TXC Corporation

Financial Statements for the
Three Months Ended March 31, 2012 and 2011

TXC CORPORATION

BALANCE SHEETS
MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

ASSETS	2012 Amount	%	2011 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 450,996	4	$ 1,142,401	11
Available-for-sale financial assets - current (Notes 2 and 6)	75,558	1	67,930	1
Notes receivable, net (Notes 2, 3 and 7)	547	-	819	-
Accounts receivable, net (Notes 2, 3 and 7)	2,576,372	22	2,544,348	24
Accounts receivable - related parties, net (Notes 2, 3, 7 and 24)	49,138	-	14,853	-
Other receivables	46,786	-	18,860	-
Other receivables - related parties (Note 24)	92,079	1	-	-
Inventories, net (Notes 2 and 8)	1,113,191	10	1,029,434	9
Other current assets (Notes 2, 20 and 24)	52,359	1	33,330	-
Total current assets	4,457,026	39	4,851,975	45
LONG-TERM INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 10)	3,442,558	30	2,744,291	25
Other financial assets - noncurrent (Notes 2 and 14)	-	-	4,123	-
Financial assets carried at cost (Notes 2 and 9)	245,445	2	96,678	1
Total long-term investments	3,688,003	32	2,845,092	26
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 11 and 25)				
Cost				
Land	598,145	5	597,385	6
Land improvements	593	-	593	-
Buildings	1,599,538	14	1,049,583	10
Machinery and equipment	3,830,703	33	3,230,980	30
Transportation equipment	2,557	-	2,557	-
Office equipment	142,474	1	123,020	1
Land - revaluation increment	8,954	-	8,954	-
	6,182,964	53	5,013,072	47
Less: Accumulated depreciation	(2,857,766)	(25)	(2,492,654)	(23)
Construction in progress and prepayments for equipment	67,738	1	558,308	5
Total property, plant and equipment	3,392,936	29	3,078,726	29
OTHER ASSETS				
Assets leased to others (Notes 2 and 12)	7,533	-	7,745	-
Idle assets (Notes 2 and 12)	-	-	2,475	-
Refundable deposits	917	-	3,572	-
Deferred charges	16,495	-	17,803	-
Other assets (Notes 2 and 17)	-	-	10,494	-
Total other assets	24,945	-	42,089	-
TOTAL	$ 11,562,910	100	$ 10,817,882	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2012 Amount	%	2011 Amount	%
CURRENT LIABILITIES				
Short-term loans (Note 13)	$ 83,953	1	$ 264,142	2
Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	154	-	1,104	-
Notes payable (Note 24)	1,139	-	51,138	1
Accounts payable	709,089	6	748,603	7
Accounts payable - related parties (Note 24)	687,744	6	523,428	5
Income tax payable (Note 20)	68,667	1	64,729	1
Accrued expenses (Notes 16 and 24)	469,833	4	474,079	4
Current portion of bonds payable (Notes 2 and 14)	791,858	7	-	-
Current portion of long-term loans (Note 15)	265,250	2	227,750	2
Other current liabilities	23,485	-	32,264	-
Total current liabilities	3,101,172	27	2,387,237	22
LONG-TERM LIABILITIES				
Bonds payable (Notes 2 and 14)	-	-	782,670	7
Long-term loans (Note 15)	1,101,375	9	715,375	7
Total long-term liabilities	1,101,375	9	1,498,045	14
RESERVES				
Reserve for land value increment tax (Notes 2 and 11)	3,512	-	3,512	-
OTHER LIABILITIES				
Accrued pension cost (Notes 2 and 17)	9,349	-	-	-
Guarantee deposits received	11,694	-	11,664	-
Deferred income tax liability - noncurrent (Notes 2 and 20)	54,711	1	7,507	-
Total other liabilities	75,754	1	19,171	-
Total liabilities	4,281,813	37	3,907,965	36
STOCKHOLDERS' EQUITY (Note 18)				
Capital stock				
Common stock	3,022,423	26	2,963,051	27
Capital surplus	1,356,078	12	1,355,601	13
Retained earnings				
Legal reserve	644,438	6	525,420	5
Unappropriated earnings	2,099,675	18	2,007,281	18
Total retained earnings	2,744,113	24	2,532,701	23
Other equity				
Cumulative translation adjustments (Note 2)	183,120	1	54,191	1
Net loss not recognized as pension cost	(15,637)	-	-	-
Unrealized loss on financial instruments (Note 2)	(14,442)	-	(1,069)	-
Unrealized revaluation increment (Notes 2 and 11)	5,442	-	5,442	-
Total other equity	158,483	1	58,564	1
Total stockholders' equity	7,281,097	63	6,909,917	64
TOTAL	$ 11,562,910	100	$ 10,817,882	100

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

TXC CORPORATION

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2012		2011	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Note 2)	$ 2,125,020	101	$ 2,099,018	101
LESS: SALES RETURNS	(3,445)	-	(4,280)	-
LESS: SALES ALLOWANCES	(23,542)	(1)	(12,952)	(1)
NET OPERATING REVENUE	2,098,033	100	2,081,786	100
OPERATING COSTS	(1,750,337)	(84)	(1,697,251)	(82)
GROSS PROFIT	347,696	16	384,535	18
OPERATING EXPENSES				
Selling expense	(83,121)	(4)	(97,241)	(5)
General and administrative expense	(44,346)	(2)	(51,581)	(2)
Research and development expense	(63,623)	(3)	(82,172)	(4)
Total operating expenses	(191,090)	(9)	(230,994)	(11)
OPERATING INCOME	156,606	7	153,541	7
NONOPERATING INCOME AND GAINS				
Interest income	471	-	838	-
Investment income recognized under equity method	66,450	3	103,417	5
Gain on disposal of property, plant and equipment	231	-	-	-
Gain on sale of investment	162	-	-	-
Exchange gains	110,692	6	7,191	-
Miscellaneous income	1,894	-	1,637	-
Total nonoperating income and gains	179,900	9	113,083	5
NONOPERATING EXPENSES AND LOSSES				
Interest expense	(6,065)	-	(4,773)	-
Exchange loss	(115,648)	(6)	(926)	-
Valuation loss on financial liabilities	(154)	-	(4,992)	-
Miscellaneous expenses	(306)	-	(420)	-
Total nonoperating expenses and losses	(122,173)	(6)	(11,111)	-
INCOME BEFORE INCOME TAX	214,333	10	255,513	12
INCOME TAX EXPENSE (Notes 2 and 20)	(15,684)	(1)	(18,085)	(1)
NET INCOME	$ 198,649	9	$ 237,428	11

(Continued)

TXC CORPORATION

STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 22)				
Basic	$ 0.71	$ 0.66	$ 0.85	$ 0.79
Diluted	$ 0.68	$ 0.63	$ 0.82	$ 0.76

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

TXC CORPORATION

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 198,649	$ 237,428
Depreciation	140,005	136,753
Nonoperating loss - idle assets and lease assets	103	180
Amortization	2,796	3,895
Discount on bonds payable	2,491	2,491
Provision for loss on inventories	-	10,492
Valuation loss on financial instruments	154	4,992
Investment income recognized under equity method	(66,450)	(103,417)
Gain on disposal of property, plant and equipment	(231)	-
Gain on disposal of investment	(162)	-
Deferred income tax	4,420	9,495
Net changes in operating assets and liabilities		
Notes receivable	(220)	694
Accounts receivable	188,029	(234,183)
Inventories	(189,715)	(100,074)
Other receivable	(49,314)	98,219
Other current assets	(12,646)	(30,907)
Notes payable	(72,860)	(2,563)
Accounts payable	132,185	274,752
Income tax payable	11,263	8,590
Accrued expenses	(9,517)	(58,616)
Other current liabilities	10,988	19,364
Net cash provided by operating activities	289,968	277,585
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial instruments at fair value through profit or loss	(3,674)	58,168
Acquisition of available-for-sale financial assets	-	(9,000)
Acquisition of investments accounted for by equity method	(130,284)	(48,320)
Acquisition of property, plant and equipment	(85,768)	(247,560)
Proceeds from the disposal of property, plant and equipment	4,031	-
Decrease in refundable deposits	8	4
Increase in deferred charges	(2,880)	(7,290)
Net cash used in investing activities	(218,567)	(253,998)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(210,466)	(115,686)
Increase in long-term loans	100,000	-
Repayment of long-term loans	(47,563)	(16,313)
Increase in guarantee deposits received	30	3,547
Proceeds from the exercise of employee stock options	-	91,033
Net cash used in financing activities	(157,999)	(37,419)

(Continued)

TXC CORPORATION

STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2012	2011
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ (86,598)	$ (13,832)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	537,594	1,156,233
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 450,996	$ 1,142,401
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 4,160	$ 5,385

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 complete solution in frequency devices and modules, design 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, 2012 and 2011, the Corporation had 1,012 and 1,059 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.

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:

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 stockholders' 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, and impairment of assets, etc. Actual results may differ from these estimates.

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 assets 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.

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.

Impairment of Accounts Receivable

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

As discussed in Note 3 to the financial statements, on January 1, 2011, the Corporation 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 impairment of receivables originated by the Corporation 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 is becoming probable that the debtor will enter bankruptcy or financial re-organization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Corporation's past experience in the collection of 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 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.

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 15 years; transportation equipment - 3 to 6 years; office equipment - 3 to 9 years; leased assets - 4 to 61 years.

Property, plant and equipment and leased assets 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.

Pursuant to SFAS No. 34, transaction costs of bonds issued on or after January 1, 2006, net of related income tax benefit, are allocated in proportion to the liability and equity components of the bonds.

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 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 Corporation can control the timing of the reversal of a temporary 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 stockholders approve to retain the 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.

Treasury Stock

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

Revenue Recognition

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 are 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.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Financial Instruments

On January 1, 2011, the Corporation 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 Corporation are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when 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 Corporation 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 Corporation 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 Corporation'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.”

4. CASH AND CASH EQUIVALENTS

	March 31	
	2012	2011
Cash on hand	$ 990	$ 1,082
Checking accounts and demand deposits	240,006	593,056
Time deposits	100,000	234,200
Cash equivalents		
Repurchase agreements collateralized bonds	110,000	314,063
	$ 450,996	$ 1,142,401

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31	
	2012	2011
Financial liabilities at FVTPL		
Forward exchange contracts	$ 154	$ 1,104

The Corporation entered into derivative contracts during the three months ended March 31, 2012 and 2011 to manage exposures related to exchange rate and interest rate fluctuations. The financial risk management objective of the Corporation is to minimize risks due to change in fair value or cash flows.

Outstanding forward exchange contracts as of March 31, 2012 and 2011 were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2012			
Sell	USD/NTD	April 12, 2012 to June 26, 2012	USD44,000/NTD1,308,834
Sell	USD/JPY	May 14, 2012 to June 25, 2012	USD10,500/JPY851,285
Sell	NTD/JPY	April 5, 2012 to May 4, 2012	NTD173,427/JPY450,000
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	NTD369,816/JPY1,050,000

Net loss and gain on financial instruments held for trading for the three months ended March 31, 2012 and 2011 was $7,463 thousand and $20,802 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31	
	2012	2011
Mutual funds	$ 75,558	$ 58,093
Corporate bond	-	9,837
	$ 75,558	$ 67,930

7. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31 2012	March 31 2011
Notes receivable, third parties	$ 580	$ 827
Less: Allowance for doubtful accounts	(33)	(8)
	$ 547	$ 819
Accounts receivable, third parties	$ 2,593,966	$ 2,562,102
Accounts receivable, related parties	49,178	14,926
	2,643,144	2,577,028
Less: Allowance for doubtful accounts	(17,634)	(17,827)
	$ 2,625,510	$ 2,559,201

Movements of allowances for doubtful accounts were as follows:

	Three Months Ended March 31			
	2012		2011	
	Notes Receivable	Accounts Receivable	Notes Receivable	Accounts Receivable
Balance, beginning of period	$ 33	$ 17,827	$ 8	$ 17,827
Deduct: Amounts written off	-	(193)	-	-
Balance, end of period	$ 33	$ 17,634	$ 8	$ 17,827

8. INVENTORIES

	March 31 2012	March 31 2011
Raw materials	$ 111,578	$ 171,739
Supplies and spare parts	48,182	50,620
Work in process	210,013	161,278
Finished goods	285,511	261,658
Merchandise	371,097	325,272
Goods in transit	86,810	58,867
	$ 1,113,191	$ 1,029,434

As of March 31, 2012 and 2011 the allowance for inventory devaluation was $30,551 thousand and $34,741 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2012 and 2011 included $0 thousand and $10,492 thousand, respectively, write-downs of inventories.

9. FINANCIAL ASSETS CARRIED AT COST

	March 31 2012	March 31 2011
Domestic emerging market stocks	$ 47,200	$ -
Domestic unquoted common stocks	101,000	50,200
Overseas unquoted common stocks	97,245	46,478
	$ 245,445	$ 96,678

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			
	2012		2011	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Unlisted companies				
Taiwan Crystal Technology International Ltd. ("TCTI")	$ 3,178,646	100	$ 2,674,879	100
TXC Technology Inc.	12,338	100	11,020	100
TXC Japan Corporation	13,423	100	10,779	100
Taiwan Crystal Technology International (HK) Limited	238,151	100	47,613	100
	$ 3,442,558		$ 2,744,291	

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

	Three Months Ended March 31 2012	Three Months Ended March 31 2011
TCTI	$ 67,556	$ 102,656
TXC Technology Inc.	(280)	759
TXC Japan Corporation	(269)	2
Taiwan Crystal Technology International (HK) Limited	(557)	-
	$ 66,450	$ 103,417

11. PROPERTY, PLANT AND EQUIPMENT

	Three Months Ended March 31, 2012			
	Cost	Revaluation Increment	Accumulated Depreciation	Carrying Value
Land	$ 598,145	$ 8,954	$ -	$ 607,099
Land improvements	593	-	526	67
Buildings	1,599,538	-	380,550	1,218,988
Machinery and equipment	3,830,703	-	2,366,850	1,463,853
Transportation equipment	2,557	-	2,557	-
Office equipment	142,474	-	107,283	35,191
Prepayments for equipment	67,738	-	-	67,738
	$ 6,241,748	$ 8,954	$ 2,857,766	$ 3,392,936

	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

See Note 25 for collaterals on loans.

There was no interest capitalized in the three months ended March 31, 2012 and 2011.

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, 2012		
	Book Value	Accumulated Depreciation	Carrying Value
Land	$ 2,602	$ -	$ 2,602
Buildings	11,632	(6,701)	4,931
	$ 14,234	$ (6,701)	$ 7,533

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

Idle Assets

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

	March 31	
	2012	2011
Book value	$ 4,038	$ 11,387
Accumulated impairment	(4,038)	(8,912)
	$ -	$ 2,475

13. SHORT-TERM LOANS

	March 31	
	2012	2011
Usance letters of credit	$ 83,953	$ 178,830
Working capital loans	-	85,312
	$ 83,953	$ 264,142

Usance letters of credit amounted to US$793 thousand and JPY168,469 thousand as of March 31, 2012, and JPY503,747 thousand as of March 31, 2011. Interest rates ranged from 0.89% to 1.27% and from 0.72% to 0.95% at March 31, 2012 and 2011, 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	
	2012	2011
Third unsecured domestic convertible bonds	$ 799,400	$ 800,000
Less: Discount on bonds payable	(7,542)	(17,330)
Less: Current portion	(791,858)	-
	$ -	$ 782,670
Assets component of unsecured domestic convertible bonds	$ -	$ 4,123

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 zero percent (0%). As of March 31, 2012, bonds with a face value of $600 thousand had been converted into 11 thousand common shares; the new shares will be issued in accordance with laws, and the change in capital stock will be registered accordingly. 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 will redeem 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 $50.4 on March 31, 2012.

15. LONG-TERM LOANS

		March 31	
Nature of Loan	**Repayment Period**	**2012**	**2011**
Secured bank loans	Maturity on August 17, 2016, repayable from November 2012 in quarterly installments	$ 600,000	$ -
Secured bank loans	Maturity on July 24, 2013, repayable from July 2008 in quarterly installments	87,375	143,875
Secured bank loans	Maturity on July 24, 2013, repayable from April 2009 in quarterly installments	10,500	19,250
Unsecured bank loans	Repayable at maturity on September 16, 2011	-	100,000
Unsecured bank loans	Repayable at maturity on February 28, 2013	-	180,000
Unsecured bank loans	Repayable at maturity on June 27, 2013	100,000	-
Unsecured bank loans	Repayable at maturity on February 20, 2014	100,000	-
Unsecured bank loans	Maturity on October 28, 2015, repayable from October 2011 in quarterly installment	468,750	500,000
Less current portion		(265,250)	(227,750)
		$ 1,101,375	$ 715,375
Interest rate (%)		0.98-1.161	0.900-1.056

See Note 25 for collateral on long-term loans.

16. ACCRUED EXPENSES

	March 31	
	2012	2011
Payroll	$ 34,247	$ 35,560
Bonus	20,246	51,162
Bonus to employees, directors and supervisors	157,233	218,423
Commission	62,385	50,479
Others	195,722	118,455
	$ 469,833	$ 474,079

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 $5,544 thousand and $5,994 thousand for the three months ended March 31, 2012 and 2011, 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 $1,204 thousand and $1,005 thousand for the three months ended March 31, 2012 and 2011, respectively.

18. STOCKHOLDERS' EQUITY

Capital Stock

The Corporation's authorized capital is $4,000,000 thousand at March 31, 2012 and 2011 ($10.00 par value per share). As of March 31, 2012, the Corporation's issued capital stock were $3,022,423 thousand, divided into 302,242 thousand shares, 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 is adjusted accordingly.

Information about employee stock option plans was as follows:

	Three Months Ended March 31			
	2012		2011	
	Number of Options	Weighted Average Exercise Price (NT$)	Number of Options	Weighted Average Exercise Price (NT$)
Balance, beginning of period	2,627	$ 39.7	4,954	$ 42.9
Options granted	-	-	-	-
Options exercised	-	-	(2,122)	42.9
Options expired	-	-	(76)	-
Balance, end of period	2,627	39.7	2,756	42.9
Options exercisable, end of period	2,627		924	

Information about outstanding options as of March 31, 2012 and 2011 was as follows:

March 31			
2012		2011	
Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
$39.7	0.70	$42.9	1.70

Options granted during the three months ended March 31, 2012 and 2011 were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

Grant-date share price (NT$)	58.8
Exercise price (NT$)	58.8
Expected volatility	43.5%
Expected life (years)	3.875 years
Risk-free interest rate	2.42%
Expected dividend yield	-

The pro forma information for the three months ended March 31, 2012 and 2011 assuming employee stock options granted before January 1, 2008 were accounted for under SFAS No. 39 is as follows:

	Three Months Ended March 31	
	2012	2011
Net income (in thousands of NT$)	$ 198,649	$ 237,428
After income tax earnings per share (NT$)	$0.66	$0.81

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. Under the revised Company Law issued on January 4, 2012, the aforementioned capital surplus also may be distributed in cash. The capital surplus from long-term investments may not be used for any purpose.

Capital surplus comprised of the following

	March 31	
	2012	2011
Issuance of common shares	$ 325,830	$ 328,935
Conversion of bonds	772,417	768,805
Exercise of employee stock options	217,947	217,947
Conversion options	39,884	39,914
	$ 1,356,078	$ 1,355,601

Appropriation of Earnings and Dividend Policy

Under and the Corporation's Articles of Incorporation, the Corporation should appropriate 10% of its net income less any prior years' deficit as legal reserve. The remaining amount may be fully retained 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 subsidiaries employees who meet certain criteria set by the stockholders' meetings.

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 months ended March 31, 2012 and 2011, the bonus to employees was $21,454 thousand and $32,053 thousand, respectively, and the remuneration to directors and supervisors was $3,576 thousand and $4,273 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 12% and 2%, 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 stockholders' 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. This reserve may be used to offset a deficit. Under the revised Company Law issued on January 4, 2012, when the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equals to their proportionate share of the income tax paid by the Corporation.

The appropriation of earnings for 2010 and 2009 had been approved in the stockholders' 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 Fiscal Year 2010	For Fiscal Year 2009	For Fiscal Year 2010	For Fiscal 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 stockholders' meetings on June 10, 2011 and June 15, 2010, respectively, were as follows:

	Years Ended December 31			
	2010		2009	
	Cash	Stock	Cash	Stock
Bonus to employees	$ 160,674	$ -	$ 71,168	$ -
Remuneration to directors and supervisors	21,423	-	7,117	-

	Years Ended December 31			
	2010		2009	
	Bonus to Employee	Remuneration to Directors and Supervisors	Bonus to Employee	Remuneration to Directors and Supervisors
Amounts approved in stockholders' meetings	$ 160,674	$ 21,423	$ 71,168	$ 7,117
Amounts recognized in respective financial statements	160,674	21,423	70,335	7,033
	$ -	$ -	$ 833	$ 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 which were primarily due to changes in estimates had been adjusted in profit and loss for the years ended December 31, 2010.

The appropriations of earnings for 2011 had been proposed by the board of directors on April 25, 2012. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 105,021	$ -
Cash dividends	664,933	2.2

The 2011 appropriations of earnings, bonus to employees and remuneration to directors and supervisors will be resolved by the stockholders in their meeting scheduled for June 30, 2012.

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, 2012 and 2011, movements of unrealized gain or loss on financial instruments were as follows:

	Available-for-sale Financial Assets	Total
Three months ended March 31, 2012		
Balance, beginning of period	$ (18,133)	$ (18,133)
Recognized in stockholders' equity	3,691	3,691
Transferred to profit or loss	-	-
Balance, ended of period	$ (14,442)	$ (14,442)
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)

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, 2012				
None.				
Three months ended March 31, 2011				
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	
	2012	2011
Income tax expense at statutory rate	$ 36,436	$ 43,437
Tax effect on adjusting items:		
Permanent differences	(11,324)	661
Temporary differences	3,777	(20,723)
Tax-exempt income for five years	(9,428)	(8,433)
Investment tax credits used	(8,197)	(6,352)
Current income tax expense	11,264	8,590
Deferred tax expenses (benefits)		
Temporary differences	(3,777)	3,142
Investment tax credits	8,197	6,353
	$ 15,684	$ 18,085

Deferred income tax assets (liabilities) were as follows:

	March 31	
	2012	2011
Current		
Deferred income tax assets		
Unrealized allowance for loss on inventories	$ 5,194	$ 5,906
Unrealized exchange losses	5,550	2,072
Unrealized valuation loss on financial instruments	26	187
	10,770	8,165
Less: Valuation allowance	-	-
	10,770	8,165
Deferred income tax liabilities		
Unrealized exchange gains	(5,379)	(1,794)
	$ 5,391	$ 6,371
Deferred income tax assets		
Investment tax credits	$ 65,260	$ 110,532
Accrued pension cost	940	225
Impairment loss	3,312	4,140
Others	213	2,032
	69,725	116,929
Less: Valuation allowance	-	-
	69,725	116,929
Deferred income tax liabilities		
Investment income recognized on equity-method investments	(124,436)	(124,436)
	$ (54,711)	$ (7,507)

As of March 31, 2012, 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	$ 60,003	$ 60,003	2012-2015
	Research and development expenditures	40,300	5,257	2013
		$ 100,303	$ 65,260	

As of March 31, 2012, 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	2014 to 2018

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:

	March 31	
	2012	2011
Balance of ICA	$ 55,067	$ 48,831

	2011 (Estimate)	2010 (Actual)
The creditable ratio for distribution	5.92%	5.55%

	March 31	
	2012	2011
Unappropriated earnings generated before January 1, 1998	$ -	$ -
Unappropriated earnings generated on and after January 1, 1998	2,099,675	2,007,281
	$ 2,099,675	$ 2,007,281

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to stockholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2011 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					
	2012			2011		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Personnel						
Salary	$ 89,105	$ 60,667	$ 149,772	$ 115,729	$ 92,331	$ 208,060
Pension	4,147	2,783	6,930	4,176	2,988	7,164
Insurance	7,969	4,111	12,080	7,896	4,367	12,263
Others	-	-	-	-	-	-
Depreciation	116,818	23,187	140,005	113,934	22,819	136,753
Amortization	-	2,796	2,796	-	3,895	3,895

22. EARNINGS PER SHARE (EPS)

	Three Months Ended March 31			
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic earnings per share (NT$)				
From continuing operations	$ 0.71	$ 0.66	$ 0.85	$ 0.79
Income for the period	$ 0.71	$ 0.66	$ 0.85	$ 0.79
Diluted earnings per share (NT$)				
From continuing operations	$ 0.68	$ 0.63	$ 0.82	$ 0.76
Income for the period	$ 0.68	$ 0.63	$ 0.82	$ 0.76

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

	Amounts (Numerator)			EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (In Thousands)	Before Income Tax	After Income Tax
Three months ended March 31, 2012					
Net income	$ 214,333	$ 198,649			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 214,333	$ 198,649	302,242	$ 0.71	$ 0.66
Effect of dilutive potential common stock					
Employees stock option	-	-	207		
Convertible bonds	2,491	2,068	15,861		
Bonus to employees	-	-	462		
Diluted EPS					
Income for the period attributable to common stockholders plus effect of potential dilutive common stock	$ 216,824	$ 200,717	318,772	$ 0.68	$ 0.63

(Continued)

	Amounts (Numerator)			EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (In Thousands)	Before Income Tax	After Income Tax
Three months ended March 31, 2011					
Net income	$ 255,513	$ 237,428			
Basic EPS (NT$)					
Income for the period attributable to common stockholders	$ 255,513	$ 237,428	300,067	$ 0.85	$ 0.79
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	316,453	$ 0.82	$ 0.76

(Concluded)

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 stockholders 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 distributed out of earnings for the three months ended March 31, 2011. This adjustment caused the basic and diluted after income tax EPS for the three months ended March 31, 2011 to decrease from NT$0.81 to NT$0.79 and from NT$0.77 to NT$0.76, respectively.

23. FINANCIAL INSTRUMENTS

Fair values of financial instruments:

	March 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Available-for-sale financial assets, current	$ 75,558	$ 75,558	$ 67,930	$ 67,930
Other financial assets - noncurrent	-	-	4,123	4,123
Financial assets carried at cost	245,445	-	96,678	-

(Continued)

Financial liabilities	March 31			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities at FVTPL, current	$ 154	$ 154	$ 1,104	$ 1,104
Bonds payable (including current portion)	791,858	791,858	782,670	782,670
Long-term debt (including current portion)	1,366,625	1,366,625	943,125	943,125

(Concluded)

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, notes and accounts 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	
	2012	2011	2012	2011
Assets				
Available-for-sale financial assets, current	$ 75,558	$ 67,930	$ -	$ -
Other financial assets - noncurrent	-	-	-	4,123
Liabilities				
Financial liabilities at fair value through profit or loss, current	-	-	154	1,104
Bonds payable (including current portion)	-	-	791,858	782,670
Long-term debt (including current portion)	-	-	1,366,625	943,125

Valuation losses brought by changes in fair value of financial instruments determined using valuation techniques were $154 thousand and $4,992 thousand for the three months ended March 31, 2012 and 2011, respectively.

Information about financial risks was as follows:

a. Market risk: The Corporation’s market risk refers to the uncertainties due to exchange rate fluctuations. Gains or losses on forward exchange contracts are likely to offset the gains or losses on foreign-currency assets or liabilities. The Corporation does not have significant price risk.

b. Credit risk: Credit risk represents the potential loss that would be incurred by the Corporation if the counterparties breached the contracts. The counterparties 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 loans. When the market interest rate increases by one percentage point, the Corporation’s cash outflow will increase by $14,506 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 (TXC HK)	Subsidiary’s equity-method sub-investee
TSC Technology (Ningbo) Co., Ltd. (TSE Technology)	Subsidiary’s equity-method sub-investee
Ningbo Jingyu Company Limited (Ningbo Jingyu)	Subsidiary’s equity-method sub-investee

Significant transactions with related parties:

Purchases

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total Account Balance	Amount	% to Total Account Balance
NGB	$ 624,964	40	$ 589,055	40
TXC Japan Corporation	3,228	-	1,687	-
Tai-Shing	3	-	2	-
GPT	14,244	1	-	-
TSE Technology	62	-	-	-
Ningbo Jingyu	15,805	1	-	-
	$ 658,306	42	$ 590,744	40

Sales

	Three Months Ended March 31					
	2012			2011		
	Amount		% to Total Account Balance	Amount		% to Total Account Balance
Tai-Shing	$	5,927	-	$	5,956	-
TXC Technology Inc.		143	-		111	-
NGB		32,681	2		11,800	1
TXC Japan Corporation		474	-		2,967	-
TXC HK		-	-		120	-
	$	39,225	2	$	20,954	1

Consulting Fee

	Three Months Ended March 31					
	2012			2011		
	Amount		% to Total Account Balance	Amount		% to Total Account Balance
TXC Japan Corporation	$	8,970	-	$	12,161	53
TXC Technology Inc.		8,298	-		10,735	47
	$	17,268	-	$	22,896	100

Other Expenses

	Three Months Ended March 31					
	2012			2011		
	Amount		% to Total Account Balance	Amount		% to Total Account Balance
TXC Japan Corporation	$	-	-	$	59	-
NGB		-	-		104	-
	$	-	-	$	163	-

In the three months ended March 31, 2012 and 2011, the selling price and purchasing price were not significantly different from those with third parties, except those for NGB, GPT, Ningbo Jinyu and TXC HK which use cost-adjusted price according to the agreed terms.

Receivables from and Payables to Related Parties

		March 31			
		2012		2011	
Item	Related Party	Amount	% to Total Account Balance	Amount	% to Total Account Balance
Accounts receivable	Tai-Shing	$ 8,028	-	$ 6,359	-
	TXC Technology Inc.	85	-	13	-
	TXC Japan Corporation	-	-	356	-
	NGB	41,065	2	7,867	-
	TXC HK	-	-	331	-
		$ 49,178	2	$ 14,926	-
Other current assets	TXC Technology Inc.	$ -	-	$ 1,509	-
Notes payable	Tai-Shing	$ -	-	$ 64	-
Accounts payable	TXC Japan Corporation	$ 2,599	-	$ -	-
	Tai-Shing	3	-	1	-
	NGB	655,307	47	523,427	41
	TSE Technology	62	-	-	-
	Ningbo Jingyu	15,534	1	-	-
	GPT	14,239	1	-	-
		$ 687,744	49	$ 523,428	41
Accrued expenses	Tai-Shing	$ 151	-	$ 66	-
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.

Other Receivables

	Three Months Ended March 31			
	2012		2011	
	Amount	% to Total Account Balance	Amount	% to Total Account Balance
NGB	$ 92,079	66	$ -	-

As of March 31, 2012, the Corporation purchase machinery and equipment for NGB amount to $42,997 thousand.

Property Transactions

In the three months ended March 31, 2012

The Corporation sold to NGB machinery with a net book value of $3,734 thousand for $3,734 thousand.

The Corporation purchased computer from Tai-Shing for $80 thousand.

In the three months ended March 31, 2011

The Corporation purchased computer from Tai-Shing for $3 thousand.

25. MORTGAGED OR PLEDGED ASSETS

As of March 31, 2012 and 2011, the following assets had been pledged at their book values to secure short-term loans and long-term loans:

	2012	2011
Property, plant and equipment		
Land	$ 573,770	$ 258,076
Buildings, net	1,216,337	741,211
	$ 1,790,107	$ 999,287

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Unused letters of credit amounted to approximately JPY659,898 thousand.

27. SUBSEQUENT EVENTS

None.

28. OPERATING SEGMENT INFORMATION

The Corporation has provided the operating segment financial information in consolidated financial statements.

29. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

	March 31					
	2012			2011		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 95,018	29.53	$ 2,805,875	$ 95,645	29.418	$ 2,813,683
JPY	389,763	0.359	140,081	316,865	0.355	112,487

(Continued)

	March 31					
	2012			2011		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**	**Foreign Currencies**	**Exchange Rate**	**New Taiwan Dollars**
Investment accounted for by entity method						
USD	$ 117,741	29.53	$ 3,476,887	$ 93,877	29.418	$ 2,761,672
JPY	37,351	0.359	13,423	30,360	0.355	10,779
Financial liabilities						
Monetary items						
USD	37,995	29.53	1,122,054	32,789	29.418	964,604
JPY	1,027,351	0.359	369,112	1,623,121	0.355	576,208

(Concluded)

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 and 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 on which the Corporation exercises significant influence: Table 4 (attached).

j. Derivative transactions: Please refer to Note 5 and Table 6 (attached).

k. Information on investment in Mainland China: Table 7 (attached).

TABLE 1

TXC CORPORATION

MARKETABLE SECURITIES HELD
MARCH 31, 2012
(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, 2012				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
TXC Corporation	Mutual funds							
	Shin Kong Cross Strait Selective Fund	None	Available-for-sale financial assets	2,691	$ 24,322	-	$ 24,322	
	Shin Kong China Growth Fund	None	〃	2,177	21,183	-	21,183	
	Cathay Bond Bund	None	〃	3,000	30,053	-	30,053	
					$ 75,558			
	Stock							
	TCTI	Subsidiary	Investment accounted for by the equity method	42,835	$ 3,178,646	100	None	
	TXC Technology Inc.	Subsidiary	〃	300	12,338	100	None	
	TXC Japan Corporation	Subsidiary	〃	2	13,423	100	None	
	Taiwan Cystal Technology International (HK) Limited	Subsidiary	〃	8,014	238,151	100	None	
					$ 3,442,558			
	Marson Technology Co., Ltd.	None	Financial assets carried at cost - noncurrent	414	$ 3,000	5	None	
	Win Win Precision Technology Co., Ltd.	None	〃	1,144	47,200	3	None	
	Dongguan Failong Dong Bong Electric Co., Ltd.	None	〃	RMB 10,096	46,478	8	None	
	Power Intellect Co., Ltd.	None	〃	2,000	98,000	4	None	
	Si-Time Corporation	None	〃	1,750	50,767	1	None	
					$ 245,445			
TCTI	Stock							
	GPT	Subsidiary	Investment accounted for by the equity method	50	$ 130,150 US$ 4,407	100	None	
	TXC (Ningbo) Corporation	Subsidiary	〃	US$ 45,835	3,075,327 US$ 104,142	100	None	
Taiwan Cystal Technology International (HK) Limited	TXC (Chongqing) Corporation	None	〃	US$ 8,000	237,998 US$ 8,059	60	None	
	TXC Europe SRL	None	〃	EUR 10	152 US$ 5	100	None	
NGB	TXC (HK) Limited	Subsidiary	〃	HK$ 200	11,778 RMB 2,510	100	None	
	TXC (Chongqing) Corporation	None	〃	RMB 33,000	154,094 RMB 32,845	40	None	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2012				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Chongqing All Sun Co., Ltd.	None	Investment accounted for by the equity method	RMB 8,000	$ 36,904 RMB 7,866	100	None	
	Ningbo Jingyu Company Limited.	None	〃	RMB 1,000	4,683 RMB 998	100	None	
	TSE Technology Co.	Subsidiary	〃	RMB 6,828	48,902 RMB 10,423	23	None	

(Concluded)

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, 2012
(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	$ 624,964	40	Note	Cost-adjusted price	-	$ (655,307)	(47)	

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

TABLE 3

TXC CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2012
(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	$ 655,307	4.06	$ -	-	$ 187,594	$ -

TABLE 4

TXC CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2012
(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, 2012			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				March 31, 2012	December 31, 2011	Shares (In Thousands)	Percentage of Ownership	Carrying Value			
TXC Corporation	TCTI	WESTERN SAMOA	Investment holding	$ 1,390,461 (US$ 42,835)	$ 1,390,461 (US$ 42,835)	42,835	100	$ 3,178,646	$ 65,142	$ 67,556	Difference from upstream transactions $2,414 thousand
	TXC Technology Inc.	USA	Marketing activities	9,879 (US$ 300)	9,879 (US$ 300)	300	100	12,338	(280)	(280)	
	TXC Japan Corporation	Japan	Marketing activities	6,172 (JPY 21,000)	6,172 (JPY 21,000)	2	100	13,423	(269)	(269)	
	Taiwan Crystal Technology International (HK) Limited	Hong Kong	Investment	238,258 (US$ 8,014)	107,974 (US$ 3,614)	8,014	100	238,151	(557)	(557)	
Taiwan Cystal Technology International (HK) Limited	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	237,844 (US$ 8,000)	107,560 (US$ 3,600)	US$ 8,000	60	237,998 (US$ 8,059)	(530) (RMB -113)	(318) (US$ -11)	
	TXC Europe SRL	Europe	Marketing activities	414 (EUR 10)	414 (EUR 10)	EUR 10	100	152 (US$ 5)	(239) (US$ -8)	(239) (US$ -8)	
TCTI	GPT	BVI	National trading	1,691 (US$ 50)	1,691 (US$ 50)	50	100	130,150 (US$ 4,407)	10,055 (US$ 339)	10,055 (US$ 339)	
	NGB	Ningbo	Manufacture and sales of electronics products	1,487,211 (US$ 45,835)	1,487,211 (US$ 45,835)	US$ 45,835	100	3,075,327 (US$ 104,142)	55,087 (US$ 1,855)	55,087 (US$ 1,855)	
NGB	TXC (HK) Limited	Hong Kong	National trading	846 (HK$ 200)	846 (HK$ 200)	HK$ 200	100	11,778 (RMB 2,510)	(5) (RMB -1)	(5) (RMB -1)	
	TXC (Chongqing) Corporation	Chongqing	Manufacture and sales of electronics products	156,355 (RMB 33,000)	48,072 (RMB 10,000)	RMB 33,000	40	154,094 (RMB 32,845)	(530) (RMB -113)	(212) (RMB -45)	
	Chongqing All Suns Company Limited	Chongqing	Marketing activities	38,458 (RMB 8,000)	38,458 (RMB 8,000)	RMB 8,000	100	36,904 (RMB 7,866)	(81) (RMB -17)	(81) (RMB -17)	
	Ningbo Jingyu Company Limited	Ningbo	International trading	4,807 (RMB 1,000)	4,807 (RMB 1,000)	RMB 1,000	100	4,683 (RMB 998)	30 (RMB 6)	30 (RMB 6)	

TXC CORPORATION

DERIVATIVE TRANSACTIONS OF INVESTEES OVER WHICH THE CORPORATION HAS A CONTROLLING INTEREST
MARCH 31, 2012
(In Thousands of New Taiwan Dollars or U.S. Dollars)

NGB entered into derivative transactions during the three months ended March 31, 2012 to manage exposures related to foreign exchange rate fluctuations

Outstanding forward contracts as of March 31, 2012:

	Currency	Maturity	Contract Amount (In Thousands)
March 31, 2012			
Sell	USD/RMB	2012.04.27-2012.06.28	USD14,000/RMB88,442

TXC CORPORATION

INFORMATION OF INVESTMENT IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2012
(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, 2012 (US$ in Thousand)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2012 (US$ in Thousand)	Percentage of Ownership	Investment Income (Loss) Recognized (Note 1)	Carrying Amount as of March 31, 2012	Accumulated Inward Remittance of Earnings as of March 31, 2012
					Outflow	Inflow					
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator	$ 1,487,211 (US$ 45,835)	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,427,630 (US$ 44,000)	$ -	$ -	$ 1,427,630 (US$ 44,000)	100	$ 55,087 (US$ 1,855)	$ 3,075,327 (US$ 104,142)	$ 256,146 (US$ 7,897)
Dongguan Failong Dong Bond Electronic Co.	Manufacturing and sale of electronic devices	580,947 (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	139,177 (RMB 29,723)	Other investment of the Corporation Mainland China			-		23	1,421 (RMB 302)	48,902 (RMB 10,423)	-
TXC (Chongqing) Corporation	Manufacturing and sales of electronic devices and hardware components	394,199 (RMB 84,053)	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	107,560 (US$ 3,600)	130,284 (US$ 4,400)	-	237,844 (US$ 8,000)	100	(530) (RMB -113)	392,092 (RMB 83,574)	-
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	38,458 (RMB 8,000)	Other investment of the Corporation Mainland China	-	-	-	-	100	(81) (RMB -17)	36,904 (RMB 7,866)	-
Ningbo Jingyu Co., Ltd.	Purchasing and selling electronic component	4,807 (RMB 1,000)	Other investment of the Corporation Mainland China	-	-	-	-	100	30 (RMB 6)	4,683 (RMB 998)	-

Note 1: Other.

Accumulated Investment in Mainland China as of March 31, 2012 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment
$ 1,711,952 (US$ 53,480)	$ 1,772,360 (US$ 55,315)	$ - (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	$ 624,964	Cost-adjusted price	Similar with third parties	Cost-adjusted price	$ (655,307)	(47)	$ (27,078)
		Sale	32,681	Cost-adjusted price	Similar with third parties	Cost-adjusted price	41,065	2	

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)