COMPAL ELECTRONICS, INC.

Balance Sheets (Unaudited)

March 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars)

Assets	2011 Amount	%	2010 Amount	%
Current assets:				
Cash and cash equivalents	$ 40,018,028	14.5	36,069,568	12.2
Financial assets measured at fair value through profit or loss – current	175,150	0.1	120,982	-
Notes and accounts receivable, net	136,134,051	49.5	146,100,903	49.3
Notes and accounts receivable, net－related parties	1,119,589	0.4	2,722,238	0.9
Other current financial assets	133,839	-	260,335	0.1
Inventories, net	27,870,506	10.1	44,084,256	14.9
Prepayment and other current assets	911,977	0.4	976,749	0.3
	206,363,140	75.0	230,335,031	77.7
Investments:				
Long-term investment under equity method	52,191,803	19.0	48,187,206	16.3
Available-for-sale financial assets－non-current	8,083,517	2.9	8,473,847	2.9
Financial assets carried at cost－non-current	3,210,395	1.2	4,432,145	1.5
Debt investments without quoted price in active markets	1,606,104	0.6	1,514,078	0.5
Other non-current financial assets	76,682	-	156,235	-
	65,168,501	23.7	62,763,511	21.2
Property, plant and equipment:				
Land	895,394	0.3	848,248	0.3
Buildings	1,815,397	0.7	1,751,802	0.6
Research equipment	495,927	0.2	401,544	0.1
Other equipment	377,132	0.1	356,337	0.1
	3,583,850	1.3	3,357,931	1.1
Less: accumulated depreciation	(1,427,452)	(0.5)	(1,283,387)	(0.4)
Prepayment for purchase of equipment	5,990	-	30,952	-
	2,162,388	0.8	2,105,496	0.7
Intangible assets – patent licenses and others	845,200	0.3	735,454	0.3
Other assets – leased assets, net, and others	609,082	0.2	397,426	0.1
Total assets	**$ 275,148,311**	**100.0**	**296,336,918**	**100.0**

Liabilities and Stockholders' Equity	2011 Amount	%	2010 Amount	%
Current liabilities:				
Short-term loans	$ 12,715,500	4.6	18,420,860	6.2
Notes and accounts payable	90,427,340	32.9	103,407,791	34.9
Notes and accounts payable – related parties	45,295,726	16.4	51,216,518	17.3
Income tax payable	2,537,570	0.9	2,272,982	0.8
Accrued expenses and other current liabilities	6,191,736	2.3	7,094,612	2.4
Bonds payable	-	-	2,089,079	0.7
Accrued product warranty liability	3,272,987	1.2	2,777,815	0.9
	160,440,859	58.3	187,279,657	63.2
Other liabilities:				
Deferred income tax liabilities and others	18,491	-	87,658	-
Total liabilities	160,459,350	58.3	187,367,315	63.2
Stockholders' equity:				
Common stock	44,348,646	16.1	42,589,540	14.4
Capital surplus:				
Paid-in capital in excess of par value	13,687,044	5.0	12,963,907	4.4
Other	1,716,031	0.6	1,802,269	0.6
	15,403,075	5.6	14,766,176	5.0
Retained earnings:				
Legal reserve	11,551,432	4.2	9,630,627	3.2
Special reserve	798,081	0.3	1,448,771	0.5
Unappropriated retained earnings	48,946,782	17.8	42,228,155	14.3
	61,296,295	22.3	53,307,553	18.0
Equity adjustment:				
Foreign currency translation adjustments	(2,215,907)	(0.8)	(422,539)	(0.2)
Unrealized losses on financial instruments	(3,261,901)	(1.2)	(389,880)	(0.1)
Treasury stock	(881,247)	(0.3)	(881,247)	(0.3)
	(6,359,055)	(2.3)	(1,693,666)	(0.6)
Total stockholders' equity	114,688,961	41.7	108,969,603	36.8
Commitments and contingencies				
Total liabilities and stockholders' equity	**$ 275,148,311**	**100.0**	**296,336,918**	**100.0**

COMPAL ELECTRONICS, INC.
Statements of Income (Unaudited)

For the Three-month periods ended March 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars, except net income per share amounts)

	2011 Amount	%	2010 Amount	%
Net sales	$ 162,860,857	100.0	216,653,513	100.0
Cost of sales	157,776,255	96.9	207,535,005	95.8
	5,084,602	3.1	9,118,508	4.2
Increase in unrealized inter-company profits	(237)	-	(701)	-
Gross profit	5,084,365	3.1	9,117,807	4.2
Operating expenses:				
Selling	828,236	0.5	1,162,799	0.6
General and administrative	655,478	0.4	723,110	0.3
Research and development	1,670,839	1.0	1,570,756	0.7
	3,154,553	1.9	3,456,665	1.6
Operating income	1,929,812	1.2	5,661,142	2.6
Non-operating income and gains:				
Interest income	112,751	0.1	66,906	-
Investment income under the equity method, net	1,908,128	1.2	771,829	0.4
Other investment income, net	18,187	-	2,627,077	1.2
Foreign currency exchange gain, net	-	-	35,622	-
Gain on valuation of financial instruments, net	28,609	-	42,658	-
Other	75,978	-	84,424	0.1
	2,143,653	1.3	3,628,516	1.7
Non-operating expenses and losses:				
Interest expense	28,370	-	19,174	-
Foreign currency exchange loss, net	163,275	0.1	-	-
Impairment loss	48,636	-	23,438	-
	240,281	0.1	42,612	-
Net income before income tax expense	3,833,184	2.4	9,247,046	4.3
Income tax expense	335,786	0.2	731,767	0.4
Net income	$ 3,497,398	2.2	8,515,279	3.9

	2011 Before income tax	2011 After income tax	2010 Before income tax	2010 After income tax
Basic net income per share	$ 0.87	0.80	2.22	2.05
Basic net income per share calculated by adjusting dividends declared retroactively			$ 2.18	2.01
Diluted net income per share	$ 0.86	0.78	2.10	1.94
Diluted net income per share calculated by adjusting dividends declared retroactively			$ 2.06	1.90

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:

	2011 Before income tax	2011 After income tax	2010 Before income tax	2010 After income tax
Net income	$ 3,833,184	3,497,398	9,247,046	8,515,279
Basic net income per share	$ 0.86	0.79	2.20	2.02
Basic net income per share calculated by adjusting dividends declared retroactively			$ 2.15	1.98

COMPAL ELECTRONICS, INC.

Statements of Cash Flows (Unaudited)

Three-month periods ended March 31, 2011 and 2010
(expressed in thousands of New Taiwan dollars)

		2011	2010
Cash flows from operating activities:			
Net income	$	3,497,398	8,515,279
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		154,206	156,622
Increase (decrease) in allowance for doubtful accounts and inventory obsolescence provision		109,923	(352,100)
Other investment income, net		(18,187)	(2,627,077)
Impairment loss of financial assets carried at cost		48,636	23,438
Investment income under the equity method, net		(1,908,128)	(771,829)
Decrease in notes and accounts receivable		31,067,618	6,611,979
Decrease (increase) in inventories		(1,506,307)	3,801,040
Increase in prepayment, other current assets, and other current financial assets		(141,357)	(409,272)
Decrease in notes and accounts payable		(13,728,319)	(4,925,545)
Increase (decrease) in accrued expenses, other current liabilities, and accrued product warranty liability		(749,325)	1,298,691
Increase (decrease) in income tax payable		(6,492)	689,167
Change in net deferred income tax assets		335,788	9,291
Increase in financial assets measured at fair value through profit or loss – current		(65,150)	(50,150)
Foreign currency exchange gain on bonds payable		-	(57,235)
Other		(55,223)	(23,240)
Net cash provided by operating activities		17,035,081	11,889,059
Cash flows from investing activities:			
Additions to property, plant and equipment		(44,937)	(39,023)
Increase in patent licenses		(170,157)	(175,900)
Acquisition of long-term equity investment and financial assets carried at cost		(249,870)	(486,282)
Capital refund from investee		258,240	-
Proceeds from sale of investment		109,052	39,906
Decrease (increase) in long-term receivables – related parties		8,861	(119,893)
Other		9	(3,021)
Net cash used in financing activities		(88,802)	(784,213)
Cash flows from financing activities:			
Increase (decrease) in short-term loans		(11,928,480)	4,609,300
Proceeds from issuance of stock for employee stock options exercised		168,443	192,221
Other		124	-
Net cash provided by (used in) financing activities		(11,759,913)	4,801,521
Net increase in cash and cash equivalents		5,186,366	15,906,367
Cash and cash equivalents at beginning of period		34,831,662	20,163,201
Cash and cash equivalents at end of period	**$**	**40,018,028**	**36,069,568**
Supplementary disclosures of cash flow information:			
Cash paid during the period for:			
Interest	$	36,130	15,823
Income taxes	$	15,843	32,058
Supplementary disclosures of financing activities not affecting cash flows:			
Convertible bonds payable transferred to common stock and capital surplus	$	-	3,555,440