COMPAL ELECTRONICS, INC.

Balance Sheets (Unaudited)

September 30, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

Assets	2010 Amount	%	2009 Amount	%
Current assets:				
Cash and cash equivalents	$ 26,025,916	8.5	16,210,883	7.0
Financial assets measured at fair value through profit or loss – current	113,875	-	27,471	-
Notes and accounts receivable, net	171,827,861	56.5	120,386,819	52.3
Notes and accounts receivable, net－related parties	3,196,785	1.1	1,262,131	0.5
Other current financial assets	522,613	0.2	477,364	0.2
Inventories, net	33,748,515	11.1	35,575,419	15.5
Prepayment and other current assets	1,231,186	0.4	471,666	0.2
	236,666,751	77.8	174,411,753	75.7
Investments:				
Long-term investment under equity method	48,444,853	16.0	47,669,048	20.7
Available-for-sale financial assets－non-current	10,645,246	3.5	2,320,337	1.0
Financial assets carried at cost－non-current	3,390,011	1.1	1,099,356	0.5
Debt investments without quoted price in active markets	1,559,035	0.5	1,471,138	0.6
Other non-current financial assets	36,846	-	153,493	0.1
	64,075,991	21.1	52,713,372	22.9
Property, plant and equipment:				
Land	894,785	0.3	869,400	0.4
Buildings	1,817,406	0.6	1,619,789	0.7
Research equipment	452,701	0.1	369,794	0.2
Other equipment	365,460	0.1	329,950	0.1
	3,530,352	1.1	3,188,933	1.4
Less: accumulated depreciation	(1,360,704)	(0.4)	(1,199,956)	(0.5)
Prepayment for purchase of equipment	16,436	-	10,540	-
	2,186,084	0.7	1,999,517	0.9
Intangible assets – patent licenses and others	944,941	0.3	646,133	0.3
Other assets – leased assets, net, and others	304,978	0.1	458,066	0.2
Total assets	$ 304,178,745	100.0	230,228,841	100.0

Liabilities and Stockholders' Equity	2010 Amount	%	2009 Amount	%
Current liabilities:				
Short-term loans	$ 12,708,900	4.2	6,261,518	2.7
Notes and accounts payable	118,499,963	39.0	86,017,317	37.4
Notes and accounts payable – related parties	48,364,294	15.9	33,343,415	14.5
Income tax payable	2,536,367	0.8	2,404,144	1.1
Accrued expenses and other current liabilities	7,592,786	2.5	4,416,940	1.9
Bonds payable	-	-	9,262,256	4.0
Accrued product warranty liability	3,776,337	1.2	1,872,394	0.8
	193,478,647	63.6	143,577,984	62.4
Non-current liabilities:				
Deferred income tax liabilities and others	27,657	-	237,249	0.1
Total liabilities	193,506,304	63.6	143,815,233	62.5
Stockholders' equity:				
Common stock	44,212,248	14.5	39,829,012	17.3
Capital surplus:				
Paid-in capital in excess of par value	13,483,811	4.4	8,005,508	3.5
Other	1,717,829	0.6	2,110,236	0.9
	15,201,640	5.0	10,115,744	4.4
Retained earnings:				
Legal reserve	11,551,432	3.8	9,630,627	4.2
Special reserve	798,081	0.3	1,448,771	0.6
Unappropriated retained earnings	40,975,604	13.5	26,199,693	11.4
	53,325,117	17.6	37,279,091	16.2
Equity adjustment:				
Foreign currency translation adjustments	(783,184)	(0.3)	(43,317)	-
Unrealized gains (losses) on financial instruments	(402,133)	(0.1)	114,325	-
Treasury stock	(881,247)	(0.3)	(881,247)	(0.4)
	(2,066,564)	(0.7)	(810,239)	(0.4)
Total stockholders' equity	110,672,441	36.4	86,413,608	37.5
Commitments and contingencies				
Total liabilities and stockholders' equity	$ 304,178,745	100.0	230,228,841	100.0

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Income (Unaudited)

Nine-month periods ended September 30, 2010 and 2009
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2010 Amount	%	2009 Amount	%
Net sales	$ 637,405,990	100.0	403,995,274	100.0
Cost of sales	611,835,172	96.0	384,816,735	95.3
	25,570,818	4.0	19,178,539	4.7
Change in unrealized inter-company profits	(1,195)	-	1,476	-
Gross profit	25,569,623	4.0	19,180,015	4.7
Operating expenses:				
Selling	3,433,076	0.6	1,817,413	0.5
General and administrative	1,967,993	0.3	1,757,448	0.4
Research and development	4,598,666	0.7	3,795,552	0.9
	9,999,735	1.6	7,370,413	1.8
Operating income	15,569,888	2.4	11,809,602	2.9
Non-operating income and gains:				
Interest income	233,155	-	95,953	-
Investment income under the equity method, net	1,684,809	0.3	687,135	0.2
Other investment income, net	4,115,083	0.6	27,518	-
Foreign currency exchange gain, net	94,020	-	147,700	-
Other	332,260	0.1	236,591	0.1
	6,459,327	1.0	1,194,897	0.3
Non-operating expenses and losses:				
Interest expense	95,161	-	30,462	-
Impairment losses	23,438	-	45,161	-
Loss on valuation of financial instruments, net	54,687	-	9,048	-
Other	-	-	95	-
	173,286	-	84,766	-
Net income before income tax expense	21,855,929	3.4	12,919,733	3.2
Income tax expense	3,058,538	0.5	1,741,285	0.4
Net income	$ 18,797,391	2.9	11,178,448	2.8

	2010 Before income tax	2010 After income tax	2009 Before income tax	2009 After income tax
Basic net income per share	$ 5.08	4.37	$ 3.33	2.88
Basic net income per share calculated by adjusting dividends declared retroactively			$ 3.26	2.82
Diluted net income per share	$ 4.88	4.20	$ 2.97	2.58
Diluted net income per share calculated by adjusting dividends declared retroactively			$ 2.92	2.53

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	$ 21,972,059	18,913,521	12,992,941	11,251,656
Basic net income per share	$ 5.04	4.34	$ 3.31	2.87
Basic net income per share calculated by adjusting dividends declared retroactively			$ 3.24	2.80

See accompanying notes to financial statements.

COMPAL ELECTRONICS, INC.

Statements of Cash Flows (Unaudited)

Nine-month periods ended September 30, 2010 and 2009
(expressed in thousands of New Taiwan dollars)

	2010	2009
Cash flows from operating activities:		
Net income	$ 18,797,391	11,178,448
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	478,551	696,423
Increase (decrease) in allowance for doubtful accounts and inventory obsolescence provision	(1,012,619)	327,791
Other investment loss (income), net	(4,076,562)	5,652
Cash dividends received from long-term equity investments	321,883	186,153
Investment income under the equity method, net	(1,684,809)	(687,135)
Increase in notes and accounts receivable	(18,952,986)	(61,389,494)
Decrease (increase) in inventories	14,160,761	(22,081,701)
Decrease (increase) in prepayment, other current assets, and other current financial assets	(335,065)	109,888
Increase in notes and accounts payable	7,314,403	70,531,450
Increase in accrued expenses, other current liabilities, and accrued product warranty liability	2,699,910	849,946
Increase in income tax payable	952,552	143,381
Change in deferred income tax assets	(439,992)	(153,902)
Decrease (increase) in financial assets measured at fair value through profit or loss – current	(43,043)	174,628
Unrealized foreign currency exchange gain on bonds payable	(44,546)	(160,299)
Other	(67,771)	38,052
Net cash provided by (used in) operating activities	18,068,058	(230,719)
Cash flows from investing activities:		
Additions to property, plant and equipment	(103,510)	(71,330)
Increase in patent licenses	(535,363)	(507,297)
Decrease in restricted assets	142,000	-
Acquisition of long-term equity investments and financial assets carried at cost	(822,506)	(2,178,927)
Capital refund from investee	70,692	-
Proceeds from sale of investments	179,075	28,088
Decrease in long-term receivables – related parties	959	130,054
Other	(2,875)	2,976
Net cash used in investing activities	(1,071,528)	(2,596,436)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(1,102,660)	4,261,518
Cash dividends paid	(10,264,535)	(5,825,807)
Repayment of bonds payable	(16,005)	-
Proceeds from issuance of stock for employee stock options exercised	249,071	-
Other	314	(132)
Net cash used in financing activities	(11,133,815)	(1,564,421)
Net increase (decrease) in cash and cash equivalents	5,862,715	(4,391,576)
Cash and cash equivalents at beginning of period	20,163,201	20,602,459
Cash and cash equivalents at end of period	$ 26,025,916	16,210,883
Supplementary disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 89,434	29,586
Income taxes	$ 2,545,977	1,754,008
Supplementary disclosures of financing activities not affecting cash flows:		
Convertible bonds payable transferred to common stock and capital surplus	$ 5,641,203	448,654
Employee bonuses payable transferred to common stock and capital surplus	$ -	1,484,455

See accompanying notes to financial statements.