assets (Notes 2, 20 and 24)	149,063	1	258,663	2
Total current assets	6,215,763	52	6,459,947	58
INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 10)	38,041	-	-	-
Other financial assets - noncurrent (Notes 2 and 15)	2,881	-	8,912	-
Financial assets carried at cost (Notes 2 and 9)	194,678	2	97,478	1
Total investments	235,600	2	106,390	1
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 25)				
Cost				
Land	598,145	5	273,496	2
Land improvements	593	-	593	-
Buildings	1,897,617	16	1,507,504	14
Machinery and equipment	5,705,626	48	5,257,114	47
Transportation equipment	15,486	-	14,162	-
Office equipment	213,809	2	203,087	2
Land - revaluation increment	8,954	-	8,954	-
	8,440,230	71	7,264,910	65
Less accumulated depreciation	(3,514,189)	(30)	(3,158,878)	(28)
Construction in progress and prepayments for equipment	382,512	3	248,307	2
Total property, plant and equipment	5,308,553	44	4,354,339	39
INTANGIBLE ASSETS				
Land rights (Note 25)	15,135	-	16,565	-
Other intangible asset	1,359	-	1,616	-
Total intangible assets	16,494	-	18,181	-
OTHER ASSETS				
Assets leased to others (Notes 2, 12 and 25)	104,402	1	116,579	1
Idle assets (Notes 2 and 12)	6,608	-	2,844	-
Refundable deposits	3,478	-	6,143	-
Deferred charges	46,720	1	38,571	1
Deferred income tax assets (Notes 2 and 20)	-	-	7,409	-
Other assets	10,495	-	7,947	-
Total other assets	171,703	2	179,493	2
TOTAL	$ 11,948,113	100	$ 11,118,350	100

	2011		2010	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 13)	$ 621,840	5	$ 532,570	5
Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	727	-	4,708	-
Notes payable (Note 24)	82,404	1	45,586	-
Accounts payable (Note 24)	1,362,806	11	1,514,408	14
Accrued expenses (Notes 14 and 24)	613,117	5	517,637	5
Dividend payable (Note 18)	740,763	6	575,814	5
Current portion of long-term loans (Notes 16 and 25)	180,601	2	353,196	3
Other current liabilities	135,509	1	173,925	2
Total current liabilities	3,737,767	31	3,717,844	34
LONG-TERM LIABILITIES				
Bonds payable (Notes 2 and 15)	784,572	7	775,225	7
Long-term loans (Notes 16 and 25)	991,028	8	553,812	5
Total long-term liabilities	1,775,600	15	1,329,037	12
RESERVES				
Reserve for land value increment tax (Notes 2 and 11)	3,512	-	3,512	-
OTHER LIABILITIES				
Guarantee deposits received	11,822	-	8,117	-
Deferred income tax liabilities (Notes 2 and 20)	29,474	1	-	-
Total other liabilities	41,296	1	8,117	-
Total liabilities	5,558,175	47	5,058,510	46
SHAREHOLDERS' EQUITY (Note 18)				
Capital stock				
Common stock	2,963,051	25	2,909,070	26
Advance receipts for common stock	110	-	-	-
Stock dividend to be distributed	59,261	-	57,581	1
Total capital stock	3,022,422	25	2,966,651	27
Capital surplus	1,356,078	11	1,284,515	11
Retained earnings				
Legal reserve	644,438	6	525,420	4
Unappropriated earnings	1,336,024	11	1,203,822	11
Total retained earnings	1,980,462	17	1,729,242	15
Cumulative translation adjustments (Note 2)	30,464	-	200,669	2
Unrealized gains on financial instruments (Note 2)	(4,930)	-	554	-
Treasury stock (Notes 2 and 19)	-	-	(127,233)	(1)
Unrealized revaluation increment (Note 11)	5,442	-	5,442	-
Total shareholders' equity	6,389,938	53	6,059,840	54
TOTAL	$ 11,948,113	100	$ 11,118,350	100

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

(With Deloitte & Touche review report dated August 18, 2011)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2011		2010	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE	$ 4,828,822	101	$ 4,469,859	100
LESS: SALES RETURNS	(8,385)	-	(5,575)	-
LESS: SALES ALLOWANCES	(23,164)	(1)	(13,419)	-
NET OPERATING REVENUE	4,797,273	100	4,450,865	100
OPERATING COST	(3,612,551)	(75)	(3,290,048)	(74)
GROSS PROFIT	1,184,722	25	1,160,817	26
OPERATING EXPENSES				
Selling expenses	(231,983)	(5)	(221,439)	(5)
General and administration expenses	(157,213)	(3)	(142,927)	(3)
Research and development expenses	(223,504)	(5)	(191,262)	(4)
Total operating expenses	(612,700)	(13)	(555,628)	(12)
OPERATING INCOME	572,022	12	605,189	14
NONOPERATING INCOME AND GAINS				
Interest income	3,160	-	2,874	-
Investment income recognized under equity method	4,392	-	-	-
Gain on disposal of property, plant and equipment	2,642	-	4	-
Gain on sale of investments	519	-	33	-
Exchange gains	94,882	2	127,541	3
Reversal of impairment loss	-	-	4,519	-
Valuation gain on financial assets	11,459	-	729	-
Miscellaneous income	27,325	1	20,064	-
Total nonoperating income and gains	144,379	3	155,764	3
NONOPERATING EXPENSES AND LOSSES				
Interest expense	(12,916)	(1)	(12,901)	(1)
Loss on disposal of property, plant and equipment	(5,439)	-	(6,356)	-
Exchange losses	(93,226)	(2)	(116,877)	(3)
Impairment loss	(2,778)	-	(4,644)	-
Valuation loss on financial assets	-	-	(6,672)	-
Valuation loss on financial liabilities	(5,853)	-	(4,708)	-
Miscellaneous expenses	(5,897)	-	(4,202)	-
Total nonoperating expenses and losses	(126,109)	(3)	(156,360)	(4)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2011		2010	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 590,292	12	$ 604,593	13
INCOME TAX EXPENSE (Notes 2 and 20)	(105,079)	(2)	(60,614)	(1)
NET INCOME	$ 485,213	10	$ 543,979	12

	2011		2010	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
CONSOLIDATED EARNINGS PER SHARE				
Basic (Note 22)	$ 1.83	$ 1.61	$ 1.88	$ 1.82
Diluted (Note 22)	$ 1.75	$ 1.54	$ 1.80	$ 1.74

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

(With Deloitte & Touche review report dated August 18, 2011) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Capital Stock				Retained Earnings		Other Equity				
	Common Stock	Advance Receipts for Common Stock	Stock Dividends to Be Distributed	Capital Surplus	Legal Reserve	Unappropriated Earnings	Unrealized Revaluation Increment	Unrealized Gain on Financial Instruments	Cumulative Translation Adjustments	Treasury Stock	Total
BALANCE, JANUARY 1, 2011	$ 2,971,831	$ -	$ -	$ 1,302,853	$ 525,420	$ 1,850,021	$ 5,442	$ (3,235)	$ 3,716	$ (127,233)	$ 6,528,815
Appropriation of 2010 earnings											
Legal reserve	-	-	-	-	119,018	(119,018)	-	-	-	-	-
Stock dividends	-	-	59,261	-	-	(59,261)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(740,763)	-	-	-	-	(740,763)
Bonus to employees	-	-	-	-	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2011	-	-	-	-	-	485,213	-	-	-	-	485,213
Change in unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	(1,695)	-	-	(1,695)
Change in translation adjustments	-	-	-	-	-	-	-	-	26,748	-	26,748
Retirement of treasury stock	(30,000)	-	-	(17,065)	-	(80,168)	-	-	-	127,233	-
Exercise of employee stock options	21,220	-	-	69,814	-	-	-	-	-	-	91,034
Conversion of convertible bonds	-	110	-	476	-	-	-	-	-	-	586
BALANCE, JUNE 30, 2011	$ 2,963,051	$ 110	$ 59,261	$ 1,356,078	$ 644,438	$ 1,336,024	$ 5,442	$ (4,930)	$ 30,464	$ -	$ 6,389,938
BALANCE, JANUARY 1, 2010	$ 2,873,409	$ 13,863	$ -	$ 1,168,416	$ 447,198	$ 1,371,460	$ 5,442	$ -	$ 168,373	$ (127,233)	$ 5,920,928
Appropriation of 2009 earnings											
Legal reserve	-	-	-	-	78,222	(78,222)	-	-	-	-	-
Stock dividends	-	-	57,581	-	-	(57,581)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(575,814)	-	-	-	-	(575,814)
Exercise of employee stock options	20,690	-	-	73,243	-	-	-	-	-	-	93,933
Conversion of convertible bonds	14,971	(13,863)	-	2,943	-	-	-	-	-	-	4,051
Equity component of convertible bonds	-	-	-	39,913	-	-	-	-	-	-	39,913
Net income for the six months ended June 30, 2010	-	-	-	-	-	543,979	-	-	-	-	543,979
Change in unrealized gains on available-for-sale financial assets	-	-	-	-	-	-	-	554	-	-	554
Change in translation adjustments	-	-	-	-	-	-	-	-	32,296	-	32,296
BALANCE, JUNE 30, 2010	$ 2,909,070	$ -	$ 57,581	$ 1,284,515	$ 525,420	$ 1,203,822	$ 5,442	$ 554	$ 200,669	$ (127,233)	$ 6,059,840

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

(With Deloitte & Touche review report dated August 18, 2011)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 485,213	$ 543,979
Depreciation	429,338	409,283
Nonoperating loss - idle assets and lease assets	2,628	2,855
Amortization	13,461	9,231
provision for (reversal of) doubtful accounts	2	2,337
Provision for loss on inventories	18,068	8,581
Loss on physical inventories	57	511
Gain on sale of investments	(519)	(33)
Investment income recognized under equity method	(4,392)	-
Loss on disposal of property, plant and equipment	2,797	6,352
Valuation (gain) loss on financial instruments, net	(5,606)	10,651
Impairment loss	2,778	125
Discount on bonds payable	4,982	4,563
Deferred income tax	30,167	(8,665)
Net changes in operating assets and liabilities		
Notes receivable	(11,471)	77
Accounts receivable	(140,875)	(231,326)
Inventories	(81,093)	(184,817)
Other current assets	(11,107)	(28,298)
Notes payable	28,703	(7,125)
Accounts payable	106,292	303,295
Accrued expenses	(24,624)	125,546
Other current liabilities	4,180	75,210
Net cash provided by operating activities	848,979	1,042,332
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	(10,500)	-
Proceeds from disposal of financial instruments at fair value through profit or loss	66,138	839
Acquisition of available-for-sale financial assets	(90,000)	(960,000)
Proceeds from disposal of available-for-sale financial assets	-	200,033
Acquisition of financial assets carried at cost	(98,000)	(94,478)
Acquisition of property, plant and equipment	(675,776)	(657,907)
Proceeds from disposal of property, plant and equipment	14,219	19,071
Increase in intangible assets	-	(933)
Decrease (increase) in refundable deposits paid	1,509	(853)
Increase in deferred charges	(21,689)	(20,735)
Net cash used in investing activities	(814,099)	(1,514,963)

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TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	$ 183,752	$ (48,584)
Issuance of convertible bonds	-	795,000
Repayment of long-term loans	(57,261)	(210,912)
Increase (decrease) in guarantee deposits received	3,106	(501)
Proceeds from exercise of employee stock options	91,034	93,933
Net cash provided by financing activities	220,631	628,936
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	474	7,728
NET INCREASE IN CASH AND CASH EQUIVALENTS	255,985	164,033
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,518,563	1,566,608
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,774,548	$ 1,730,641
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 13,160	$ 13,672
Income tax paid	$ 91,082	$ 100,149

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

(With Deloitte & Touche review report dated August 18, 2011) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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

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

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

As of June 30, 2011 and 2010, TXC and its consolidated subsidiaries had 2,369 and 2,431 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the ROC.

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:

			Percentage of Ownership at June 30	
Investor	**Investee**	**Business Nature**	**2011**	**2010**
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%
	Taiwan Crystal Technology International (HK) Limited (TCTI-HK)	Investment holding	100%	-
TCTI	Growing Profits Trading Ltd. (GPT)	International trading	100%	100%
	TXC (NGB) Corporation (NGB)	Manufacture and sales of electronic products	100%	100%

(Continued)

Investor	Investee	Business Nature	Percentage of Ownership at June 30 2011	2010
NGB	TXC (HK) Limited	International trading	100%	100%
	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	40%	-
	Chongqing All Sun Company Limited (Chongqing All sun)	Marketing activities	100%	-
TCTI-HK	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	60%	-

(Concluded)

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.

g. Taiwan Crystal Technology International (HK) Limited was incorporated on July 16, 2010 in Hong Kong Special Administrative Region, China.

h. TXC (Chongqing) Corporation was incorporated October 11, 2010 in Chongqing, China.

i. Chongqing All Sun Corporation was incorporated February 10, 2011 in Chongqing, China.

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

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.

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, plant and equipment, income tax, pension cost, bonuses to employees, directors and supervisors, 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 differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

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, that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

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

Available-for-sale Financial Assets

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

The recognition, derecognition and the fair value bases of available-for-sale financial assets are 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 asset values.

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. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Impairment of Accounts Receivable

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

As discussed in Note 3 to the financial statements, on January 1, 2011, the Company 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;
- Accounts receivable becoming 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.

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.

Inventories

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

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 - 4 to 51 years; machinery and equipment - 4 to 10 years; transportation equipment - 3 to 6 years; office equipment - 3 to 9 years; Assets leased to others - 3 to 61 years.

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

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

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.

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.

Income Tax

The Corporation applies the intra-period and inter-period allocation method 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 Corporation 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.

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

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

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.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity.

Revenue Recognition

Revenue from sales of goods is recognized when the Company 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 are realizable. The Company 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 Company 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.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the six months ended June 30, 2009 have been reclassified to conform to the presentation of the consolidated financial statements as of and for the six months ended June 30, 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 six months ended June 30, 2011.

Operating Segments

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - "Operating Segments." The statement requires that segment information be disclosed based on the information about the components of the Company that management uses to make operating decisions. 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 six months ended June 30, 2010 to conform to the disclosures as of and for the six months ended June 30, 2011.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2011	**2010**
Cash on hand	$ 1,622	$ 1,252
Checking accounts and demand deposits	968,181	656,675
Time deposits	214,600	320,100
Cash in transit	-	52,614
Repurchase agreement collateralized bonds	590,145	700,000
	$ 1,774,548	$ 1,730,641

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30	
	2011	**2010**
Financial assets at FVTPL		
Forward exchange contracts	$ 10,909	$ 741
Convertible bonds	5,550	-
	$ 16,459	$ 741
Financial liabilities at FVTPL		
Option	$ -	$ 305
Forward exchange contracts	727	4,403
	$ 727	$ 4,708

The Corporation entered into derivative contracts during the six months ended June 30, 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 and options as of June 30, 2011 and 2010 were as follower:

	Currency	Maturity Date	Contract Amount (In Thousands)
June 30, 2011			
Sell	USD/NTD	July 5, 2011 - October 27, 2011	USD61,500/NTD1,772,378
Sell	USD/JPY	July 22, 2011 - August 25, 2011	USD3,750/JPY302,905
Sell	NTD/JPY	July 5, 2011 - October 5, 2011	JPY1,290,000/NTD453,261
Sell	USD/RMB	July 5, 2011 - December 29, 2011	USD27,500/RMB177,504
Sell USD/BUY NTD			
June 30, 2010			
Sell	USD/NTD	July 6, 2010 - September 23, 2010	USD40,500/NTD1,307,259
Sell	NTD/JPY	July 6, 2010 - October 5, 2010	NTD273,080/JPY750,000
Sell	USD/RMB	July 2, 2010 - September 3, 2010	USD7,500/RMB51,080
Sell USD/BUY NTD		July 28, 2010 - September 3, 2010	USD3,000/NTD96,834

Net gains (losses) on financial instruments held for trading for the six months ended June 30, 2011 and 2010 were $73,633 thousand and $(6,380) thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2011	2010
Mutual funds	$ 145,070	$ 510,554
Government bonds	-	250,000
	$ 145,070	$ 760,554

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	June 30	
	2011	2010
Notes receivable, third parties	$ 17,168	$ 2,212
Less: Allowance for doubtful accounts	(10)	(11)
	$ 17,158	$ 2,201
Accounts receivable, third parties	$ 2,935,194	$ 2,703,205
Accounts receivable, related parties	11,578	14,805
	2,946,772	2,718,010
Less: Allowance for doubtful accounts	(23,907)	(23,100)
	$ 2,922,865	$ 2,694,910

8. INVENTORIES

	June 30 2011	June 30 2010
Raw materials	$ 263,071	$ 220,663
Supplies and spare parts	62,569	72,047
Work in-process	213,369	194,311
Finished goods	363,011	273,216
Merchandise	287,255	227,738
Goods in transit	1,325	24,262
	$ 1,190,600	$ 1,012,237

As of June 30, 2011 and 2010, the allowance for inventory devaluation was $39,032 thousand and $37,726 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the six months ended June 30, 2011 and 2010 was $3,612,551 thousand and $3,290,048 thousand, respectively, which included $18,068 thousand and $8,581 thousand due to inventory devaluation and $57 thousand and $511 thousand due to loss on physical inventory.

9. FINANCIAL ASSETS CARRIED AT COST

	June 30 2011	June 30 2010
Domestic unquoted common stocks	$ 148,200	$ 51,000
Overseas unquoted common stocks	46,478	46,478
	$ 194,678	$ 97,478

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

10. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30			
	2011		2010	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies				
TSE Technology (Ningbo) Co., Ltd.	$ 38,041	23	$ -	-

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

	Six Months Ended June 30 2011	Six Months Ended June 30 2010
TSE Technology (Ningbo) Co., Ltd.	$ 4,392	$ -

11. PROPERTY, PLANT AND EQUIPMENT

	Six Months Ended June 30, 2011			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Amount
Land	$ 598,145	$ 8,954	$ -	$ 607,099
Land improvements	593	-	507	86
Buildings	1,897,617	-	413,722	1,483,895
Machinery and equipment	5,705,626	-	2,945,215	2,760,411
Transportation equipment	15,486	-	9,360	6,126
Office equipment	213,809	-	145,385	68,424
Prepayments for equipment	228,448	-	-	228,448
Construction in progress	154,064	-	-	154,064
	$ 8,813,788	$ 8,954	$ 3,514,189	$ 5,308,553

	Six Months Ended June 30, 2010			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Amount
Land	$ 273,496	$ 8,954	$ -	$ 282,450
Land improvements	593	-	482	111
Buildings	1,507,504	-	335,294	1,172,210
Machinery and equipment	5,257,114	-	2,685,174	2,571,940
Transportation equipment	14,162	-	7,383	6,779
Office equipment	203,087	-	130,545	72,542
Prepayments for equipment	182,361	-	-	182,361
Construction in progress	65,946	-	-	65,946
	$ 7,504,263	$ 8,954	$ 3,158,878	$ 4,354,339

Information about capitalized interest was as follows:

	Six Months Ended June 30	
	2011	2010
Interest expense (including capitalized interest)	$ 12,916	$ 12,901
Capitalized interest	-	-
Capitalization rates	-	-

See Note 25 for collaterals on loans.

The Corporation revalued its land in 1996, which resulted in total revaluation increments of $8,954 thousand. The net 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

	June 30, 2011		
	Book Amount	Accumulated Depreciation	Carrying Amount
Land	$ 2,602	$ -	$ 2,602
Buildings	120,455	(18,655)	101,800
	$ 123,057	$ (18,655)	$ 104,402

	June 30, 2010		
	Book Amount	Accumulated Depreciation	Carrying Amount
Land	$ 2,602	$ -	$ 2,602
Buildings	127,868	(13,891)	113,977
	$ 130,470	$ (13,891)	$ 116,579

Future rental payments receivable were summarized as follows:

Period	Amount
2011	$ 2,031
2012	428

As of June 30, 2010, the Corporation had received deposits of NT$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 six months ended June 30, 2011 and 2010, respectively.

See Note 25 for collaterals on loans.

Idle Assets

	Six Months Ended June 30	
	2011	2010
Book value	$ 40,016	$ 30,418
Accumulated impairment	(33,408)	(27,574)
	$ 6,608	$ 2,844

Idle assets are land, building and equipment retired from active use.

13. SHORT-TERM LOANS

	June 30	
	2011	2010
Usance letters of credit	$ 392,000	$ 338,902
Working capital loans	229,840	193,668
	$ 621,840	$ 532,570

Usance letters of credit amounted to US$926 thousand, JPY996,807 thousand and EUR198 thousand as of June 30, 2011, and US$228 thousand and JPY910,549 thousand as of June 30, 2010. Interest rates ranged from 0.78% to 1.67% and from 0.875% to 1.400% at June 30, 2011 and 2010, respectively.

Working capital loans amounted to US$7,980 thousand as of June 30, 2011, and US$6,000 thousand as of June 30, 2010. Interest rates ranged from 1.26% to 1.52% and from 1.82% to 2.07% at June 30, 2011 and 2010, respectively.

14. ACCRUED EXPENSES

	June 30	
	2011	2010
Payroll	$ 57,144	$ 50,907
Bonus	68,481	53,932
Bonus to employees, directors and supervisors	256,250	162,062
Commission	68,297	80,665
Others	162,945	170,071
	$ 613,117	$ 517,637

15. BONDS PAYABLE

	June 30	
	2011	2010
Third unsecured domestic convertible bonds	$ 799,400	$ 800,000
Less: Discount on bonds payable	(14,828)	(24,775)
Less: Current portion	-	-
	$ 784,572	$ 775,225
Assets component of unsecured domestic convertible bonds	$ 2,881	$ 8,912

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 17), and bonds payable, liability. Other details of the bond issuance are summarized as follows:

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

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

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

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

e. The original conversion price per share is $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 June 30, 2011, bonds with a face value of $600 thousand had been converted into 11 thousand common shares, it should first issue new shares accordance with the laws, and change of registration. 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 40^{th} 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 10^{th} day before maturity, except for the period between the ex-dividend date and the date of record, holders can request for conversion of the bonds to the Corporation's common stock.

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 June 30, 2011.

16. LONG-TERM LOANS

Nature of Loans	Repayment Period	June 30 2011	June 30 2010
Unsecured bank loans	Maturity on October 28, 2015, repayable in 16 quarterly installments from October 2011	$ 500,000	$ -
Secured bank loans	Maturity on July 24, 2013, repayable in 20 quarterly installments from July 2008	131,063	189,312
Unsecured bank loans	Maturity on July 24, 2013, repayable in 16 quarterly installments from April 2009	15,750	22,750
Unsecured bank loans	Repayable at maturity on February 27, 2013	57,604	-
Unsecured bank loans	Repayable at maturity on February 28, 2013	180,000	180,000
Secured bank loans	Maturity on August 25, 2013, repayable in 20 quarterly installments from August 2008, advanced redemption	-	39,000
Unsecured bank loans	Repayable at maturity on October 1, 2012, advanced redemption	-	100,000
Unsecured bank loans	Repayable at maturity on June 1, 2011	-	50,000
Unsecured bank loans	Repayable at maturity on June 27, 2013	100,000	100,000
Unsecured bank loans	Repayable at maturity on March 31, 2014	72,005	-
Unsecured bank loans	Repayable at maturity on March 31, 2011	-	80,695
Unsecured bank loans	Repayable at maturity on February 27, 2011	-	64,556
Unsecured bank loans	Maturity on June 9, 2011, repayable in 8 quarterly installments	-	48,417
Unsecured bank loans	Repayable at maturity on February 27, 2011	-	32,278
Unsecured bank loans	Repayable at maturity on February 27, 2013	28,802	-
Unsecured bank loans	Maturity on December 19, 2013, repayable in 8 quarterly installments from December 19, 2011	86,405	-
Less current portion		(180,601)	(353,196)
		$ 991,028	$ 553,812
Interest rate (%)		0.892%-2.0683%	0.88%-2.86%

See Notes 24 and 25 for collateral on long-term loans.

17. PENSION PLANS

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at not less than 6% of monthly salaries and wages. Such pension costs were $11,975 thousand and $10,329 thousand for the six months ended June 30, 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 $2,601 thousand and $1,993 thousand for the six months ended June 30, 2011 and 2010, respectively.

18. SHAREHOLDERS' EQUITY

Capital Stock

The Corporation's authorized capital is $4,000,000 thousand at June 30, 2011 and 2010 ($10.00 par value per share, respectively). As of June 30, 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 and 290,907 thousand shares, respectively, at NT$10.00 par value each.

Advance Receipts for Common Stock

As of June 30, 2011, the Corporation's outstanding of unsecured convertible corporate bonds with a face value of $600 thousand had been converted into 11 thousand common stock ($110 thousand), and it will be base date of increasing capital on July 10, 2011.

Employee Stock Option Plans

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:

	Six Months Ended June 30			
	2011		2010	
Employee Stock Options	Number of Options (In Thousands)	Weighted Average Exercise Price	Number of Options (In Thousands)	Weighted Average Exercise Price(NT$)
Balance, beginning of period	4,954	$ 42.9	7,585	$ 45.4
Options granted			-	-
Option renounce	(2,122)	42.9	(44)	-
Options exercised	(103)	-	(2,069)	45.4
Options expired	-		-	-
Balance, end of period	2,729	42.9	5,472	45.4
Options exercisable, end of period	917		1,614	

Information about outstanding options as of June 30, 2011 and 2010 was as follows:

Six Months Ended June 30			
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	1.45	$45.4	2.45

For the six months ended June 30, 2010, termination of employment resulted in forfeiture of stock options which were granted during the six months ended June 30, 2010 at 2%.

The pro forma information for the six months ended June 30, 2011 and 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	-

	Six Months Ended June 30	
	2011	**2010**
Net income	$ 485,213	$ 543,979
After income tax basic earnings per share (NT$)	$1.61	$1.90

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:

	June 30	
	2011	**2010**
Arising from issuance of common shares	$ 329,476	$ 332,289
Arising from conversion of bonds	768,771	776,646
Arising from treasury stock transactions	-	4,360
Employee stock options	217,947	131,306
Conversion options	39,884	39,914
	$ 1,356,078	$ 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 shareholders' approval, according to the following percentages.

a. Employee bonus - not less than 3%;

b. Directors and supervisors' remuneration - not more than 2%; and

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

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

For the six months ended June 30, 2011 and 2010, the bonus to employees was $65,429 thousand and $73,921 thousand, respectively and the remuneration to directors and supervisors was $8,724 thousand and $9,856 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 shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' 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 shareholders' 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 the 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 2010 and 2009 had been approved in the shareholders' meeting on June 10, 2011 and June 15, 2010, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2010	**For Year 2009**	**For Year 2010**	**For Year 2009**
Legal reserve	$ 119,018	$ 78,222	$ -	$ -
Cash dividends	740,763	575,814	2.5	2.0
Stock dividends	59,261	57,581	0.2	0.2

The bonus to employees and the remuneration to directors and supervisors for 2010 and 2009 approved in the shareholders' meetings on June 10, 2011 and June 15, 2010, respectively, were as follows:

	For Fiscal Year 2010		**For Fiscal Year 2009**	
	Cash Bonus	**Stock Bonus**	**Cash Bonus**	**Stock Bonus**
Bonus to employees	$160,674	$ -	$ 71,168	$ -
Remuneration to directors and supervisors	21,423	-	7,117	-

	Year Ended December 31			
	2010		2009	
	Bonus to Employee Bonus	Remuneration to Directors and Supervisors	Bonus to Employee Bonus	Remuneration to Directors and Supervisors
Amounts approved in shareholders' meetings	$ 160,674	$ 21,423	$ 71,168	$ 7,117
Amounts recognized in respective financial statements	160,674	21,423	70,334	7,033
	$ -	$ -	$ 834	$ 84

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, 2010 and 2009 were primarily due to changes in estimates had been adjusted in profit and loss for the six months ended June 30, 2011 and 2010, respectively.

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

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
Six months ended June 30, 2011				
For transfer to employees	3,000	-	3,000	-
Six months ended June 30, 2010				
For transfer to employees	3,000	-	-	3,000

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury stock nor exercise shareholders' 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:

	Six Months Ended June 30	
	2011	2010
Income tax expense at statutory rate	$ 93,762	$ 95,352
Tax effect on adjusting items:		
Permanent differences	709	1,129
Temporary differences	(35,159)	(37,824)
Tax-exempt income for five years	(20,611)	(19,591)
Additional 10% income tax on unappropriated earnings	27,113	7,060
Investment tax credits used	(29,651)	(19,811)
Current income tax expense	36,163	26,315
Subsidiary's income tax	38,749	43,703
Deferred income tax expenses (benefits)		
Temporary differences	1,862	(14)
Investment tax credits	28,305	11,185
Effect of tax law changes on deferred income tax	-	(19,836)
Adjustments for prior years' tax	-	(739)
	$ 105,079	$ 60,614

For the six months ended June 30, 2011 and 2010, the Legislative Yuan in suasion revised and passed the following amendments to tax laws:

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20% and revised the income tax rate from 20% to 17% in May 2010, effective January 1, 2010.

Deferred income tax assets (liabilities) were as follows:

	June 30	
	2011	2010
Current		
Deferred income tax assets		
Investment tax credit	$ -	$ -
Unrealized allowance for loss on inventories	8,283	7,587
Unrealized exchange losses	2,708	5,897
Unrealized gain on transactions with investees	-	27
Unrealized valuation loss on financial instruments	-	800
Others	-	1,969
	10,991	16,280
Less: Valuation allowance	-	-
	10,991	16,280
Deferred income tax liabilities		
Unrealized exchange gains	(1,470)	(6,815)
Unrealized valuation gain on financial instrument	(1,855)	-
	(3,325)	(6,815)
	$ 7,666	$ 9,465

(Continued)

	June 30 2011	June 30 2010
Noncurrent		
Deferred income tax assets		
Investment tax credits	$ 88,580	$ 129,253
Impairment loss	4,140	2,367
Accrued pension cost	225	225
Others	2,017	-
	94,962	131,845
Less: Valuation allowance	-	-
	94,962	131,845
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(124,436)	(124,436)
	$ (29,474)	$ 7,409

(Concluded)

As of June 30, 2011, investment tax credit comprised of:

Laws and Statutes	Tax Credit Source	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	$ 85,816	$ 17,845	2011-2014
	Research and development expenditures	129,945	70,466	2011-2013
	Personnel training expenditures	868	269	2011-2013
		$ 216,629	$ 88,580	

As of June 30, 2011, profits attributable to the following expansion and construction projects were exempted from income tax for five-year period.

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

The Corporation's income tax returns through 2007 have been examined and approved by the tax authorities.

Information about integrated income tax was as follows:

	June 30 2011	June 30 2010
Balance of ICA	$ 102,635	$ 101,348

	2010 (Estimate)	2009 (Actual)
The creditable ratio for distribution	5.54%	7.38%

	June 30	
	2011	2010
Unappropriated earnings generated before January 1, 1998	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	1,336,024	1,203,822
	$ 1,336,024	$ 1,203,822

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	Six Months Ended June 30					
	2011			2010		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Personnel						
Salary	$ 311,246	$ 263,767	$ 575,013	$ 278,605	$ 234,623	$ 513,228
Insurance	23,106	14,257	37,363	16,847	10,692	27,540
Pension	8,388	5,934	14,322	7,431	5,507	12,938
Others	1,275	1,141	2,416	613	748	1,361
Depreciation	371,071	58,267	429,338	345,535	63,748	409,283
Amortization	2,351	11,110	13,461	2,376	6,855	9,231

22. EARNINGS PER SHARE

	Six Months Ended June 30			
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic earnings per share (NT$)				
From continuing operations	$ 1.83	$ 1.61	$ 1.88	$ 1.82
Net income	$ 1.83	$ 1.61	$ 1.88	$ 1.82
Diluted earnings per share (NT$)				
From continuing operations	$ 1.75	$ 1.54	$ 1.80	$ 1.74
Net income	$ 1.75	$ 1.54	$ 1.80	$ 1.74

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

	Amounts (Numerator)		Shares	EPS (NT$)	
	Before Income Tax	After Income Tax	(Denominator) (In Thousands)	Before Income Tax	After Income Tax
Six months ended June 30, 2011					
Net income	$ 551,543	$ 485,213			
Basic EPS (NT$)					
Income for the period attributable to common shareholders	$ 551,543	$ 485,213	301,161	$ 1.83	$ 1.61
Effect of dilutive potential common stock					
Employee stock option	-	-	835		
Convertible bonds	4,982	4,135	14,705		
Bonus to employee	-	-	1,303		
Diluted EPS					
Income for the period attributable to common shareholders plus effect of potential dilutive common stock	$ 556,525	$ 489,348	318,004	$ 1.75	$ 1.54
Six months ended June 30, 2010					
Net income	$ 560,890	$ 543,979			
Basic EPS (NT$)					
Income for the period attributable to common shareholders	$ 560,890	$ 543,979	298,411	$ 1.88	$ 1.82
Effect of dilutive potential common stock					
Employee stock option	-	-	1,086		
Convertible bonds	4,589	3,808	13,944		
Bonus to employee	-	-	1,475		
Diluted EPS					
Income for the period attributable to common shareholders plus effect of potential dilutive common stock	$ 565,479	$ 547,787	314,916	$ 1.80	$ 1.74

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 presumes 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 should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of employee stock bonuses distributed out of earnings for the six month ended June 30, 2010 and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the six months ended June 30, 2010 to decrease from $1.90 to $1.82 and from $1.81 to $1.74, respectively.

23. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	June 30			
	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets at FVTPL - current	$ 16,459	$ 16,459	$ 741	$ 741
Available-for-sale financial assets - current	145,070	145,070	760,554	760,554
Other financial assets - noncurrent	2,881	2,881	8,912	8,912
Financial assets carried at cost	194,678	-	97,478	-
Financial liabilities				
Financial liabilities at FVTPL - current	727	727	4,708	4,708
Bonds payable (including current portion)	784,572	784,572	775,225	775,225
Long-term loans (including current portion)	1,171,629	1,171,629	907,008	907,008

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 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, 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 techniques were as follows:

	Quoted Market Price		Valuation Techniques	
	June 30		June 30	
	2011	2010	2011	2010
Assets				
Available-for-sale financial assets - current	$ 145,070	$ 760,554	$ -	$ -
Financial assets at FVTPL - current	-	-	16,459	741
Other financial assets - noncurrent	-	-	2,881	8,912
Liabilities				
Financial liabilities at FVTPL - current	-	-	727	4,708
Bonds payable	-	-	784,572	775,225
Long-term loans (including current portion)	-	-	1,171,629	907,008

Valuation (losses) gains arising from changes in fair value of financial instruments determined using valuation techniques were $(5,606) thousand and $10,652 thousand for the six months ended June 30, 2011 and 2010, respectively.

I 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 $17,935 thousand a year.

24. RELATED-PARTY TRANSACTIONS

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

Related Party	Relationship with the Corporation
Tai-Shing Electronic Components Corporation (Tai-Shing)	Chairman is the Corporation's general manager
TSE Technology (Ningbo) Co., Ltd. (TSE Technology)	Chairman is the Corporation's general manager
Wan-Shing Lin	Director

Significant transactions with related parties:

Sales

	Six Months Ended June 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
Tai-Shing	$ 16,321	-	$ 18,854	-

Purchases

	Six Months Ended June 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
Tai-Shing	$ 4	-	$ 8	-
TSE Technology	316	-	694	-
	$ 320	-	$ 702	-

Other Expense

	Six Months Ended June 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
Tai-Shing	$ 287	-	$ 394	-

Rent Income

	Six Months Ended June 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
TSE Technology	$ 1,290	53	$ 1,379	7

Consultant Revenue

	Six Months Ended June 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
TSE Technology	$ 809	100	$ 864	100

Commission Revenue

	Six Months Ended June 30			
	2011		2010	
	Amount	% to Total	Amount	% to Total
TSE Technology	$ 2,701	-	$ -	-

Terms of transaction with related parties were not significantly different from third parties.

Receivables from and Payables to Related Parties

		June 30			
		2011		2010	
Item	Related Party	Amount	% to Total	Amount	% to Total
Accounts receivable	Tai-Shing	$ 11,578	-	$ 14,805	1
Other receivable	TSE Technology	$ 536	1	$ 1,085	1
Notes payable	Tai-Shing	$ 172	-	$ 992	2
Accounts payable	Tai-Shing	$ 134	-	$ 496	-
Accrued expenses	Tai-Shing	$ 110	-	$ 67	-
	TSE Technology	370	-	275	-
		$ 480	-	$ 342	-

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

Property Transactions

In the six months ended June 30, 2011, the Corporation purposed the computers from Tai-Shing was about $231 thousand.

In the six months ended June 30, 2010, the Corporation purposed the computers from Tai-Shing was about $2,703 thousand.

Endorsement/Guarantee Provided

As of June 30, 2010, Wan-Shing Lin was a Joint guarantor for parts loans of NGB.

25. MORTGAGED OR PLEDGED ASSETS

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

	June 30	
	2011	2010
Property, plant and equipment		
Land	$ 258,276	$ 258,076
Buildings, net	987,445	1,078,185
Assets leased to others	96,747	108,564
Intangible asset - land rights	15,135	16,565
	$ 1,357,603	$ 1,461,390

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Unused letters of credit was about JPY545,217 thousand US$953 thousand.

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

Commitment	Total Dollars Amount of Contract	Dollars Paid	Dollars Unpaid
Construction of building	$ 62,000	$ 40,000	$ 22,000
Equipment of machinery and electrical	146,200	115,699	30,501
Prepayments for equipment	RMB 2,559	RMB 969	RMB 1,590
Prepayments for equipment	US$ 5,038	US$ 5	US$ 5,032
Prepayments for equipment	JPY 24,000	JPY -	JPY 24,000

27. SUBSEQUENT EVENTS

None.

28. OPERATING SEGMENT FINANCIAL 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 others.

a. Segment revenues and results

The analysis of the Corporation's revenue from continuing operations by reportable segment was as follows:

	Segment Revenue		Segment Profit	
	Six Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Crystal	$ 4,796,598	$ 4,450,865	$ 572,190	$ 605,189
Others	675	-	(168)	-
	$ 4,797,273	$ 4,450,865	572,022	605,189
Investment income recognized under equity method			4,392	-
Interest income			3,160	2,874
Loss on disposal of property, plant and equipment			(2,797)	(6,352)
Exchange gain			1,656	10,664
Valuation gain (loss) on financial instruments			5,606	(10,651)
Other nonoperating income and gains			19,169	15,770
Interest expense			(12,916)	(12,901)
Income before tax			$ 590,292	$ 604,593

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the six months ended June 30, 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.

b. Segment assets

	2011	2010
Crystal	$ 9,292,825	$ 8,139,390
Others	159,357	-
Unamortized assets	2,492,443	2,978,960
	$ 11,944,625	$ 11,118,350

29. OTHER

The significant foreign - currency financial assets and liabilities were as follows:

	June 30					
	2011			2010		
	Foreign Currencies (Thousands)	**Exchange Rate**	**New Taiwan Dollars (Thousands)**	**Foreign Currencies (Thousands)**	**Exchange Rate**	**New Taiwan Dollars (Thousands)**
Financial assets						
Monetary items						
USD	$ 104,819	28.802	$ 3,018,986	$ 81,703	32.278	$ 2,637,218
JPY	405,155	0.3582	145,127	516,232	0.3641	187,960
RMB	142,806	4.4505	635,559	115,283	4.7598	548,721
Investment accounted for by entity method						
RMB	8,547	4.4505	38,041	-	-	-
Financial liabilities						
Monetary items						
USD	35,601	28.802	1,025,371	28,665	32.278	925,263
JPY	2,149,418	0.3582	769,922	2,203,985	0.3641	802,471
RMB	111,049	4.4505	494,226	147,339	4.7598	701,302

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 costs 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: Notes 5 and 23 (attached).

k. Investment in Mainland China: Table 5 (attached).

l. Intercompany relationships and significant intercompany transactions: Table 6 (attached).

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 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	June 30, 2011				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Bond							
	SPTI Corporate Bond III	None	Financial assets at FVTPL	50	$ 5,550	-	$ 5,550	
	Mutual fund							
	Shin Kong Cross Strait Selective Fund	None	Available-for-sale financial assets	2,691	$ 28,143	-	28,143	
	Shin Kong China Growth Fund	None	〃	2,177	26,887	-	26,887	
	FSITC Money Market Fund	None	〃	350	60,081	-	60,081	
	Cathay Bond Bund	None	〃	3,000	29,959	-	29,959	
					$ 145,070			
	Stock							
	TCTI	Subsidiary	Investment accounted for by the equity method	42,745	$ 2,796,748	100.00	None	
	TXC Technology Inc.	〃	〃	300	12,041	100.00	〃	
	TXC Japan Corporation	〃	〃	2	12,124	100.00	〃	
	Taiwan Crystal Technology - HK	〃	〃	1,600	47,227	100.00	〃	
					$ 2,868,140			
	Marson Technology Co., Ltd.	None	Financial assets carried at cost - noncurrent	414	$ 3,000	4.60	〃	
	Win Win Precision Technology Co., Ltd.	None	〃	1,040	47,200	3.06	〃	
	Dongguan Failong Dong Bong Electronic Co., Ltd.	None	〃	RMB 10,096	46,478	8.00	〃	
	Power Intellect Co., Ltd.	None	〃	2,000	98,000	5.00	〃	
					$ 194,678			
TCTI	Stock							
	GPT	Subsidiary	Investment accounted for by the equity method	US$ 50	$ 94,586 (US$ 3,284)	100.00	〃	
	TXC (Ningbo) Corporation	〃	〃	US$ 45,745	2,731,492 (US$ 94,837)	100.00	〃	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
NGB	TXC (HK) Limited	〃	〃	HK$ 200	$ 12,048 (RMB 2,704)	100.00	〃	
	TSE Technology co.	〃	〃	RMB 6,828	38,041 (RMB 8,547)	23.00	〃	
	TXC (Changqing) Corporation	〃	〃	RMB 7,000	31,190 (RMB 7,000)	40.00	〃	
	Chongqing Co., Ltd.			RMB 8,000	35,200 (RMB 7,900)	100.00	〃	
Taiwan Crystal Technology - HK	TXC (Chongqing) Corporation	〃	〃	US$ 1,600	47,227 (US$ 1,640)	60.00	〃	

(Concluded)

TABLE 2

TXC CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 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 (Note)	Unit Price	Payment Terms	Ending Balance	% to Total	
TXC Corporation	NGB	Subsidiary	Purchase	$ 1,127,246	40	Note	Divisions of the Group strategy, its trading price to cost-adjust according to the agreed terms.	-	$ (632,553)	(46)	

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

TABLE 3

TXC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 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	$ 632,553	4.56	$ -	-	$ 210,887 (US$ 7,161)	$ -

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
JUNE 30, 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 June 30, 2011			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				June 30, 2011	December 31, 2010	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	TCTI	WESTERN SAMOA	Investment	$ 1,387,768 (US$ 42,745)	$ 1,332,635 (US$ 40,835)	42,745	100	$ 2,796,748	$ 199,447	$ 192,607	Difference from upstream transactions $6,840 thousand
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879 (US$ 300)	9,879 (US$ 300)	300	100	12,041	2,016	2,016	
	TXC Japan Corporation	Japan	Marketing activities	6,172 (JPY 21,000)	6,172 (JPY 21,000)	2	100	12,124	1,238	1,238	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	Investment	48,320 (US$ 1,600)	-	1,600	100	47,227	-	-	
TCTI	GPT	B.V.I.	International trading	1,691 (US$ 50)	1,691 (US$ 50)	US$ 50	100	94,586 (US$ 3,284)	34,527 (US$ 1,188)	34,527 (US$ 1,188)	
	NGB	Ningbo	Manufacture and sales of electronics products	1,484,518 (US$ 45,745)	1,429,385 (US$ 43,835)	US$ 45,745	100	2,731,492 (US$ 94,837)	164,932 (US$ 5,674)	164,932 (US$ 5,674)	
NGB	TXC (HK) Limited	Hong Kong	International trading	846 (HK$ 200)	846 (HK$ 200)	HK$ 200	100	12,048 (RMB 2,704)	874 (RMB 197)	874 (RMB 197)	
	TSE Technology (Ningbo) Co.	Ningbo	Manufacture and sales of electronics products	31,972 (RMB 6,828)	31,972 (RMB 6,828)	RMB 6,828	23	38,041 (RMB 8,547)	19,107 (RMB 4,303)	4,392 (RMB 989)	
	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	30,780 (RMB 7,000)	-	RMB 7,000	40	31,190 (RMB 7,000)	-	-	
	Chongqing All Sun Company Limited	Chongqing	Market activities	35,646 (RMB 8,000)	-	RMB 8,000	100	35,200 (RMB 7,900)	(441) (RMB -99)	(441) (RMB -99)	
Taiwan Crystal Technology - HK	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	48,320 (US$ 1,600)	-	US$ 1,600	60	47,227 (US$ 1,640)	-	-	

TABLE 5

TXC CORPORATION

DERIVATIVE TRANSACTIONS OF INVESTEES OVER WHICH THE CORPORATION HAS A CONTROLLING INTEREST
JUNE 30, 2011
(In Thousands of New Taiwan Dollars or U.S. Dollars)

NGB entered into derivative transactions during the year ended June 30, 2011 to manage exposures related to foreign exchange rate fluctuations.

Outstanding forward contracts as of June 30, 2011:

	Currency	Maturity	Contract Amount (In Thousands)
June 30, 2011			
Sell	USD/RMB	2011.7.5 - 2011.12.29	USD27,500/RMB177,504

TABLE 6

TXC CORPORATION AND SUBSIDIARIES

INFORMATION OF INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2011
(In Thousands of New Taiwan Dollars or U.S. Dollars)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2011 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2011 (US$ in Thousand)	Percentage of Ownership	Investment Income (Loss) Recognized (Note)	Carrying Amount as of June 30, 2011	Accumulated Inward Remittance of Earnings as of June 30, 2011
					Outflow	Inflow					
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,484,518 (US$ 45,745)	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,396,804 (US$ 42,000)	$ 55,133 (US$ 1,910)	$ -	$ 1,424,937 (US$ 43,910)	100	$ 164,932 (US$ 5,674)	$ 2,731,492 (US$ 94,837)	$ 256,146 (US$ 7,897)
Dongguan Failong Dong Bong Electronic Co., Ltd.	Manufacturing and sales of new electronic components	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	4,392 (RMB 989)	38,041 (RMB 8,547)	-
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 8,000	Other investment of the Corporation Mainland China	-	-	-	-	100	-	-	-

Note: Calculation was based on audited financial statements.

Accumulated Investment in Mainland China as of June 30, 2011 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$ 1,519,735 (US$45,510 + RMB10,096)	$ 1,620,713 (US$ 55,316)	$ -

(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	Price	Payment Term	Compared with Terms of Third Parties	Balance	%	
NGB	Subsidiary	Purchase $1,127,246	Divisions of the Group strategy its trading price to cost	Similar with third parties	Divisions of the Group strategy its trading price to cost	$ (632,553)	46	$ (29,593)
		Sale 28,033	Divisions of the Group strategy its trading price to cost	Similar with third parties	Divisions of the Group strategy its trading price to cost	23,173	-	-

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)

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2011AND 2010
(In Thousands of New Taiwan Dollars)

Six months ended June 30, 2011

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	$ 433	-	-
				Other expense - consulting expense	22,252	-	-
				Accounts receivable	254	-	-
				Other current assets	28	-	-
		TXC Japan Corporation	1	Sales	4,395	-	-
				Purchase	6,438	-	-
				Other expense - consulting expense	23,891	-	-
				Other expense	59	-	-
				Accounts payable	823	-	-
		TXC (NGB) Corporation	1	Sales	28,033	-	1
				Purchase	1,127,246	-	23
				Other expense	104	-	-
				Accounts receivable	23,173	-	-
				Accounts payable	632,553	-	5
				Other receivable	16,832	-	-
		TXC (H.K.) Limited		Sales	120	-	-
				Accounts receivable	2,304	-	-
2	TXC (NGB) Corporation	TXC (H.K.) Limited	3	Sales	853	-	-
				Accounts receivable	76	-	-
		TXC (Chongqing) Corporation	3	Other prepayments	44,824	-	1
		Growing Profits Trading Ltd.	3	Purchase	70,045	-	1
				Accounts payable	64,636	-	1

(Continued)

Six months ended June 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	Sales	$ 434	-	-
				Other expense - consulting expense	13,311	-	-
				Accounts receivable	43	-	-
				Other current assets	226	-	-
		TXC Japan Corporation	1	Sales	3,149	-	-
				Purchase	7,519	-	-
				Other expense - consulting expense	23,512	-	-
				Other expense	82	-	-
				Accounts payable	2,331	-	-
				Accrued expense	61	-	-
		TXC (NGB) Corporation	1	Sales	64,343	-	1
				Purchase	967,592	-	22
				Accounts receivable	39,625	-	-
				Accounts payable	500,152	-	5
				Other receivable	124,858	-	1
		TXC (H.K.) Limited		Sales	2,846	-	-
				Accounts receivable	2,304	-	-
2	TXC (NGB) Corporation	TXC (H.K.) Limited	3	Sales	25,288	-	-
				Accounts receivable	10,936	-	-

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

Note 2: In the six months ended June 30, 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.

(Concluded)