COMPAL ELECTRONICS, INC.

Balance Sheets (Unaudited)

March 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

Assets	2010 Amount	%	2009 Amount	%
Current assets:				
Cash and cash equivalents	$ 36,069,568	12.2	15,853,947	9.6
Financial assets measured at fair value through profit or loss – current	120,982	-	176,186	0.1
Notes and accounts receivable, net	146,100,903	49.3	77,149,444	46.5
Notes and accounts receivable, net－related parties	2,722,238	0.9	566,452	0.3
Other current financial assets	260,335	0.1	237,437	0.1
Inventories, net	44,084,256	14.9	18,524,457	11.2
Prepayment and other current assets	976,749	0.3	491,781	0.3
	230,335,031	77.7	112,999,704	68.1
Investments:				
Long-term investment under equity method	48,187,206	16.3	47,295,404	28.5
Available-for-sale financial assets－non-current	8,473,847	2.9	1,452,747	0.9
Financial assets carried at cost－non-current	4,432,145	1.5	840,858	0.5
Debt investments without quoted price in active markets	1,514,078	0.5	-	-
Other non-current financial assets	156,235	-	142,000	0.1
	62,763,511	21.2	49,731,009	30.0
Property, plant and equipment:				
Land	848,248	0.3	887,937	0.5
Buildings	1,751,802	0.6	1,652,589	1.0
Research equipment	401,544	0.1	362,944	0.2
Other equipment	356,337	0.1	299,580	0.2
	3,357,931	1.1	3,203,050	1.9
Less: accumulated depreciation	(1,283,387)	(0.4)	(1,155,306)	(0.7)
Prepayment for purchase of equipment	30,952	-	556	-
	2,105,496	0.7	2,048,300	1.2
Intangible assets – patent licenses and others	735,454	0.3	659,887	0.4
Other assets – leased assets, net, and others	397,426	0.1	420,849	0.3
Total assets	**$ 296,336,918**	**100.0**	**165,859,749**	**100.0**

Liabilities and Stockholders' Equity	2010 Amount	%	2009 Amount	%
Current liabilities:				
Short-term loans	$ 18,420,860	6.2	-	-
Notes and accounts payable	103,407,791	34.9	47,145,090	28.4
Notes and accounts payable – related parties	51,216,518	17.3	17,647,771	10.6
Income tax payable	2,272,982	0.8	2,782,335	1.7
Accrued expenses and other current liabilities	7,094,612	2.4	4,125,047	2.5
Bonds payable	2,089,079	0.7	-	-
Accrued product warranty liability	2,777,815	0.9	1,925,469	1.2
	187,279,657	63.2	73,625,712	44.4
Long-term and non-current liabilities:				
Bonds payable	-	-	10,231,089	6.2
Deferred income tax liabilities and others	87,658	-	334,688	0.2
	87,658	-	10,565,777	6.4
Total liabilities	187,367,315	63.2	84,191,489	50.8
Stockholders' equity:				
Common stock	42,589,540	14.4	38,838,710	23.4
Capital surplus:				
Paid-in capital in excess of par value	12,963,907	4.4	6,985,024	4.2
Other	1,802,269	0.6	1,793,899	1.1
	14,766,176	5.0	8,778,923	5.3
Retained earnings:				
Legal reserve	9,630,627	3.2	8,366,723	5.0
Special reserve	1,448,771	0.5	245,036	0.2
Unappropriated retained earnings	42,228,155	14.3	26,245,565	15.8
	53,307,553	18.0	34,857,324	21.0
Equity adjustment:				
Foreign currency translation adjustments	(422,539)	(0.2)	910,592	0.5
Unrealized losses on financial instruments	(389,880)	(0.1)	(836,042)	(0.5)
Treasury stock	(881,247)	(0.3)	(881,247)	(0.5)
	(1,693,666)	(0.6)	(806,697)	(0.5)
Total stockholders' equity	108,969,603	36.8	81,668,260	49.2
Commitments and contingencies				
Total liabilities and stockholders' equity	**$ 296,336,918**	**100.0**	**165,859,749**	**100.0**

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Income (Unaudited)

Three-month periods ended March 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2010 Amount	%	2009 Amount	%
Net sales	$ 216,653,513	100.0	109,178,509	100.0
Cost of sales	207,535,005	95.8	103,778,343	95.0
	9,118,508	4.2	5,400,166	5.0
Change in unrealized inter-company profits	(701)	-	(232)	-
Gross profit	9,117,807	4.2	5,399,934	5.0
Operating expenses:				
Selling	1,162,799	0.6	348,887	0.3
General and administrative	723,110	0.3	543,968	0.5
Research and development	1,570,756	0.7	1,170,907	1.1
	3,456,665	1.6	2,063,762	1.9
Operating income	5,661,142	2.6	3,336,172	3.1
Non-operating income and gains:				
Interest income	66,906	-	38,003	-
Investment income under the equity method, net	771,829	0.4	-	-
Other investment income, net	2,627,077	1.2	-	-
Foreign currency exchange gain, net	35,622	-	462,909	0.4
Gain on valuation of financial instruments, net	42,658	-	-	-
Other	84,424	0.1	82,553	0.1
	3,628,516	1.7	583,465	0.5
Non-operating expenses and losses:				
Interest expense	19,174	-	16,362	-
Investment loss under the equity method, net	-	-	611,541	0.6
Other	23,438	-	53,506	-
	42,612	-	681,409	0.6
Net income before income tax expense	9,247,046	4.3	3,238,228	3.0
Income tax expense	731,767	0.4	437,749	0.4
Net income	$ 8,515,279	3.9	2,800,479	2.6

	2010 Before income tax	2010 After income tax	2009 Before income tax	2009 After income tax
Basic net income per share	$ 2.22	2.05	0.84	0.73
Basic net income per share calculated by adjusting dividends declared retroactively			$ 0.84	0.73
Diluted net income per share	$ 2.10	1.94	0.83	0.71
Diluted net income per share calculated by adjusting dividends declared retroactively			$ 0.82	0.71

The pro forma information under the assumption that the Company's outstanding shares held by its subsidiaries are not regarded as treasury stock was as follows:

	2010 Before income tax	2010 After income tax	2009 Before income tax	2009 After income tax
Net income	$ 9,247,046	8,515,279	3,238,228	2,800,479
Basic net income per share	$ 2.20	2.02	0.83	0.72
Basic net income per share calculated by adjusting dividends declared retroactively			$0.83	0.72

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows (Unaudited)

Three-month periods ended March 31, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income	$ 8,515,279	2,800,479
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	156,622	229,568
Change in allowance for doubtful accounts and inventory obsolescence provision	(352,100)	(28,725)
Other investment loss (income), net	(2,627,077)	1,756
Investment loss (income) under the equity method, net	(771,829)	611,541
Decrease (increase) in notes and accounts receivable	6,611,979	(16,957,505)
Decrease (increase) in inventories	3,801,040	(5,173,158)
Decrease (increase) in prepayment, other current assets, and other current financial assets	(409,272)	74,458
Increase (decrease) in notes and accounts payable	(4,925,545)	15,963,579
Increase (decrease) in accrued expenses, other current liabilities, and accrued product warranty liability	1,298,691	(781,242)
Increase in income tax payable	689,167	521,572
Change in deferred income tax assets	9,291	(126,369)
Decrease (increase) in financial assets measured at fair value through profit or loss – current	(50,150)	25,913
Foreign currency exchange loss (gain) on bonds payable	(57,235)	359,880
Other	198	8,432
Net cash provided by (used in) operating activities	11,889,059	(2,469,821)
Cash flows from investing activities:		
Additions to property, plant and equipment	(39,023)	(12,372)
Increase in patent licenses	(175,900)	(221,479)
Increase in long-term receivables – related parties	(119,893)	(28,644)
Acquisition of long-term equity investments	(486,282)	(34,252)
Proceeds from sale of long-term equity investments	-	11,271
Other	36,885	6,785
Net cash used in investing activities	(784,213)	(278,691)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	4,609,300	(2,000,000)
Proceeds from issuance of stock for employee stock options exercised	192,221	-
Net cash provided by (used in) financing activities	4,801,521	(2,000,000)
Net increase (decrease) in cash and cash equivalents	15,906,367	(4,748,512)
Cash and cash equivalents at beginning of period	20,163,201	20,602,459
Cash and cash equivalents at end of period	$ 36,069,568	15,853,947
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 15,823	16,849
Income taxes	$ 32,058	43,599
Supplementary disclosures of financing activities not affecting cash flows:		
Convertible bonds payable transferred to common stock and capital surplus	$ 3,555,440	-

See accompanying notes to financial statements.