

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)

June 30, 2009 and 2008

(expressed in thousands of New Taiwan dollars)

Assets	2009		2008		Liabilities and Stockholders' Equity	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents	\$ 50,133,456	22.6	63,398,722	30.6	Short-term loans	\$ 5,928,952	2.7	14,299,070	6.9
Financial assets measured at fair value through profit or loss – current	58,088	-	148,967	0.1	Notes and accounts payable	97,129,919	43.8	79,038,795	38.2
Available-for-sale financial assets – current	201,123	0.1	288,598	0.1	Notes and accounts payable – related parties	530,628	0.2	703,126	0.3
Notes and accounts receivable, net	94,200,695	42.5	67,278,149	32.5	Income tax payable	2,173,618	1.0	1,458,394	0.7
Notes and accounts receivable, net – related parties	528,088	0.2	1,059,689	0.5	Accrued expenses and other current liabilities	8,642,972	3.9	7,942,366	3.8
Other current financial assets	573,787	0.2	2,206,294	1.1	Cash dividends payable	6,491,683	2.9	10,375,319	5.0
Inventories, net	38,032,990	17.2	32,673,774	15.8	Accrued product warranty liability	2,248,641	1.0	2,079,484	1.0
Prepaid and other current assets	1,029,582	0.5	1,481,871	0.7	Long-term loans due within one year	37,500	-	714,283	0.3
Deferred income tax assets – current	574,060	0.3	540,937	0.3		<u>123,183,913</u>	<u>55.5</u>	<u>116,610,837</u>	<u>56.2</u>
	<u>185,331,869</u>	<u>83.6</u>	<u>169,077,001</u>	<u>81.7</u>	Long-term and non-current liabilities:				
Investments:					Bonds payable	9,879,606	4.5	9,115,461	4.4
Long-term investment under equity method	14,519,742	6.6	15,015,711	7.3	Long-term loans	62,500	-	-	-
Available-for-sale financial assets – non-current	2,695,918	1.2	3,436,501	1.6	Deferred income tax liabilities and other	843,194	0.4	730,218	0.4
Financial assets carried at cost – non-current	1,619,247	0.7	1,937,718	0.9		<u>10,785,300</u>	<u>4.9</u>	<u>9,845,679</u>	<u>4.8</u>
Other non-current financial assets	147,793	0.1	172,305	0.1	Total liabilities	<u>133,969,213</u>	<u>60.4</u>	<u>126,456,516</u>	<u>61.0</u>
	<u>18,982,700</u>	<u>8.6</u>	<u>20,562,235</u>	<u>9.9</u>	Stockholders' equity:				
Property, plant and equipment:					Common stock	38,838,710	17.5	38,659,589	18.7
Land and land leasehold rights	1,324,737	0.6	1,309,100	0.6	Stock dividends and employee bonuses to be distributed	831,846	0.4	747,471	0.4
Buildings	8,251,987	3.7	6,080,203	2.9		<u>39,670,556</u>	<u>17.9</u>	<u>39,407,060</u>	<u>19.1</u>
Machinery and equipment	11,942,972	5.4	10,973,670	5.3	Capital surplus:				
Research equipment	1,460,187	0.6	1,249,803	0.6	Paid-in capital in excess of par value	7,715,310	3.5	7,087,078	3.4
Molding equipment	3,342,115	1.5	1,646,570	0.8	Other	1,874,835	0.9	1,593,067	0.8
Other equipment	2,867,319	1.3	2,374,560	1.2		<u>9,590,145</u>	<u>4.4</u>	<u>8,680,145</u>	<u>4.2</u>
	29,189,317	13.1	23,633,906	11.4	Retained earnings:				
Less: accumulated depreciation	(14,730,911)	(6.6)	(10,718,222)	(5.2)	Legal reserve	9,630,627	4.3	8,366,723	4.0
Unfinished construction and prepayment for purchase of equipment	1,033,779	0.5	2,921,603	1.4	Special reserve	1,448,771	0.7	245,036	0.1
	<u>15,492,185</u>	<u>7.0</u>	<u>15,837,287</u>	<u>7.6</u>	Unappropriated retained earnings	21,096,853	9.5	18,080,939	8.7
Intangible assets and other assets:						<u>32,176,251</u>	<u>14.5</u>	<u>26,692,698</u>	<u>12.8</u>
Goodwill	596,736	0.3	599,536	0.3	Equity adjustment:				
Patent licenses and other	1,006,218	0.4	693,338	0.3	Foreign currency translation adjustments	226,740	0.1	(927,745)	(0.4)
Other	244,822	0.1	311,799	0.2	Unrealized gains(losses) on financial instruments	(439,287)	(0.2)	197,103	0.1
	1,847,776	0.8	1,604,673	0.8	Treasury stock	(881,247)	(0.4)	(881,247)	(0.4)
Total assets	\$ <u>221,654,530</u>	<u>100.0</u>	<u>207,081,196</u>	<u>100.0</u>		<u>(1,093,794)</u>	<u>(0.5)</u>	<u>(1,611,889)</u>	<u>(0.7)</u>
					Minority interest	7,342,159	3.3	7,456,666	3.6
					Total stockholders' equity	<u>87,685,317</u>	<u>39.6</u>	<u>80,624,680</u>	<u>39.0</u>
					Commitments and contingencies				
					Total liabilities and stockholders' equity	\$ <u>221,654,530</u>	<u>100.0</u>	<u>207,081,196</u>	<u>100.0</u>

See accompanying notes to consolidated financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Income (Unaudited)

Six-month periods ended June 30, 2009 and 2008

(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2009		2008	
	Amount	%	Amount	%
Net sales	\$ 253,546,844	100.0	226,762,654	100.0
Cost of sales	<u>237,316,506</u>	<u>93.6</u>	<u>210,993,447</u>	<u>93.0</u>
Gross profit	<u>16,230,338</u>	<u>6.4</u>	<u>15,769,207</u>	<u>7.0</u>
Operating expenses:				
Selling	1,926,790	0.8	1,729,234	0.8
General and administrative	1,994,097	0.8	2,132,956	1.0
Research and development	<u>4,076,557</u>	<u>1.6</u>	<u>3,703,622</u>	<u>1.6</u>
	<u>7,997,444</u>	<u>3.2</u>	<u>7,565,812</u>	<u>3.4</u>
Operating income	<u>8,232,894</u>	<u>3.2</u>	<u>8,203,395</u>	<u>3.6</u>
Non-operating income:				
Interest income	217,597	0.1	938,430	0.4
Other investment income, net	299,502	0.1	196,255	0.1
Foreign currency exchange gain, net	291,318	0.1	405,135	0.2
Gain on valuation of financial instruments, net	55,019	-	317,649	0.1
Other	<u>209,093</u>	<u>0.1</u>	<u>302,278</u>	<u>0.2</u>
	<u>1,072,529</u>	<u>0.4</u>	<u>2,159,747</u>	<u>1.0</u>
Non-operating expenses and losses:				
Interest expense	47,611	-	319,054	0.2
Investment loss under the equity method, net	1,747,261	0.7	1,286,272	0.6
Impairment losses	39,371	-	-	-
Other	<u>17,596</u>	<u>-</u>	<u>52,341</u>	<u>-</u>
	<u>1,851,839</u>	<u>0.7</u>	<u>1,657,667</u>	<u>0.8</u>
Net income before income tax expense and minority interest income	7,453,584	2.9	8,705,475	3.8
Income tax expense	<u>1,270,671</u>	<u>0.5</u>	<u>1,783,470</u>	<u>0.8</u>
Net income	<u>\$ 6,182,913</u>	<u>2.4</u>	<u>\$ 6,922,005</u>	<u>3.0</u>
Distributed to:				
Parent company's shareholders	\$ 6,037,625	2.3	6,424,258	2.8
Minority interest in net income of subsidiaries	<u>145,288</u>	<u>0.1</u>	<u>497,747</u>	<u>0.2</u>
	<u>\$ 6,182,913</u>	<u>2.4</u>	<u>\$ 6,922,005</u>	<u>3.0</u>
	Before	After	Before	After
	income tax	income tax	income tax	income tax
Basic net income per share	<u>\$ 1.89</u>	<u>1.57</u>	<u>2.11</u>	<u>1.65</u>
Basic net income per share calculated by adjusting dividends declared retroactively			<u>\$ 2.10</u>	<u>1.64</u>
Diluted net income per share	<u>\$ 1.71</u>	<u>1.41</u>	<u>1.80</u>	<u>1.41</u>
Diluted net income per share calculated by adjusting dividends declared retroactively			<u>\$ 1.79</u>	<u>1.41</u>

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

Six-month periods ended June 30, 2009 and 2008
(expressed in thousands of New Taiwan dollars)

	Common stock	Stock dividends and employee bonuses be distributed	Capital surplus	Legal reserve	Retained earnings		Unrealized gains(losses) on financial instruments	Foreign currency translation adjustment	Treasury stock	Minority interest	Total
					Special reserve	Unappropriated					
Balance on January 1, 2008	\$ 38,659,589	-	8,862,692	6,998,409	216,433	23,631,944	881,365	(119,878)	(881,247)	7,695,418	85,944,725
Appropriation of 2007 net income:											
Special reserve	-	-	-	-	28,603	(28,603)	-	-	-	-	-
Legal reserve	-	-	-	1,368,314	-	(1,368,314)	-	-	-	-	-
Employee bonuses (cash and stock)	-	554,173	-	-	-	(615,741)	-	-	-	-	(61,568)
Directors' and supervisors' remuneration	-	-	-	-	-	(246,296)	-	-	-	-	(246,296)
Dividends (cash and stock)	-	77,319	-	-	-	(9,355,620)	-	-	-	-	(9,278,301)
Capital surplus transferred to common stock	-	115,979	(115,979)	-	-	-	-	-	-	-	-
Adjustment for changes in investee company's stockholders' equity	-	-	(183,119)	-	-	(360,689)	-	-	-	-	(543,808)
Cash dividends paid to subsidiaries holding the Company's shares	-	-	116,551	-	-	-	-	-	-	-	116,551
Net income for the six-month period ended June 30, 2008	-	-	-	-	-	6,424,258	-	-	-	-	6,424,258
Foreign currency translation adjustment	-	-	-	-	-	-	-	(807,867)	-	-	(807,867)
Adjustment for unrealized gains(losses) on financial instruments	-	-	-	-	-	-	(684,262)	-	-	-	(684,262)
Minority interest in net income of subsidiaries	-	-	-	-	-	-	-	-	-	497,747	497,747
Adjustment for changes in minority interests	-	-	-	-	-	-	-	-	-	(736,499)	(736,499)
Balance on June 30, 2008	\$ 38,659,589	747,471	8,680,145	8,366,723	245,036	18,080,939	197,103	(927,745)	(881,247)	7,456,666	80,624,680
Balance on January 1, 2008	\$ 38,838,710	-	8,765,157	8,366,723	245,036	23,461,062	(1,198,630)	239,696	(881,247)	8,181,004	86,017,511
Appropriation of 2008 net income:											
Special reserve	-	-	-	-	1,203,735	(1,203,735)	-	-	-	-	-
Legal reserve	-	-	-	1,263,904	-	(1,263,904)	-	-	-	-	-
Dividends (cash and stock)	-	77,677	-	-	-	(5,903,484)	-	-	-	-	(5,825,807)
Employee bonuses transferred to common stock	-	637,653	846,802	-	-	-	-	-	-	-	1,484,455
Capital surplus transferred to common stock	-	116,516	(116,516)	-	-	-	-	-	-	-	-
Adjustment for changes in investee company's stockholders' equity	-	-	21,494	-	-	(30,711)	-	-	-	-	(9,217)
Cash dividends paid to subsidiaries holding the Company's shares	-	-	73,208	-	-	-	-	-	-	-	73,208
Net income for the six-month period ended June 30, 2009	-	-	-	-	-	6,037,625	-	-	-	-	6,037,625
Foreign currency translation adjustment	-	-	-	-	-	-	-	(12,956)	-	-	(12,956)
Adjustment for unrealized gains(losses) on financial instruments	-	-	-	-	-	-	759,343	-	-	-	759,343
Minority interest in net income of subsidiaries	-	-	-	-	-	-	-	-	-	145,288	145,288
Adjustment for changes in minority interests	-	-	-	-	-	-	-	-	-	(984,133)	(984,133)
Balance on June 30, 2009	\$ 38,838,710	831,846	9,590,145	9,630,627	1,448,771	21,096,853	(439,287)	226,740	(881,247)	7,342,159	87,685,317

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)

Six-month periods ended June 30, 2009 and 2008
(expressed in thousands of New Taiwan dollars)

	2009	2008
Cash flows from operating activities:		
Net income	\$ 6,182,913	6,922,005
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	3,098,236	2,018,180
Increase in allowance for doubtful accounts, and inventory obsolescence provision	8,946	121,065
Investment loss under the equity method, net	1,747,261	1,286,272
Decrease (increase) in notes and accounts receivable	(20,061,636)	11,549,214
Increase in inventories	(6,032,564)	(1,647,389)
Increase in prepaid assets, other current assets, and other current financial assets	(610,384)	(513,556)
Increase (decrease) in notes and accounts payable	20,077,248	(14,683,773)
Increase in accrued expenses, other current liabilities, and accrued product warranty liability	52,436	2,014,764
Decrease in income tax payable	(783,778)	(1,949,719)
Unrealized exchange loss (gain) on bonds payable	8,397	(628,290)
Other	146,461	394,625
Net cash provided by operating activities	<u>3,833,536</u>	<u>4,883,398</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(1,627,357)	(3,007,015)
Proceeds from sale of property, plant and equipment and non-current assets held for sale	249,507	546,209
Increase in patent licenses	(690,890)	(511,437)
Acquisition of long-term equity investments and financial assets carried at cost	(90,214)	(2,844,431)
Proceeds from sale of available-for-sale financial assets	313,597	258,844
Capital refund from investee	7,700	168,000
Other	(38,269)	(7,935)
Net cash used in investing activities	<u>(1,875,926)</u>	<u>(5,397,765)</u>
Cash flows from financing activities:		
Increase in short-term loans	1,626,673	2,183,251
Changes in minority interests	667,421	(1,234,436)
Other	12,361	1,720
Net cash provided by financing activities	<u>2,306,455</u>	<u>950,535</u>
Effects of exchange rate change on cash and cash equivalents	110,570	(69,915)
Changes in cash due to change in ownership of subsidiaries	(470,651)	433,008
Net increase in cash and cash equivalents	3,903,984	799,261
Cash and cash equivalents at beginning of period	<u>46,229,472</u>	<u>62,599,461</u>
Cash and cash equivalents at end of period	<u>\$ <u>50,133,456</u></u>	<u>\$ <u>63,398,722</u></u>
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u>38,086</u>	<u>323,207</u>
Income taxes	\$ <u>2,131,625</u>	<u>2,639,981</u>
Supplementary disclosures of financing activities not affecting cash flows:		
Cash dividends payable	\$ <u>5,825,807</u>	<u>9,278,301</u>
Directors' and supervisors' remuneration and employee bonuses payable	\$ <u>-</u>	<u>307,864</u>
Employee bonuses payable transferred to stock dividends and employee bonuses to be distributed	\$ <u>1,484,455</u>	<u>-</u>
Long-term loans due within one year	\$ <u>37,500</u>	<u>714,283</u>

See accompanying notes to financial statements.