

HON HAI PRECISION INDUSTRY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
JUNE 30, 2009 AND 2010

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM
CHINESE

To The Board of Directors and Stockholders:

Hon Hai Precision Industry Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and its subsidiaries as of June 30, 2009 and 2010, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the six-month periods then ended, expressed in thousands of New Taiwan dollars. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries which statements reflect total assets of \$173,622,645,000 and \$184,674,091,000, constituting 19.27% and 14.50% of the consolidated total assets as of June 30, 2009 and 2010, respectively, and total revenues of \$106,045,007,000 and \$102,976,059,000, constituting 13.06% and 8.59% of the consolidated total operating revenues for the six-month periods then ended, respectively. Those statements were reviewed by other auditors, whose reports thereon have been furnished to us, and our conclusion expressed herein, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of the other auditors.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, 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.

As described in Notes 1(2) and 4(8), the financial statements of certain consolidated subsidiaries and long-term equity investments accounted for under the equity method and certain information disclosed in Note 11 were not reviewed by independent accountants, which statements reflect total assets (including long-term equity investments) of \$224,115,144,000 and \$280,104,664,000, constituting 24.88% and 21.99% of the consolidated total assets, and total liabilities of \$80,670,377,000 and \$129,159,537,000, constituting 17.03% and 16.58% of the consolidated total liabilities as of June 30, 2009 and 2010, respectively, as well as total net income (including investment income accounted for under the equity method) of \$4,365,112,000 and

\$9,049,762,000, constituting 15.45% and 26.95% of the consolidated net income for the six-month periods then ended, respectively.

Based on our reviews and the reports of other auditors, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and long-term investments been reviewed as explained in the preceding paragraph, 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.

As described in Note 3, effective January 1, 2009, the Company and subsidiaries adopted the amendments to R.O.C. SFAS No. 10, "Accounting for Inventories".

As disclosed in Note 2, the consolidated financial statements of Hon Hai Precision Industry Co., Ltd. and its subsidiaries as of and for the six-month period ended June 30, 2010 expressed in U.S. dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of U.S.\$1.00:NT\$32.27, the noon buying rate in the City of New York for cable transfers in NT dollars per U.S. dollars as certified for custom purposes by the Federal Reserve Bank of New York as of June 30, 2010. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan
August 24, 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

JUNE 30,

(EXPRESSED IN THOUSANDS OF DOLLARS)

(UNAUDITED)

	2009 NT\$	2010 NT\$	2010 US\$ (Note 2)
<u>ASSETS</u>			
Current Assets			
Cash and cash equivalents (Note 4 (1))	\$ 125,055,296	\$ 249,758,233	\$ 7,739,642
Financial assets at fair value through profit or loss - current (Note 4 (2))	374,131	110,270	3,417
Available-for-sale financial assets - current (Note 4 (3))	1,177,962	1,054,860	32,689
Notes receivable, net (Notes 4 (4))	1,536,868	18,738,666	580,684
Accounts receivable, net (Notes 4 (4))	245,834,055	350,336,955	10,856,428
Accounts receivable, net - related parties (Note 5)	15,635,304	17,491,873	542,047
Other receivables (Notes 4(5) and 5)	16,933,789	28,195,618	873,741
Inventories, net (Notes 3 and 4 (6))	167,106,229	253,195,564	7,846,159
Prepayments (Note 5)	4,584,239	5,941,376	184,115
Deferred income tax assets - current (Note 4 (14))	2,571,345	2,327,151	72,115
	580,809,218	927,150,566	28,731,037
Funds and Investments			
Available-for-sale financial assets - non-current (Note 4 (3))	13,652,341	12,743,732	394,910
Financial assets carried at cost - non-current (Note 4 (7))	1,324,699	2,148,152	66,568
Long-term equity investments accounted for under the equity method (Note 4 (8))	28,623,380	33,401,829	1,035,074
Prepaid long-term investment(Note4(8))	-	33,033	1,024
Other financial assets - non-current (Note 6)	85,145	23,481,870	727,668
	43,685,565	71,808,616	2,225,244
Property, Plant and Equipment (Notes 4 (9) and 5)			
Cost			
Land	3,703,839	3,885,454	120,405
Buildings and improvements	100,691,528	115,607,973	3,582,522
Machinery	154,980,995	160,765,871	4,981,899
Molding equipment	2,847,581	3,150,875	97,641
Testing equipment	19,678,538	21,577,499	668,655
Office equipment	12,776,776	13,748,520	426,046
Tooling equipment	3,093,551	3,246,397	100,601
Other equipment	27,339,279	31,477,981	975,456
Cost and revaluation	325,112,087	353,460,570	10,953,225
Less: Accumulated depreciation	(105,281,210)	(131,005,767)	(4,059,677)
Accumulated impairment	(2,565,150)	(3,623,071)	(112,273)
Construction in progress and prepayments for equipment	29,215,002	23,354,417	723,719
	246,480,729	242,186,149	7,504,994
Intangible Assets (Note 4 (10))			
Goodwill	1,345,627	215,474	6,677
Other intangible assets	653,575	316,356	9,804
	1,999,202	531,830	16,481
Other Assets			
Deferred charges	5,175,561	5,482,188	169,885
Other assets - other (Notes 4(11) and 6)	22,763,368	26,574,145	823,494
	27,938,929	32,056,334	993,379
TOTAL ASSETS	\$ 900,913,643	\$ 1,273,733,495	\$ 39,471,134

(continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

JUNE 30,

(EXPRESSED IN THOUSANDS OF DOLLARS)

(UNAUDITED)

	2009 NT\$	2010 NT\$	2010 US\$ (Note 2)
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current Liabilities			
Short-term loans (Note 4 (12))	\$ 43,913,266	\$ 171,430,469	\$ 5,312,379
Financial liabilities at fair value through profit or loss - current (Note 4 (2))	52,153	73,246	2,270
Accounts payable	257,404,594	398,200,552	12,339,651
Accounts payable - related parties (Note 5)	18,547,701	21,104,777	654,006
Income tax payable (Note 4 (14))	10,677,771	12,811,552	397,011
Accrued expenses (Notes 4 (13)(19))	35,631,509	50,632,926	1,569,040
Dividends payable (Note 4 (21))	8,156,086	17,157,864	531,697
Payables for equipment (Note 5)	3,550,164	6,670,426	206,707
Other payables (Note 4 (21))	6,351,030	5,972,878	185,091
Receipts in advance	4,033,596	2,377,013	73,660
Long-term liabilities - current portion (Note 4 (15))	17,855,921	6,000,000	185,931
Accrued warranty liabilities	4,619,446	10,191,835	315,830
Other current liabilities	3,473,030	4,513,049	139,853
	414,266,267	707,136,587	21,913,126
Long-term Liabilities			
Bonds payable (Note 4 (15))	16,680,000	29,539,400	915,383
Long-term loans (Note 4 (16))	33,958,350	33,275,250	1,031,151
	50,638,350	62,814,650	1,946,534
Other Liabilities			
Reserve for retirement plan (Note 4 (17))	1,057,958	1,066,104	33,037
Deferred income tax liabilities - non-current (Note 4 (14))	5,626,818	3,634,823	112,638
Other liabilities - other	2,149,772	4,437,183	137,502
	8,834,548	9,138,110	283,177
Total liabilities	473,739,165	779,089,347	24,142,837
Stockholders' Equity			
Stockholders' Equity of Parent Company			
Capital stock (Note 4 (18))			
Common stock	85,789,319	85,789,319	2,658,485
Stock dividends distributable	-	15,744,046	487,885
Capital reserve (Note 4 (20))			
Paid-in capital in excess of par value of common stock	23,670,255	23,670,255	733,507
Capital reserve from conversion of convertible bonds	18,482,483	18,482,483	572,745
Capital reserve from long-term investments	13,274,789	14,339,295	444,354
Capital reserve from conversion right (Note 4 (15))	1,195,200	1,195,200	37,037
Retained earnings (Note 4 (21))			
Legal reserve	36,537,436	44,105,947	1,366,779
Undistributed earnings	181,506,260	228,531,220	7,081,848
Other adjustments of stockholders' equity			
Unrealized gain or loss on financial instruments (Note 4 (3))	12,258,097	11,298,347	350,119
Cumulative translation adjustments	20,670,043	16,705,017	517,664
Treasury stock	(18,901)	(18,901)	(586)
Total Stockholders' equity of parent company	393,364,981	459,842,228	14,249,837
Minority interest	33,809,497	34,801,920	1,078,460
Total stockholders' equity	427,174,478	494,644,148	15,328,297
Commitments and Contingent Liabilities (Note 7)			
Subsequent Events (Note 9)			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 900,913,643	\$ 1,273,733,495	\$ 39,471,134

The accompanying notes are an integral part of these consolidated financial statements.

See review report of independent accountants dated August 24, 2010.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
(EXPRESSED IN THOUSANDS OF DOLLARS,
EXCEPT EARNINGS PER SHARE DATA)
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2010</u>			
	NT\$	NT\$	US\$			
			(Note 2)			
Operating revenues						
Sales (Note 5)	\$ 812,453,508	\$ 1,198,835,545	\$ 37,150,156			
Sales returns	(335,449)	(473,517)	(14,673)			
Sales discounts	(15,545)	(3,089)	(96)			
Net operating revenues	<u>812,102,514</u>	<u>1,198,358,939</u>	<u>37,135,387</u>			
Operating costs						
Cost of goods sold (Notes 3, 4 (6)(23) and 5)	(736,225,492)	(1,098,192,650)	(34,031,381)			
Gross profit	<u>75,877,022</u>	<u>100,166,289</u>	<u>3,104,006</u>			
Operating expenses (Notes 4 (19)(23))						
Sales and marketing expenses	(14,096,367)	(21,904,546)	(678,790)			
General and administrative expenses	(17,811,468)	(21,406,010)	(663,341)			
Research and development expenses	(11,306,922)	(16,851,638)	(522,207)			
Total operating expenses	<u>(43,214,757)</u>	<u>(60,162,194)</u>	<u>(1,864,338)</u>			
Operating income	<u>32,662,265</u>	<u>40,004,095</u>	<u>1,239,668</u>			
Non-operating income and gains						
Interest income	413,045	1,263,826	39,164			
Investment income accounted for under the equity method (Note 4 (8))	652,659	873,244	27,061			
Foreign exchange gain - net	1,831,519	1,078,289	33,415			
Other non-operating income (Notes 5)	1,832,288	2,958,573	91,681			
Total non-operating income and gains	<u>4,729,511</u>	<u>6,173,932</u>	<u>191,321</u>			
Non-operating expenses and losses						
Interest expense	(1,419,161)	(952,730)	(29,524)			
Loss on valuation of financial assets (Note 4 (2))	(45,513)	(63,023)	(1,953)			
Loss on valuation of financial liabilities (Note 4 (2))	(206,048)	-	-			
Financing charges (Note 4 (4))	(8,754)	(50,756)	(1,573)			
Impairment loss (Notes 4(7)(8)(9)(10))	(1,325,354)	(2,138,288)	(66,262)			
Other non-operating losses	(754,277)	(472,138)	(14,631)			
Total non-operating expenses and losses	<u>(3,759,107)</u>	<u>(3,676,935)</u>	<u>(113,943)</u>			
Income before income tax	33,632,669	42,501,092	1,317,046			
Income tax expense (Note 4 (14))	(5,383,973)	(8,926,218)	(276,610)			
Consolidated net income	<u>\$ 28,248,696</u>	<u>\$ 33,574,874</u>	<u>\$ 1,040,436</u>			
Attributable to:						
Equity holders of the Company	\$ 28,377,469	\$ 34,738,417	\$ 1,076,493			
Minority interest	(128,773)	(1,163,543)	(36,057)			
	<u>\$ 28,248,696</u>	<u>\$ 33,574,874</u>	<u>\$ 1,040,436</u>			
	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>	<u>Before</u>	<u>After</u>
	<u>income</u>	<u>income</u>	<u>income</u>	<u>income</u>	<u>income</u>	<u>income</u>
	<u>tax</u>	<u>tax</u>	<u>tax</u>	<u>tax</u>	<u>tax</u>	<u>tax</u>
Earnings per common share (Note 4 (22))						
Basic earnings per common share						
Consolidated net income	\$ 3.50	\$ 2.94	\$ 4.42	\$ 3.49	\$ 0.14	\$ 0.11
Minority interest (income) loss	(0.01)	0.01	0.11	0.12	-	-
Net income attributable to equity holders of the Company	<u>\$ 3.49</u>	<u>\$ 2.95</u>	<u>\$ 4.53</u>	<u>\$ 3.61</u>	<u>\$ 0.14</u>	<u>\$ 0.11</u>
Diluted earnings per common share						
Consolidated net income	\$ 3.47	\$ 2.92	\$ 4.38	\$ 3.46	\$ 0.14	\$ 0.11
Minority interest (income) loss	(0.01)	0.01	0.10	0.12	-	-
Net income attributable to equity holders of the Company	<u>\$ 3.46</u>	<u>\$ 2.93</u>	<u>\$ 4.48</u>	<u>\$ 3.58</u>	<u>\$ 0.14</u>	<u>\$ 0.11</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 24, 2010.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
(EXPRESSED IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Capital stock		Retained Earnings			Other Adjustments of Stockholders' Equity		Treasury stock	Minority interest	Total
	Common stock	Stock dividends distributable	Capital reserves	Legal reserve	Undistributed earnings	Unrealized gain or loss on financial instruments	Cumulative translation adjustments			
2009 - New Taiwan Dollars										
Balance at January 1, 2009	\$ 74,146,236	\$ -	\$ 52,944,370	\$ 31,024,118	\$ 177,920,130	\$ 4,727,053	\$ 20,423,841	(\$ 18,901)	\$ 33,153,976	\$ 394,320,823
Appropriation of 2008 earnings										
Legal reserve	-	-	-	5,513,318	(5,513,318)	-	-	-	-	-
Cash dividends	-	-	-	-	(8,156,086)	-	-	-	-	(8,156,086)
Stock dividends	11,121,935	-	-	-	(11,121,935)	-	-	-	-	-
Employees' stock bonus	521,148	-	3,448,441	-	-	-	-	-	-	3,969,589
Consolidated net income for the period	-	-	-	-	28,377,469	-	-	-	(128,773)	28,248,696
Unrealized gain on financial assets	-	-	-	-	-	6,025,809	-	-	-	6,025,809
Adjustments due to changes in equities of										
long-term investments	-	-	229,916	-	-	1,505,235	-	-	-	1,735,151
Cumulative translation adjustment	-	-	-	-	-	-	246,202	-	-	246,202
Minority interest	-	-	-	-	-	-	-	-	784,294	784,294
Balance at June 30, 2009	<u>\$ 85,789,319</u>	<u>\$ -</u>	<u>\$ 56,622,727</u>	<u>\$ 36,537,436</u>	<u>\$ 181,506,260</u>	<u>\$ 12,258,097</u>	<u>\$ 20,670,043</u>	<u>(\$ 18,901)</u>	<u>\$ 33,809,497</u>	<u>\$ 427,174,478</u>
2010 - New Taiwan Dollars										
Balance at January 1, 2010	\$ 85,789,319	\$ -	\$ 57,308,705	\$ 36,537,436	\$ 228,813,896	\$ 16,902,917	\$ 14,522,082	(\$ 18,901)	\$ 34,855,525	\$ 474,710,979
Appropriation of 2009 earnings (Note)										
Legal reserve	-	-	-	7,568,511	(7,568,511)	-	-	-	-	-
Cash dividends	-	-	-	-	(17,157,864)	-	-	-	-	(17,157,864)
Stock dividends	-	10,294,718	-	-	(10,294,718)	-	-	-	-	-
Employees' stock bonus	-	5,449,328	-	-	-	-	-	-	-	5,449,328
Consolidated net income for the period	-	-	-	-	34,738,417	-	-	-	(1,163,543)	33,574,874
Unrealized loss on financial assets	-	-	-	-	-	(4,726,494)	-	-	-	(4,726,494)
Adjustments due to changes in equities of										
long-term investments	-	-	378,528	-	(878,076)	-	-	-	-	(499,548)
Cumulative translation adjustment	-	-	-	-	-	-	2,182,935	-	-	2,182,935
Minority interest	-	-	-	-	-	-	-	-	1,109,938	1,109,938
Balance at June 30, 2010	<u>\$ 85,789,319</u>	<u>\$ 15,744,046</u>	<u>\$ 56,687,233</u>	<u>\$ 44,105,947</u>	<u>\$ 228,531,220</u>	<u>\$ 11,298,347</u>	<u>\$ 16,705,017</u>	<u>(\$ 18,901)</u>	<u>\$ 34,801,920</u>	<u>\$ 494,644,148</u>

	Capital stock		Retained Earnings			Other Adjustments of Stockholders' Equity		Treasury stock	Minority interest	Total
	Common stock	Stock dividends	Capital reserves	Legal reserve	Undistributed earnings	Unrealized gain or loss on financial instruments	Cumulative translation adjustments			
		distributable								
2010-US Dollars (Unaudited) (Note 2)										
Balance at January 1, 2010	\$ 2,658,485	\$ -	\$ 1,775,913	\$ 1,132,242	\$ 7,090,607	\$ 523,797	\$ 450,018	(\$ 586)	\$ 1,080,122	\$ 14,710,598
Appropriation of 2009 earnings	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	234,537	(234,537)	-	-	-	-	-
Cash dividends	-	-	-	-	(531,697)	-	-	-	-	(531,697)
Stock dividends	-	319,018	-	-	(319,018)	-	-	-	-	-
Employees' stock bonus	-	168,867	-	-	-	-	-	-	-	168,867
Consolidated net income for the period	-	-	-	-	1,076,493	-	-	-	(36,057)	1,040,436
Unrealized loss on financial assets	-	-	-	-	-	(146,467)	-	-	-	(146,467)
Adjustments due to changes in equities of long-term investments	-	-	-	-	-	-	-	-	-	-
Cumulative translation adjustment	-	-	11,730	-	-	(27,211)	-	-	-	(15,481)
Minority interest	-	-	-	-	-	-	67,646	-	-	67,646
Balance at June 30, 2010	-	-	-	-	-	-	-	-	34,395	34,395
	<u>\$ 2,658,485</u>	<u>\$ 487,885</u>	<u>\$ 1,787,643</u>	<u>\$ 1,366,779</u>	<u>\$ 7,081,848</u>	<u>\$ 350,119</u>	<u>\$ 517,664</u>	<u>(\$ 586)</u>	<u>\$ 1,078,460</u>	<u>\$ 15,328,297</u>

Note: Directors' and supervisors' remuneration and employees' bonus in the amounts of \$0 and \$5,449,328, respectively, have been deducted from the consolidated statements of income.

The accompanying notes are an integral part of these consolidated financial statements.

See review report of independent accountants dated August 24, 2010.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

(EXPRESSED IN THOUSANDS OF DOLLARS)

(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2010</u>
	NT\$	NT\$	US\$ (Note 2)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Consolidated net income	\$ 28,248,696	\$ 33,574,874	\$ 1,040,436
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation	16,989,664	17,057,001	528,572
Amortization of intangible and other assets	2,548,636	2,135,992	66,191
Provision (reversal of allowance) for doubtful accounts	1,160,211	(579,040)	(17,944)
Loss (gain) on disposal of property, plant and equipment, net	21,721	(188,675)	(5,847)
Loss on impairment	1,325,354	2,138,288	66,262
Gain on valuation of financial assets and liabilities, net	(38,332)	(22,024)	(682)
Provision for inventory obsolescence and market price decline	1,189,326	439,587	13,622
Investment income accounted for under the equity method	(652,659)	(873,244)	(27,061)
Amortization of discount of convertible bonds payable	197,563	-	-
Gain on disposal of investments	-	(12,544)	(389)
Changes in assets and liabilities:			
Financial assets at fair value through profit or loss	(155,142)	-	-
Notes receivable	(562,018)	(7,972,139)	(247,045)
Accounts receivable	4,588,854	(72,064,076)	(2,233,160)
Accounts receivable - related parties	(844,267)	1,653,423	51,237
Inventories	(1,570,361)	(70,555,562)	(2,186,413)
Other receivables	1,728,472	(4,051,771)	(125,558)
Prepayments	(921,155)	(1,420,232)	(44,011)
Accounts payable	4,958,635	116,478,491	3,609,498
Accounts payable - related parties	4,889,755	2,297,286	71,190
Accrued expenses	(3,748,423)	5,685,707	176,192
Accrued warranty liabilities	97,463	2,547,598	78,946
Receipts in advance	1,714,887	(1,353,489)	(41,943)
Income tax payable	(1,932,291)	(426,306)	(13,210)
Accrued pension liabilities	30,453	(13,139)	(407)
Other payables and other current liabilities	2,540,519	2,082,349	64,529
Deferred income tax liabilities	(2,428,536)	(786,441)	(24,371)
Net cash provided by operating activities	<u>59,377,025</u>	<u>25,771,914</u>	<u>798,634</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	(17,162,856)	(20,426,373)	(632,983)
Increase in other assets	(1,141,738)	(3,144,285)	(97,437)
Increase in long-term equity investments	(235,000)	(1,412,136)	(43,760)
Acquisition of land use right	(336,870)	(142,193)	(4,406)
Increase in other financial assets - non-current	34,056	(19,931,083)	(617,635)
Acquisition of financial assets carried at cost	(30,000)	(576,052)	(17,852)
Acquisition of subsidiary and assets, net of cash acquired	-	(3,768,001)	(116,765)
Proceeds from disposal of property, plant and equipment	1,350,917	1,173,296	36,359
Increase in financial assets / liabilities at fair value through profit or loss	(227,506)	(49,111)	(1,522)
Net cash used in investing activities	<u>(17,748,997)</u>	<u>(48,275,938)</u>	<u>(1,496,001)</u>

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	<u>2009</u>	<u>2010</u>	<u>2010</u>
	NT\$	NT\$	US\$ (Note 2)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	(\$ 16,271,180)	\$ 91,351,358	\$ 2,830,845
(Decrease) increase in other liabilities - others	(248,884)	1,508,982	46,762
Increase in minority interest	784,294	1,109,938	34,395
Payment of employee's bonus accumulated before 2008	<u>-</u>	<u>(932,136)</u>	<u>(28,886)</u>
Net cash (used in) provided by financing activities	<u>(15,735,770)</u>	<u>93,038,142</u>	<u>2,883,116</u>
Net effect of changes in foreign currency exchange rates	<u>20,670</u>	<u>1,680,975</u>	<u>52,091</u>
Net increase in cash and cash equivalents	25,912,928	72,215,093	2,237,840
Cash and cash equivalents at beginning of period	<u>99,142,368</u>	<u>177,543,140</u>	<u>5,501,802</u>
Cash and cash equivalents at end of period	<u>\$ 125,055,296</u>	<u>\$ 249,758,233</u>	<u>\$ 7,739,642</u>
<u>Supplemental disclosures of cash flow information:</u>			
Cash paid during the period for interest	<u>\$ 1,499,601</u>	<u>\$ 421,714</u>	<u>\$ 13,068</u>
Cash paid during the period for income tax	<u>\$ 9,379,086</u>	<u>\$ 10,069,796</u>	<u>\$ 312,048</u>
Cash paid for the acquisition of property, plant and equipment			
Increase in property, plant and equipment	\$ 12,614,653	\$ 22,998,364	712,686
Add: Payable - beginning	8,068,285	4,058,968	125,781
Less: Payable - ending	(3,550,164)	(6,670,426)	(206,707)
Effect of changes in foreign currency exchange rates	<u>30,082</u>	<u>39,467</u>	<u>1,223</u>
Cash paid	<u>\$ 17,162,856</u>	<u>\$ 20,426,373</u>	<u>\$ 632,983</u>
Investing activities with no cash flow effect:			
Unrealized (loss) gain on financial instruments			
Adjustment for change in value of available-for-sale financial assets	\$ 6,025,809	(\$ 4,726,494)	(146,467)
Evaluation of long-term investments accounted for under the equity method	<u>1,505,235</u>	<u>(878,076)</u>	<u>(27,211)</u>
	<u>\$ 7,531,044</u>	<u>(\$ 5,604,570)</u>	<u>(\$ 173,678)</u>
Financing activities with no cash flow effect:			
Cash dividends payable	<u>\$ 8,156,086</u>	<u>\$ 17,157,864</u>	<u>\$ 531,697</u>
Employees' bonus payable	<u>\$ 3,969,589</u>	<u>\$ 5,449,328</u>	<u>\$ 168,867</u>
Fair value information of acquired subsidiary:			
Current assets	\$ -	\$ 2,093,844	\$ 64,885
Property, plant and equipment	-	2,189,168	67,839
Other assets	-	15,048	466
Current liabilities	-	(203,784)	(6,315)
Other liabilities	<u>-</u>	<u>(210,963)</u>	<u>(6,537)</u>
Total purchase price	-	3,883,313	120,338
Less: minority interest	-	(47,712)	(1,478)
Cash of subsidiary	<u>-</u>	<u>(67,600)</u>	<u>(2,095)</u>
Net assets of acquired subsidiary (less cash received)	<u>\$ -</u>	<u>\$ 3,768,001</u>	<u>\$ 116,765</u>

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 24, 2010.

HON HAI PRECISION INDUSTRY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2010

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

(UNAUDITED)

1. HISTORY AND ORGANIZATION

1) Hon Hai Precision Industry Co., Ltd. (the Company) was established on February 20, 1974. The Company began to be listed on the Taiwan Stock Exchange in June 1991. The Company merged with Premier Image Technology Corporation (Premier Corp.) on December 1, 2006. The Company's issued and outstanding capital was \$85,789,319. The main activities of the Company are the manufacture, processing and sales of connectors, cable, enclosures, wired/wireless communication products, optics products, power supply modules, and assemblies for use in the IT, communications, automotive equipment, precision molding, automobile, and consumer electronics industries. As of June 30, 2010, the Company and its subsidiaries had approximately 760,000 employees.

2) Consolidated subsidiaries

A. Main activities of the subsidiaries and ownership of the Company:

Names of subsidiaries	Relationship with the Company	Main operating activities	Ownership Percentage (%)	
			2009.06.30	2010.06.30
Foxconn (Far East) Ltd. and subsidiaries	Wholly-owned subsidiary	Investment holdings in Mainland China, Europe and North America and Hong Kong electronics manufacturers	100%	100%
Foxconn Holding Ltd. and subsidiaries	Wholly-owned subsidiary	Investment holdings in Asia Pacific and North America hi-tech companies	100%	100%
Hyield Venture Capital Co., Ltd. and subsidiaries	Majority-owned subsidiary	Venture capital investment company and investment holdings in electronics manufactures	98%	98%
Bao Shin International Investment Co., Ltd. and subsidiaries	Wholly-owned subsidiary	Domestic investment company and investment holdings in companies engaged in computer system and machinery business	100%	100%

Names of subsidiaries	Relationship with the Company	Main operating activities	Ownership Percentage (%)	
			2009.06.30	2010.06.30
Hon Yuan International Investment Co., Ltd. and subsidiaries	Wholly-owned subsidiary	Domestic investment company and investment holdings in companies engaged in computer system and machinery business	100%	100%
Hon Chi International Investment Co., Ltd. and subsidiaries	Wholly-owned subsidiary	Domestic investment company and investment holdings in companies engaged in IT and machinery business	100%	100%
Lin Yih International Investment Co., Ltd.	Wholly-owned subsidiary	Investment holdings in R.O.C. companies	100%	100%
Hon Hai/Foxconn Logistics California LLC.	Wholly-owned subsidiary	Logistics services	100%	100%
Hon Hai/Foxconn Logistics Texas LLC.	Wholly-owned subsidiary	Logistics services	100%	100%
Ambit International Ltd. and subsidiaries	Wholly-owned subsidiary	Investment holdings in Mainland China companies	100%	100%
Foxconn Singapore (Pte) Ltd. and subsidiaries	Wholly-owned subsidiary	Asia pacific sales	100%	100%
Foxconn International Inc.	Wholly-owned subsidiary	Research and development	100%	100%
Altus Technology Inc.	Wholly-owned subsidiary	Manufacture and design of cellular phone and camera lens and marketing of sensors	100%	100%

Names of subsidiaries	Relationship with the Company	Main operating activities	Ownership Percentage (%)	
			2009.06.30	2010.06.30
Premier Image Technology-Hong Kong Limited and subsidiaries	Majority-owned subsidiary	Manufacture and sales of camera	99.96%	99.96%
Foxconn SA B.V. and subsidiaries	Majority-owned subsidiary	Investment holdings	95%	95%
Image & Vision Investment Corporation	Wholly-owned subsidiary	Investment holdings	100%	100%
Margini Holdings Limited and subsidiaries	Wholly-owned subsidiary	Investment holdings of Vietnam and Brazil process and both domestic and export sales companies	100%	100%
Syntrend Creative Park Co., Ltd.	Majority-owned subsidiary	Manufacturing and marketing of computer components, comput	80%	-

A. The financial statements of certain consolidated subsidiaries as of and for the six-month periods ended June 30, 2009 and 2010 were not reviewed by independent accountants, which reflect total assets of \$203,522,045 and \$268,526,658, constituting 22.59% and 21.08% of the consolidated total assets, and total liabilities of \$80,670,377 and \$129,159,537, constituting 17.03% and 16.58% of the consolidated total liabilities, as of June 30, 2009 and 2010 respectively, as well as total net income of \$3,751,757 and \$9,067,458, constituting 13.28% and 27.01% of the consolidated net income for the six-month periods ended June 30, 2009 and 2010, respectively.

B. Changes in consolidated subsidiaries

(1) In January, 2010 a subsidiary of the Company acquired 90% of Sony Corporation Baja California, S.A. De C.V, which was consolidated effective the acquisition date.

(2) In May, 2010, the Company established and held 80% ownership in Syntrend Creative Park Co., Ltd., which was consolidated, effective the acquisition date.

3) Majority-owned subsidiaries those were not included in the consolidated financial statements:
None.

4) Adjustments for subsidiaries with different balance sheet dates: None.

5) Special operating risks of the foreign subsidiaries: No significant special operating risks that would affect the financial statements.

6) Significant restriction on remittance of funds from the foreign subsidiaries to the Company:
None.

7) The Company's common stock owned by its subsidiary:

As of June 30, 2009 and 2010, Hon Jin International Investment Co., Ltd. owned 961,344 and 961,344 shares, respectively, of the Company's common stock at a cost of \$18,901.

8) Information on new issuance of convertible bonds and common stock by subsidiaries: None.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and accounting principles generally accepted in the Republic of China. The Group's significant accounting policies are summarized below:

1) Basis for preparation of consolidated financial statements

- A. All majority-owned subsidiaries and controlled entities are included in the consolidated financial statements. Effective January 1, 2008, the Company prepares consolidated financial statements on a quarterly basis.
- B. The income (loss) of the subsidiaries is included in (excluded from) the consolidated statement of income effective on the date the Company gains (loses) control over the subsidiaries.
- C. Significant intercompany transactions and assets and liabilities arising from intercompany transactions are eliminated.

2) Convenience translation into U.S. dollars

The financial statements are stated in New Taiwan Dollars. Translation of the 2010 New Taiwan dollar amounts into U.S. dollar amounts is included solely for the convenience of the readers, using the Federal Reserve Bank of New York exchange rate on June 30, 2010 of NT\$32.27 to US\$1 uniformly applied for all the financial statements accounts. Such translation amounts are unaudited and should not be construed as representations that the New Taiwan Dollars amounts represent, have been, or could be converted into U.S. dollars at this rate or any other rate of exchange.

3) Translation of financial statements of foreign subsidiaries into New Taiwan Dollars

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings, which is carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" under stockholders' equity.

4) Criteria for classifying assets and liabilities as current or non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - 1) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;

- 2) Assets held mainly for trading purposes;
- 3) Assets that are expected to be realized within twelve months from the balance sheet date; and
- 4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- 1) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- 2) Liabilities arising mainly from trading activities;
- 3) Liabilities that are to be paid off within twelve months from the balance sheet date; and
- 4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

5) Use of estimates

The preparation of financial statements in conformity with R.O.C. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the amounts of revenues and expenses reported during the period. Actual results could differ from those assumptions and estimates.

6) Foreign currency transactions

A. The Company and its consolidated subsidiaries maintain their accounts in New Taiwan dollars and functional currencies, respectively. Transactions denominated in foreign currencies are translated into New Taiwan dollars and their functional currencies at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the actual receipt and payment are recognized in current year's profit or loss.

B. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss. However, exchange gains or losses on overseas inter-company accounts that are, in nature, deemed long term is accounted for as a reduction in stockholders' equity.

C. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

7) Cash equivalents

Cash equivalents represent short-term, highly liquid investments which can be readily converted

into fixed amount of cash and with a maturity period of less than three months. The statements of cash flows is compiled under the cash and cash equivalents basis.

8) Financial assets and financial liabilities at fair value through profit or loss

- A. Equity investments are recognized using trade date accounting. Debt instruments, beneficiary certificates and derivative financial instruments are recognized and derecognized using settlement date accounting. All are recognized initially at fair value.
- B. These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, OTC stocks, closed-end mutual funds and deposit receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end and balanced mutual funds is based on the net asset value at the balance sheet date.
- C. For derivatives that do not qualify for hedge accounting, if the derivative is an option, then the transaction is recognized at fair value on the trade date, and if the derivatives is not an option, then the transaction is recognized at zero fair value on the trade date.
- D. The derivative features (such as call options and put options) embedded in bonds payable issued by the Company is described in Note 2 (22).

9) Available-for-sale financial assets

- A. Equity investments are recognized using trade date accounting. Bond investments are recognized and derecognized using settlement date accounting and are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. Available-for-sale financial assets are remeasured and stated at fair value, and the gain or loss is recognized in equity. The fair value of listed stocks, OTC stocks, closed-end mutual funds and deposit receipts is based on latest quoted fair prices of the accounting period. The fair value of open-end and balanced mutual funds is based on the net asset value at the balance sheet date.
- C. If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in profit or loss. Impairment losses recognized previously in profit or loss for an investment in an equity instrument shall not be reversed through profit or loss, and if, subsequently, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

10) Financial assets carried at cost

- A. Investment in unquoted equity instruments is recognized using trade date accounting and is recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss cannot be reversed.

11) Settlement date accounting

If an entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date

/ balance sheet date is not recognized for assets carried at cost or amortized cost. For financial asset or financial liability classified as at fair value through profit or loss, the change in fair value is recognized in profit or loss. For available-for-sale financial assets, the change in fair value is recognized directly in equity.

12) Accounts receivable

Accounts receivable are claims resulting from the sale of goods or services. The fair value of accounts receivable is calculated based on the imputed interest rate. Accounts receivable which are collectible within one year, and where the difference between the fair value and the value at maturity is insignificant are measured at carrying value.

13) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on past experience and the evaluation of the collectibility of accounts, notes and other receivables, taking into account the aging analysis of receivables.

14) Inventories

Effective January 1, 2009, the Group adopted the amendments to R.O.C. SFAS No. 10, "Accounting for Inventories". The perpetual inventory system is adopted for inventory recognition. Inventories are stated at cost. The cost is determined using the weighted-average method. At the end of period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses. As the value of raw materials declines and the cost of finished goods is over the net realizable value, the net realizable value of raw materials is determined based on current replacement cost.

15) Long-term equity investments accounted for under the equity method

A. Long-term equity investments in which the Group holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized from 2006. Retrospective adjustment of the amount of goodwill amortized in previous years is not required. Goodwill is subject to tests of impairment on an annual basis. The excess of acquired net asset value of investee over the initial investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets, and any remaining amount of such excess after this allocation is credited to extraordinary gains.

B. Long-term investment in which the Group holds more than 50% of the investee company's voting shares or has the ability to control the investee's operational decisions are accounted for under the equity method and included in the consolidated financial statements on a quarterly basis.

C. For foreign investments accounted for under the equity method, the Group's proportionate share of the investee company's cumulative translation adjustment, resulting from translating the foreign investee company's financial statements into New Taiwan Dollars, is recognized

by the Group and included as “cumulative translation adjustments” under stockholders' equity.

16) Property, plant and equipment

- A. Property, plant and equipment are stated at cost. Interest costs incurred on the loans used to bring the assets to the condition and location necessary for their intended uses are capitalized. Significant servicing or betterments capable of generating future economic benefits are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.
- B. Depreciation is provided on the straight-line method using the service life guidelines prescribed by the R.O.C. Government, which approximate the useful lives of the assets plus one year as residual value. Fully depreciated assets still in use are depreciated based on the residual values over the remaining useful lives. The useful lives of property, plant and equipment are 2 to 8 years, except for buildings which are 45 to 55 years.

17) Goodwill and other intangible assets

- A. The excess of the initial acquisition cost over the fair value of the acquired identifiable tangible and intangible assets is attributable to goodwill.
- B. Other intangible assets, mainly customer relationship, are stated at cost and amortized on a straight-line basis over 3 years.

18) Deferred charges and other assets

- A. The costs of telephone network installation charges, computer software, molding and tools equipment are recorded as deferred charges and amortized over their estimated economic lives on a straight-line basis.
- B. Land use rights are stated at cost and amortized over the lease period using the straight-line method.

19) Impairment of non-financial assets

The Group recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from continuing use of the asset and from its disposal at the end of its useful life. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered. The recoverable amount of goodwill shall be evaluated periodically. Impairment loss will be recognized whenever there is indication that the recoverable amount of these assets is less than their respective carrying amount. Impairment loss of goodwill recognized in prior years is not recoverable in the following years

20) Warranty obligation

Warranty obligation is recognized based on the estimated warranty cost per unit and the number of units sold during the period.

21) Pension plan

Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost,

expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over 15 years. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

22) Bonds payable

For bonds issued with embedded conversion, put, or call option feature after January 1, 2006, the issuer shall bifurcate the issuance price based on the substance of the contractual arrangement on initial recognition, and recognized the elements separately as a financial asset, financial liability, or an equity instrument.

These bonds are accounted for as follows:

- A. The difference between the issue price and face value of convertible corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as “interest expense”.
- B. The value of any derivative features (such as a call option and put option) embedded in the compound financial instrument is recognized as “financial assets or financial liabilities at fair value through profit or loss”. These derivative features are subsequently remeasured and stated at fair value on each balance sheet date, and the gain or loss is recognized in “gain or loss on valuation of financial assets or financial liabilities”. At the maturity of the redemption period, if the fair value of common stock exceeds the redemption price, the fair value of the put option is recognized as “capital reserve”; however, if the fair value of common stock is lower than the redemption price, the fair value of the put option is recognized as “gain or loss”.
- C. A conversion right embedded in the bonds issued by the Company, which is convertible to an equity instrument, is recognized in “capital reserve from stock conversion option”. When a bondholder exercises his/her conversion rights, the liability component of the bonds (including corporate bonds and embedded derivatives) shall be revalued at fair value on the conversion date, and the resulting difference shall be recognized as “gain or loss” in the current period. The book value of the common stock issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of the stock conversion option.
- D. Costs incurred on issuance of convertible bonds are proportionately charged to the liabilities and equities of the underlying instruments based on initial recognition amount.
- E. In the event that the bondholders may exercise put options within the following year, the underlying bonds payable shall be reclassified to current liabilities. The bonds payable whose put options are unexercised during the exercisable period shall be reclassified to non-current liabilities.

23) Income tax

- A. Income tax expense is provided based on accounting income after adjusting for permanent differences. The provision for income tax includes deferred income tax for the expected future tax consequences of events that have been included in different periods for financial

or tax reporting purposes. Deferred income tax assets and liabilities are determined using enacted tax rates in effect for the year(s) in which the differences are expected to reverse. Valuation allowance on deferred income tax assets is recognized to the extent that it is more likely than not that the income tax benefits will not be realized. Over or under provision of income tax from the previous years is recorded as adjustment to the current year's income tax expense. In accordance with the ROC Income Tax Law, the company's undistributed income is subject to an additional 10% corporate income tax. The tax is charged to income tax expense after the appropriation of earnings is approved by the stockholders in the following year.

- B. Income tax credits are provided for in accordance with R.O.C. SFAS No. 12 "Accounting for Income Tax Credits". Income tax credits arising from acquisitions of equipment or technology, expenditures for research and development, training and development of employees and investments in qualified stocks are charged to deferred income tax assets and credited to income tax expense in the period the related expenditures are incurred.
- C. Effective January 1, 2006, the Company adopted the Income Basic Tax Act (the "Act"). Under the Act, the income tax payable shall be the higher of the basic tax and the regular income tax in accordance with the Income Tax Law and other relevant laws.
- D. As a result of the amendment of the Income Tax Law, the Company recalculated its deferred tax assets and liabilities and recorded the resulting difference in the current year income tax benefit or expense.

24) Government grants

In accordance with R.O.C. SFAS No. 29 "Government Grants", government grants related to assets are recognized as deferred income; for depreciable assets, it is recognized as income over the useful life period of the asset in the proportions in which depreciation expense on those assets is recognized, and for non-depreciable assets that require the fulfillment of certain obligations, it would then be recognized as income over the periods that bear the cost of meeting the obligations. If the government grant relates to receiving financial consideration, it is recognized as income when earned, or as deferred income and recognized in periods over which the grant will be earned.

25) Treasury stock

- A. When shares are bought back by the Company, the treasury stock is accounted for as a deduction of the equity.
- B. Any excess of the proceeds over the cost of the treasury stock reissued is recognized as an increase in additional paid-in capital from the treasury stock transaction and if the proceeds are less than the cost, the deficit is charged to the additional paid-in capital account. Should the paid-in capital in excess of par value of common stock balance be insufficient to absorb the deficit, the balance is charged to retained earnings.
- C. Treasury stock cost is determined using the weighted-average cost method.
- D. The Company's common stock owned by its subsidiaries is treated as treasury stock.

26) Share-based payment - employee compensation plan

Based on the employee stock options and the share-based payment agreements, the Company

shall measure the services received during the vesting period by reference to the fair value of the equity instruments granted and account for those amounts as payroll expenses during that period.

27) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

28) Earnings per share

Basic earnings per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted earnings per share is calculated by taking into account the potentially dilutive securities which are assumed to have been converted to common stock at the beginning of the period.

29) Revenues and expenses

Revenues are recognized when the earning process is substantially completed and are realized or realizable. Related costs are recognized to match the timing of revenue recognition. Expenses, including research and development costs, are recognized as incurred.

3. CHANGES IN ACCOUNTING PRINCIPLES

Inventories

Effective January 1, 2009, the Group adopted the amendments to R.O.C. SFAS No. 10, "Accounting for Inventories". As a result of this change in accounting principle, the Group's loss on market price decline increased by \$573,717, consolidated net income decreased by \$550,768 and earning per share decreased by \$0.06 for the six-month period ended June 30, 2009. Furthermore, as a result of the reclassification of loss on market price decline, operating cost increased by \$1,187,761 and non-operating loss associated with inventories decreased by \$1,187,761 for the six-month period ended June 30, 2009.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Cash on hand	\$ 7,386,942	\$ 6,109,101
Checking accounts	284,268	430,137
Savings deposits	35,470,028	37,634,840
Time deposits	<u>60,128,750</u>	<u>200,671,130</u>
	103,269,988	244,845,208
Cash equivalents	<u>21,785,308</u>	<u>4,913,025</u>
	<u>\$ 125,055,296</u>	<u>\$ 249,758,233</u>

Cash equivalents include the Sweep Fund and short-term commercial paper and bonds purchased with resale agreements with maturity less than three months

(2) Financial assets and liabilities at fair value through profit or loss

	<u>June 30, 2009</u>	
	<u>Book value</u>	<u>Contract amount (Nominal principal) (in thousands)</u>
<u>Financial assets held for trading</u>		
Gold futures contracts	\$ 282,963	-
Open-end funds	15,000	-
Forward exchange contracts-offset	4,893	USD(BUY) 65,000
		BRL(SELL) 10,110
		TWD(SELL) 1,634,600
		JPY(SELL) 973,500
Forward exchange contracts-open	71,275	HUF(BUY) 282,300
		JPY(BUY) 4,241,920
		MXN(BUY) 150,197
		RMB(BUY) 20,523
		USD(BUY) 461,300
		VND(BUY) 86,116,256
		BRL(SELL) 3,910
		EUR(SELL) 1,000
		INR(SELL) 14,279
		RMB(SELL) 3,135,440
		USD(SELL) 62,859
	<u>\$ 374,131</u>	

June 30, 2009			
	<u>Book value</u>	<u>Contract amount (Nominal principal) (in thousands)</u>	
<u>Financial liabilities held for trading</u>			
Forward exchange contracts-offset	(\$ 19,210)	RMB(BUY)	67,940
		RUB(BUY)	91,980
		USD(BUY)	25,000
		USD(SELL)	13,000
		TWD(SELL)	327,050
		BRL(SELL)	18,917
		CZK(SELL)	114,468
Forward exchange contracts-open	(32,943)	EUR(BUY)	3,000
		HUF(BUY)	1,100,340
		JPY(BUY)	1,463,452
		MXN(BUY)	26,288
		USD(BUY)	336,784
		BRL(SELL)	9,649
		EUR(SELL)	11,000
		HUF(SELL)	602,880
		INR(SELL)	2,276
		RMB(SELL)	2,188,240
		USD(SELL)	21,090
	<u>(\$ 52,153)</u>		

	June 30, 2010	
	<u>Book value</u>	<u>Contract amount (Nominal principal) (in thousands)</u>
<u>Financial assets held for trading</u>		
Gold futures contracts	\$ -	-
Open-end funds	15,000	-
Forward exchange contracts-open	95,270	BRL(BUY) 5,591
		EUR(BUY) 4,102
		JPY(BUY) 451,875
		MXN(BUY) 465,944
		USD(BUY) 119,696
		VND(BUY) 126,452,500
		BRL(SELL) 20,606
		EUR(SELL) 16,500
		INR(SELL) 316,119
		JPY(SELL) 1,700,000
		MXN(SELL) 75,760
		RMB(SELL) 430,126
		USD(SELL) 48,227
	<u>\$ 110,270</u>	
<u>Financial liabilities held for trading</u>		
Forward exchange contracts-open	(\$ 73,246)	BRL(BUY) 6,144
		EUR(BUY) 2,000
		HUF(BUY) 420,600
		JPY(BUY) 20,425
		MXN(BUY) 25,194
		USD(BUY) 22,008
		BRL(SELL) 16,559
		EUR(SELL) 7,800
		INR(SELL) 258,870
		RMB(SELL) 8,277
		USD(SELL) 6,789
	<u>(\$ 73,246)</u>	

- 1) For the six-month period ended June 30, 2010, the Group recognized a net loss of \$63,023, including unrealized gain of \$22,024.
- 2) For the six-month period ended June 30, 2009, the Group recognized a net loss of \$251,561 including unrealized gain of \$38,332.

(3) Available-for-sale financial assets

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
<u>Current items:</u>		
Listed stocks	\$ 72,093	\$ 64,230
Adjustment of available-for-sale financial assets	<u>1,105,869</u>	<u>990,630</u>
	<u>\$ 1,177,962</u>	<u>\$ 1,054,860</u>
<u>Non-current items:</u>		
Listed stocks	\$ 5,267,667	\$ 4,864,592
Adjustment of available-for-sale financial assets	<u>8,384,674</u>	<u>7,879,140</u>
	<u>\$ 13,652,341</u>	<u>\$ 12,743,732</u>

The fair value of available-for-sale financial assets increased by \$7,531,044 and decreased by \$5,604,570 for the six-month periods ended June 30, 2009 and 2010, respectively, and is shown as an adjustment to stockholders' equity as unrealized gain or loss on financial instruments.

(4) Notes and accounts receivable - third parties

	<u>June 30, 2009</u>		
	<u>Amount</u>	<u>Allowance for doubtful accounts</u>	<u>Net amount</u>
Notes receivable	\$ 1,611,465	(\$ 74,597)	\$ 1,536,868
Accounts receivable	<u>249,617,481</u>	<u>(3,783,426)</u>	<u>245,834,055</u>
	<u>\$251,228,946</u>	<u>(\$ 3,858,023)</u>	<u>\$247,370,923</u>
	<u>June 30, 2010</u>		
	<u>Amount</u>	<u>Allowance for doubtful accounts</u>	<u>Net amount</u>
Notes receivable	\$ 18,739,262	(\$ 596)	\$ 18,738,666
Accounts receivable	<u>353,543,220</u>	<u>(3,206,265)</u>	<u>350,336,955</u>
	<u>\$372,282,482</u>	<u>(\$ 3,206,861)</u>	<u>\$369,075,621</u>

1. The Group factored its accounts receivable to certain financial institutions without recourse. Under the agreement, the Group is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute, and did not provide any collateral. Accordingly, these accounts receivable meet the derecognition criteria for financial assets. The Group has derecognized the accounts receivable sold to financial institutions, net of the amount estimated for business disputes.

As of June 30, 2009 and 2010, the relevant information of accounts receivable factored but unsettled were as follows:

June 30, 2009					
Institutions	Interest rate (%)	Accounts receivable sold/derecognized	Amount advanced	Amount retained	Limit
Mega International Commercial Bank	0.55	\$ 1,104,057	\$ 1,104,057	\$ -	\$ 16,405,000
Taipei Fubon Bank	0.60	<u>1,072,887</u>	<u>1,072,887</u>	-	<u>22,967,000</u>
		<u>\$ 2,176,944</u>	<u>\$ 2,176,944</u>	<u>\$ -</u>	<u>\$ 39,372,000</u>

June 30, 2010					
Institutions	Interest rate (%)	Accounts receivable sold/derecognized	Amount advanced	Amount retained	Limit
Mega International Commercial Bank	1.08	\$12,164,947	\$12,164,947	\$ -	\$ 16,075,000
Taipei Fubon Bank	1.35	21,058,250	21,058,250	-	32,150,000
Mizuho Corporate Bank	0.86	6,430,000	6,430,000	-	6,430,000
Sumitomo Mitsui Banking Corporation	1.20	4,822,500	4,822,500	-	11,252,500
ING Bank N.V.	1.18	2,250,500	2,250,500	-	6,430,000
Standard Chartered Commercial Bank	1.00	<u>3,858,000</u>	<u>3,858,000</u>	-	<u>3,858,000</u>
		<u>\$50,584,197</u>	<u>\$50,584,197</u>	<u>\$ -</u>	<u>\$ 76,195,500</u>

2. For the six-month periods ended June 30, 2009 and 2010, the financing charges (expenses) incurred from accounts receivable factoring were \$8,754 and \$50,756 (shown as “financing charges”), respectively.

(5) Other receivables

	June 30,	
	2009	2010
Tax refund receivable	\$ 11,737,375	\$ 22,845,005
Receivables for payments made on behalf of others	1,355,040	1,292,752
Amount retained on accounts receivable sold	726,025	1,070,136
Dividends receivable	216,361	288,607
Others	<u>2,898,988</u>	<u>2,699,118</u>
	<u>\$ 16,933,789</u>	<u>\$ 28,195,618</u>

(6) Inventories

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Raw materials and supplies	\$ 60,584,809	\$ 105,767,589
Work in process	33,862,101	53,817,602
Finished goods	68,755,683	81,267,929
Inventory in transit	<u>13,627,231</u>	<u>22,467,833</u>
	176,829,824	263,320,953
Less: Allowance for inventory obsolescence and market price decline	(<u>9,723,595</u>)	(<u>10,125,389</u>)
	<u>\$ 167,106,229</u>	<u>\$ 253,195,564</u>

Expenses and loss incurred on inventories for the six-month periods ended June 30, 2009 and 2010 were as follows:

	<u>For the six-month periods</u> <u>ended June 30,</u>	
	<u>2009</u>	<u>2010</u>
Cost of inventories sold	\$ 735,037,731	\$ 1,097,753,063
Loss on inventory obsolescence and market price decline	1,189,326	416,458
Others	(<u>1,565</u>)	<u>23,129</u>
	<u>\$ 736,225,492</u>	<u>\$ 1,098,192,650</u>

(7) Financial assets carried at cost

<u>Name of investee company</u>	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Diamondhead Ventures Ltd.	\$ 307,732	\$ 333,692
Riverhood Capital Partners L.P.	-	203,541
Global Strategic Investment Inc.	200,400	200,400
Aptlna Acquisition L.P.	-	169,875
Wimm. Labs Incorporated	-	160,750
Shenzhen Yuto Printing Co., Ltd.	-	122,802
Entire Technology Co., Ltd.	148,489	-
Others	<u>668,078</u>	<u>957,092</u>
	<u>\$ 1,324,699</u>	<u>\$ 2,148,152</u>

- 1) The Group recognized impairment loss in the amounts of \$0 and \$120,864 (shown as “impairment loss”) for the six-month periods ended June 30 2009 and 2010, respectively, on its investment accounted for under the equity method.
- 2) Entire Technology Co., Ltd., one of the company’s investee companies, becomes listed in August 2009. Accordingly, the company reclassified such investment to “Available-for-sale financial assets - non-current”.
- 3) These investments have no active quoted market price and their fair values cannot be measured

reliably. Therefore, they were measured at cost.

(8) Long-term equity investments accounted for under the equity method

<u>Investee Company</u>	<u>June 30, 2010</u>		<u>June 30,</u>	
	<u>Ownership</u>		<u>2009</u>	<u>2010</u>
	<u>Percentage (%)</u>			
Foxconn Technology Co., Ltd.	31		\$ 13,541,065	\$ 14,532,305
Foxconn Advanced Technology, Ltd.- Cayman	43		3,719,846	5,522,080
Pan International Industrial Corporation	27		3,545,718	3,473,691
Simplo Technology Co., Ltd.	9		1,730,200	1,824,044
Ampower Holding Limited - Cayman	45		1,237,740	1,187,604
Ways Technical Corp., Ltd.	24		1,129,884	1,148,195
Multiwin Precision Ind. Co. Ltd.	29		-	1,114,215
G-Tech Optoelectronics Corporation	42		725,397	787,619
CyberTAN Technology, Inc.	11		523,799	561,498
Mediamarkt (China) International Retail Holding Limited-HK	25		-	643,000
Uer Holding Corporation-Cayman	40		-	395,824
Alliance Fiber Optic Products Inc.	20		321,758	332,992
Diabell Co., Ltd.	20		283,831	313,193
Others			<u>1,864,142</u>	<u>1,565,569</u>
			28,623,380	33,401,829
Add: Prepaid long-term investment			-	<u>33,033</u>
			<u>\$ 28,623,380</u>	<u>\$ 33,434,862</u>

- 1) The consolidated financial statements included investment income accounted for under the equity method of \$613,355, and investment loss accounted for under the equity method of \$17,696, constituting 2.17% and 0.05% of the consolidated net income for the six-month periods ended June 30, 2009 and 2010, respectively, and the related long-term investments of \$20,593,099 and \$11,578,006, constituting 2.29% and 0.91% of the consolidated total assets as of June 30, 2009 and 2010, respectively. These amounts were based on the financial statements of the investee companies for the same periods which were not audited or reviewed by independent accountants.
- 2) The Group recognized impairment loss amounting to \$65,155 and \$145,846 (shown as "impairment loss") for the six-month periods ended June 30, 2009 and 2010 on its investment accounted for under the equity method.

(9) Property, plant and equipment

	<u>June 30, 2009</u>		
	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 3,703,839	\$ -	\$ 3,703,839
Buildings and improvements	100,691,528	(15,707,025)	84,984,503
Machinery	154,980,995	(57,115,468)	97,865,527
Molding equipment	2,847,581	(2,390,516)	457,065
Testing equipment	19,678,538	(10,488,760)	9,189,778
Furniture and fixtures	12,776,776	(7,212,083)	5,564,693
Tooling equipment	3,093,551	(1,465,840)	1,627,711
Miscellaneous equipment	27,339,279	(10,901,518)	16,437,761
Prepayments for equipment and construction in progress	<u>29,215,002</u>	<u>-</u>	<u>29,215,002</u>
	<u>\$ 354,327,089</u>	<u>(\$105,281,210)</u>	249,045,879
Less: Accumulated impairment			(<u>2,565,150</u>)
			<u>\$246,480,729</u>

	<u>June 30, 2010</u>		
	<u>Original cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 3,885,454	\$ -	\$ 3,885,454
Buildings and improvements	115,607,973	(20,986,808)	94,621,165
Machinery	160,765,871	(69,356,995)	91,408,876
Molding equipment	3,150,875	(2,342,506)	808,369
Testing equipment	21,577,499	(13,353,637)	8,223,862
Furniture and fixtures	13,748,520	(8,643,827)	5,104,693
Tooling equipment	3,246,397	(1,550,751)	1,695,646
Miscellaneous equipment	31,477,981	(14,771,243)	16,706,738
Prepayments for equipment and construction in progress	<u>23,354,417</u>	<u>-</u>	<u>23,354,417</u>
	<u>\$ 376,814,987</u>	<u>(\$131,005,767)</u>	245,809,220
Less: Accumulated impairment			(<u>3,623,071</u>)
			<u>\$242,186,149</u>

The Group recognized impairment loss of \$ 299,949 and \$772,770 (shown as “impairment loss”) for the six-month periods ended June 30, 2009 and 2010, respectively.

(10) Intangible assets

1) Business acquisition

On January 1, 2010, the Company acquired from Sony Corporation a portion of its Mexico

plant's production equipment and 90% ownership of its subsidiary, Sony BAJA California, S.A.DE C.V., for a cost of US\$119,900 thousand.

Fair value information of acquired subsidiary:

Current assets	\$	2,093,844
Property, plant and equipment		2,189,168
Other assets		15,048
Current liabilities	(203,784)
Other liabilities	(<u>210,963</u>)
Total purchase price		3,883,313
Less: minority interest	(47,712)
Cash of subsidiary	(<u>67,600</u>)
Net assets of acquired subsidiary (less cash received)	\$	<u><u>3,768,001</u></u>

2) Goodwill

	For the six-month periods ended June 30,	
	<u>2009</u>	<u>2010</u>
Net book value, January 1	\$ 2,291,662	\$ 1,317,381
Impairment loss	(960,250)	(1,098,808)
Cumulative translation adjustments	<u>14,215</u>	<u>(3,099)</u>
Net book value, June 30	<u>\$ 1,345,627</u>	<u>\$ 215,474</u>

A.The above amount mainly represents goodwill arising from the company's subsidiary's acquisition of Chi Mei Communication System, Inc. in 2005.

B.The Company's subsidiary recognized impairment loss on its goodwill amounting to \$960,250 and \$1,098,808 (shown as "impairment loss") for the six-month period ended June 30, 2009 and 2010, respectively.

3) Other intangible assets – customer relationship

In February 2008, the Company's subsidiary, Foxteq Holding Inc. – Cayman, signed an assets purchase agreement with Sanmina-SCI Corporation, Sanmina- SCI USA Inc., SCI Technology, Inc., Sanmina- SCI Systems De Mexico S.A. De C.V., Sanmina- SCI Hungary Electronics Manufacturing LLC. and Sanmina- SCI Australia Pty Ltd. for the acquisition of certain assets and liabilities of these companies. The acquisition cost was US\$70 million. The acquisition was effective on July 7, 2008. The intangible assets – customer relationship arising from the above acquisition, amounted to \$965,100, which were appraised by the Company and experts. The changes in the intangible assets – customer relationship for the six-month periods ended June 30, 2009 and 2010, respectively, are set forth below:

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>

Net book value, January 1	\$ 818,688	\$ 476,011
Amortization in current year	(169,042)	(160,776)
Cumulative translation adjustments	<u>3,929</u>	<u>1,121</u>
Net book value, June 30	<u>\$ 653,575</u>	<u>\$ 316,356</u>

(11) Other assets

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Land use rights	\$ 19,247,580	\$ 21,030,475
Others	<u>3,515,788</u>	<u>5,543,670</u>
	<u>\$ 22,763,368</u>	<u>\$ 26,574,145</u>

For the six-month periods ended June 30, 2009 and 2010, the land use rights were as follows:

	<u>For the six-month periods ended June 30,</u>	
	<u>2009</u>	<u>2010</u>
Net book value, January 1	\$ 19,091,762	\$ 21,088,073
Increase in current year	336,870	142,193
Amortization in current year	(182,021)	(219,678)
Cumulative translation adjustments	<u>969</u>	<u>19,887</u>
Net book value, June 30	<u>\$ 19,247,580</u>	<u>\$ 21,030,475</u>

(12) Short-term loans

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Credit loans	\$ 43,913,266	\$ 170,733,532
Secured loans	<u>-</u>	<u>696,937</u>
	<u>\$ 43,913,266</u>	<u>\$ 171,430,469</u>
Interest rates per annum	<u>0.31% ~ 5.8%</u>	<u>0.32% ~ 6.83%</u>

(13) Accrued expenses

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Awards and salaries payable	\$ 9,602,716	\$ 14,719,728
Royalty fees payable	3,100,545	6,197,670
Business Tax (VAT) payable	2,803,946	3,756,244
Employees' bonuses payable	2,043,192	2,501,042
Welfare fees payable	2,263,325	2,391,179
Shipping fees payable	2,035,558	2,830,050
Fees payable for tooling	177,886	1,731,712
Tax payable (excluding VAT)	969,280	1,463,152
Consumption goods expense payable	903,055	1,382,515
Interest payable	394,326	708,641
Molding payable	770,121	456,051

Others	<u>10,567,559</u>	<u>12,494,942</u>
	<u>\$ 35,631,509</u>	<u>\$ 50,632,926</u>

(14) Income tax

1) Income tax expense and income tax payable are reconciled as follows:

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Income tax expense	\$ 5,383,973	\$ 8,926,218
Changes in deferred income tax	2,428,536	786,441
Less: Prepaid income tax and income tax withheld	(631,136)	(676,727)
Over provision of prior years' income tax	974,235	610,388
Add: Income tax payable at the beginning of the period	<u>2,522,163</u>	<u>3,165,232</u>
Income tax payable	<u>\$ 10,677,771</u>	<u>\$ 12,811,552</u>

2) As of June 30, 2009 and 2010, the deferred income tax assets and liabilities were as follows:

	<u>June 30,</u>	
	<u>2009</u>	<u>2010</u>
Deferred income tax assets	<u>\$ 3,041,259</u>	<u>\$ 3,631,617</u>
Deferred income tax liabilities	<u>(\$ 6,096,732)</u>	<u>(\$ 4,939,289)</u>

3) The temporary differences and related amounts of deferred tax assets (liabilities) are listed as follows:

	<u>June 30,</u>			
	<u>2009</u>		<u>2010</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Current items:				
Allowance for doubtful accounts	\$ 1,999,061	\$ 399,813	\$ 729,941	\$ 125,518
Reserve for inventory obsolescence and market price decline	6,088,015	1,269,142	5,290,360	1,054,560
Unrealized exchange losses(gains)	6,797	1,445	(2,661,952)	(450,175)
Product warranty	3,986,275	797,255	8,748,191	1,537,256
Others	<u>522,583</u>	<u>103,690</u>	<u>(143,985)</u>	<u>59,992</u>
	<u>\$12,602,731</u>	<u>2,571,345</u>	<u>\$ 11,962,555</u>	<u>2,327,151</u>
Non-current items:				
Reserve for pension cost	\$ 831,116	166,223	\$ 838,832	142,601
Foreign investment income accounted for under the equity method	(30,483,661)	(6,096,732)	(26,358,845)	(4,489,114)
Others	<u>1,129,520</u>	<u>303,691</u>	<u>2,846,764</u>	<u>711,690</u>

June 30,			
2009		2010	
Amount	Tax effect	Amount	Tax effect
(\$28,523,025)	(5,626,818)	(\$22,673,249)	(3,634,823)
	(\$3,055,473)		(\$1,307,672)

4) As of June 30, 2010, the Company's and Premier's income tax returns have been approved by the R.O.C. Tax Authority through 2007 and 2006, respectively.

(15) Bonds payable

	June 30,	
	2009	2010
2006 1st domestic convertible bonds payable	\$ 18,000,000	\$ 12,039,400
Less: Discount on bonds payable	(144,079)	-
	17,855,921	12,039,400
First unsecured corporate bonds issue in 2005	11,500,000	11,500,000
First debenture issuing of 2008	5,180,000	5,180,000
First debenture issuing of 2009	-	6,820,000
	34,535,921	35,539,400
Less: Current portion	(17,855,921)	(6,000,000)
Bonds payable – long term	\$ 16,680,000	\$ 29,539,400

1) 2006 1st domestic convertible bonds payable

- A. On September 1, 2006, following the approval from the SFB, the Company issued domestic zero coupon unsecured bonds in the amount of \$18,000,000. These convertible bonds cover a period of five years from November 10, 2006 to November 10, 2011.
- B. The conversion price shall be adjusted based on the terms of the convertible bonds. As of June 30, 2010, the convertible bonds have not been converted. The conversion price was adjusted to \$161.62 (in dollars) per share due to the declaration of based on the resolution approved at the stockholders' meeting in 2009.
- C. Under the terms of the convertible bonds, all the stock dividends redeemed or converted bonds will be retired and not to be re-issued.
- D. The bondholders may require the Company to redeem any bond at face value three years after the issuance. On November 10, 2009, bondholders have redeemed total of \$5,960,600.
- E. Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as those of the issued and outstanding common stock.
- F. The effective interest rate of the bonds was 2.32%.
- G. The discount on convertible bonds is amortized during the expected outstanding period of 3 years, using the interest methods. Since November 10, 2009, the bonds have no longer

had outstanding discount.

H. The fair value of conversion right in the amount of \$1,195,200 was separated from bonds payable at issuance date, and was recognized in “Capital reserve from conversion right” in accordance with SFAS No. 36.

2) First unsecured corporate bonds issue in 2005

A) On September 14, 2005, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of \$11,500,000. The terms of these domestic unsecured bonds are summarized as follows:

<u>Type of bonds</u>	<u>Issuance date</u>	<u>Period</u>	<u>Amount</u>	<u>Nominal interest rate</u>	<u>Payment term</u>
Bond Aa to Af	September 2005	5 years	\$ 500,000	1.9800%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond Ba to Bf	September 2005	5 years	\$ 500,000	1.9703%	Principal is due at maturity. Interest is compounded semi-annually and paid annually.
Bond Ca to Cf	September 2005	7 years	\$ 500,000	2.2500%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond Da to De	September 2005	10 years	\$ 500,000	2.3700%	Principal is due at maturity. Interest is paid annually at simple interest rate.

B) Bond Aa to Af and Bond Ba to Bf of 2005 1st unsecured bonds payables had been reclassified to “Current liabilities” in the third quarter of 2009.

3) First debenture issue of 2008

On December 9, 2008, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of \$5,180,000. The terms of these domestic unsecured bonds are summarized as follows:

<u>Issuance date</u>	<u>Period</u>	<u>Amount</u>	<u>Nominal interest rate</u>	<u>Payment term</u>
December 2008	3 years	\$ 5,180,000	2.5%	Principal is due at maturity. Interest is paid annually at simple interest rate.

4) First debenture issuing of 2009

On January 12, 2009, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of \$6,820,000. The terms of these domestic unsecured bonds are summarized as follows.

<u>Issuance date</u>	<u>Period</u>	<u>Amount</u>	<u>Nominal interest rate</u>	<u>Payment term</u>
October 2009	5 years	\$ 6,820,000	1.7%	Pay half of principal each in the fourth and fifth year. Interest is paid annually at simple interest rate.

(16) Long-term loans

<u>Institution</u>	<u>Loan period</u>	<u>June 30, 2009</u>	<u>Limit</u>
Mizuho Corporate Bank Ltd., etc. syndicated loan	2008/8/21~2011/8/21	\$ 17,553,350	(USD 535,000,000)
"	2008/9/11~2013/9/11	<u>16,405,000</u>	(USD 500,000,000)
		<u>\$ 33,958,350</u>	
		<u>4.2288%~4.8438</u>	
Interest rate		<u>%</u>	

<u>Institution</u>	<u>Loan period</u>	<u>June 30, 2010</u>	<u>Limit</u>
Mizuho Corporate Bank Ltd., etc. syndicated loan	2008/8/21~2011/8/21	\$ 17,200,250	(USD 535,000,000)
"	2008/9/11~2013/9/11	<u>16,075,000</u>	(USD 500,000,000)
		<u>\$ 33,275,250</u>	
		<u>0.7472%~0.7972</u>	
Interest rate		<u>%</u>	

- 1) The Company's subsidiary entered into a syndicated credit facility agreement with Mizuho Corporate Bank Ltd. as the lead bank and obtained a credit line in the amount of US\$1,035,000 thousand. The Company is the guarantor of the loan.
- 2) As the contract period of the loan is over twelve months, it was recognized as long-term loan.
- 3) Throughout the term of the syndicated term loan agreement, the Group shall maintain the following financial ratios, to be tested semi-annually and annually on an audited consolidated basis:
 - A. The current ratio shall not be less than one hundred percent (100%).
 - B. The ratio of total net debt to consolidated tangible net assets shall not exceed seventy percent (70%).
 - C. The interest coverage (income before income tax plus depreciation, amortization and interest expense divided by net interest expense) shall not be less than five hundred percent (500%).
 - D. Net debt is defined as total debt deducted by cash and cash equivalents.
 - E. The consolidated net tangible assets are defined as the consolidated total net assets of the

Group deducted by goodwill acquired through merger and acquisition.

F. Net interest expense is defined as interest expense deducted by interest income.

The Company has not breached any of the above financial ratio commitments under the syndicated loan agreement.

(17) Retirement plan

- 1) The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. The Company contributes monthly an amount equal to 2.1% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. The pension expenses under the defined benefit plan amounted to \$34,795 and \$29,795 for the six-month periods ended June 30, 2009 and 2010, respectively. The balance of the fund which is deposited with Bank of Taiwan was \$552,318 and \$583,664 as of June 30, 2009 and 2010, respectively.
- 2) In accordance with the Labor Pension Act, the Company has a defined contribution employee retirement plan covering all domestic employees. The Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' personal pension accounts with the Bureau of Labor Insurance. The pension expenses under this plan amounted to \$114,186 and \$129,160 for the six-month periods ended June 30, 2009 and 2010, respectively.
- 3) The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 8%~9% of employees' monthly salaries and wages to an independent fund administered by a government agency.
- 4) As of June 30, 2009 and 2010, the subsidiaries which participated in defined contribution pension plans recognized reserve according to the respective local laws for retirement plan in the amount of \$226,842 and \$227,272, respectively. Pension expenses in the amount of \$1,690,494 and \$2,319,732 were recognized for the six-month periods ended June 30, 2009 and 2010, respectively.

(18) Capital stock

- 1) As of June 30, 2010, the Company's authorized shares were 9,300,000 thousand shares (including 200 million shares reserved for stock warrants or bonds issued with detachable warrants) and the issued and outstanding common stock were 8,578,932 thousand shares with a par value of \$10 (in dollars) per share.
- 2) On June 8, 2010, the Company's shareholders adopted a resolution to increase the authorized shares to 9,300,000 thousand shares and to issue stock dividends at par value amounting to \$10,294,718.
- 3) On June 8, 2010, the Company's shareholders approved employees' stock bonus amounting to \$5,449,328 for 2009. The employee stock bonus of 52,845 thousand shares was determined based on the closing price of \$103.12 (in dollars) on June 7, 2010, the previous day of the 2010 shareholders' meeting after taking into accounts the effects of ex-rights and ex-dividends.
- 4) Pursuant to the resolution adopted at the stockholders' meeting held on September 1, 1999,

and after obtaining approval from the SFC, the Company issued 25 million units of global depository receipts (GDRs) in Europe, Asia and the USA, comprising 50 million shares of common stock (Deposited Shares). The issuance is amounted USD 347,250,000, the main terms and conditions of the GDRs are as follows:

A. Voting

Holders of GDRs have no right to directly exercise voting rights or attend the Company's stockholders' meeting, except when a motion is on the election of directors or supervisors.

A holder or holders together holding at least 51% of the GDRs outstanding at the relevant record date of the stockholders' meeting can instruct the Depository to vote in the same direction in respect of one or more resolutions to be proposed at the meeting.

B. Sale and withdrawal of GDRs

Under the current R.O.C. law, shares represented by the GDRs may be withdrawn by holders of GDRs commencing three months after the initial issue of GDRs. A holder of a GDR may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, request the Depository to sell or cause to be sold on behalf of such holder the shares represented by such GDRs.

C. Dividends

GDR holders are entitled to receive dividends to the same extent as the holders of common stock subject to the terms of the Deposit Agreement and applicable laws of the R.O.C.

D. As of June 30, 2010, 134,023,000 units of GDRs were outstanding, which represents 268,047 thousand shares of common stock.

(19) Share-based payment - employee compensation plan

As of June 30, 2009 and 2010, the share-based payment transactions of Foxconn International Holdings Ltd. (Cayman), a subsidiary of the Company (listed on the Stock Exchange of Hong Kong), are set forth below:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions/ Restricted terms</u>
Employee stock options	July 25, 2005	435,599,000	1 ~ 6 years	Note (1)
"	September 12, 2007	2,400,000	1 ~ 6 years	"
"	September 12, 2007	300,000	1 ~ 3 years	"
Share appreciation rights	January 1, 2006	7,343,564	1 ~ 3 years	-
Other share-based payment plans	December 29, 2006	5,748,145	-	Note (2)
"	July 24, 2007	502,090	-	Note (3)
"	December 28, 2007	20,459,322	-	Note (4)
"	October 29, 2009	26,161,489	-	-
"	April 27, 2010	9,435,264	-	-

Note:

(1) Vested upon completion of certain years' service.

(2)Of the shares granted, 2,737,718 shares cannot be sold within one to three years from the grant date.

(3)Of the shares granted, 407,000 shares cannot be sold within one to two years from the grant date.

(4)Of the shares granted, 20,362,078 shares cannot be sold within one to three years from the grant date.

1) Employee stock options

For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value are as follows:

<u>Grant date</u>	<u>Stock price (HK\$)</u>	<u>Exercise price (HK\$)</u>	<u>Expected price volatility</u>	<u>Expected dividend yield rate</u>	<u>Risk-free interest rate</u>	<u>Fair value per share (US\$)</u>
July 25, 2005	\$ 5.95	\$ 6.06	30%	-	3.39%	\$ 0.24
September 12, 2007(A)	19.46	20.63	36%	-	3.92%	0.86

For the six-month periods ended June 30, 2009 and 2010, the weighted-average exercise price of employee stock options outstanding were US\$0.73 and US\$1.23 (in dollars) per share, respectively, and expenses incurred on employee stock options transactions were \$66,174 (US\$1,973 thousand) and \$81,760 (US\$2,563 thousand), respectively. Details of the employee stock options are set forth below:

<u>Employee Stock Options (In shares)</u>	<u>For the six-month periods ended June 30,</u>	
	<u>2009</u>	<u>2010</u>
Options outstanding at beginning of period	308,100,192	264,831,013
Options granted	-	-
Options exercised	(16,000)	(33,901,600)
Options revoked	(24,162,439)	(2,034,880)
Options outstanding at end of period	<u>283,921,753</u>	<u>228,894,533</u>
Options exercisable at end of period	<u>103,945,423</u>	<u>116,379,653</u>

2) Share appreciation rights

For the six-month periods ended June 30, 2009 and 2010, the range of exercise price of stock appreciation rights outstanding were HK\$3.96~HK\$26.05 and HK\$17.86~HK\$25.65 (in dollars), respectively. As of June 30, 2009 and 2010, the liabilities on stock appreciation rights were \$39,864 (US\$1,215 thousand) and \$5,851 (US\$182 thousand), respectively (shown as “Accrued expenses”). For the six-month periods ended June 30, 2009 and 2010, expenses incurred on stock appreciation rights transactions were \$8,855 (US\$264 thousand) and \$271 (US\$9 thousand), respectively.

3) Other share-based payment plans

These share-based payments were granted to employees. For the six-month periods ended June 30, 2009 and 2010, expenses incurred on other share-based payments were \$102,901 (US\$3,068 thousand) and \$283,683 (US\$8,893 thousand), respectively.

(20) Capital reserve

- 1) Pursuant to the R.O.C. Company Law, for the capital reserve arising from donations and from paid-in capital in excess of par value on issuance of common stocks, an amount equal to up to 10% of the contributed capital can be capitalized, provided that there is no accumulated deficit, and the remainder is restricted to cover deficit. Further, accumulated deficit shall be first covered by retained earnings before capital reserve can be used to cover any accumulated deficit.
- 2) Under the R.O.C. SFB regulations, the Company may apply, once a year, to capitalize the capital reserves arising from paid-in capital in excess of par on the issuance of stocks for cash. The application shall be made after the year of the issuance, and the amount to be capitalized shall not exceed the prescribed amount.
- 3) According to rules of regulatory agency, capital reserve arising from long-term equity investments accounted for under the equity method can not be capitalized.
- 4) Please see Note 4 (15) for information on “Capital reserve from conversion right”.

(21) Retained earnings

- 1) In accordance with the Company’s Articles of Incorporation, current year’s earning must be distributed in the following order:
 - A. offsetting accumulated deficits, if any;
 - B. Setting aside as legal reserve equal to 10% of current year’s net income after tax and distribution pursuant to clause (A);
 - C. Setting aside a special reserve in accordance with applicable legal and regulatory requirement;
 - D. 8% as bonuses to employees; qualified employees includes employees of affiliates per criteria set by Board of Director; and
 - E. the remainder shall be distributed pursuant to the proposal of the board of directors in accordance with the Company’s dividend policy.

The Company’s dividend policy requires the board of directors to consider the Company’s budget for future capital expenditures and funding needs when proposing the the distribution of earnings. The proposal should be resolved in the Meeting of the Stockholders. Dividends may be distributed in the form of cash or shares, or a combination of both, provided, however, that cash dividends distributed in respect of any fiscal year shall not exceed 90 percent of total dividends to stockholders.

2) The details of the undistributed earnings were as follows:

	June 30,	
	2009	2010
Before new tax system was adopted	\$ 2,163,509	\$ 2,163,509
After new tax system was adopted		
Subjected to additional 10% corporate income tax	120,623,446	150,965,282
Not subjected to additional 10% corporate income tax	58,719,305	75,402,429
	<u>\$ 181,506,260</u>	<u>\$ 228,531,220</u>

3) The details of imputation system were as follows:

	June 30,	
	2009	2010
Balance of stockholders deductible tax account	\$ 21,141,842	\$ 30,812,866
	December 31, 2009	June 30, 2010
	(Estimated)	(Estimated)
Tax deductible rate of earnings distribution	<u>13.61%</u>	<u>17.14%</u>

4) The appropriation of 2008 and 2009 earnings had been resolved at the stockholders' meeting on April 16, 2009 and June 8, 2010, respectively. Details are summarized below:

	2008 earnings		2009 earnings	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 5,513,318	\$ -	\$ 7,568,511	\$ -
Stock dividends	11,121,935	1.5	10,294,718	1.2
Cash dividends	8,156,086	1.1	17,157,864	2.0
	<u>\$24,791,339</u>	<u>\$ 2.6</u>	<u>\$ 35,021,093</u>	<u>\$ 3.2</u>

The earnings distribution information are posted on the "Market Observation Post System" at the website of the TSEC.

5) The estimated amounts of employees' bonus and directors' and supervisors' remuneration for 2009 are \$5,449,328 and \$0, respectively, based on a certain percentage (8% and 0%) of net income in 2009, after taking into account the legal reserve and other factors, as prescribed by the Company's Articles of Incorporation and are recognized as operating costs or operating expenses for 2009. The information of employees' bonus and directors' and supervisors' remuneration is posted on the "Market Observation Post System" at the website of the TSEC. The employee stock bonus of 52,845 thousand shares were determined by the closing price of the Company's common stock, \$103.12 (in dollars), on June 7, 2010, the previous day of the 2010 shareholders' meeting after taking into account the effects of ex-rights and ex-dividends. The employee stock bonus less than one share is paid in cash in the amount of \$53 (in dollars).

- 1) Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall assume that distribution will be in the form of stocks in the calculation of the weighted-average number of common shares outstanding during the reporting year, taking into account the dilutive effects of stock bonus on potential common shares; whereas, the basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year, of which shall include the shares of employees' stock bonus from the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year.
- 2) The number of shares had retroactively been adjusted by the stock dividends as of June 30, 2010.

(23) Personnel, depreciation and amortization expenses

	<u>For the six-month periods ended June 30,</u>	
	<u>2009</u>	<u>2010</u>
<u>Cost of sales</u>		
Personnel expenses		
Salaries	\$ 21,968,148	\$ 29,674,959
Labor and health insurances	980,183	1,144,523
Pension	1,139,147	1,486,989
Others	443,756	589,425
	<u>\$ 24,531,234</u>	<u>\$ 32,895,896</u>
Depreciation	<u>\$ 13,068,647</u>	<u>\$ 12,333,306</u>
Amortization	<u>\$ 1,127,637</u>	<u>\$ 1,227,745</u>
<u>Operating expenses</u>		
Personnel expenses		
Salaries	\$ 17,983,864	\$ 23,336,739
Labor and health insurances	954,480	1,149,183
Pension	700,328	991,698
Others	265,822	357,299
	<u>\$ 19,904,494</u>	<u>\$ 25,834,919</u>
Depreciation	<u>\$ 3,921,017</u>	<u>\$ 4,723,695</u>
Amortization	<u>\$ 1,420,999</u>	<u>\$ 908,247</u>

5. RELATED PARTY TRANSACTIONS

1) Names of related parties and their relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Foxconn Technology Co., Ltd. and subsidiaries (FTCS)	Investee company accounted for under the equity method
Pan International Industrial Corporation and subsidiaries (PIICS)	"
Foxconn Advanced Technology, Ltd.-Cayman (FATS-Cayman)	An indirectly-owned investee company accounted for under the equity method
Foxsemicon Integrated Technology, Inc. and subsidiaries (FITI)	"
CyberTAN Technology, Inc. (CyberTAN)	"
Cheng Uei Precision Industry Co., Ltd. (CUPC)	The chairman is a brother of the Company's chairman
Chimei Innolux Corporation and subsidiaries (Chimei Innolux) (Original name:InnoLux Display Co., Ltd.)	Same major shareholder

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. Except for transactions with the above related parties, there were no other material transactions between related parties and the Company for the six-month periods ended June 30, 2009 and 2010.

2) Significant transactions and balances with related parties

A. Sales

	<u>For the six-month periods ended June 30,</u>			
	<u>2009</u>	<u>%</u>	<u>2010</u>	<u>%</u>
FTCS	\$ 35,772,417	4	\$ 40,619,555	4
Chimei Innolux	4,465,914	1	3,629,297	-
CyberTAN	5,180,450	1	2,470,690	-
Others	1,031,559	-	1,044,483	-
	<u>\$ 46,450,340</u>	<u>6</u>	<u>\$ 47,764,025</u>	<u>4</u>

The sales prices and credit terms to related parties were not significantly different from sales to third parties. For other particular related party transactions, prices and terms were determined in accordance with mutual agreements. The credit term is disclosed in Note 11 (G).

The Group sold materials to the above related parties for processing and repurchased finished goods from them, the sales amount of materials and repurchasing price of finished goods were offset against each other and shown in the net amount in the financial statements.

B. Purchases

	For the six-month periods ended June 30,			
	2009	%	2010	%
FTCS	\$ 9,117,151	1	\$ 9,481,236	1
FATS-Cayman	4,046,783	1	8,661,128	1
Chimei Innolux	4,290,859	1	5,745,278	1
PIICS	2,958,861	-	2,966,144	-
Others	845,874	-	2,265,329	-
	<u>\$ 21,259,528</u>	<u>3</u>	<u>\$ 29,119,115</u>	<u>3</u>

The purchase prices and payment terms to related parties were not significantly different from purchases from third parties. For other related party transactions, prices and terms were determined in accordance with mutual agreements. The payment terms to third parties are between 30 to 90 days.

C. Accounts receivable - related parties

	June 30,			
	2009	%	2010	%
FTCS	\$ 10,336,108	4	\$ 10,857,768	3
Chimei Innolux	2,798,275	1	4,650,602	1
CyberTAN	1,867,844	1	1,582,830	1
Others	802,510	-	521,205	-
	<u>15,804,737</u>	<u>6</u>	<u>17,612,405</u>	<u>5</u>
Less: Allowance for doubtful accounts	(<u>169,433</u>)		(<u>120,532</u>)	
	<u>\$ 15,635,304</u>		<u>\$ 17,491,873</u>	

D. Prepayment

	June 30,	
	2009	2010
FITI	<u>\$ 116,610</u>	<u>\$ 125,391</u>

E. Other receivables

The Group purchased materials on behalf of FTCS and Chimei Innolux, etc. As of June 30, 2009 and 2010, other receivables amounted to \$726,025 and \$1,070,136, respectively.

F. Accounts payable - related parties

	June 30,			
	2009	%	2010	%
FTCS	\$ 12,143,345	4	\$ 11,350,725	3
FATS-Cayman	2,625,114	1	4,684,355	1
Chimei Innolux	1,197,992	1	2,505,329	1
PIICS	2,308,805	1	1,935,066	-
Others	272,445	-	629,302	-
	<u>\$ 18,547,701</u>	<u>7</u>	<u>\$ 21,104,777</u>	<u>5</u>

As of June 30, 2009 and 2010, a portion of accounts payable to FTCS in the amount of \$5,935,656 and \$4,715,890, respectively, pertains to purchases of materials made by FICS on behalf of the Group.

G. Property transactions

For the six-month period ended June 30, 2009				
<u>Counterparty</u>	<u>Transaction</u>	<u>Sales / purchase price</u>	<u>Gain on disposal</u>	<u>Receivables / (payables) at June 30, 2009</u>
FTCS, Chimei Innolux, FAT-Cayman and FITI	Sale of fixed assets	\$ 170,076	\$ 261	\$ 48,767
FTCS, Chimei Innolux, CyberTAN and PIICS	Acquisition of fixed assets	44,918	- (44,131)

For the six-month period ended June 30, 2010				
<u>Counterparty</u>	<u>Transaction</u>	<u>Sales / purchase price</u>	<u>Gain on disposal</u>	<u>Receivables / (payables) at June 30, 2010</u>
FTCS, Chimei Innolux, FAT-Cayman and FITI	Sale of fixed assets	\$ 208,349	\$ -	\$ 36,958
FTCS, Chimei Innolux, CyberTAN and PIICS	Acquisition of fixed assets	40,259	- (11,907)

H. Guarantees

In July 2008, the Company's subsidiary, Foxconn (Far East) Ltd., entered into a syndicated credit facility agreement with Mizuho Corporate Bank Ltd. as the lead bank and obtained a credit line in the amount of US\$1,035,000 thousand. The Company is the guarantor of the loan.

6. PLEDGED ASSETS

As of June 30, 2009 and 2010, the assets pledged as collateral were as follows:

Assets	Nature	June 30,	
		2009	2010
		Book value	Book value
Time deposits and cash (shown as other financial assets non-current)	Bond deposit as security for court proceedings, security deposit for employment of foreign employees and custom's deposits.	\$ 85,145	\$23,481,870
Account receivable	Short-term loans	-	546,013
Fixed asset -Land and buildings	Short-term loans	-	91,026
Other asset -Refundable deposit	Short-term loans and custom's deposits	111,746	-
		<u>\$ 196,891</u>	<u>\$24,118,909</u>

7. COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 2010, the Group's significant commitments and contingent liabilities were as follows:

- 1) The Company entered into several contracts for the acquisition of machinery and construction of research center with total value of approximately \$17,912 million. As of June 30, 2010, the unpaid balance on these contracts amounted to \$2,854 million.
- 2) As of June 30, 2010, the company's subsidiaries' future minimum lease payments for factories and employees' dormitory were approximately \$684 million as follows:

Year	Amount
2010.7~2011.12	\$ 202,005
2012	138,974
2013	136,859
2014	142,161
2015 and thereafter	110,958
	<u>\$ 730,957</u>

- 3) The Group entered into an agreement with Qualcomm Incorporated regarding mobile phone use right. Under the agreement, the Group shall pay royalties based on sales volume of the related products.
- 4) In December 2007, Mondis Technology Ltd. filed a lawsuit with the U.S. District Court for the Eastern District of Texas and requested this court to issue an injunction against the Company, alleging infringement, among others, of its patent on panel display and claimed indemnities for its losses. The Company has appointed a legal counsel to attend to this case. On November 30, 2009, the Company also sued its suppliers - Lite-on, Tatung and TPV, seeking fulfillment of their liability for the case above. On January 15, 2010, Mondis added TV product into part of

the scope of the litigation. The ultimate outcome of the lawsuit and the damages that may incur cannot be reasonably estimated as the litigation is still under trial and investigation.

- 5) In November 2008, Spansion Inc. requested the U.S. International Trade Commission (the "ITC") to conduct an investigation, alleging patent infringement that Samsung flashing IC was assembled into the Company's products. Spansion Inc. requested the U.S. ITC to issue an injunction to ban the Company's export of related products to the United States. Spansion Inc. has made an out-of-court settlement with Samsung on March 3, 2009. However, in March 1, 2009, Spansion Inc. filed for bankruptcy in the United States, and the bankruptcy court refused to approve their settlement. Therefore, the litigation is still under trial.
- 6) In March 2009, O2 Micro Int'l Ltd. filed a lawsuit against the Company and Ampower Holding Ltd., an investee company indirectly owned by the Company and accounted for under the equity method and claimed indemnities for its losses. O2 Micro Int'l Ltd. alleged that the Company and Ampower Holding Ltd. failed to comply with the out-of-court settlement relating to previous patent dispute litigation. Based on the opinion of the Company's legal counsel, the ultimate outcome of the lawsuit and the damages that the Company may incur cannot be reasonably estimated as the litigation is still under trial and investigation under the authority of the United States

8. SIGNIFICANT CATASTROPHE

On February 19, 2010, the Group's plant in Mexico was set on fire due to riot. There were no damages to the production lines, warehouses and equipment of the plant and the business operated as normal. Customer delivery schedule was unaffected.

9. SUBSEQUENT EVENTS

- 1) The Company's subsidiary, PCE Paragon Solutions Kft., has signed a share purchase agreement with Dell Global B.V. and Dell International Holding VIII B.V. in December 2009 and expected to pay the purchase price and transfer the legal title of the shares in the second half year of 2010.
- 2) In March 2010, the Company's board of directors resolved for Foxconn Singapore Pte. Limited, a subsidiary of the Company, to acquire 90.1% shareholding of Sony Slovakia, SPOL. S.R.O, a subsidiary of Sony Corporation.
- 3) On August 18, 2010, an approval was obtained from SFB for the Company to issue its 2010 1st Unsecured Euro Convertible Zero Coupon Bonds in the amount up to USD \$1 billion.

10. OTHERS

- 1) Financial statement presentation:

Certain accounts in the June 30, 2009 consolidated financial statements were reclassified to conform to the June 30, 2010 consolidated financial statement presentation.

2) Fair value of financial instruments

		June 30, 2009		
		Fair value		
Non-derivative financial instruments	Book value	Quotation in an active market	Estimated using a valuation technique	Note
Assets:				
Financial assets with fair values equal to book values	\$404,995,312	\$ -	\$404,995,312	A
Open-end funds	15,000	15,000	-	B
Available-for-sale financial assets	14,830,303	14,830,303	-	C
Financial assets carried at cost - non-current	1,324,699	-	-	D
Refundable deposits	700,208	-	651,963	E
Liabilities:				
Financial liabilities with fair values equal to book values	385,680,422	-	385,680,422	A
Long-term bonds payable	16,680,000	-	16,674,784	F
Current bonds payable	17,855,921	-	17,487,940	F
Derivative financial instruments				
Assets:				
Futures contracts	282,963	-	282,963	G
Forward exchange contracts - open	71,275	-	71,275	G
Forward exchange contracts - offset	4,893	-	4,893	G
Liabilities:				
Forward exchange contracts - open	32,943	-	32,943	G
Forward exchange contracts - offset	19,210	-	19,210	G
Off-balance sheet financial instruments				
Guarantees	34,069,095 (US\$1,035,000 thousand)	-	34,069,095 (US\$1,035,000 thousand)	H

June 30, 2010					
<u>Non-derivative financial instruments</u>	<u>Book value</u>	<u>Fair value</u>		<u>Note</u>	
		Quotation in an active market	Estimated using a valuation technique		
<u>Assets:</u>					
Financial assets with fair values equal to book values	\$664,521,345	\$ -	\$664,521,345	A	
Open-end funds	15,000	15,000	-	B	
Available-for-sale financial assets	13,798,592	13,798,592	-	C	
Financial assets carried at cost - non-current	2,148,152	-	-	D	
Refundable deposits	1,082,385	-	1,053,929	E	
<u>Liabilities:</u>					
Financial liabilities with fair values equal to book values	694,251,789	-	694,251,789	A	
Long-term bonds payable	29,539,400	-	28,758,807	F	
<u>Derivative financial instruments</u>					
<u>Assets:</u>					
Futures contracts	-	-	-	G	
Forward exchange contracts	95,270	-	95,270	G	
<u>Liabilities:</u>					
Forward exchange contracts	73,246	-	73,246	G	
<u>Off-balance sheet financial instruments</u>					
Guarantees	33,301,125 (US\$1,050,000 thousand)	-	33,301,125 (US\$1,050,000 thousand)	H	

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

- A. For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes and accounts receivable, other receivables, short-term loans, notes and accounts payable, accrued expenses, current portion of long-term liabilities, other payables and other current liabilities.
- B. For Open-ended funds, the fair values were determined based on the funds' net assets at June 30, 2009 and 2010.
- C. Available-for-sale financial assets are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker industry group, pricing

service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the market for a financial instrument is not active, an entity establishes fair value by using a valuation technique. The fair values of available-for-sale financial assets are based on the quotation in the active markets as of June 30, 2009 and 2010.

- D. As financial assets carried at cost are not quoted in an active market and their fair value cannot be measured reliably, they are measured at cost.
- E. The fair value of refundable deposits is based on the present value of expected future cash inflow, and the discount rate is based on the fixed rate of the one year time deposit given by the Post Office as of June 30, 2009 and 2010.
- F. The fair value of convertible bonds issued after December 31, 2005 is based on the present value of expected cash flow amount. The discount rate is the effective interest rate of convertible bonds in the current market, whose contractual terms are similar to those of convertible bonds issued by the Company.
- G. The fair values of derivative financial instruments which include unrealized gain or loss on unsettled contracts were determined based on the amounts to be received or paid assuming that the contracts were settled as of the reporting date.
- H. The fair value of guarantees was based on the contract amounts.

3) Credit risk of off-balance sheet financial instruments

Please see Note 5. 2) H.

4) Financial risk control

- A. The Group employs a comprehensive risk management and control system to clearly identify, measure, and control the various kinds of financial risk it faces, including market risk, credit risk, liquidity risk, and cash flow risk. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risk can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.

As for market risk, the goal is to optimize its overall position through strict recommendation, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.

- B. The risk management and control system of the Group is administered within a framework of stratified responsibility:
 - (1) The board of directors formulates and approves the procedures; the senior officers designated by the board make regular and unscheduled assessments of management procedures, organizational structure, transaction flows, and whether there are any abnormal circumstances;

- (2) The legal department reviews and examines transaction agreements;
- (3) The financing department makes recommendations with regard to transactions and is responsible for carrying them out;
- (4) The accounting department manages the accounts;
- (5) The audit department undertakes audits.

Under this framework, with its strict adherence to proper segregation of duties and adequate internal control procedures, the Group seeks to minimize the potential adverse effects on the Group's financial performance.

5) Material financial risk information

A. Market risk

(1) Foreign exchange risk:

The Group's major purchase and sale transactions are conducted in USD. The fair value changes along with the foreign exchange rate fluctuations. However, the amounts and periods of the Group's accounts receivable and accounts payable are roughly equivalent, so the market risk could mostly be offset. When temporary gap rises, the Group would enter into the forward contract to hedge the risk. Accordingly, the Group expects no material risk as a whole.

(2) Equity price risk:

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. However, the Group expects no significant securities price risk.

(3) Futures market risk:

The Group is exposed to price risk because of investments in futures market instruments, which have fair value in the active market. The Group sets limits to control the transaction volume and the stop-loss amount of derivatives to reduce its futures market risk. As a result, there is no significant future market risk.

(4) Interest rate risk:

The long-term bonds issued by the Group all have fixed interest rates, so there is no interest rate risk.

(5) Stock price risk:

i. The domestic convertible bonds issued by the Company are compound instruments, which include the conversion rights, call option, put option. Except that the fair value of the bonds would be changed due to changes in market interest rate, their fair value is mainly subject to the changes in the Company's stock price. The Company could exercise the call option to mitigate the stock price risk adequately.

ii. Furthermore, the call option has expired since November 10, 2009, three years after the issuing date, thus no related risk involved.

B. Credit risk

(1) Receivables:

With respect to receivables of the Group, most of the debtors are well-known international companies with very good credit standing. Moreover, the adequacy of the allowance for doubtful accounts is assessed regularly, so there is no material credit risk.

(2) Financial market:

- i. The long-term exchange rate and futures transactions entered into by the Group are done with financial institutions with very good credit standing. Consequently, the likelihood that the credit risk would occur is low.
- ii. Convertible bond payables of the Company were issued on the primary market, so that the Company is not exposed to credit risk that may arise from counterparties on the secondary market.

(3) Asset transactions:

The Group has investments in available-for-sale financial assets and financial assets that are measured at cost. Although the potential for credit risk does exist, there is an active market for available-for-sale financial assets, and for financial assets measured at cost, the Group performs impairment testing regularly. Moreover, the Group evaluated the counterparties' credit standing when entered into the transaction. Although the potential for credit risk does exist, the group doesn't expect material credit risk accordingly.

C. Liquidity risk

(1) Receivables:

As for receivables of the Group, the main debtors are well-known international companies with very good credit standing. There are no receivables overdue or with maturities over one year. Therefore, there is no material liquidity risk.

(2) Financial assets:

- i. For available-for-sale financial assets held by the Group, there is an active market that allows these investments to be readily converted into certain amount of cash approximate to their fair values. The liquidity risk exposure is low.
- ii. As for financial assets measured at cost, the liquidity risk is high as there is no active market. However, since the shareholding percentages are relatively low, they do not constitute major investments. Therefore, no material liquidity risk is expected.

(3) Foreign exchange transactions:

For forward foreign exchange transactions entered into by the Group, the targets of the transactions are all currencies traded on international foreign exchange markets with high trading volumes and a large number of traders bidding. Trading is active with high liquidity. Therefore, no material liquidity risk is expected.

(4) Futures transactions:

For futures transactions entered into by the Group, orders are placed on future exchanges in New York, Chicago or London. The numbers of available future targets and international market participants are adequate to facilitate easy entry and exit. Therefore, no material liquidity risk is expected.

(5) Working capital:

The Group has good operating and credit conditions and has sufficient working capital, so it expects no significant liquidity risk arising from insufficient capital to meet contract obligations.

(6) Convertible bonds:

i. Under the terms of the domestic convertible bonds issued by the Company on November 11, 2006, the bondholders have the right to require the Company to redeem any bonds at face value on November 10, 2009, three years after the issuing date.

ii. A total amount of \$5,960,600 convertible bonds had been redeemed. The Company expects no significant liquidity risk would arise as it has sufficient working capital to meet the funding requirements for bonds redemption even if all the outstanding bonds are redeemed.

iii. The outstanding convertible bonds in the amount of \$12,039,400 will be redeemed on the maturity date, November 10, 2011.

D. Cash flow risk from movements in interest rates

(1) Long-term liabilities:

i. The Group does not have long-term financial assets and liabilities that are affected by interest rate changes. Therefore, there should be no material cash flow risk from movements in interest rates.

ii. As to the domestic bond payables issued by the Company, there should be no material cash flow risk from movements in interest rates due to the zero interest rate on the bond.

(2) Foreign exchange transactions:

The forward foreign currency transactions entered into by the Group are for the purpose of hedging against short-term gaps of the net positions of foreign currency assets and liabilities. As such, the amounts of the transactions are immaterial and their duration is short. Moreover, because of the equivalent foreign currency cash outflows and inflows, the group expects no significant funding demand. Therefore, no material cash flow risk is expected from movements in interest rates.

(3) Financial assets:

As the investments of the Group are not interest-rate type products, there is no cash flow risk from movements in interest rates.

11. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURE COMMISSION

(1) Related information of significant transactions

(The portions of transaction information with related parties were based on the financial statements of the company for the same period which was not reviewed by independent accountants.)

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

- 1) Financial activities to any company or person: None
- 2) Guarantee information:

Name of the company providing guarantee	Parties being guaranteed		The limit of guarantee For such party	The highest outstanding guarantee amount 2010	The outstanding guarantee amount at 6/30/2010	The amount of guarantee with collateral placed	The ratio of accumulated guarantee amount to net assets of the Company	The ceiling of the outstanding guarantee to the respective party
	Name	Relationship with the Company						
Hon Hai Precision Industry Co., Ltd.	Foxconn(Far East) Ltd.-Cayman	A wholly owned subsidiary	(Note)	NTD\$ 33,301,125 (US\$1,035,000,000)	NTD\$ 33,301,125 (US\$1,035,000,000)	-	7.24%	(Note)

Note1: The Company's total guarantee to others should not be in excess of the Company's net assets.

Note2: The policy for endorsements and guarantees provided by the Company is as follows: limit on endorsements and guarantees provided for a single party is 50% of the Company's net assets; ceiling amount of total of the Company's endorsements and guarantees provided for all subsidiaries of which the Company directly and indirectly holds more than 50% of their voting shares or for all companies which directly or indirectly hold more than 50% voting shares respectively, is 100% of the Company's net assets.

Note3: The net assets referred above are based on the latest audited or reviewed financial statements.

- 3) Marketable securities held as of June 30, 2010

Type and name of marketable securities (Note 1)	Relationship with the Company	General ledger accounts (Note 2)	June 30, 2010			
			Number of shares (in thousands)	Book value	Percentage of ownership	Market value/ Net worth
Common stock of Pan International Industrial Corporation	Investee company accounted for under the equity method	(1)	102,065	\$ 2,700,030	21	\$ 2,942,859
Common stock of Foxconn Technology Co., Ltd.	"	(1)	98,849	4,797,348	10	4,757,114
Common stock of Media Tek Inc.	None	(2)	2,130	963,825	-	963,825
Common stock of Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	Same major shareholder	(3)	129,148	4,313,530	2	4,313,530

Note 1: Marketable securities disclosed above include listed stocks and open-end funds only.

Note 2: Code of general ledger accounts: (1) Long-term investments accounted for under the equity method

(2) Available for sale financial assets-current

(3) Available for sale financial assets-non current

- 4) Marketable securities acquired or sold during the six-month periods ended June 30, 2010 in excess of \$100,000 or over 20% of the company's contributed capital: None.
- 5) Acquisition of real estate exceeding the amount of \$100,000 or 20% of the Company's contributed capital: None.
- 6) Disposal of real estate \$100,000 or over 20% of the Company's contributed capital: None.

7) Related party purchases or sales transactions exceeding the amount of \$100,000, or 20% of the Company's contributed capital:

Company	Counterparty	Relationship with the Company	Transactions		Percentage of total purchases, sales, or other related accounts	Credit terms	Descriptions of and reasons for difference in transaction terms compared to non-related party		Notes and accounts receivable/(payable)		Note
			Purchases/sales	Amount			Unit price	Terms	Balance	Percentage of total notes and accounts receivable/ payable balance	
Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	Wholly-owned subsidiary and its subsidiaries	Sales	\$ 25,959,910	3	45-90 days	Note 1	Note 1	\$ 9,713,033	4	
"	Foxconn Singapore Pte. Ltd.	Wholly-owned subsidiary	"	3,643,308	1	90 days	"	"	1,491,341	1	
"	CyberTAN Technology, Inc.	An indirectly-owned investee company accounted for under the equity method	"	2,358,884	-	60 days	"	"	1,083,092	-	
"	Foxconn Japan Co., Ltd.	Wholly-indirectly-owned subsidiary	"	1,608,352	-	90 days	"	"	1,162,528	-	
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	Same major shareholder	"	1,605,671	-	90 days	"	"	951,056	-	
"	Ambit Microsystem (Shanghai) Co., Ltd.	Wholly-indirectly-owned subsidiary	"	1,301,185	-	60 days	"	"	1,524,233	1	
"	Ingrasys Technology Inc.	"	"	1,227,521	-	60 days	"	"	534,500	-	
"	Foxconn CMMMSG Industria de Eletronicos LTD.A.-Brazil	"	"	1,196,758	-	90 days	"	"	2,539,199	1	
"	Ennoconn Corporation	"	"	550,058	-	60 days	"	"	227,454	-	
"	Foxconn Technology Pte., Ltd.	Wholly-indirectly-owned subsidiary of FTC	"	514,633	-	90 days	"	"	244,562	-	
"	Cheng Uei Precision Industry Co., Ltd.	The chairman is a brother of the Company's chairman	"	278,799	-	30-90 days	"	"	86,719	-	
"	Foxteq Australia Pty Ltd.	Wholly-indirectly-owned subsidiary	"	272,733	-	60 days	"	"	149,866	-	
"	Pan International Industrial Corporation (PIIC)	Investee company accounted for under the equity method	"	160,364	-	90 days	"	"	103,438	-	
"	Fukui Precision Component (Shenzhen) Co., Ltd.	Wholly-indirectly-owned subsidiary of Foxconn Advanced Technology Ltd.	Purchases	127,652	-	90 days	"	"	89,024	-	

Company	Counterparty	Relationship with the Company	Transactions		Percentage of total purchases, sales, or other related accounts	Credit terms	Descriptions of and reasons for difference in transaction terms compared to non-related party		Notes and accounts receivable/(payable)		Note
			Purchases/sales	Amount			Unit price	Terms	Balance	Percentage of total notes and accounts receivable/ payable balance	
Hon Hai Precision Industry Co., Ltd.	Best Leap Enterprises Limited	Wholly-indirectly-owned subsidiary	Purchases	\$ 213,032,080	25	90 days	Note 1	Note 1	(\$ 67,875,991)	(26)	
"	Foxconn (Far East) Ltd. and subsidiaries	Wholly-owned subsidiary and its subsidiaries	"	127,027,274	15	30-90days	"	"	(37,566,954)	(14)	Note 2
"	Universal Field International Limited	Wholly-indirectly-owned subsidiary	"	103,862,795	12	90 days	"	"	(26,454,462)	(10)	
"	Jumbo Rise Management Limited	"	"	17,783,842	2	Invoice Date	"	"	(3,798,728)	(2)	
"	AMB Logistics Ltd.	"	"	11,910,037	2	60 days	"	"	-	-	Note 3
"	NSG Technology, Inc.	"	"	3,555,765	1	30 days	"	"	-	-	Note 4
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	Same major shareholder	"	2,512,518	-	60 days	"	"	(1,096,511)	(1)	
"	CyberTAN Technology, Inc.	An indirectly-owned investee company accounted for under the equity method	"	1,900,506	-	75 days	"	"	(473,875)	-	
"	IRIS World Enterprise Limited	Wholly-indirectly-owned subsidiary of Foxconn Advanced Technology Ltd.	"	1,703,427	-	90 days	"	"	(865,492)	-	
"	Innolux Corporation	Wholly-indirectly-owned subsidiary of Chimei InnoLux	"	1,6818,821	-	45 days	"	"	(845,487)	-	
"	Foxconn Technology Pte. Ltd.	Wholly-indirectly-owned subsidiary of FTC	"	1,071,857	-	90 days	"	"	(426,248)	-	
"	Foxconn Technology Co., Ltd. (FTC)	Investee company accounted for under the equity method	"	458,281	-	60 days	"	"	(265,761)	-	
"	Best Vision Technology Pte.	Wholly-indirectly-owned	"	421,557	-	90 days	"	"	(254,168)	-	

Company	Counterparty	Relationship with the Company	Transactions		Percentage of total purchases, sales, or other related accounts	Credit terms	Descriptions of and reasons for difference in transaction terms compared to non-related party		Notes and accounts receivable/(payable)		Note
			Purchases/sales	Amount			Unit price	Terms	Balance	Percentage of total notes and accounts receivable/ payable balance	
Hon Hai Precision Industry Co., Ltd.	FTP Technology Inc.	Wholly-indirectly-owned subsidiary of PIIC	Purchases	\$ 264,013	-	60 days	Note 1	Note 1	(\$ 128,979)	-	
"	FTC Technology Inc..	Wholly-indirectly-owned subsidiary of FTC	"	202,388	-	"	"	"	(83,749)	-	
"	Funing Precision Component Co., Ltd.	Wholly-indirectly-owned subsidiary	"	186,864	-	"	"	"	(78,737)	-	
"	New Ocean Precision Component (Ganzhou) Co., Ltd.	Wholly-indirectly-owned subsidiary of PIIC	"	134,364	-	"	"	"	(169,069)	-	
"	Heroic Legend Enterprises Ltd.	Wholly-indirectly-owned subsidiary	Processing and molding costs	13,412,385	28	Note 1	"	"	(7,573,565)	(17)	
"	Foxconn (Far East) Ltd. and subsidiaries	Wholly-owned subsidiary and its subsidiaries	"	12,352,479	25	"	"	"	(12,826,791)	(28)	
"	Success Rise Enterprises Ltd.	Wholly-indirectly-owned subsidiary	"	10,639,375	22	"	"	"	920,017	2	
"	Franklin Management Ltd.	"	"	5,744,765	12	"	"	"	(5,335,784)	(12)	
"	Carston Ltd.	"	"	2,483,064	5	"	"	"	(11,224,860)	(25)	
"	Hon Hai / Foxconn Logistics Texas LLC.	Wholly-owned subsidiary	Logistics Expenses	407,074	22	30 days	"	"	(7,707,563)	(17)	
"	Hon Hai/Foxconn Logistics California LLC.	"	"	279,728	15	"	"	"	(70,464)	-	
									(81,455)	-	
									(shown as accrued expenses)		

Note1: The prices and terms to related parties were not significantly different from transactions with third parties. For other particular related party transactions, prices and terms were determined in accordance with mutual agreements.

Note2: As of June 30, 2010, the Company's prepayment was \$163,582

Note3: As of June 30, 2010, the Company's prepayment was \$907,817

Note4: As of June 30, 2010, the Company's prepayment was \$571,627

8) Receivables from related parties exceeding the amount of \$100,000 or 20% of the Company's contributed capital as of June 30, 2010:

Company	Counterparty	Relationship with the Company	Balance of receivables from related parties	Turnover rate	Overdue receivables		Subsequent collection	Allowance for bad debt
					Amount	Actions taken		
Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	Wholly-owned subsidiary and its subsidiaries	\$ 9,713,033	7.61	\$ -	-	\$ 3,350,318	\$ -
"	Futaihua Industrial (Shenzhen) Limited	Wholly-indirectly-owned subsidiary	54,327,354	-	240	Subsequent Collection	23,264,629	-
"	Universal Field International Limited	"	(Shown as other receivables) (Note) 46,691,584	-	120	"	19,625,885	-
"	Foxconn (Far East) Ltd. and subsidiaries	Wholly-owned subsidiary and its subsidiaries	(Shown as other receivables) (Note) 36,562,808	-	2,823	"	4,159,695	-
"	Foxconn CMSG Industria De Electronicos Ltda.-Brazil	Wholly-indirectly-owned subsidiary	2,539,199	1.87	992,133	"	2,429	23,980
"	Ambit Microsystem (Shanghai) Co., Ltd.	"	1,524,233	5.37	35,136	"	-	6,568
"	Foxconn Singapore Pte. Ltd.	Wholly-owned subsidiary	1,491,341	5.24	100,513	"	499,959	7,756
"	Foxconn Japan Co. Ltd.	Wholly-indirectly-owned subsidiary	1,162,528	3.30	1,576	"	347,909	6,759
"	CyberTAN Technology, Inc.	An indirectly-owned investee company accounted for under the equity method	1,083,092	4.40	24,432	"	537,912	5,518
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	Same major shareholder	951,056	3.58	19,060	"	318,386	1,879
"	Ingrasys Technology Inc.	Wholly-indirectly-owned subsidiary	534,500	5.00	-	-	211,700	2,673
"	Foxconn Technology Pte. Ltd.	Wholly-indirectly-owned subsidiary of FTC	244,562	7.54	25,835	Subsequent Collection	36,670	280
"	New Ocean Precision Component (Ganzhou) Co., Ltd.	Wholly-indirectly-owned subsidiary of PIIC	236,059	2.34	52,823	"	52,861	1,365
"	Ennconn Corporation	Wholly-indirectly-owned subsidiary	227,454	6.43	-	-	101,712	1,137
"	Foxteq Australia Pty Ltd.	"	149,866	2.21	-	-	25,730	750
"	Fuhong Precision Component	"	132,029	4.75	-	-	24,962	660
"	Pan International Industrial Corporation (PIIC)	Investee company accounted for under the equity method	103,438	2.96	-	-	46,535	517

Note: Receivables for payments made on behalf of others.

9) Information on derivative transactions: Please see Note 4(2).

(2) Disclosure information of investee company

(The portions of transaction information with related parties were based on the financial statements of the company for the same period which was not reviewed by independent accountants.)

All the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. The disclosure information as follows is for reference only.

1) Information on Investee Companies:

Investor	Investee company	Address	Main operating Activities	Original		Held by the Company at June 30, 2010				Nero income (loss) of the investee company (Note 1)	Investment Income (loss) recognized by the Company	Note
				investment amount		Number of shares (in thousands)	Percentage of ownership (%)	Book value	Income (loss) of the investee company (Note 1)			
				June 30, 2010	December 31, 2009							
Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Ltd.	Cayman Islands	Investment holding	\$ 23,331,010	\$ 13,239,347	\$ 1,315,522	100%	332,664,182	\$ 20,509,326	\$ 20,899,524		
"	Hyield Venture Capital Co., Ltd.	Taipei	"	3,900,000	3,900,000	390,000	98	14,126,949	245,422	239,058		
"	Bao Shin International Investment Co., Ltd.	Taipei	"	2,998,500	2,998,500	415,000	100	7,932,912	372,694	374,951		
"	Ambit International Ltd.	British Virgin Islands	"	1,788,146	1,788,146	53,100	100	7,552,032	378,428	375,014		
"	Foxconn Technology Co., Ltd.	Taipei	Manufacture and design of monitors	481,782	481,782	98,849	10	4,797,348	2,761,353	234,576	Note 3	
"	Hon Yuan International Investment Co., Ltd.	Taipei	Investment holding	1,611,500	1,611,500	193,900	100	3,105,678	110,417	110,513		
"	Pan International Industrial Corporation	Taipei	Manufacture and marketing of cables	2,042,398	2,042,398	102,065	21	2,700,030	148,220	47,302	Note 2	
"	Foxconn Holding Ltd.	British Virgin Islands	Investment holding	1,454,284	1,134,653	46,297	100	3,161,824	(241,951)	(239,202)		
"	Hon Chi International Investment Co., Ltd.	Taipei	"	1,500,500	1,500,500	192,200	100	2,702,560	132,851	129,519		
"	Lin Yih International Investment Co., Ltd.	Taipei	Investment holding	904,411	904,411	95,500	100	975,695	4,163	4,099		
"	Foxconn SA B.V.	Netherland	"	1,713,437	1,390,079	36,658	95	1,230,628	(36,591)	(34,761)		
"	Premier Image Technology (H.K) Ltd.	Hong Kong	Purchase and the sales of cameras and related parts	22,311	22,311	1,409	2	150,877	547,744	1,386	Note 5	
"	Image & Vision Investment Corporation	British Virgin Islands	Investment holding	108,250	108,250	3,251	100	127,736	(207)	(207)		
"	Altus Technology Inc.	Taipei	Manufacture, design and marketing of cellular phone, camera lens and sensors	865,177	865,177	65	65	79,080	68	44	Note 4	
"	Syntrend Creative Park Co., Ltd.	Taipei	Manufacture and marketing of computer componeents	344,000	-	34,400	80	344,000	-	-		
"	Margini Holdings Limited	British Virgin Islands	Investment holding	7,153,970	7,153,970	220,000	100	5,901,082	47,699	48,717		
"	Others			191,791	166,694	-	-	314,198	23,823	24,974		
			Total	\$ 50,411,467	\$ 39,307,718			\$ 387,866,811	\$ 25,003,459	\$ 22,215,507		

Note 1: The investment income recognized for this period had eliminated unrealized gain or loss on the transactions between the Company and its investees.

Note 2: The Company and the directly and indirectly investee companies own 26.67% of Pan International Industrial Corporation's outstanding shares.

Note 3: The Company and the direct and indirect investee companies own 30.34% of Foxconn Technology Co., Ltd.'s outstanding shares.

Note 4: The Company and the direct and indirect investee companies own 100% of Altus Technology Inc.'s outstanding shares.

Note 5: The Company and the direct and indirect investee companies own 99.96% of Premier Image Technology (H.K) Ltd.'s outstanding shares.

Investor	Investee company	Address	Main operating Activities	Original investment amount		Held by the Company at June 30, 2010			Net Income (loss) of the investee company	Investment Income (loss) recognized by the Company	Note
				June 30, 2010	December 31, 2009	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
Hyield, Hon Yuan, Bao Shin and Hon Chi	Foxsemicon Integrated Technology Inc.	Miaoli	Manufacture of semiconductor machinery and sales of computer components	\$ 448,110	\$ 448,110	21,663	20	\$ 117,701	\$ 16,904	\$ 5,482	
Hyield, Hon Yuan, Bao Shin and Hon Chi	Foxconn Technology Co., Ltd.	Taipei	Manufacture and design of monitors	1,992,567	1,992,567	196,101	20	9,734,957	2,761,353	457,693	
Hon Yuan, Bao Shin and Hon Chi	Pan International Industrial Corporation	Taipei	Manufacture and marketing of cables	551,939	551,939	27,646	6	762,318	148,220	12,920	
Hyield, Hon Yuan, Bao Shin, Lin Yih and Hon Chi	Altus Technology Inc.	Taipei	Manufacture, marketing and design of cellular phone, camera lens and sensors	284	284	35	35	43,364	69	24	
Hyield	AnTec Electronic System Co., Ltd.	Taipei	Manufacture of cable, electronic equipment and 0 electron component of motor vehicles	970,00	970,00	60,010	100	411,507	(11,314)	(4,078)	
Hyield, Hon Yuan, Bao Shin, Lin Yih and Hon Chi	CyberTAN Technology, Inc.	Hsinchu	Manufacture, design and marketing of wireless network equipment	357,396	357,396	35,122	11	561,498	163,972	12,816	
Bao Shin	Ennconn Corporation	Taipei	Design and manufacture of single board computer, embedded board, industrial motherboard	244,291	244,291	21,825	52	340,663	60,419	34,464	
Bao Shin	UVAT Technology Co., Ltd.	Taoyuan	Manufacture and sales of vacuum sputtering system and vacuum coating	180,000	180,000	7,558	19	194,931	35,407	7,487	

Investor	Investee company	Address	Main operating Activities	Original investment amount		Held by the Company at June 30, 2010			Net Income (loss) of the investee company	Investment Income (loss) recognized by the Company	Note
				June 30, 2010	December 31, 2009	Number of shares (in thousands)	Percentage of ownership (%)	Book value			
				Hyield and Bao Shin	Simplo Technology Co., Ltd.	Hsinchu	service Information service, manufacture of lighting equipment, data storage and processing system, electronic components, battery, power generation/transmission/ distribution machinery, and wireless communication system	\$ 1,433,855			
Hon Chi, Hon Yuan, and Bao Shin	Foxnum Technology Co., Ltd.	Taipei	Manufacture and sales of machinery, computer and peripheral devices	460,650	460,650	46,065	90	480,576	175,710	158,497	
Hyield, Hon Yuan, Bao Shin and Hon Chi	G-TECH Optoelectronics Corporation	Miaoli	Manufacture of glass, glass products and electronic components	810,000	810,000	56,501	37	787,619	83,013	32,028	
Hyield and Bao Shin	Advanced Microelectronic Products, Inc.	Hsinchu	Research, development, design, manufacture and sales of integrated circuit and semi-conductor components	187,820	142,820	25,699	15	148,282	(86,067)	(20,333)	
Foxconn International Holdings Ltd. – Cayman	Ways Technical Corp., Ltd.	Taoyuan	Manufacture of plastic articles, surface treatment, and manufacture and processing of electronic components	1,045,489	1,045,489	21,409	23	1,148,195	22,493	(12,266)	
Hyield and Bao Shin	Bionet Corporation	Taipei	Extraction, testing, storage and research on umbilical cord blood stem cells, mesenchymal stem cells, and primary teeth	100,000	100,000	3,393	8	99,074	(28,106)	(2,193)	
Hyield	Ingrasys Technology Inc.	Taoyuan	Design, research, manufacture and sales of data storage and processor	222,340	222,340	14,000	97	413,475	49,843	48,124	
Hyield, Hon Yuan, Bao Shin and Hon Chi	Others			924,795	924,795	-	-	971,796	191,719	9,873	

Note: Hyield Venture Capital Co., Ltd. is referred to as Hyield.
Hon Chi International Investment Co., Ltd. is referred to as Hon Chi.
Hon Yuan International Investment Co., Ltd. is referred to as Hon Yuan.

Bao Shin International Investment Co., Ltd. is referred to as Bao Shin.
Lin Yih International Investment Co., Ltd. is referred to as Lin Yih.

2) Financial activities with any company or person

<u>Name of company</u>	<u>Name of Counterparty</u>	<u>Account</u>	<u>Maximum Balance During 2010</u>	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Nature of Financial Activity</u>	<u>Total Transaction Amount</u>	<u>Reason for Financing</u>	<u>Allowance for Doubtful Accounts</u>	<u>Assert Pledge Item Value</u>	<u>Loan limit per counterparty</u>	<u>Total loan limit of the company loan</u>
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Fujin Precision Industrial (Jincheng) Co., Ltd.	Entrusted Loans	\$ 1,726,753	\$ -	-	Short term financing	\$ -	Business operation	\$ -	None	\$ -	Note1 Note1
"	Futaijie Science & Technology Development (Shenzhen) Co., Ltd.	"	140,007	94,770	1.98%	"	-	"	-	"	-	"
"	Futai kang Precision Component (Shenzhen) Co., Ltd.	"	51,336	47,385	1.98%	"	-	"	-	"	-	"
"	Fu Ding Precision Component (Shenzhen) Co., Ltd.	"	473,850	473,850	1.98%	"	-	"	-	"	-	"
Foxconn Precision Component (Shenzhen) Co., Ltd.	Shenzhen Fuhongjie Technology Service Co. Ltd.	"	186,676	156,371	1.98%	"	-	"	-	"	-	"
Foxconn (Kunshan) Computer Connector Co., Ltd.	Foxconn Electronic Industrial Development (Kunshan)Co., Ltd.	"	790,253	794,646	1.71%	"	-	"	-	"	-	"
"	Kangzhun Electronic Technology (Kunshan) Co., Ltd.	"	1,755,294	824,499	1.71%	"	-	"	-	"	-	"
"	Fuxiang Precision Industrial (Kunshan) Co., Ltd.	"	2,290,330	-	-	"	-	"	-	"	-	"
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Foxconn Electronic Industrial Development (Kunshan)Co., Ltd.	"	961,916	961,916	1.71%	"	-	"	-	"	-	"
"	Kangzhun Electronic Technology (Kunshan) Co., Ltd.	"	616,005	616,005	1.71%	"	-	"	-	"	-	"
Ambit Microsystem (Shanghai) Co., Ltd.	Foxconn Electronic Industrial Development (Kunshan)Co., Ltd.	"	772,376	772,376	1.71%	"	-	"	-	"	-	"
"	Fuxiang Precision Industrial (Kunshan) Co., Ltd.	"	328,531	-	-	"	-	"	-	"	-	"
Fulin Electrical Technology (Changshu) Co., Ltd.	Foxconn Electronic Industrial Development (Kunshan)Co., Ltd.	"	284,310	284,310	1.71%	"	-	"	-	"	-	"
"	Fuxiang Precision Industrial (Kunshan) Co., Ltd.	"	281,598	-	-	"	-	"	-	"	-	"

<u>Name of company</u>	<u>Name of Counterparty</u>	<u>Account</u>	<u>Maximum Balance During 2010</u>	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Nature of Financial Activity</u>	<u>Total Transaction Amount</u>	<u>Reason for Financing</u>	<u>Allowance for Doubtful Accounts</u>	<u>Assert Pledge Item Value</u>	<u>Loan limit per counterparty</u>	<u>Total loan limit of the company loan</u>
Fuzhun Precision Tooling (Huaian) Co., Ltd.	Fuyu Electrical Technology (Huaian)Co., Ltd.	Entrusted Loans	\$ 436,477	\$ -	-	Short term financing	\$ -	Business operation	\$ -	None \$ -	Note1	Note1
Fuxing Precision Component (Huaian) Co., Ltd.	Fuyu Electrical Technology (Huaian)Co., Ltd.	"	93,866	-	-	"	-	"	-	" -	"	"
Hongfutai Precision Electronics(Yantai) Co., Ltd.	Foxconn Precision Electronics (Yantai) Co., Ltd.	"	1,060,268	1,042,470	4.37%	"	-	"	-	" -	"	"
Fu Tai Electronics Development (Yantai) Ltd.	KangFoxconn Precision Electronics (Yantai) Co., Ltd.	"	900,315	900,315	4.37%	"	-	"	-	" -	"	"
Foxconn (Far East) Ltd.	Margini Holdings Ltd.	Other Receivables-financing	408,301	408,301	0.00%	"	-	"	-	" -	"	"
"	Fuxiang Precision Industrial (Kunshan) Co., Ltd.	"	3,217,500	3,217,500	0.34%	"	-	"	-	" -	"	"
"	Kangzhun Electronic Technology (Kunshan) Co., Ltd.	"	1,930,500	1,930,500	0.34%	"	-	"	-	" -	"	"
Foxconn (Far East) Ltd.	Foxconn (Kunshan) Computer Connector Co., Ltd.	"	968,468	968,468	0.34%	"	-	"	-	" -	"	"
"	Fujin Precision Industrial (Jincheng) Co., Ltd.	"	643,500	643,500	0.35%	"	-	"	-	" -	"	"
"	Hongfutai Precision Electronics(Yantai) Co., Ltd.	"	5,989,376	5,989,376	0.35%	"	-	"	-	" -	"	"
Foxconn (Far East) Ltd.	Fuyu Electrical Technology (Huaian)Co., Ltd.	"	1,930,500	1,930,500	0.35%	"	-	"	-	" -	"	"
"	Carston Ltd.	Other Receivables	823,614	-	-	"	-	"	-	" -	"	"
"	Heroic Legend Enterprises Ltd.	"	1,054,696	343,951	0.00%	"	-	"	-	" -	"	"
"	Franklin Management Ltd.	"	2,333,653	2,333,653	0.00%	"	-	"	-	" -	"	"
Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Entrusted Loans	3,519,975	1,089,855	1.98%	"	-	"	-	" -	Note2	Note2
Foxconn Precision Component (Beijing) Co., Ltd.	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	1,089,855	1,089,855	1.98%	"	-	"	-	" -	"	"
"	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	6,382,888	5,638,815	1.98%	"	-	"	-	" -	"	"

<u>Name of company</u>	<u>Name of Counterparty</u>	<u>Account</u>	<u>Maximum Balance During 2010</u>	<u>Ending Balance</u>	<u>Interest Rate</u>	<u>Nature of Financial Activity</u>	<u>Total Transaction Amount</u>	<u>Reason for Financing</u>	<u>Allowance for Doubtful Accounts</u>	<u>Assert Pledge Item Value</u>	<u>Loan limit per counterparty</u>	<u>Total loan limit of the company loan</u>
"	Foxconn(Tianjin) Precision Industry Co., Ltd.	"	710,775	710,775	1.98%	"	-	"	-	"	"	"
Execustar International Ltd.	Foxconn Precision Electronics (Langfang) Co., Ltd.	Other Receivables	\$ 546,975	\$ 546,975	0.44%	Short term financing	\$ -	Business operation	\$ -	None	\$ -	Note2
Foxconn International Holdings Ltd.	Foxconn Precision Electronics (Taiyuan) Co., Ltd.	"	6,113,250	6,113,250	0.76%	"	-	"	-	"	-	"
"	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	4,311,450	4,311,450	0.75%	"	-	"	-	"	-	"
"	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	5,759,325	5,759,325	1.58%	"	-	"	-	"	-	"

Note 1: The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries is 20% of the Company's net assets; limit on loans granted by an overseas subsidiary to a single overseas subsidiary is 10% of the Company's net assets.

Note 2: The policy for loans granted by overseas subsidiaries of which FOXCONN INTERNATIONAL HOLDINGS LTD. directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all parties is 60% of the net assets of FOXCONN INTERNATIONAL HOLDINGS LTD.; limit on loans granted by an overseas subsidiary to a single party is 30% of the net assets value of FOXCONN INTERNATIONAL HOLDINGS LTD.

3) Guarantee information:

		<u>Parties being guaranteed</u>							
<u>Name of guarantor</u>	<u>Name of company</u>	<u>Relationship with the Company</u>	<u>Limit of guarantee for such party</u>	<u>Highest outstanding guarantee amount in 2010</u>	<u>Outstanding guarantee amount as of 6/30/2010</u>	<u>Amount of guarantee with collateral placed</u>	<u>Ratio of accumulated guarantee amount to net assets of the Company</u>	<u>Ceiling of the outstanding guarantee to the respective party</u>	
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Futaihua Industrial (Shenzhen) Limited	The company and its subsidiaries hold more than 50% of common shares of the investee company	Note	\$ 6,113,250	\$ 6,113,250	\$ -	1.33%	Note	
"	Fuhuae Industrial (Shenzhen) Limited	The company and its subsidiaries hold more than 50% of common shares of the investee company	"	1,308,241	1,308,241	-	0.28%	Note	

Note1: Guarantees to overseas subsidiaries of which the Company directly and indirectly hold 100% of their voting shares should not exceed 50% of the Company's net assets; the limit of guarantee for a single entity should not be in excess of 20% the Company's net assets.

Note2: The net assets referred above are based on the latest audited or reviewed financial statements.

4) Marketable securities held as of June 30, 2010:

Name of investors	Type and name of marketable securities (Note 1)	Relationship of the issuers with the investee company	General ledger account (Note 2)	June 30, 2010			
				Number of shares (in thousands)	Book value	Ownership percentage	Market Value/ Net worth
Bon Shin International Investment Co., Ltd.	Common stock of Pan International Industrial Corporation	Investee company accounted for under the equity method	(1)	3,462	\$	1	\$
"	Common stock of Foxconn Technology Co., Ltd.	"	(1)	89,267	101,799	9	84,551
"	Common stock of CyberTAN Technology Inc.	Indirect investee company accounted for under the equity method	(1)	2,182	34,873	1	34,873
"	Common stock of SimpleTechnology Co., Ltd.	"	(1)	9,680	884,292	4	502,925
"	Common stock of Advanced Microelectronic Products, Inc.	"	(1)	11,017	47,359	6	75,729
"	Common stock of Bionet Corporation	"	(1)	1,696	49,537	4	32,575
"	Common stock of AcBel Polytech Inc.	None	(2)	1,000	21,400	-	21,400
"	Common stock of Entire Technology Co., Ltd.	"	(2)	1,676	309,973	2	309,973
Hon Chi International Investment Co., Ltd.	Common stock of Pan International Industrial Corporation	Investee company accounted for under the equity method	(1)	7,193	196,506	1	175,681
"	Common stock of Foxconn Technology Co., Ltd.	"	(1)	22,546	1,151,323	2	1,085,054
"	Common stock of CyberTAN Technology Inc.	Indirect investee company accounted for under the equity method	(1)	2,835	45,317	1	45,317
"	Common stock of Tul Corporation	None	(2)	2,044	98,725	3	98,725
Hon Yuan International Investment Co., Ltd.	Common stock of Pan International Industrial Corporation	Investee company accounted for under the equity method	(1)	16,991	464,013	4	414,988
"	Common stock of Foxconn Technology Co., Ltd.	"	(1)	24,152	1,228,580	3	1,162,311
Hon Yuan International Investment Co., Ltd.	Common stock of CyberTAN Technology Inc.	Indirect investee company accounted for under the equity method	(1)	10,035	160,436	3	160,436
"	Common stock of Unimicron Corporation	None	(2)	2,800	132,720	-	132,720
"	Common stock of Entire Technology Co., Ltd.	"	(2)	2,070	419,376	3	419,376
Lin Yih International Investment Co., Ltd.	Common stock of AcBel Polytech Inc.	None	(2)	6,714	143,680	1	143,680
"	Common stock of CyberTAN Technology Inc.	Indirect investee company accounted for under the equity method	(1)	10,035	160,436	3	160,436
Foxconn Holding Ltd.	S.A.S Dragon Holdings Ltd.	None	(2)	46,000	333,574	19	333,574
"	Alliance Fiber Optic Products, Inc.	Indirect investee company	(1)	8,000	332,992	20	332,992

Name of investors	Type and name of marketable securities (Note 1)	Relationship of the issuers with the investee company	General ledger account (Note 2)	June 30, 2010			
				Number of shares (in thousands)	Book value	Ownership percentage	Market Value/Net worth
		accounted for under the equity method					
Foxconn (Far East) Ltd.- Cayman	Foxconn International Holdings Ltd. -Cayman	Subsidiary owned by Foxconn (FarEast) Ltd. -Cayman	(1)	5,081,035	79,369,144	71	79,369,114
Foxconn (Far East) Ltd.- Cayman	Alibaba.com Limited	None	(2)	17,549	\$ 1,137,301	-	\$ 1,137,301
Hyield Venture Capital Co., Ltd.	Common stock of Cheng Uei Precision Industry Co., Ltd.	The chairman is a brother of the Company's chairman	(2)	2,044	106,288	-	106,288
"	Common stock of TXC Corporation	None	(2)	560	28,056	-	28,056
"	Common stock of Unimicron Corporation	"	(2)	4,000	189,600	-	189,600
"	Common stock of Chipbond Technology Corporation	"	(2)	3,003	144,144	1	144,144
"	Common stock of Foxlink Image Technology Co., Ltd.	"	(2)	3,400	63,580	2	63,580
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	Same major shareholder	(2)	153,888	5,139,875	2	5,139,875
"	Common stock of Foxconn Technology Co., Ltd.	Investee company accounted for under the equity method	(1)	60,136	2,952,261	6	2,894,044
"	Common stock of CyberTAN Technology Inc.	Indirect investee company accounted for under the equity method	(1)	10,035	160,436	3	160,436
"	Common stock of Simplo Technology Co., Ltd.	"	(1)	10,286	939,752	5	534,427
"	Common stock of Advanced Microelectronic Products, Inc.	"	(1)	14,682	100,923	9	100,923
"	Common stock of Bionet Corporation	"	(1)	1,697	49,537	4	32,575
Foxconn International Holdings Ltd. -Cayman	Common stock of Ways Technical Corp., Ltd.	"	(1)	21,409	1,148,195	23	1,148,195
"	Diabell Co., Ltd.	"	(1)	75	313,193	20	313,193

Note1: Marketable securities disclosed above included listed stocks and open-end funds only.

Note2: Code of general ledger accounts: (1)Long-term investment accounted for under the equity method

(2)Available for sale financial assets-non-current

5) Marketable securities acquired or sold during the six-month periods ended June 30, 2010 in excess of \$100,000 or 20% of total contributed capital:None

6) Acquisition of real estate exceeding the amount of \$100,000 or 20% of total contributed capital: None.

7) Disposal of real estate exceeding the amount of \$100,000 or 20% of total contributed capital: None.

8) Related party purchases or sales transactions in excess of \$100,000 or 20% of total contributed capital: please see information on significant transactions in Note 11(1) and the following disclosures.

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions		Notes and accounts receivable (payable)		Percentage of balance	Note
			Purchases /sales	Amount		Unit price	Terms	Balance			

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)	
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance
Ambit Microsystems (Zhong shan) Corporation	Unique Logistics Ltd.	An affiliate	Sales	\$ 1,763,865	100	45 days	Note	Note	\$ 338,912	99
Unique Logistics Ltd.	Ambit Microsystems (Zhong shan) Corporation	"	"	917,439	30	60 days	"	"	218,215	26
Ambit Microsystem (Shanghai) Co., Ltd.	Amworld Microsystems (Shanghai) Ltd.	An affiliate	Sales	\$ 539,926	2	60 days	Note	Note	\$ 302,910	3
"	AMB Logistics Ltd.	"	"	16,454,351	68	"	"	"	1,789,038	20
"	Foxway Precision Industry (Hangzhou) Co., Ltd.	"	"	233,456	1	90 days	"	"	173,930	2
"	Hongfutai Precision Electrons(Yantai) Co., Ltd.	"	"	359,979	1	"	"	"	148,666	2
"	Hongfujin Precision Industry (Yantai) Co., Ltd.	"	"	153,480	1	"	"	"	130,258	1
"	IRIS World Enterprises Ltd.	"	Purchases	205,447	-	90 days	"	"	(15,122)	(1)
FIH (Hong Kong) Limited	Sutech Industry Inc.	"	Sales	9,388,626	33	75 days	"	"	4,061,718	35
"	Foxconn Reynosa S.A. De.C.V.	"	"	933,638	3	"	"	"	757,784	7
FIH (Hong Kong) Limited	Foxconn Do Brasil Ind. E Comercio De Electronicos Ltda.	"	"	526,327	2	30 days	"	"	168,796	1
"	Chi Mei Communication Systems Inc.	"	"	935,080	3	90 days	"	"	446,133	4
"	FIH Europe Limited (Hungary)	"	"	1,014,128	4	30 days	"	"	397,011	3
"	Foxconn India PVT. Ltd.	"	"	171,536	1	45 days	"	"	147,611	1
"	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	"	931,635	3	"	"	"	950,410	8
"	Foxconn Precision Electronics (Yantai) Co., Ltd.	"	Purchases	1,929,133	7	60 days	"	"	(298,399)	(3)
Honxun Electrical Industry (Hangzhou) Co., Ltd.	Hongfujin Precision Industry (Yantai) Co., Ltd.	"	"	505,494	74	60 days	"	"	(457,335)	(12)
"	IRIS World Enterprises Ltd.	"	"	124,798	18	90 days	"	"	(59,698)	(2)
Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	FIH (Hong Kong) Limited	"	Sales	21,238,603	58	60 days	"	"	1,711,802	14
"	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	"	145,968	-	45 days	"	"	558,218	5
"	Foxconn Precision Electronics (Langfang)	"	"	1,325,577	4	"	"	"	1,575,624	13

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)		Note
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance	
"	Co., Ltd.	"	"	410,346	1	"	"	"	266,202	2	
"	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	"	125,038	-	30 days	"	"	87,868	1	
Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	An affiliate	Purchases	\$ 167,813	1	60 days	Note	Note	(\$ 121,877)	(1)	
"	Fuzhun Precision (Shenzhen) Industry Co., Ltd.	"	"	251,377	1	90 days	"	"	(287,010)	(2)	
"	IRIS World Enterprises Ltd.	"	"	119,541	-	60 days	"	"	(104,369)	(1)	
Foxconn Precision Component (Beijing) Co., Ltd.	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	Sales	2,416,777	43	45 days	"	"	1,820,958	68	
"	Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	"	"	146,810	3	"	"	"	46,567	2	
"	FIH (Hong Kong) Limited	"	"	930,507	17	30 days	"	"	114,512	4	
Foxconn(Tianjin) Precision Industry Co., Ltd.	FIH (Hong Kong) Limited	"	"	387,245	45	60 days	"	"	10,730	4	
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	"	320,962	16	45 days	"	"	314,731	24	
"	FIH (Hong Kong) Limited	"	"	1,016,489	50	75 days	"	"	245,431	19	
"	Foxconn Precision Component (Beijing) Co., Ltd.	"	"	132,612	7	45 days	"	"	88,821	7	
"	Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	"	"	150,440	7	60 days	"	"	137,027	11	
Futaijing Precision Electronics (Beijing) Co., Ltd.	FIH (Hong Kong) Limited	"	"	248,234	1	30 days	"	"	78,842	1	
"	Chi Mei Communication System ,Inc.	"	"	207,393	1	60 days	"	"	170,470	2	
Futaijing Precision Electronics (Beijing) Co., Ltd.	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	Sales	212,607	1	45 days	"	"	159,907	2	
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	"	Purchases	352,417	10	60 days	"	"	(184,860)	(2)	
Foxconn Precision Electronics (Langfang) Co., Ltd.	Eliteday Enterprises Limited	"	Sales	8,321,445	51	"	"	"	1,632,920	32	
"	Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	"	"	1,637,112	10	30 days	"	"	671,732	13	

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)		Note
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance	
"	Foxconn Precision Component (Beijing) Co., Ltd.	"	"	319,638	2	45 days	"	"	255,068	5	
"	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	"	235,138	1	"	"	"	185,762	4	
Foxconn Precision Electronics (Langfang) Co., Ltd.	Fujin Precision Industrial (Jincheng) Co., Ltd.	An affiliate	Purchases	\$ 459,215	10	45 days	Note	Note	(\$ 163,601)	(1)	
"	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	"	227,892	5	60 days	"	"	(173,210)	(1)	
"	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	"	"	155,959	4	"	"	"	(102,880)	(1)	
"	IRIS World Enterprises Ltd.	"	"	305,568	7	"	"	"	(208,510)	(2)	
"	Fuzhun Precision (Shenzhen) Industry Co., Ltd.	"	"	197,372	4	30 days	"	"	(180,417)	(2)	
Eliteday Enterprises Limited	FIH Europe Limited (Hungary)	"	Sales	933,421	11	60 days	"	"	413,372	7	
"	Foxconn Reynosa S.A. De.C.V.	"	"	223,862	3	"	"	"	199,705	3	
"	Foxconn Do Brasil Ind. E Comercio De Eletronicos Ltda.	"	"	212,608	3	"	"	"	118,424	2	
Fujin Precision Industry (Shenzhen) Co., Ltd.	Honfujin Precision Electronics (Shenzhen) Co., Ltd.	"	Subcontract Revenue	265,268	95	90 days	"	"	106,082	99	
Honfujin Precision Electronics (Shenzhen) Co., Ltd.	Fu Ding Precision Component (Shenzhen) Co., Ltd.	An affiliate	Sales	714,582	2	"	"	"	426,653	2	
"	ShenZhen Fu Tai Hong Precision Industry Co., Ltd.	"	"	688,515	1	"	"	"	556,188	3	
"	Carston Ltd.	"	Subcontract Revenue	2,869,153	6	"	"	"	193,247	1	
"	Heroic Legend Enterprises Ltd.	"	"	11,881,147	25	"	"	"	212,892	1	
"	Franklin Management Ltd.	"	"	3,056,367	6	"	"	"	249,473	1	
"	Fujin Precision Industrial (Jincheng) Co., Ltd.	"	Sales	110,737	-	"	"	"	95,774	1	
"	Hongzhun Precision Tooling (Kunshan) Co., Ltd.	"	"	125,923	-	"	"	"	114,455	1	
"	Futaihua Industrial (Shenzhen) Limited	"	"	3,264,060	7	"	"	"	2,416,203	11	
"	Fuhua jie Industrial (Shenzhen) Limited	"	"	111,307	-	"	"	"	93,418	-	
"	Premier Image Technology (China) Ltd.	"	"	116,029	-	"	"	"	75,017	1	

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)	
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance
"	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	"	Purchases	392,269	-	"	"	"	(107,007)	(1)
"	Fuhuigang Industrial (Shenzhen) Co., Ltd.	"	Processing and molding cost	277,509	7	"	"	"	(57,036)	-
Honfujin Precision Electronics (Shenzhen) Co., Ltd.	Innocom Technology (Shenzhen) Co., Ltd.	An affiliate	Sales	\$ 1,087,084	2	90 days	Note	Note	\$ 689,203	3
"	Foxnum Technology Co., Ltd.	"	Purchases	184,582	-	"	"	"	(28,623)	-
Fu Ding Precision Component (Shenzhen) Co., Ltd.	Beyond Maximum Industrial Limited	"	Subcontract Revenue	3,195,121	96	"	"	"	659,177	89
Fuhong Precision Component (Shenzhen) Co., Ltd.	Best Matrix Enterprises Ltd.	"	"	783,986	96	30 days	"	"	185,315	89
Champ Tech Optical (Foshan) Corporation	Premier Image Technology (China) Ltd.	"	Sales	316,844	96	90 days	"	"	107,128	93
Fuhonyang Precision Industrial (Shenzhen) Co., Ltd.	Best Ever Industries Limited	"	"	632,592	48	30 days	"	"	84,623	35
"	Futaihua Industrial (Shenzhen) Limited	"	"	254,766	19	60 days	"	"	68,817	29
Kangzhun Electronic Technology (Kunshan) Co., Ltd.	Ambit Microsystem (Shanghai) Co., Ltd.	"	"	125,432	1	30 days	"	"	48,151	-
"	Foxconn Technology Pte. Ltd.	"	Purchases	688,007	4	90 days	"	"	(869,300)	(5)
"	IRIS World Enterprises Ltd.	"	"	123,516	1	90 days	"	"	(125,309)	(1)
Fuxiang Precision Industrial (Kunshan) Co., Ltd.	Smart Top International Ltd.	"	Sales	696,865	6	"	"	"	-	-
Foxconn Kunshan Computer Connector Co., Ltd.	Fuzhun Precision (Shenzhen) Industry Co., Ltd.	"	Purchases	107,631	2	60 days	"	"	(32,668)	(1)
Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	Foxconn (Kunshan) Computer Connector Co., Ltd.	"	Subcontract Revenue	4,190,714	99	30 days	"	"	1,808,128	97
Best Leap Enterprises Limited	Fusing International Inc. Pte. Ltd.	"	Sales	3,366,165	2	"	"	"	2,463,096	4
"	Futaihua Industrial (Shenzhen) Limited	"	"	416,772	-	"	"	"	287,547	-
"	Foxconn Technology Pte. Ltd.	"	"	1,269,006	1	"	"	"	1,111,839	2
Skilltop Limited	Foxconn Image& Printing Product Pte. Ltd.	"	"	1,418,927	100	"	"	"	1,220,937	95
Hongfutai Precision Electrons(Yantai) Co., Ltd.	Yantaishi Fultong International Trading Co., Ltd.	"	"	1,068,431	1	120 days	"	"	1,100,632	4
"	Dragon Spirit Ind. Ltd.	"	"	18,451,550	20	30 days	"	"	4,468,664	15

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)		Note
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance	
"	Hongfujin Precision Industry (Yantai) Co., Ltd.	"	"	889,211	1	30 days	"	"	778,501	3	
"	Universal Field International Limited	"	"	67,372,160	71	30 days	"	"	22,162,320	73	
"	Foxconn Technology Pte. Ltd.	"	Purchases	573,383	1	90 days	"	"	(280,833)	(1)	
Hongfutai Precision Electronics(Yantai) Co., Ltd.	Yantai Fu Zhun Precision Industry Co., Ltd.	An affiliate	Purchases	\$ 105,491	-	30 days	Note	Note	(\$ 49,614)	-	
"	Foxconn Technology Co., Ltd.	"	"	191,514	-	90 days	"	"	(145,068)	-	
"	Pan-Interation Industrial Co.	"	"	125,621	-	"	"	"	(77,425)	-	
"	IRIS World Enterprises Ltd.	"	"	1,134,962	1	90 days	"	"	(599,721)	(1)	
Futaijie Science & Technology Development (Shenzhen) Co., Ltd.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	Sales	123,584	100	"	"	"	10,778	44	
Glorious Falcon International Ltd.	Hongfutai Precision Electronics(Yantai) Co., Ltd.	"	"	614,430	23	30 days	"	"	52,295	15	
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	"	"	226,163	8	90 days	"	"	-	-	
Foxconn CZ S.R.O.-Czech	Foxconn Rus, LLC	"	"	432,799	1	45 days	"	"	185,475	2	
"	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	"	Purchases	319,186	2	"	"	"	(56,999)	(1)	
"	CyberTAN Technology Inc.	"	"	287,680	2	"	"	"	(2,721)	-	
Foxconn Global Services Division S.R.O.-Czech	Foxconn CZ S.R.O. -Czech	"	Sales	228,911	14	"	"	"	78,714	18	
Fujin Precision Industrial (Jincheng) Co., Ltd.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	"	349,718	7	90 days	"	"	223,011	15	
"	Futaihua Industrial (Shenzhen) Limited	"	"	421,387	9	"	"	"	500,278	34	
"	Best Ever Industries Limited	"	"	2,217,975	47	30 days	"	"	186,702	13	
"	Foxnum Technology Co., Ltd.	"	Purchases	325,461	-	"	"	"	(202,678)	-	
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	Sales	378,900	13	90days	"	"	414,555	15	
"	Kangzhun Electronic Technology (Kunshan) Co., Ltd.	"	"	692,955	23	"	"	"	445,794	16	
"	Foxconn (Kunshan) Computer Connector Co., Ltd.	"	"	107,614	4	"	"	"	64,638	2	
"	Foxconn (Kunshan) Computer Connector	"	"	435,202	15	"	"	"	595,243	21	

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Terms	Difference with general transactions		Notes and accounts receivable (payable)		Note
			Purchases /sales	Amount			Unit price	Terms	Balance	Percentage of balance	
"	Co., Ltd.	"	"	826,005	28	"	"	"	911,339	32	
Foxconn Electronics Inc.	Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	"	"	280,142	92	"	"	"	158,816	82	
Shenzhen Fuhongjie Technology Service Co., Ltd.	FIH (Hong Kong) Limited	An affiliate	Sales	\$ 168,524	34	30 days	Note	Note	\$ 53,501	46	
"	Carston Ltd.	"	Subcontract Revenue	326,248	66	"	"	"	62,337	54	
Fuzhun Precision Tooling (Huaian) Co., Ltd.	Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	"	Sales	172,902	31	"	"	"	158,678	27	
"	Fuyu Electronical Technology (Huaian) Co., Ltd.	"	"	315,219	56	"	"	"	202,806	35	
Fuyu Electronical Technology (Huaian) Co., Ltd.	Success Rise Enterprises Ltd.	"	Subcontract Revenue	3,581,824	100	"	"	"	-	-	
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Top Step Enterprises Limited	"	Sales	30,991,550	84	90days	"	"	9,407,386	85	
"	FTP Technology Inc.	"	Purchases	345,271	1	60days	"	"	(206,540)	(1)	
"	Nanning Funing Precision Electronics Co., Ltd.	"	"	121,351	-	30days	"	"	(86,471)	-	
"	Best Vision Technology Pte. Ltd.	"	"	451,658	1	"	"	"	(381,997)	(2)	
Hongfujin Precision Industry (Yantai) Co., Ltd.	Ambit Microsystem (Shanghai) Co., Ltd.	"	Sales	211,956	-	90days	"	"	80,883	1	
"	Competition Team Technology Pte.Ltd.	"	"	1,567,306	2	30days	"	"	297,089	2	
"	Hongfutai Precision Electrons(Yantai) Co., Ltd.	"	"	582,724	1	90days	"	"	471,852	4	
"	Full Profit International Limited	"	"	830,287	1	30days	"	"	545,237	4	
"	Universal Field International Limited	"	Sales	37,854,097	48	30 days	"	"	4,220,843	31	
"	Foxconn Technology Co., Ltd.	"	"	38,036,571	48	"	"	"	8,111,247	-	
"	Foxconn Technology Pte. Ltd.	"	Purchases	149,836	-	"	"	"	(8,434)	-	
"	Yantai Fu Zhun Precision Industry Co., Ltd.	"	"	153,124	-	"	"	"	(8,370)	-	
"	Foxconn Technology Co., Ltd.	"	"	28,687,562	32	90days	"	"	(4,650,573)	13	
"	Pan-Interation Industrial Co.	"	"	698,974	1	"	"	"	(448,913)	(1)	
"	IRIS World Enterprises Ltd.	"	"	1,455,522	2	"	"	"	(636,501)	(2)	

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)	
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance
Universal Field International Limited	Hongfutai Precision Electrons(Yantai) Co., Ltd.	"	Sales	1,322,001	1	"	"	"	649,522	-
"	Hongfujin Precision Electrons(Yantai) Co., Ltd.	"	"	358,495	-	30days	"	"	89,858	-
Top Step Enterprises Limited	Hongfujin Precision Industry (Wuhan) Co., Ltd.	An affiliate	Sales	\$ 3,469,848	11	45days	Note	Note	\$ 153,075	2
Foxconn Technology CZ S.R.O-Czech	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	"	Purchases	413,544	23	"	"	"	928,790	1
Fugion Material Technology (Shenzhen) Limited	Fu Ding Precision Component (Shenzhen) Co., Ltd.	"	"	1,331,292	49	90days	"	"	346,931	22
Fulin Electrical Technology (Changshu) Co., Ltd.	Fuxian Precision Industry (Kunshan) Co., Ltd.	"	"	121,031	11	"	"	"	-	-
Huaian Fultong Trading Co., Ltd.	Ambit Microsystem (Shanghai) Co., Ltd. Fu Yu Electrical Technology (Huaian) Co., Ltd.	"	"	858,268	80	"	"	"	-	-
"	Fu Yu Electrical Technology (Huaian) Co., Ltd.	"	Sales	102,967	17	30days	"	"	43,647	72
Futaihua Industrial (Shenzhen) Limited	Hongfujin (Shenzhen) Industry Co., Ltd.	"	"	197,340	-	90days	"	"	170,405	-
"	Best Leap Enterprises Limited	"	"	218,761,737	98	"	"	"	69,216,658	95
"	FTP Technology Inc.	"	Purchases	2,767,717	1	"	"	"	(1,830,159)	(4)
"	FTC Technology Inc.	"	"	120,354	-	"	"	"	(40,206)	-
"	Fuzhun Precision (Shenzhen) Industry Co., Ltd.	"	"	326,810	-	"	"	"	(299,292)	(1)
"	IRIS World Enterprises Ltd.	"	"	2,495,984	1	"	"	"	(1,295,425)	(3)
Fuhuajie Industrial (Shenzhen) Limited	Skilltop Limited	"	Sales	1,278,239	5	45days	"	"	2,266,411	24
"	Foxconn Image & Printing Product Pte. Ltd.	"	"	24,752,715	90	30days	"	"	7,211,604	76
"	IRIS World Enterprises Ltd.	"	"	487,290	2	90 days	"	"	(401,272)	(13)
Foxconn Precision Electronics (Yantai) Co., Ltd.	IRIS World Enterprises Ltd.	"	"	161,048	3	"	"	"	(85,273)	(4)
Foxconn Japan Ltd.	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	"	Purchases	692,628	29	"	"	"	(189,701)	(13)
Premier Image Technology (China) Ltd.	Fuhonyang Precision Industrial (Shenzhen) Co., Ltd.	"	Sales	115,851	1	"	"	"	71,264	1

Company	Counterparty	Relationship with the Company	Transactions		Percentage of purchases / sales	Difference with general transactions			Notes and accounts receivable (payable)		Note
			Purchases /sales	Amount		Terms	Unit price	Terms	Balance	Percentage of balance	
"	Hongfujin Precision Industry (Wuhan) Co., Ltd.	"	"	1,899,249	8	"	"	"	7,874	-	
"	Futaihua Industrial (Shenzhen) Limited	"	"	696,438	3	"	"	"	358,597	5	
"	Jumbo Rise Management Limited	"	"	17,819,405	79	"	"	"	4,483,038	66	
Premier Image Technology (China) Ltd.	Foxconn MOEBG Industrial De Electronicos Ltda. –Brasil	An affiliate	Sales	\$ 477,507	2	"	Note	Note	\$ 271,154	4	
"	Hon Fujin Precision Industry (Taiyuan) Co., Ltd.	"	Purchases	106,932	1	"	"	"	(102,374)	(1)	
"	Pan International Industrial Corporation	"	"	138,928	1	"	"	"	(100,653)	(1)	
"	Pan International Industry Co. Ltd.	"	"	469,170	2	"	"	"	(281,242)	(3)	
"	IRIS World Enterprises Ltd.	"	"	143,977	1	"	"	"	(92,703)	(1)	

Note: The prices and terms to related parties were not significantly different from transaction with third parties. For other related party transactions, prices and terms were determined in accordance with mutual agreements.

9) Receivable from related parties in excess of \$100,000 or over 20% of total contributed capital: please refer to information on significant transactions in Note 11(1) and the following disclosures.

Company	Counterparty	Relationship with the company	Balance of receivable from related parties	Turnover rate	Overdue receivables		Subsequent collection	Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts		
Ambit Microsystems (Zhong shan) Corporation	Unique Logistics Ltd.	An affiliate	\$ 338,912	-	\$ -	-	\$ 338,197	\$ -
Unique Logistics Ltd.	Ambit Microsystems (Zhong shan) Corporation	"	218,215	5.30	-	-	201,303	-
Ambit Microsystem (Shanghai) Co., Ltd.	Amworld Microsystems (Shanghai) Ltd.	"	302,910	5.86	-	-	-	-
"	Foxway Precision Industry (Hangzhou) Co., Ltd.	"	173,930	1.14	-	-	-	-
"	Hongfujin Precision Electrons(Yantai) Co., Ltd.	"	130,258	4.01	-	-	-	-
"	AMB Logistics Ltd.	"	1,789,038	-	-	-	-	-
"	Hongfutai Precision Electrons(Yantai) Co., Ltd.	"	148,666	6.13	62,854	Subsequent collection	41,671	-
FIH (Hong Kong) Limited	Sutech Industry Inc.	"	4,061,718	3.89	-	-	1,195,981	-
"	Foxconn Reynosa S.A. De. C.V.	"	757,784	3.61	-	-	47,224	-
"	Foxconn Do Brasil Ind. E Comercio De Eletronicos Ltda.	"	168,796	4.13	-	-	16,933	-
"	Chi Mei Communication System ,Inc	"	446,133	2.70	-	-	10,965	-
"	FIH Europe Limited (Hungary)	"	397,011	4.73	-	-	100,119	-
"	Foxconn India PVT. Ltd.	"	147,611	3.20	-	-	12,468	-
"	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	950,410	3.13	-	-	67,893	-

Company	Counterparty	Relationship with the company	Balance of receivable from related parties	Turnover rate	Overdue receivables			Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts	Subsequent collection	
Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	FIH (Hong Kong) Limited	"	1,711,802	7.03	-	-	1,109,188	-
"	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	558,218	0.58	-	-	3,814	-
"	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	1,575,624	1.44	-	-	6,227	-
"	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	266,202	4.16	-	-	14,738	-
Foxconn Precision Component (Beijing) Co., Ltd.	Futaijing Precision Electronics (Beijing) Co., Ltd.	An affiliate	\$ 1,820,958	3.70	\$ -	-	\$ 789	\$ -
"	FIH (Hong Kong) Limited	"	114,512	-	-	-	114,512	-
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	314,731	2.32	-	-	52,342	-
"	FIH (Hong Kong) Limited	"	245,431	5.41	-	-	235,175	-
"	Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	"	137,027	1.39	-	-	5,869	-
Futaijing Precision Electronics (Beijing) Co., Ltd.	Chi Mei Communication System ,Inc	"	170,470	4.90	-	-	47,703	-
"	Foxconn Precision Electronics (Langfang) Co., Ltd	"	159,907	5.03	-	-	12,343	-
Foxconn Precision Electronics (Langfang) Co., Ltd.	Eliteday Enterprises Limited	"	1,632,920	-	-	-	671,485	-
"	Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	"	671,732	2.90	-	-	24,978	-
"	Foxconn Precision Component (Beijing) Co., Ltd.	"	255,068	1.94	-	-	17,435	-
"	Futaijing Precision Electronics (Beijing) Co., Ltd.	"	185,762	3.58	-	-	27,043	-
Eliteday Enterprises Limited	FIH Europe Limited (Hungary)	"	413,372	7.50	-	-	32,242	-
"	Foxconn Reynosa SA. DE C.V.	"	199,705	3.71	-	-	5,958	-
"	Foxconn Do Brasil Ind. E Comercio De Eletronicos Ltda.	"	118,424	7.04	-	-	3,397	-
Fujin Precision Industry (Shenzhen) Co., Ltd.	Hongfujin Precision Industry (Shenzhen) Co., Ltd	"	106,082	-	-	-	44,456	-
Hongfujin Precision Industry (Shenzhen) Co., Ltd.	Fu Ding Precision Component (Shenzhen) Co., Ltd.	"	426,653	5.04	47,084	Subsequent collection	149,012	-
"	Honxun Electrical Industry (Hangzhou) Co., Ltd.	"	457,335	2.69	163,195	"	199,224	-
"	Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	"	556,188	2.20	15,627	"	171,750	-
"	Foxconn Precision Electronics (Langfang) Co., Ltd	"	173,210	2.54	546	"	34,483	-
"	Carston Ltd.	"	193,247	3.53	-	-	-	-
"	Heroic Legend Enterprises Ltd.	"	212,892	-	-	-	-	-
"	Franklin Management Ltd.	"	249,473	3.43	-	-	-	-
"	Hongzhun Precision Tooling (Kunshan) Co., Ltd.	"	114,455	4.16	5	Subsequent collection	288	-
"	Futaihua Industrial (Shenzhen) Limited	"	2,416,203	3.09	5,199	"	135,897	-
"	Innocom Technology (Shenzhen) Co., Ltd.	"	689,203	3.81	-	-	-	-
Fu Ding Precision Component (Shenzhen) Co., Ltd.	Beyond Maximum Industrial Limited	"	659,177	3.79	-	-	-	-
Fuhong Precision Component (Shenzhen) Co., Ltd.	Best Matrix Enterprises Ltd.	"	185,315	0.09	-	-	-	-
Champ Tech Optical (Foshan) Corporation	Premier Image Technology (China) Ltd.	"	107,128	8.07	-	-	-	-

Company	Counterparty	Relationship with the company	Balance of receivable from related parties	Turnover rate	Overdue receivables			Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts	Subsequent collection	
Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	Foxconn (Kunshan) Computer Connector Co., Ltd.	"	1,808,128	5.46	-	-	-	-
Best Leap Enterprises Limited	Fusing International Inc. Pte. Ltd.	"	2,436,096	2.58	-	-	463,925	-
"	Futaihua Industrial (Shenzhen) Limited	"	287,547	1.78	35,187	-	3,643	-
Best Leap Enterprises Limited	Foxconn Technology Pte. Ltd.	An affiliate	\$ 1,111,839	2.25	\$ -	-	\$ -	\$ -
Skilltop Limited	Foxconn Image & Printing Product Pte. Ltd.	"	1,220,937	5.00	256,628	Subsequent collection	79,129	-
Hongfutai Precision Electrons(Yantai) Co., Ltd.	Yantaishi Fulitong International Trading Co., Ltd.	"	1,100,632	2.23	249,391	"	-	-
"	Hongfujin Precision Industry (Yantai) Co., Ltd.	"	778,501	3.38	35,502	"	35,502	-
"	Dragon Spirit Ind. Ltd.	"	4,468,664	8.48	91,970	"	91,970	-
"	Universal Field International Limited	"	22,162,320	4.94	23,266	"	23,266	-
Foxconn CZ S.R.O-Czech	Foxcinn Rus, LLC	"	185,475	0.18	-	-	698	-
Fujin Precision Industrial (Jincheng) Co., Ltd.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	223,011	3.88	-	-	-	-
"	Futaihua Industrial (Shenzhen) Limited	"	500,278	3.37	-	-	-	-
"	Foxconn Precision Electronics (Langfang) Co., Ltd.	"	163,601	5.81	-	-	-	-
"	Best Ever Industries Limited	"	186,702	-	-	-	-	-
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	"	414,555	0.80	340	Subsequent collection	81,452	-
"	Kangzun Electronic Industrial (Kunshan) Co., Ltd.	"	445,794	0.80	176,415	"	112,984	-
"	Foxconn (Kunshan) Computer Connector Co., Ltd.	"	595,243	0.32	330,231	"	35,260	-
"	Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	"	911,339	0.57	130,857	"	116,260	-
Foxconn Electronics Inc.	Beyond Maximum Industrial Ltd.	"	158,816	1.85	-	-	-	-
Fuzhun Precision Tooling (Huaian) Co., Ltd.	Foxconn (Kunshan) Computer Connector Co., Ltd.	"	191,553	0.44	183,027	Subsequent collection	-	-
"	Foxconn Electronic Industrial Development(Kunshan) Co., Ltd.	"	158,678	2.48	78,510	"	-	-
"	Fuyu Electrical Technology (Huaian) Co., Ltd.	"	202,806	3.14	81,275	Subsequent collection	-	-
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Top Step Enterprises Limited	"	9,407,386	9.47	-	-	3,067,605	-
Hongfujin Precision Industry (Yantai) Co., Ltd.	Competition Team Technology Pte. Ltd.	"	297,089	3.00	134,721	-	-	-
"	Hongfutai Precision Electrons(Yantai) Co., Ltd	"	471,852	4.56	-	-	52,390	-
"	Full Profit International Limited-Samoa	"	545,237	4.51	194,353	Subsequent collection	321,911	-
"	Universal Field International Limited	"	4,220,843	8.99	797	"	4,220,821	-
"	Foxconn Technology Co., Ltd.	"	8,111,247	8.09	168,837	"	5,640,633	-
Universal Field International Limited	Hongfutai Precision Electrons(Yantai) Co., Ltd.	"	649,533	3.68	4,214	"	266,061	-
"	Hongfujin Precision Electrons(Yantai) Co., Ltd.	"	18,274,672	0.02	26,019	"	9,291,350	-

Company	Counterparty	Relationship with the company	Balance of receivable from related parties	Turnover rate	Overdue receivables			Allowance for doubtful accounts provided
					Amount	Action adopted for overdue accounts	Subsequent collection	
Top Step Enterprises Limited	Hongfujin Precision Industry (Wuhan) Co., Ltd.	"	153,075	-	-	-	-	-
Foxconn Technology CZ S.R.O-Czech	Chimei Innolux Corporation (Original name: Innolux Display Co., Ltd.)	"	928,790	3.02	714,458	Subsequent collectin	-	-
Fugion Material Technology (Shenzhen) Limited	Fu Ding Precision Component (Shenzhen) Co., Ltd.	"	346,931	4.00	346,931	"	-	-
Futaihua Industrial (Shenzhen) Limited	Hongfujin Precision Industry (Shenzhen) Co., Ltd.	An affiliate	\$ 170,405	0.16	\$ -	-	\$ 11,787	\$ -
"	Best Leap Enterprises Limited	"	69,216,658	7.65	-	-	43,296,487	-
Fuhua Industrial (Shenzhen) Limited	Skilltop Limited	"	2,266,411	0.57	154,425	Subsequent collection	-	-
"	Foxconn Image & Printing Product Pte. Ltd.	"	7,211,604	2.09	19,024	"	-	-
Foxconn Precision Electronics (Yantai) Co., Ltd.	FIH (Hong Kong) Limited	"	298,399	-	31	"	31	-
Premier Image Technology (China) Ltd.	Futaihua Industrial (Shenzhen) Limited	"	358,597	3.23	-	-	205,978	-
"	Jumbo Rise Management Limited	"	4,483,038	8.79	-	-	2,735,210	-
"	Foxconn MOEBG Industria De Electronics Ltda.-Brazil	"	271,154	4.82	-	-	55,594	-

10) Information on derivative transactions

a) As of June 30, 2010, the information on derivative financial instruments of investee companies is as follows:

Derivative financial instrument	Contract amount (in thousands)	Maturity	Book Value	Fair Value
Forward exchange contracts:				
BUY JPY/SELL BRL	JPY 43,750 BRL 887	99.7.9	\$ 194	\$ 194
BUY JPY/SELL USD	JPY 250,000 USD 2,727	99.7.5~99.7.9	3,079	3,079
BUY JPY/ SELL INR	JPY 173,125 INR 89,488	99.7.2~99.8.27	1,022	1,022
BUY USD/ SELL BRL	USD 20,000 BRL 36,278	99.7.1~99.8.13	2,537	2,537
BUY USD/ SELL INR	USD 8,378 INR 394,230	99.7.2~99.10.1	(2,663)	(2,663)
BUY USD/ SELL MXN	USD 6,000 MXN 75,760	99.7.16	3,280	3,280
BUY USD/ SELL EUR	USD 5,644 EUR 4,600	99.7.2~99.8.17	596	596
BUY EUR/ SELL INR	EUR 1,602 INR 91,271	99.7.2~99.8.27	392	392
BUY EUR/ SELL USD	EUR 1,000 USD 1,229	99.7.1	(186)	(186)
SELL EUR/ BUY HUF	EUR 1,500 HUF 420,600	99.7.27	(1,152)	(1,152)
SELL USD/ BUY MXN	USD 38,000 MXN 491,138	99.7.22~99.9.23	7,700	7,700
SELL USD/ BUY BRL	USD 6,500 BRL 11,735	99.7.1~99.7.14	(935)	(935)
SELL EUR/ BUY USD	EUR 18,200 USD 23,216	99.7.1~99.10.21	24,145	24,145
SELL RMB/ BUY USD	RMB 409,121 USD 60,000	99.7.6~99.8.11	8,053	8,053
SELL JPY/ BUY USD	JPY 1,700,000 USD 18,466	99.7.7~99.7.22	24,020	24,020
SELL USD/ BUY VND	USD 6,500 VND 126,452,500	99.7.9~99.12.17	4,577	4,577
SELL USD/BUY JPY	USD 60 JPY 5,425	99.7.21	(53,905)	(53,905)
SELL RMB/ BUY EUR	RMB 29,282 EUR 3,500	99.7.2~99.7.23	1,270	1,270

b) Additional disclosure:

As of June 30, 2010, the company recognized net gain of \$16,431 on derivative transactions (including net gain of \$22,024 on valuation of financial assets and liabilities on June 30, 2010).

(3) Disclosure of information on indirect investments in Mainland China

1) Information on investments in Mainland China

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of	Transactions during		Balance of	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
				amount remitted from Taiwan as of Jan. 1, 2010	Jan. 1 ~June 30, 2010	amount remitted from Taiwan as of June 30, 2010					
Foxconn Precision Component (Beijing) Co., Ltd.	Manufacturing of telecommunication cases	\$ 2,211,920 (US\$ 68,800 thousand)	(2)	\$ -	\$ -	\$ -	\$ -	71.13%	\$ 287,162	\$ 16,216,316	\$ -
Fujin Precision Industry (Shenzhen) Co., Ltd.	Manufacturing and processing of computer cases, computer peripherals, etc.	1,686,268 (US\$ 52,450 thousand)	(2)(3)	160,750 (US\$ 5,000 thousand)	-	-	160,750 (US\$ 5,000 thousand)	100%	31,244	2,307,210	140,174 (US\$ 4,360 thousand)
Shenzhen Fu Tai Hong Precision Industry Co., Ltd.	Manufacturing and marketing of computer cases, micro ribbon connectors for terminals, etc.	5,739,418 (US\$178,520 thousand)	(2)	-	-	-	-	71.13%	(1,771,107)	13,416,569	-
Foxconn Precision Component (Shenzhen) Co., Ltd.	Manufacturing of connectors, micro ribbon connectors for terminals, micro-computers, mouse cables, monitor cables, etc.	798,606 (US\$ 24,840 thousand)	(2)(3)	96,450 (US\$ 3,000 thousand)	-	-	96,450 (US\$ 3,000 thousand)	100%	4,026	1,293,722	-
Honxun Electrical Industry (Hangzhou) Co., Ltd.	Manufacturing and marketing of computer cases, micro ribbon connectors for terminals, etc.	4,076,620 (US\$126,800 thousand)	(2)	-	-	-	-	71.13%	274,401	5,451,027	-
Hongzhun Precision Tooling (Shenzhen) Co., Ltd.	Manufacturing and marketing of computer cases and computer peripherals, etc.	482,250 (US\$ 15,000 thousand)	(2)	-	-	-	-	100%	(568)	640,305	-
Foxconn Computer Connectors (Kunshan) Co., Ltd.	Manufacturing of connectors, micro ribbon connectors for terminals, micro-computers, mouse cables, monitor cables, etc.	1,433,890 (US\$ 44,600 thousand)	(2)(3)	160,750 (US\$ 5,000 thousand)	-	-	160,750 (US\$ 5,000 thousand)	100%	994,029	5,299,667	229,551 (US\$ 7,140 thousand)
Fu Ding Precision Component (Shenzhen) Co., Ltd.	Manufacturing and marketing of connectors, micro ribbon connectors for terminals, etc.	1,446,750 (US\$ 45,000 thousand)	(2)	-	-	-	-	100%	100,816	3,047,083	-
Hong Fujin Precision Industrial (Shenzhen)	Manufacturing and marketing of computer case and	5,433,350 (US\$169,000 thousand)	(2)	-	-	-	-	100%	3,003,112	52,352,322	1,125,893 (US\$ 35,020 thousand)

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of amount remitted from Taiwan as of Jan. 1, 2010	Transactions during Jan. 1 ~June 30, 2010		Balance of amount remitted from Taiwan as of June 30, 2010	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
					Remittance out	Remittance in					
Co., Ltd.	computer peripherals, etc.	t thousand)									t thousand)
Foxconn Electronic Industrial Development (Kunshan) Co., Ltd.	Manufacturing and marketing of computer cases, micro ribbon connectors for terminals, etc.	\$ 2,186,200 (US\$ 68,000 t thousand)	(2)	\$ -	\$ -	\$ -	\$ -	100%	\$ 112,206	\$ 3,125,333	\$ -
Futaijie Science & Technology Development (Shenzhen) Co., Ltd.	Manufacturing and design of computer components keyboards, etc.	385,800 (US\$ 12,000 t thousand)	(2)	-	-	-	-	100%	14,415	546,461	-
Fuhon Precision Component (Shenzhen) Co., Ltd.	Manufacturing and marketing of connectors, micro ribbon connectors for terminals, etc.	369,725 (US\$ 11,500 t thousand)	(2)	-	-	-	-	100%	75,213	1,194,889	69,766 (US\$ 2,170 t thousand)
Hongzhun Precision Tooling (Kunshan) Co., Ltd.	Manufacturing and marketing of computer cases	2,764,900 (US\$ 86,000 t thousand)	(2)	-	-	-	-	100%	888,505	8,547,242	87,448 (US\$ 2,720 t thousand)
Kangzhun Precision Tooling (Kunshan) Co., Ltd.	Manufacturing and marketing of computer components, computer peripherals, etc.	2,893,500 (US\$ 90,000 t thousand)	(2)	-	-	-	-	100%	27,365	6,806,413	-
Futaikang Precision Computer (Shenzhen) Co., Ltd.	Manufacturing and marketing of connectors, micro ribbon connectors for terminals, etc.	184,863 (US\$ 5,750 t thousand)	(2)	-	-	-	-	100%	6,542	266,189	-
Fuxing Precision Component (Huaian) Co., Ltd.	Manufacturing and marketing of switching hub and router cases	192,900 (US\$ 6,000 Thousand)	(2)	-	-	-	-	100%	-	163,500	-
Fujin Precision Industrial (Jincheng) Co., Ltd.	Manufacturing and marketing of computer cases	6,526,450 (US\$ 20,300 t thousand)	(2)	-	-	-	-	100%	112,567	6,614,073	-
Honyeh Precision Component (Kunshan) Co., Ltd.	Manufacturing and marketing of computer components	186,470 (US\$ 5,800 t thousand)	(2)	-	-	-	-	100%	(10,008)	315,621	46,618 (US\$ 1,450 t thousand)
Fuhonyang Precision Industrial (Shenzhen) Co., Ltd.	Manufacturing and marketing of connectors, micro ribbon connectors for terminals, computer cases, etc.	578,700 (US\$ 18,000 t thousand)	(2)	-	-	-	-	100%	23,794	1,129,219	-
Foxway Precision Industry (Hangzhou)	Manufacturing and marketing of router components	401,875 (US\$ 12,500	(2)	-	-	-	-	100%	(22,550)	828,936	-

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of amount remitted from Taiwan as of Jan. 1, 2010	Transactions during Jan. 1 ~June 30, 2010		Balance of amount remitted from Taiwan as of June 30, 2010	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
Co., Ltd.		t thousand)									
Hongfutai Precision Electronics (Yantai) Co., Ltd.	Manufacturing and marketing of auto digital signal process device and components	\$ 4,372,400 (US\$136,000 t thousand)	(2)	\$ -	\$ -	\$ -	\$ -	100%	\$ 901,485	\$ 13,195,210	\$ -
Ambit Microsystems (Zhong shan) Corporation	Manufacturing and marketing of power supplies	1,324,580 (US\$ 41,200 t thousand)	(2)(3)	787,675 (US\$ 24,500 t thousand)	-	-	787,675 (US\$ 24,500 t thousand)	100%	320,895	2,621,455	-
Ambit Microsystems (Shanghai) Co., Ltd.	Manufacturing and marketing of power supplies, modems and ADSL devices	2,359,810 (US\$ 73,400 t thousand)	(2)(3)	1,478,900 (US\$ 46,000 t thousand)	-	-	1,478,900 (US\$ 46,000 t thousand)	100%	218,814	6,458,857	-
Amlink (Shanghai) Co., Ltd.	Manufacturing and marketing of power supplies, modems and ADSL devices	643,000 (US\$ 20,000 t thousand)	(2)(3)	225,050 (US\$ 7,000 t thousand)	-	-	225,050 (US\$ 7,000 t thousand)	44.81%	53,836	517,496	-
Competition Media (Shenzhen) Co., Ltd.	Manufacturing and marketing of optical pickup head and components of CD-ROM	1,157,400 (US\$ 36,000 t thousand)	(2)	-	-	-	-	100%	2,705	665,287	-
Fuxian Precision Industry (Kunshan) Co., Ltd.	Manufacturing and marketing of computer case	4,501,000 (US\$140,000 t thousand)	(2)	-	-	-	-	100%	(162,228)	5,071,741	-
Dong Guan Hong Song Precision Component Co., Ltd.	Manufacturing and marketing of keypad and computer Components	321,500 (US\$ 10,000 t thousand)	(2)	-	-	-	-	100%	19,494	176,129	-
Foxconn (Tianjin) Precision Industry Co., Ltd.	Manufacturing and marketing of wireless phone and components	1,697,520 (US\$52,800 t thousand)	(2)	-	-	-	-	71.13%	(84,200)	920,338	-
Fugion Material Technology (Shenzhen) Limited	Manufacturing and marketing of potassium aurous cyanide	118,955 (US\$ 3,700 t thousand)	(2)	-	-	-	-	70%	28,105	125,567	-
Antec Automotive Electric System (Kunshan) Co., Ltd.	Manufacturing and marketing of automobile	144,997 (US\$ 4,510 t thousand)	(2)	-	-	-	-	100%	2,344	(42,494)	-
Liuzhou Antec	Manufacturing and marketing	47,582	(2)	-	-	-	-	55%	468	10,624	-

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of	Transactions during		Balance of	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June. 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
				amount remitted from Taiwan as of Jan. 1, 2010	Jan. 1 ~June 30, 2010	amount remitted from Taiwan as of June 30, 2010					
Fangshen Electric System Co., Ltd.	of automobile	(US\$ 1,480 thousand)									
Foxconn Precision Electronics (Yantai) Co., Ltd.	Manufacturing and marketing of telecommunication peripherals	1,318,150 (US\$ 41,000 thousand)	(2)	\$ 1,054,199 (US\$ 32,790 thousand)	\$ -	\$ -	\$ 1,054,199 (US\$ 32,790 thousand)	100%	(\$ 95,806)	\$ 867,805	\$ -
Premier Image Technology (China) Limited	Manufacturing and sale of cameras.	4,879,084 (US\$ 151,760 thousand)	(2)(3)	20,898 (US\$ 650 thousand)	-	-	20,890 (US\$ 650 thousand)	99.96%	522,650	11,911,800	-
Fu Zhun Precision Tooling (Huai an) Co., Ltd.	Designing, manufacturing and marketing of computer components	2,128,330 (US\$ 66,200 thousand)	(2)	-	-	-	-	100%	215,683	3,167,743	-
Fu Yu Electronical Technology (Huaian) Co., Ltd.	Designing and marketing of connectors and cables	4,700,330 (US\$146,200 thousand)	(2)	-	643,000 (US\$ 20,000 thousand)	-	643,000 (US\$ 20,000 thousand)	100%	529,090	6,670,067	-
CJ Electric System Co., Ltd.	Manufacturing and marketing of automobile	70,730 (US\$ 2,200 thousand)	(2)	-	-	-	-	50%	22,280	91,185	-
Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Manufacturing and marketing of micro ribbon connectors for terminals, etc.	2,748,825 (US\$ 85,500 thousand)	(2)	-	-	-	-	71.13%	(82,239)	1,663,455	-
Hongfujin Precision Industry (Huizhou)	Manufacturing and marketing of computer cases, router, notebook, etc.	1,060,950 (US\$ 33,000 thousand)	(2)	-	-	-	-	100%	(24,112)	1,212,097	-
Fukui Precision Component (Shenzhen) Co., Ltd.	Manufacturing and marketing of electronics devices and cable	3,382,180 (US\$105,200 thousand)	(2)	-	-	-	-	42.87%	122,015	2,175,607	-
Futaijing Precision Electronics (Beijing) Co., Ltd.	Manufacturing and marketing of computer cases, micro ribbon connectors for terminals, etc.	2,411,250 (US\$ 75,000 thousand)	(2)	-	-	-	-	71.13%	(42,068)	2,719,701	-
Foxconn Precision Electronics (Langfang) Co., Ltd.	Manufacturing and marketing of cell phone and components	3,182,850 (US\$ 99,000 thousand)	(2)	-	-	-	-	71.13%	720,512	6,501,954	-
Foxconn(Tianjin) Precision Industry	Manufacturing and marketing of GSM, CDMA phone and	(Note 3)	(2)	-	-	-	-	-	-	-	-

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of amount remitted from Taiwan as of Jan. 1, 2010	Transactions during Jan. 1 ~June 30, 2010		Balance of amount remitted from Taiwan as of June 30, 2010	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
Co., Ltd.	components										
Foxconn Good Field Precision Industry (Dalian) Co., Ltd.	Manufacturing and marketing of electronics calculator and components	30,221 (US\$ 940 thousand)	(2)	-	-	-	-	40%	2,244	41,865	-
FuMeng Electrical Technology (Huaian) Co., Ltd.	Manufacturing and marketing of micro ribbon connectors for terminals	257,200 (US\$ 8,000 thousand)	(2)	\$ -	\$ -	\$ -	\$ -	100%	\$ 11,550	\$ 597,766	\$ -
Hongfujin Precision Industry (Wuhan) Co., Ltd.	Manufacturing and marketing of computer and digital camera components	7,806,020 (US\$242,800 thousand)	(2)	-	-	-	-	100%	737,810	8,057,764	-
Amworld Microsystems (Shanghai) Ltd.	Manufacturing and marketing of switch supply and modem	546,550 (US\$ 17,000 thousand)	(2)	-	-	-	-	100%	2,826	576,985	-
Hongqunsheng Precision Electronics (Yingkou) Co., Ltd.	Manufacturing and marketing of printed circuit board	1,077,025 (US\$ 33,500 thousand)	(2)	-	-	-	-	42.87%	(27,406)	410,553	-
Hongqisheng Precision Electronics (Qinhuangdao) Co., Ltd.	Manufacturing and marketing of electronics calculator and component	3,247,150 (US\$101,000 thousand)	(2)	-	-	-	-	42.87%	(58,854)	1,262,635	-
Hongfujin Precision Industry (Yantai) Co., Ltd.	Manufacturing and marketing of computer components, computer	1,639,650 (US\$ 51,000 thousand)	(2)	-	-	-	-	100%	3,652,083	18,084,813	-
Foxconn (Nanjing) Communications Co., Ltd.	Manufacturing and marketing of handset and components	321,500 (US\$ 10,000 thousand)	(2)	-	-	-	-	71.13%	(52,268)	218,818	-
Foxconn (Nanjing) Software Co., Ltd.	Computer software, hardware and other digital product	1,028,800 (US\$ 32,000 thousand)	(2)	-	-	-	-	100%	(39,490)	817,013	-
Foxconn (Qinhuangdao) Technology Co., Ltd.	Backlight and antenna component.	257,200 (US\$ 8,000 thousand)	(2)	-	-	-	-	100%	2	287,216	-
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Print circuit board products manufacturing and sales	2,758,470 (US\$ 85,800 thousand)	(2)	-	-	-	-	42.87%	(27,406)	410,553	-

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of	Transactions during		Balance of	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
				amount remitted from Taiwan as of Jan. 1, 2010	Jan. 1 ~June 30, 2010	amount remitted from Taiwan as of June 30, 2010					
Fulin Electrical Technology (Changshu) Co., Ltd.	Manufacturing and marketing of computer components, computer	1,752,175 (US\$ 54,500 thousand)	(2)	-	-	-	-	100%	(4,058)	1,722,895	-
Fuyang Electrical Technology (Changshu) Co., Ltd.	Manufacturing and marketing of computer components, computer	1,626,790 (US\$ 50,600 thousand)	(2)	\$ -	\$ -	\$ -	\$ -	100%	2,371	\$ 1,655,557	\$ -
Fu Tai Kang Electronics Development (Yantai) Ltd.	Marketing of computer chassis and metal stamping parts	964,500 (US\$ 30,000 thousand)	(2)	-	-	-	-	100%	11,795	1,098,670	-
Hongfujin Precision Industry (Qinhuangdao) Co., Ltd.	Connector related business	385,800 (US\$ 12,000 thousand)	(2)	-	-	-	-	100%	4,000	427,556	-
Foxconn (Shenyang) precision Industry Co., Ltd.	Numeric control machine tool manufacturing	1,763,106 (US\$ 54,840 thousand)	(2)	-	-	-	-	69.23%	1,892	1,247,276	-
Hong Heng Sheng Electrical Technology (Huaian) Co., Ltd.	Print circuit board product manufacturing and sales	2,925,650 (US\$ 91,000 thousand)	(2)	-	-	-	-	42.87%	(34,803)	1,178,853	-
Alibaba (China) Technology Co., Ltd.	Providing software and technology services	(Note 4)	(2)	-	-	-	-	-	-	-	-
Alibaba (China) Software Co., Ltd.	Providing software and technology services	(Note 4)	(2)	-	-	-	-	-	-	-	-
Alibaba (Shanghai) Technology Co., Ltd.	Providing software and technology services	(Note 4)	(2)	-	-	-	-	-	-	-	-
Beijing Sinya Online Information Technology Co., Ltd.	Providing software and technology services	(Note 4)	(2)	-	-	-	-	-	-	-	-
Hongfuqiang Precision Electronics (Yingkou) Co., Ltd.	Manufacturing and marketing of computer components, computer	80,375 (US\$ 2,500 thousand)	(2)	-	-	-	-	100%	-	81,337	-
Fuding Electrical Technology (Jiashan)	Manufacturing and marketing of computer components,	1,832,550 (US\$ 57,000	(2)	-	-	-	-	100%	-	1,514,531	-

Name of investee in Mainland China	Main activities of investee	Capital	Method of investment (Note 1)	Balance of amount remitted from Taiwan as of Jan. 1, 2010	Transactions during Jan. 1 ~June 30, 2010 Remittance out	Remittance in	Balance of amount remitted from Taiwan as of June 30, 2010	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
Fuhua Industrial (Shenzhen) Limited	computer Manufacturing and marketing of computer components, computer	thousand) 3,697,250 (US\$115,000 thousand)	(2)	964,500 (US\$ 30,000 thousand)	2,572,000 (US\$ 80,000 thousand)	-	3,536,500 (US\$ 110,000 thousand)	100%	(354,900)	3,151,693	-
GDS Software (Shenzhen) Co., Ltd.	Computer software, hardware and other digital product	(Note5)	(2)	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
Futaihua Industrial (Shenzhen) Limited	Manufacturing and marketing of computer components, computer	\$ 4,951,100 (US\$154,000 thousand)	(2)	-	3,825,850 (US\$119,000 thousand)	-	3,825,850 (US\$ 119,000 thousand)	100%	1,439,682	19,340,313	-
Dong Guan Eson Precision Tooling Co., Ltd.	Manufacturing and marketing of telecommunication cases	225,372 (US\$ 7,010 thousand)	(2)	-	-	-	-	29.39%	690	66,273	-
Kunshan Eson Precision Engineering Co., Ltd.	Manufacturing and marketing of electronic components	964,822 (US\$ 30,010 thousand)	(2)	-	-	-	-	29.39%	18,622	483,883	-
Wuxi XinGuan Metal Science & Technology Co., Ltd.	Manufacturing and marketing of plastic mould	450,100 (US\$ 14,000 thousand)	(2)	-	-	-	-	29.39%	10,080	455,052	-
Kunshan Eson Technology Inc.	Manufacturing and marketing of computer components, computer	224,086 (US\$ 6,970 thousand)	(2)	-	-	-	-	9.7%	8,454	144,567	-
Yantai Jiray Electronic Technology Co., Ltd.	Manufacturing and marketing of monitoring device	165,894 (US\$ 5,160 thousand)	(2)	-	-	-	-	19.1%	5,348	44,738	-
Yantai Zheng Yi Precision Electronic Co., Ltd.	"	70,730 (US\$ 2,200 thousand)	(2)	-	-	-	-	29.39%	(1,160)	19,190	-
Guangzhou OED Technologies Co., Ltd.	Manufacturing and marketing of mould and tooling	176,825 (US\$ 5,500 thousand)	(2)	-	-	-	-	5.88%	(1,428)	6,884	-
MediaMarkt (Shanghai) Commercial & Trading Company Limited	E-book key material and components manufacturing and sales	(Note 6)	(2)	-	-	-	-	-	-	-	-
Honfujin Precision	Manufacturing and marketing	1,339,048	(2)	1,339,048	-	-	1,339,048	100%	(61,889)	1,282,994	-

Name of investee in	Mainland China	Main activities of investee	Capital	Method of investment	Balance of amount remitted from Taiwan as of Jan. 1, 2010	Transactions during Jan. 1 ~June 30, 2010	Balance of amount remitted from Taiwan as of June 30, 2010	Ownership percentage held by the Company (Direct/indirect)	Investment income (loss) recognized during Jan. 1~June. 30, 2010 (Note 2)	Book value of investment as of June. 30, 2010	Profit remitted to Taiwan during Jan. 1~ June 30, 2010
Electronics (Chongqing) Co., Ltd.		of computer chassis and metal stamping parts	(US\$ 41,650 thousand)	(Note 1)	(US\$ 41,650 thousand)		(US\$ 41,650 thousand)				
System Integration Electronics (Hangzhou)Co.,Ltd.		Manufacturing and marketing of electronic components, network communication equipment, high-end routers and high-end switches	(Note 7)	(2)	\$ -	\$ -	\$ -	100%	(\$ 61,889)	\$ 1,282,994	\$ -
Champ Tech OpticalL (Foshan) Corporation		Manufacturing and marketing of Optical Lens	\$ 866,443 (US\$ 26,950 thousand)	(2)	-	1,079,919 (US\$ 33,590 thousand)	- 1,079,919 (US\$ 33,590 thousand)	100%	51,813	1,074,597	-
Innovation (Beijing) Software Development Co., Ltd.		Manufacturing and marketing of computer components, comput and Software Development	(Note 8)	(2)	-	-	-	-	-	-	-
MediaMarkt (Shanghai) Consulting Service Company		Consulting Service	(Note 9)	(2)	-	-	-	-	-	-	-
Spreadcomm Technology Corp		Software Development on Mobile Devices	19,290 (US\$ 600 thousand)	(2)	-	-	-	71.31%	(1,501)	4,811	-
Accumulated amount wired out from Taiwan to mainland China as of June 30, 2010			Investment amount approved by FIC of MOEA	Ceiling of investment amount of the Company							
NT\$			14,408,987	NT\$	132,115,924	(Note 10)					
US\$			44,818	US\$	410,936						

Note 1: The methods of remittance of investments to mainland China are as follows:

(1) Company funds are remitted from Taiwan through an investee company located outside of Taiwan and mainland China.

(2) Investee company established by the Company and located outside of Taiwan and mainland China remits its own funds directly to the investee companies located in mainland China.

(3) Investee company located outside of Taiwan and mainland China remits its own funds directly to the investee companies located in mainland China.

(4) Directly investing in companies in mainland China.

(5) Others.

Note 2: The portions of transaction information with related parties were based on the financial statements of the company for the same period which was not reviewed by independent accountants.

Note 3: The Company was approved by Investment Commission, MOEA of an investment of US\$ 2,902 thousands in Tianjin Foxconn Precision Industry Co., Ltd., which hasn't been established as of June 30, 2010.

Note 4: The Company held indirectly 0.347% ownership of the Mainland China subsidiaries of Alibaba (China) Technology Co., Ltd., Alibaba (China) Software Co., Ltd., Alibaba (Shanghai) Technology Co., Ltd., and Beijing Sinya Online Information Technology Co., Ltd.. The investment amount of the Company approved by the Investment Commission of the Ministry of Economic Affairs in the above four indirect subsidiaries was US\$372,179, US\$18,905, US\$1 and US\$1, respectively.

Note 5: The Company was approved by Investment Commission, MOEA of an investment of US\$8,000 in GDS Software (Shenzhen) Co., Ltd. As of June 30, 2010, the funds have not been remitted.

Note 6: The Company was approved by Investment Commission, MOEA of an investment of US\$50,000 in Media Market (Shanghai) Commercial & Trading Company Limited. As of June 30, 2010, license for operation was acquired, where as the funds have not been remitted; there is no operating activities in substance.

Note 7: The Company was approved by Investment Commission, MOEA of an investment of US\$11,283 in System Integration Electronics (Hangzhou) Co., Ltd. As of June 30, 2010, the funds have not been remitted.

Note 8: The Company was approved by Investment Commission, MOEA of an investment of US\$26,600 in Innovation (Beijing) Software Development Co., Ltd. As of June 30, 2010, the funds have not been remitted

Note 9: The Company was approved by Investment Commission, MOEA of an investment of US\$8,750 in MediaMarkt (Shanghai) Consulting Service Company As of June 30, 2010, the funds have not been remitted

Note 10: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, R.O.C., dated August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company.

2) Significant transactions with investee in Mainland China:

The Company subcontracted the processing of products to Foxconn (Far East) Ltd.'s subsidiaries located in Mainland China. All intercompany transactions were eliminated when preparing consolidated financial statements.

	Relationship with the company	Transactions		Difference with general transactions		Ending Balance	Note
		Purchases / sales	Amount	Unit price	Terms		
Foxconn (Far East) Ltd. and its subsidiaries	Wholly-owned subsidiary and its subsidiaries	Sales	\$ 25,959,910	Note	Note	\$ 9,713,033	
Best Leap Enterprises Limited	Indirect investee company accounted for under the equity method	Purchases	213,032,080	"	"	(67,875,991)	
Foxconn (Far East) Ltd. and its subsidiaries	Wholly-owned subsidiary and its subsidiaries	"	127,027,274	"	"	(37,566,954)	
Universal Field International Limited	Indirect investee company accounted for under the equity method	"	103,862,795	"	"	(26,454,462)	
Jumbo Rise Management Limited	"	"	17,783,482	"	"	(3,798,728)	

Note: The prices and terms to related parties were not significantly different from transaction with third parties. For other related party transactions, prices and terms were determined in accordance with mutual agreements.

	For the six-month periods ended June 30, 2009			For the six-month periods ended June 30, 2010		
	Processing Cost	Prepayments	Payable	Processing Cost	Prepayments	Payable
Heroic Legend Enterprises Ltd.	\$ 14,368,653	\$ -	\$ 10,452,962	\$ 13,412,385	\$ -	\$ 7,573,565
Foxconn (Far East) Ltd., and subsidiaries	7,887,427	905,301	10,743,140	12,352,479	920,017	12,826,791
Success Rise Enterprises Ltd.	8,365,307	-	-	10,639,375	-	5,335,784

Franklin Management Ltd.	10,665,720	-	9,565,800	5,744,765	-	11,224,860
Carston Ltd.	<u>2,827,422</u>	<u>-</u>	<u>10,355,215</u>	<u>2,483,064</u>	<u>-</u>	<u>7,707,563</u>
	<u>\$ 44,114,529</u>	<u>\$ 905,301</u>	<u>\$ 41,208,117</u>	<u>\$ 44,632,068</u>	<u>\$ 920,017</u>	<u>\$ 44,668,563</u>

(4) The relationship and significant transactions between the Company and its subsidiaries

For the six-month periods ended June 30, 2009

Number (Note a)	Name of company	Name of counterparties	Relationship (Note b)	Description of transactions			The percentage of total consolidated revenue or total consolidated assets (Note d)
				Account	Amount	Transaction terms	
0	Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	1	Sales	\$ 22,533,211	Note c	3
0	"	"	1	Accounts receivable	10,521,583	"	1
0	"	"	1	Purchases	218,889,406	"	27
0	"	"	1	Accounts payable	79,879,811	"	9
0	"	"	1	Processing and molding costs	44,114,529	"	5
0	"	"	1	Accrued Expenses	41,208,117	"	5
0	"	"	1	Other receivable	57,500,522	"	6
0	"	Premier Image Technology (H.K.), Ltd.	1	Purchases	11,611,545	"	1
1	Ambit Microsystem (Shanghai) Co., Ltd.	AMB Logistics Ltd.	3	Sales	10,908,866	"	6
2	Hong Fujin Precision Industrial (Shenzhen) Co., Ltd.	Heroic Legend Enterprises Ltd.	3	Subcontract revenue	10,960,798	"	1
3	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Dragon Spirit Ind. Ltd.	3	Sales	20,700,388	"	3
3	"	Universal Field International Limited	3	"	38,478,317	"	5
4	Hongfujin Precision Industry (Yantai) Co., Ltd.	"	3	Sales	27,255,871	"	3
4	"	"	3	Accounts receivable	10,303,173	"	1
5	Premier Image Technology (H.K.), Ltd.	Premier Image Technology (China) Limited	3	"	12,136,964	"	1
6	Futaihua Industrial (Shenzhen) Limited	Best Leap Enterprises Limited	3	Sales	100,459,099	"	12
6	"	"	3	Accounts receivable	45,566,891	"	5
7	Shenzhen Fu Tai Hong Industry Co., Ltd.	FIH (Hong Kong) Limited	3	Sales	39,481,532	"	5
7	"	"	3	Accounts receivable	14,727,418	"	2

For the six-month periods ended June 30, 2010

Number (Note a)	Name of company	Name of counterparties	Relationship (Note b)	Description of transactions			The percentage of total consolidated revenue or total consolidated assets (Note d)
				Account	Amount	Transaction terms	
0	Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Ltd. and subsidiaries	1	Sales	\$ 25,959,910	Note c	2
0	"	"	1	Purchases	127,027,274	"	11
0	"	"	1	Processing and molding costs	12,352,479	"	1
0	"	"	1	Accounts payable	37,566,954	"	3
0	"	"	1	Accrued expense	12,826,791	"	1
0	"	"	1	Other receivable	36,562,808	"	3
0	"	Best Leap Enterprises Limited	1	Purchases	213,032,080	"	18
0	"	"	1	Accounts payable	67,875,991	"	5
0	"	Universal Field International Limited	1	Purchases	103,862,795	"	9
0	"	"	1	Accounts payable	26,454,462	"	2
0	"	Universal Field International Limited	1	Other receivable	46,691,584	"	4
0	"	Jumbo Rise Management Limited	1	Purchase	17,783,842	"	1
0	"	Heroic Legend Enterprises Ltd.	1	Processing and molding costs	13,412,385	"	1
0	"	Futaihua Industrial (Shenzhen) Limited	1	Other receivable	54,327,354	"	4
1	Ambit Microsystem (Shanghai) Co.,Ltd.	AMB Logistics Ltd.	3	Sales	16,454,351	"	1
2	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Dragon Sprit Ind. Ltd.	3	Sales	18,451,550	"	2
2	"	Universal Field International Limited	3	"	67,372,160	"	6
2	"	"	3	Accounts receivable	22,162,320	"	2
3	Hongfujin Precision Electronics (Yantai) Co., Ltd.	"	3	Sales	37,854,097	"	3
4	Futaihua Industrial (Shenzhen) Limited	Best Leap Enterprises Limited	3	"	218,761,737	"	18
4	"	"	3	Accounts receivable	69,216,658	"	5
5	Fuhuaajie Industrial (Shenzhen) Limited	Foxconn Image & Printing Product Pte. Ltd.		Sales	24,752,715		2
6	Shenzhen Fu Tai Hong Industry Co., Ltd.	FIH (Hong Kong) Limited	3	"	21,238,603	"	2
7	Hongfujin Precision Industry (Shenzhen) Co., Ltd	Top Step Enterprises Limited	3	"	30,991,550	"	3

Number (Note a)	Name of company	Name of counterparties	Relationship (Note b)	Account	Amount	Transaction terms	Description of transactions
							The percentage of total consolidated revenue or total consolidated assets (Note d)
8	Premier Image Technology (China) Limited	Jumbo Rise Management Limited	3	"	\$ 17,819,405	"	1

Note a: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.

1. Number 0 represents the Company.
2. The consolidated subsidiaries are numbered in order from number 1.

Note b: The transaction relationships with the counterparties are as follow:

1. The Company to the consolidated subsidiaries.
2. The consolidated subsidiaries to the Company.
3. The consolidated subsidiaries to another consolidated subsidiaries.

Note c: The prices and terms to related parties were not significantly different from transaction with third parties. For other related party transactions, prices and terms were determined in accordance with mutual agreements.

Note d: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note e: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed.

All the transactions had been eliminated when preparing consolidated financial statement.

Note f: The portions of transaction information with related parties were based on the financial statements of the company for the same period which was not reviewed by independent accountants.

12) In accordance to with R.O.C. FAS No.23, segment information is not applicable for interim financial statements.