

## Consolidated Balance Sheet

Provided by: HON HAI PRECISION IND. CO., LTD.  
 Financial year: Yearly  
 Unit : NT\$ thousand

Accounting Title	2010/03/31		2009/03/31	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	188,302,916.00	17.13	96,155,622.00	11.69
Financial assets measured at fair value through profit or loss - current	433,947.00	0.03	205,257.00	0.02
Available-for-sale financial assets - current	1,264,917.00	0.11	971,486.00	0.11
Notes receivable - net	15,836,531.00	1.44	1,616,428.00	0.19
Accounts receivable - net	295,012,731.00	26.84	204,281,341.00	24.84
Accounts receivable - related parties - net	17,166,112.00	1.56	11,543,962.00	1.40
Other receivables	23,218,542.00	2.11	17,132,984.00	2.08
Inventories	203,974,134.00	18.56	158,436,888.00	19.27
Other prepayments	5,363,850.00	0.48	4,773,814.00	0.58
Other current assets	3,150,966.00	0.28	2,637,203.00	0.32
<b>Current assets</b>	<b>753,724,646.00</b>	<b>68.59</b>	<b>497,754,985.00</b>	<b>60.54</b>
<b>Funds and Investments</b>				
Available-for-sale financial assets - non current	17,164,089.00	1.56	10,887,755.00	1.32
Financial assets carried at cost - non current	2,086,180.00	0.18	1,292,071.00	0.15
Equity investments under equity method	32,941,488.00	2.99	26,018,220.00	3.16
Prepayments for long-term investments	1,100,650.00	0.10	0.00	0.00
Investments	34,042,138.00	3.09	26,018,220.00	3.16
Other financial assets - non current	23,559,369.00	2.14	165,452.00	0.02
<b>Funds and long-term investments</b>	<b>76,851,776.00</b>	<b>6.99</b>	<b>38,363,498.00</b>	<b>4.66</b>
<b>Fixed Assets</b>				
<b>Cost</b>				
Land	3,864,614.00	0.35	3,578,390.00	0.43
Buildings and structures	110,816,166.00	10.08	95,691,123.00	11.64
Machinery and equipment	156,188,065.00	14.21	155,485,416.00	18.91
Molding equipment	2,934,638.00	0.26	2,863,603.00	0.34
Testing equipment	21,076,685.00	1.91	20,188,609.00	2.45
Office equipment	13,480,840.00	1.22	12,654,641.00	1.53
Maintenance equipment and tools	3,177,585.00	0.28	3,066,793.00	0.37
Other facilities	30,755,045.00	2.79	28,879,243.00	3.51
Fixed assets cost	342,293,638.00	31.15	322,407,818.00	39.21
Accumulated depreciation	-121,557,760.00	-11.06	-100,333,839.00	-12.20
Accumulated impairment - fixed assets	-3,277,720.00	-0.29	-2,133,943.00	-0.25
Construction in process and prepayment for equipments	18,144,859.00	1.65	34,489,708.00	4.19
<b>Fixed assets</b>	<b>235,603,017.00</b>	<b>21.44</b>	<b>254,429,744.00</b>	<b>30.94</b>
<b>Intangible Assets</b>				
Goodwill	1,310,837.00	0.11	2,201,028.00	0.26
Other intangible assets	393,048.00	0.03	760,941.00	0.09
<b>Intangible assets</b>	<b>1,703,885.00</b>	<b>0.15</b>	<b>2,961,969.00</b>	<b>0.36</b>
<b>Other Assets</b>				
Deferred charges	5,460,938.00	0.49	5,841,355.00	0.71
Other assets - other	25,464,140.00	2.31	22,734,844.00	2.76
Other assets	30,925,078.00	2.81	28,576,199.00	3.47
<b>Assets</b>	<b>1,098,808,402.00</b>	<b>100.00</b>	<b>822,086,395.00</b>	<b>100.00</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Short-term borrowings	110,557,051.00	10.06	31,018,767.00	3.77
Financial liabilities measured at fair value through profit or loss - current	129,060.00	0.01	108,416.00	0.01
Accounts payable	313,360,243.00	28.51	205,935,891.00	25.05
Accounts payable - related parties	15,154,346.00	1.37	11,692,055.00	1.42
Income tax payable	13,927,223.00	1.26	13,237,500.00	1.61
Accrued expenses	48,231,027.00	4.38	40,522,345.00	4.92
Other payables	11,427,247.00	1.03	11,109,952.00	1.35
Advance receipts	3,804,746.00	0.34	3,491,103.00	0.42

Long-term liabilities - current portion	6,000,000.00	0.54	17,756,594.00	2.15
Other current liabilities	13,563,476.00	1.23	7,565,830.00	0.92
Current liabilities	536,154,419.00	48.79	342,438,453.00	41.65
Long term Liabilities				
Bonds payable	29,539,400.00	2.68	16,680,000.00	2.02
Long-term borrowings	32,913,000.00	2.99	35,096,850.00	4.26
Long-term liabilities	62,452,400.00	5.68	51,776,850.00	6.29
Reserves				
Other Liabilities				
Pension reserve / accrued pension liability	1,076,297.00	0.09	1,106,224.00	0.13
Deferred income tax liabilities	5,257,890.00	0.47	8,062,402.00	0.98
Other liabilities - other	2,860,248.00	0.26	2,416,709.00	0.29
Other liabilities	9,194,435.00	0.83	11,585,335.00	1.40
Liabilities	607,801,254.00	55.31	405,800,638.00	49.36
Stockholders' Equity				
Capital				
Common stock	85,789,319.00	7.80	74,146,236.00	9.01
Capital Surplus				
Capital surplus - additional paid-in capital	42,152,738.00	3.83	38,704,298.00	4.70
Capital surplus - long-term equity investments	14,571,792.00	1.32	13,044,872.00	1.58
Capital surplus - stock option	1,195,200.00	0.10	1,195,200.00	0.14
Capital surplus	57,919,730.00	5.27	52,944,370.00	6.44
Retained Earnings				
Legal reserve	36,537,436.00	3.32	31,024,118.00	3.77
Unappropriated retained earnings	246,803,414.00	22.46	191,266,592.00	23.26
Retained earnings	283,340,850.00	25.78	222,290,710.00	27.03
Stockholders' Equity and Other adjustmen				
Cumulative translation adjustments	11,822,035.00	1.07	23,931,011.00	2.91
Unrealized gains (losses) on financial instruments	17,175,767.00	1.56	7,776,796.00	0.94
Treasure stock	-18,901.00	0.00	-18,901.00	0.00
Equity adjustments	28,978,901.00	2.63	31,688,906.00	3.85
Minority interest	34,978,348.00	3.18	35,215,535.00	4.28
Stockholders' equity	491,007,148.00	44.68	416,285,757.00	50.63
Number of treasury stock acquired by the company and subsidiaries (unit: share)	961,344.00	0.08	835,952.00	0.10
	0.00	0.00	0.00	0.00

## Consolidated Income Statement

Provided by: HON HAI PRECISION IND. CO., LTD.  
 Financial year: Yearly  
 Unit : NT\$ thousand

Accounting Title	2010/03/31		2009/03/31	
	Amount	%	Amount	%
Sales	544,576,570.00	100.03	378,510,322.00	100.04
Sales returns	205,999.00	0.03	125,970.00	0.03
Sales discounts and allowances	520.00	0.00	54,894.00	0.01
Sales	544,370,051.00	100.00	378,329,458.00	100.00
Operating income	544,370,051.00	100.00	378,329,458.00	100.00
Cost of sales	497,231,835.00	91.34	342,460,651.00	90.51
Operating costs	497,231,835.00	91.34	342,460,651.00	90.51
Gross profit (loss) from operations	47,138,216.00	8.65	35,868,807.00	9.48
Selling expense	8,717,467.00	1.60	6,728,755.00	1.77
General and administrative expenses	9,841,778.00	1.80	9,402,699.00	2.48
Research and development expenses	8,664,421.00	1.59	5,888,753.00	1.55
Operating expenses	27,223,666.00	5.00	22,020,207.00	5.82
Operating income (loss)	19,914,550.00	3.65	13,848,600.00	3.66
<b>Non-Operating Income</b>				
Interest income	337,772.00	0.06	277,376.00	0.07
Gains on disposal of fixed assets	105,052.00	0.01	0.00	0.00
Foreign exchange gains	0.00	0.00	2,236,784.00	0.59
Miscellaneous income	619,438.00	0.11	894,488.00	0.23
Non-operating revenues and gains	1,062,262.00	0.19	3,408,648.00	0.90
<b>Non-Operating Expenses</b>				
Interest expense	312,054.00	0.05	916,414.00	0.24
Loss on disposal of fixed assets	0.00	0.00	86,775.00	0.02
Foreign exchange losses	43,828.00	0.00	0.00	0.00
Financial expense	10,707.00	0.00	8,754.00	0.00
Impairment loss on assets	14,649.00	0.00	65,714.00	0.01
Revaluation loss on financial assets	28,782.00	0.00	58,015.00	0.01
Revaluation loss on financial liabilities	0.00	0.00	91,958.00	0.02
Miscellaneous disbursements	269,432.00	0.04	430,581.00	0.11
Non-operating expenses and losses	679,452.00	0.12	1,658,211.00	0.43
Income from continuing operations before income tax	20,297,360.00	3.72	15,599,037.00	4.12
Income tax expense (benefit)	2,554,623.00	0.46	2,202,012.00	0.58
Income from continuing operations	17,742,737.00	3.25	13,397,025.00	3.54
Consolidated net income attributable to parent company	17,989,518.00	3.30	13,346,462.00	3.52
Minority interest income	-246,781.00	-0.04	50,563.00	0.01
Consolidated net income	17,742,737.00	3.25	13,397,025.00	3.54
<b>Primary Earnings per Share</b>				
Income (loss) from continuing operations	2.07	0.00	1.58	0.00
Primary earnings per share of minority interest	0.03	0.00	-0.01	0.00
Primary earnings per share	2.10	0.00	1.57	0.00
<b>Diluted earnings per share</b>				
Income (loss) from continuing operations	2.05	0.00	1.56	0.00
Diluted earnings per share of minority interest	0.03	0.00	-0.01	0.00
Diluted earnings per share	2.08	0.00	1.55	0.00

## Consolidated Statements of Cash Flows

Provided by: HON HAI PRECISION IND. CO., LTD.

Financial year: Yearly

Unit: GNT\$ thousand

HON HAI PRECISION INDUSTRY CO., LTD.		
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CONSOLIDATED STATEMENTS OF CASH FLOWS		
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FOR THE THREE-MONTH PERIODS ENDED MARCH 31		
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(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)		
	2010	2009
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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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Consolidated net income	\$ 17,742,737	\$ 13,397,025
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	8,349,155	8,315,355
Amortization of intangible and other assets	929,911	1,293,546
(Gain) loss on disposal of property, plant and equipment, net	( 105,052)	86,775
Impairment loss	14,649	65,714
Gain on valuation of financial assets and liabilities, net	( 46,171)	( 5,585)
Provision for inventory obsolescence and market price decline	212,319	549,696
Gain on disposal of investments	( 1,379)	-
Amortization of the discount of convertible bonds payable	-	98,236
Changes in assets and liabilities		
Financial assets at fair value through profit or loss	1,456	4,171
Notes receivable and accounts receivable	( 22,201,370)	46,881,101
Accounts receivable - related parties	1,791,658	3,026,175
Inventories	( 22,229,980)	9,231,558
Other receivables	858,685	1,218,454
Prepayments	( 842,705)	( 1,110,691)
Accounts payable	34,513,248	( 47,986,318)
Accounts payable - related parties	( 3,653,145)	( 1,965,891)
Accrued expenses	( 1,233,384)	( 2,827,176)
Income tax payable	689,365	627,438
Other payables	53,315	127,812
Receipts in advance	74,244	1,172,394
Accrued warranty liabilities	2,058,745	441,071
Other current liabilities	584,916	12,052
Accrued pension liabilities	( 2,946)	78,719
Deferred income tax	12,811	( 58,810)
Net cash provided by operating activities	17,571,082	32,672,821
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<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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Acquisition of property, plant and equipment	( 9,693,858)	( 7,554,453)
Increase in other assets-other	( 1,260,450)	( 164,579)
Increase in long-term equity investments	( 1,068,136)	( 235,000)
Acquisition of land use right	( 14,505)	( 179,688)
Increase in other financial assets - non-current	( 20,008,583)	( 46,251)
Acquisition of financial assets carried at cost	( 576,052)	-
Acquisition of subsidiary and assets, net of cash acquired	( 3,768,001)	-
Proceeds from disposal of property, plant and equipment	911,685	838,238
Financial assets/liabilities at fair value through profit or loss	1,456	102,626
Net cash used in investing activities	( 35,476,444)	( 7,239,107)
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<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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Increase (decrease) in short-term loans	30,312,340	( 30,662,282)
Decrease (increase) in other liabilities - other	( 67,953)	18,052
Increase in minority interest	369,604	2,010,996
Payment of employees' bonus	( 932,136)	-
Net cash provided by (used in) financing activities	29,681,855	( 28,633,234)
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Net effect of changes in foreign currency exchange rates	( 1,016,717)	212,774
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Increase (decrease) in cash and cash equivalents	10,759,776	( 2,986,746)
Cash and cash equivalents at beginning of period	177,543,140	99,142,368
Cash and cash equivalents at end of period	\$ 188,302,916	\$ 96,155,622
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<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
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Cash paid during the period for interest	\$ 179,821	\$ 658,340
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Cash paid during the period for income taxes	\$ 1,063,161	\$ 979,307
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Cash paid for the acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 10,971,092	\$ 5,620,543
Add: payable-beginning	4,058,968	8,068,285
Less: payable-ending	( 5,313,696)	( 6,289,323)
Effect of changes in foreign currency exchange rates	( 22,506)	154,948
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Cash paid during the period for property, plant and equipment	\$ 9,693,858	\$ 7,554,453
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Investing activity with no cash flow effect:		

Unrealized gain on financial instruments	\$ 272,850	\$ 3,049,743
	=====	=====
Fair value for acquisition of subsidiary and assets		
Current assets	\$ 2,093,844	\$ -
Property, plant and equipment	2,189,168	-
Other assets	15,048	-
Current liabilities	( 203,784)	-
Other liabilities	( 210,963)	-
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Total purchase price	3,883,313	-
Less: minority interest	( 47,712)	-
Cash of subsidiary	( 67,600)	-
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Cash flow on acquisition net of cash acquired	\$ 3,768,001	\$ -
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Consolidated Independent Auditors?? Report

Provided by: HON HAI PRECISION IND. CO., LTD.

Financial year: Yearly

Name of CPA office:PricewaterhouseCoopers

Name of CPA(1):HSU, YUNG-CHIEN

Name of CPA(2):LEE, YEN-SUNG

Date of audit or review report:990512

## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of  
Hon Hai Precision Industry Co., Ltd.

We have reviewed, in accordance with the R.O.C. Statement of Auditing Standards No. 36, "Review of Financial Statements", the consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income and of cash flows for the three-month periods then ended appearing on the Market Observation Post System as provided by the Taiwan Stock Exchange Corporation. Our review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

In our review report dated May 12, 2010, we indicated that (a) the financial statements of certain consolidated subsidiaries and were not reviewed by independent accountants, (b) effective January 1, 2009, the Company and subsidiaries adopted the R.O.C. Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". Based on our reviews, except for the effect of such adjustments mentioned in (a) above, if any, as might have been determined to be necessary had the financial statements of certain investee companies been audited or reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

The condensed consolidated financial statements presented in the Market Observation Post System of the Taiwan Stock Exchange Corporation are fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

PricewaterhouseCoopers, Taiwan

May 12, 2010

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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