

Chroma Ate Inc. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2009 and 2008**

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2009 AND 2008

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 3)	\$1,213,999	14	\$ 815,986	8	Short-term borrowings (Notes 11 and 17)	\$ 502,430	6	\$ 798,490	8
Financial assets at fair value through profit or loss - current (Note 4)	77,254	1	20,239	-	Short-term bills payable (Notes 12 and 17)	140,000	2	127,500	2
Notes receivable	11,526	-	30,044	-	Notes payable (Note 16)	95,102	1	30,190	-
Accounts receivable - related parties (Note 16)	30,191	-	18,069	-	Accounts payable (Note 16)	687,737	8	1,062,311	11
Accounts receivable - third parties (Note 5)	2,100,027	25	2,874,537	30	Income tax payable	32,740	-	296,322	3
Inventories, net (Note 6)	1,309,892	15	1,840,647	19	Accrued expenses (Note 14)	289,502	4	211,932	2
Prepayments (Note 16)	121,981	1	58,972	1	Receipts in advance	107,649	1	198,073	2
Deferred income tax assets - current	40,151	1	36,376	-	Current portion of long-term liabilities (Notes 13 and 17)	150,935	2	-	-
Pledged time deposits (Note 17)	12,448	-	59,282	1	Other current liabilities (Note 4)	115,462	1	27,695	-
Other current assets (Note 16)	56,809	1	59,650	1					
Total current assets	4,974,278	58	5,813,802	60	Total current liabilities	2,121,557	25	2,752,513	28
LONG-TERM INVESTMENTS					LONG-TERM LIABILITIES				
Available-for-sale financial assets - noncurrent (Note 7)	204,579	2	474,873	5	Long-term bank loans, net of noncurrent (Notes 13 and 17)	30,614	-	179,083	2
Financial assets carried at cost (Note 8)	136,924	2	139,508	2					
Investments accounted for by the equity method (Note 9)	299,978	4	309,022	3	OTHER LIABILITIES				
Total long-term investments	641,481	8	923,403	10	Accrued pension costs	72,138	1	73,557	1
PLANT, PROPERTY AND EQUIPMENT (Notes 10 and 17)					Guarantee deposits received	2,202	-	3,854	-
Cost					Deferred income tax liabilities - noncurrent	14,643	-	10,334	-
Land	450,575	6	450,575	5	Total other liabilities	88,983	1	87,745	1
Buildings	1,888,347	22	1,863,960	19	Total liabilities	2,241,154	26	3,019,341	31
Machinery and equipment	522,592	6	396,260	4	SHAREHOLDERS' EQUITY OF PARENT COMPANY (Note 14)				
Miscellaneous equipment	861,886	10	786,826	8	Capital stock - \$10 par value				
Total cost	3,723,400	44	3,497,621	36	Authorized: 400,000 thousand shares				
Less accumulated depreciation	1,196,468	14	1,001,017	10	Issued and outstanding: 331,600 thousand shares in 2009 and 305,563 thousand shares in 2008	3,316,004	39	3,055,634	31
Prepayment of equipment	1,685	-	7,106	-	Advance receipts for common stock	3,945	-	165	-
Net plant, property and equipment	2,528,617	30	2,503,710	26	Capital surplus	829,898	10	824,111	8
INTANGIBLE ASSETS (Note 9)					Retained earnings				
Trademark	8,949	-	11,744	-	Legal reserve	724,105	8	570,330	6
Goodwill	122,481	2	122,481	1	Unappropriated earnings	1,197,003	14	1,923,944	20
Core technology	197,743	2	259,319	3	Other equity				
Total intangible assets	329,173	4	393,544	4	Cumulative translation adjustments	154,632	2	(2,998)	-
OTHER ASSETS					Unrealized valuation gain on financial instruments	73,949	1	254,519	3
Refundable deposits	6,924	-	9,254	-	Treasury stock - 3,897 thousand shares in 2009 and 1,651 thousand shares in 2008	(75,685)	(1)	(31,022)	-
Deferred charges, net	3,317	-	1,621	-	Total shareholders' equity of parent company	6,223,851	73	6,594,683	68
Deferred income tax assets - noncurrent	16,552	-	10,114	-	MINORITY INTERESTS	46,902	1	59,603	1
Other	11,565	-	18,179	-	Total shareholders' equity	6,270,753	74	6,654,286	69
Total other assets	38,358	-	39,168	-	TOTAL	\$8,511,907	100	\$9,673,627	100
TOTAL	\$8,511,907	100	\$9,673,627	100					

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

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
OPERATING REVENUES	\$ 1,839,537	100	\$ 3,530,723	100
LESS SALES RETURNS AND ALLOWANCES	<u>8,275</u>	<u>-</u>	<u>6,917</u>	<u>-</u>
NET OPERATING REVENUES (Note 16)	1,831,262	100	3,523,806	100
OPERATING COSTS (Notes 6 and 16)	<u>1,436,156</u>	<u>78</u>	<u>2,617,648</u>	<u>74</u>
GROSS PROFIT	<u>395,106</u>	<u>22</u>	<u>906,158</u>	<u>26</u>
OPERATING EXPENSES				
Selling and general administrative	246,002	13	264,542	7
Research and development	<u>100,611</u>	<u>6</u>	<u>164,885</u>	<u>5</u>
Total operating expenses	<u>346,613</u>	<u>19</u>	<u>429,427</u>	<u>12</u>
OPERATING INCOME	<u>48,493</u>	<u>3</u>	<u>476,731</u>	<u>14</u>
NONOPERATING INCOME AND GAINS				
Foreign exchange gain, net	23,742	1	-	-
Rental income (Note 16)	5,654	1	9,003	-
Investment gain recognized by the equity method, net (Note 9)	5,459	-	2,494	-
Dividend income	481	-	6,150	-
Valuation gain on financial assets, net (Note 4)	3,707	-	-	-
Interest income	1,037	-	2,339	-
Subsidy income	801	-	3,330	-
Gain on disposal of investment, net	30	-	11,914	1
Other	<u>4,008</u>	<u>-</u>	<u>2,841</u>	<u>-</u>
Total nonoperating income and gains	<u>44,919</u>	<u>2</u>	<u>38,071</u>	<u>1</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expenses	4,129	-	8,672	-
Loss on disposal and retirement of plant, property and equipment	276	-	217	-
Valuation loss on financial assets, net (Note 4)	-	-	3,520	-
Foreign exchange loss, net (Note 2)	-	-	82,645	3
Other	<u>1,375</u>	<u>-</u>	<u>555</u>	<u>-</u>
Total nonoperating expenses and losses	<u>5,780</u>	<u>-</u>	<u>95,609</u>	<u>3</u>

(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 87,632	5	\$ 419,193	12
INCOME TAX EXPENSE	<u>12,891</u>	<u>1</u>	<u>81,083</u>	<u>2</u>
CONSOLIDATED NET INCOME	<u>\$ 74,741</u>	<u>4</u>	<u>\$ 338,110</u>	<u>10</u>
ATTRIBUTED TO:				
Shareholders of the parent	\$ 81,794	4	\$ 339,173	10
Minority interests	<u>(7,053)</u>	<u>-</u>	<u>(1,063)</u>	<u>-</u>
	<u>\$ 74,741</u>	<u>4</u>	<u>\$ 338,110</u>	<u>10</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 15)				
Basic	<u>\$ 0.23</u>	<u>\$ 0.25</u>	<u>\$ 1.22</u>	<u>\$ 1.04</u>
Diluted	<u>\$ 0.23</u>	<u>\$ 0.25</u>	<u>\$ 1.18</u>	<u>\$ 1.01</u>

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

(Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 74,741	\$ 338,110
Adjustments:		
Depreciation and amortization	80,625	65,424
Deferred income taxes	(14,056)	(2,524)
Loss (reversal of loss) on inventory market value decline	5,552	(20,000)
Investment gain recognized by the equity method, net	(5,459)	(2,494)
(Reversal of loss on) bad debts	(4,971)	8,640
Valuation loss (gain) on financial assets, net	(3,707)	3,520
Loss on disposal and retirement of plant, property and equipment, net	276	153
Gain on disposal of long-term investments	-	(9,892)
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(51,000)	4,815
Notes receivable	123	7,586
Accounts receivable	78,406	136,058
Inventories	346,331	(58,132)
Prepayments	(11,316)	(18,584)
Other current assets	6,327	47,255
Notes payable	(1,232)	(21,630)
Accounts payable	(65,650)	(355,861)
Income tax payable	32,230	69,717
Accrued expense	(114,095)	(24,377)
Receipts in advance	65,924	88,862
Other current liabilities	77,599	(22,422)
Accrued pension costs	(415)	(425)
Net cash provided by operating activities	<u>496,233</u>	<u>233,799</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of plant, property and equipment	(7,619)	(57,130)
Decrease (increase) in refundable deposits	1,141	(883)
Proceeds from capital reduction of long-term investment	1,016	510
Increase in other assets	(731)	(171)
Proceeds of the disposal of plant, property and equipment	222	246
Increase in pledged time deposits	-	(58,045)
Proceeds of the disposal of available-for-sale financial assets	<u>-</u>	<u>13,089</u>
Net cash used in investing activities	<u>(5,971)</u>	<u>(102,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(337,470)	(137,507)
Increase in short-term bills payable	40,000	-
Exercise of employee stock options	20,798	15,717
		(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
Decrease in guarantee deposits received	\$ (4,997)	\$ (7,476)
Purchase of minority interests	-	(239,000)
Increase in minority interests	<u>-</u>	<u>54,189</u>
Net cash used in financing activities	<u>(281,669)</u>	<u>(314,077)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>26,848</u>	<u>(31,492)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	235,441	(214,154)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>978,558</u>	<u>1,030,140</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,213,999</u>	<u>\$ 815,986</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 4,071</u>	<u>\$ 9,104</u>
Income taxes paid	<u>\$ 16,156</u>	<u>\$ 3</u>
CASH PAID FOR ACQUISITION OF PLANT, PROPERTY AND EQUIPMENT		
Acquisition of plant, property and equipment	\$ 7,093	\$ 55,599
Add: Accrued expense, beginning of period	2,140	2,342
Less: Accrued expense, end of period	<u>1,614</u>	<u>811</u>
	<u>\$ 7,619</u>	<u>\$ 57,130</u>

The Corporation acquired equity interests in Wei Kuang Automatic Equipment Co., Ltd. ("Taiwan Wei Kuang") of 42.4% on January 1, 2008 and 57.6% on January 1, 2007, for a total equity of 100%. On January 1, 2007, the Corporation acquired equity interests of 100% each in Mou Kuan Technologies (Nanjin) Co., Ltd. ("Mou Kuan Nanjin") and Wei Kuang Automatic Equipment (Nanjin) Co., Ltd. ("Wei Kuang Nanjin"). On March 31, 2007, the Corporation also acquired a 59.1% equity in Sajat Technology Inc. (Note 10). The fair values of related assets and liabilities as of the acquisition dates were as follows:

Taiwan Wei Kuang (January 1, 2007)	
Cash	\$ 11,881
Financial assets at fair value through profit or loss	43,734
Accounts and notes receivable	251,265
Inventories	317,415
Other current assets	3,083
Plant, property and equipment	17,000
Other asset	<u>3,015</u>
	<u>647,393</u>
Accounts payable	142,337
	(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

Accrued expenses	\$ 16,429
Other current liabilities	<u>428,643</u>
	587,409
Net assets	59,984
Multiply by percentage of acquired shareholding	<u>57.6%</u>
	34,551
Core technology	165,842
Goodwill	85,949
Trademark	<u>7,658</u>
Cash paid to acquire Taiwan Wei Kuang	<u>\$ 294,000</u>
Taiwan Wei Kuang (January 1, 2008)	
Cash	\$ 159,822
Accounts and notes receivable	188,008
Inventories	25,979
Other current assets	4,765
Plant, property and equipment	14,674
Other asset	<u>3,735</u>
	396,983
Accounts payable	100,144
Accrued expenses	24,734
Other current liabilities	<u>78,311</u>
	203,189
Net assets	193,794
Multiply by percentage of acquired shareholding	<u>42.4%</u>
	82,169
Core technology	142,040
Goodwill	8,476
Trademark	<u>6,315</u>
Cash paid to acquire Taiwan Wei Kuang	<u>\$ 239,000</u>
Mou Kuan Nanjin	
Cash	\$ 34,269
Accounts and notes receivable	18,746
Other accounts receivable	5,321
Inventories	29,864
Other current assets	1,703
Plant, property and equipment	<u>2,147</u>
	92,050

(Continued)

CHROMA ATE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

Accounts and notes payable	\$ 19,152
Accrued expenses	668
Other current liabilities	<u>17,243</u>
	<u>37,063</u>
Net assets	\$ <u>54,987</u>
Cash paid to acquire Mou Kuan Nanjin	\$ <u>92,000</u>
Wei Kuang Nanjin	
Cash	\$ 14,011
Accounts and notes receivable	7,232
Other accounts receivable	8,802
Inventories	6,925
Other current assets	348
Plant, property and equipment	<u>2,285</u>
	<u>39,603</u>
Accounts and notes payable	13,987
Accrued expenses	598
Other current liabilities	<u>2</u>
	<u>14,587</u>
Net assets	\$ <u>25,016</u>
Cash paid to acquire Wei Kuang Nanjin	\$ <u>28,000</u>
Sajet Technology Inc.	
Cash	\$ 14,917
Accounts and notes receivable	32,050
Inventories	6,462
Pledged time deposit	3,400
Other current assets	1,529
Investments accounted for by the equity method	12,481
Plant, property and equipment	805
Other assets	<u>9,323</u>
	<u>80,967</u>
Accounts and notes payable	9,690
Accrued expenses	4,241
Other current liabilities	<u>3,753</u>
	<u>17,684</u>
Net assets	63,283
Multiply by percentage of acquired shareholding	<u>59.1%</u>
	<u>37,400</u>
Core technology	<u>9,795</u>
Cash paid to acquire Sajet Technology Inc.	\$ <u>47,195</u>

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

(Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS THREE MONTHS ENDED MARCH 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Interpretation No. 0960064020 by the Securities and Futures Bureau (SFB) under the Financial Supervisory Commission, Executive Yuan, and accounting principles generally accepted in the Republic of China. Except for the effects of changes in accounting principles stated in Note 2, the accounting policies presented do not differ from those presented in the notes to the Corporation and subsidiaries' 2008 consolidated financial statements.

Consolidation

a. Basis of consolidation

The consolidated financial statements have been prepared in accordance with the revised Statement of Financial Accounting Standards (SFAS) No. 7 - "Consolidated Financial Statements," and include the financial statements of the Corporation and all investees over which the Corporation has substantive control. All significant intercompany transactions and balances were excluded from the consolidation.

b. In conformity with the above bases for consolidation, the consolidated financial statements as of and for the three months ended March 31, 2009 and 2008 included the accounts of the Corporation and its direct and indirect subsidiaries as follows:

Investor	Investee	Business	Percentage of Ownership as of March 31		Explanation
			2009	2008	
The Corporation	Newworld Electronics Ltd.	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	-
	Chroma Investment Co., Ltd.	Investment	100.0	100.0	Chroma Investment Co., Ltd. had 1,750 thousand shares of the Corporation's common stock as of March 31, 2009, which accounted for 0.5% of the Corporation's outstanding shares.
	Sensational Holding Ltd.	Investment	100.0	100.0	-
	Chroma Ate Europe B.V.	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	-
	Chroma Ate Inc.	Sale and maintenance of electronic test instruments, etc.	100.0	100.0	-

(Continued)

Investor	Investee	Business	Percentage of Ownership as of March 31		Explanation
			2009	2008	
	Chen Hwa Technology Inc.	Test of inductance, capacitance and resistance equipment and sale of parts	100.0	100.0	-
	CHI Incorporation Ltd.	Test of inductance, capacitance and resistance equipment and sale of parts	100.0	100.0	-
	Nova Electronics Inc.	Import/export of computers, electronic instruments, etc.	99.9	99.9	-
	Chroma New Material Corporation	Sale and processing of gold wire	100.0	100.0	-
	San Eagle Development Corp. (San Eagle)	Investment	100.0	100.0	-
	Wei Kuang Automatic Equipment Co., Ltd.	Design, manufacturing, installment and testing of automatic factory conveyor systems	100.0	100.0	The subsidiary was acquired by the Corporation's merger with Silver Town Electronic Co., Ltd. in the first quarter of 2008.
	Testar Electronic Corporation	Testing of LED products	58.3	58.3	-
	Deep Red Holding Co., Ltd.	Investment	100.0	-	The subsidiary was acquired because of the liquidation of Saje Technology Inc. in the third quarter of 2008.
	Chroma Japan Corp.	Sale and maintenance of electronic test instruments, etc.	100.0	-	The subsidiary was established in the third quarter of 2008.
	Saje Technology Inc.	Wholesale and retail of information, software, etc. and rendering related services	-	100.0	The subsidiary was liquidated in the third quarter of 2008.
Newworld Electronics Ltd.	Chroma Electronics (Shenzhen) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	100.0	100.0	-
	Chroma Electronics (Shanghai) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	100.0	100.0	-
Chroma Investment Co., Ltd.	Quickwin Limited	Investment	100.0	100.0	-
Quickwin Limited	Semiconductor Testing Advanced Research Lab, Inc.	Research, development and test on test instruments and signal generators.	100.0	-	The subsidiary was liquidated in the third quarter of 2008.
Chen Hwa Technology Inc.	Chroma (Shanghai) Trading Co., Ltd.	International and transit trading, simple commercial processing, commercial consulting services, etc.	100.0	100.0	-
CHI Incorporation Ltd.	Chroma Ate (Suzhou) Co., Ltd.	Sale of computerized automatic test systems, peripherals and electronic test instruments	100.0	100.0	-

(Continued)

Investor	Investee	Business	Percentage of Ownership as of March 31		Explanation
			2009	2008	
San Eagle Development Corp.	Wei Kuang Mech Eng Inc.	Investment	100.0	100.0	-
Wei Kuang Mech Eng Inc.	Mou Kuan Technologies (Nanjin) Co., Ltd.	Assembly, sale and maintenance of factory conveyors and related systems and renders related after-sales services	100.0	100.0	-
	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Sale and maintenance of electronic equipment and factory conveyor systems	100.0	100.0	-
	Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Sale and maintenance of electronic equipment and factory conveyor systems	100.0	100.0	-
Sajet Technology Inc.	Deep Red Holding Co., Ltd.	Investment	-	100.0	-
	Sajet Technology LLC	Sale of parts of information systems and computers	-	100.0	The subsidiary was liquidated in July 2008.
Deep Red Holding Co., Ltd.	Sajet System Technology (Suzhou) Co., Ltd.	Research, development and design of computer network security systems and information management.	100.0	100.0	-

(Concluded)

The Corporation and consolidated subsidiaries are hereinafter referred to as the "Group."

2. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Bonus to Employees and Remuneration to Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses the bonuses to employees and remunerations to directors and supervisors beginning January 1, 2008. These bonuses and remunerations were previously recorded as appropriations from earnings. This accounting change resulted in decreases of NT\$37,500 thousand in consolidated net income and of NT\$0.11 in basic earnings per share after income tax for the three months ended March 31, 2008.

Accounting for Inventories

On January 1, 2009, the Group adopted the newly revised SFAS No. 10, "Accounting for Inventories". The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal costs, write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period. The adoption had no effect in consolidated net income and in after income tax basic earnings per share for the three months ended March 31, 2009. For comparison purposes, the Group also reclassified nonoperating gains of NT\$20,000 thousand to cost of goods sold for the three months ended March 31, 2008.

3. CASH

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Check and demand deposits	\$ 1,210,814	\$ 725,427
Cash on hand	2,144	1,782
Petty cash	1,041	1,169
Time deposits	-	47,779
Short-term bonds acquired under repurchase agreements	-	39,829
	<u>\$ 1,213,999</u>	<u>\$ 815,986</u>

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
<u>Financial assets held for trading</u>		
Open-end certificates	\$ 67,454	\$ 1,102
Listed stocks - domestic	<u>9,800</u>	<u>19,137</u>
	<u>\$ 77,254</u>	<u>\$ 20,239</u>

Financial liabilities held for trading (recorded under other current liabilities)

Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,378</u>
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The Corporation entered into forward exchange contracts to hedge exposures due to exchange rate fluctuations. The purpose of the hedge strategy was to reduce most of the risks arising from changes in market prices and cash flows. There were no forward exchange contracts outstanding as of March 31, 2009.

Net gains on financial assets held for trading for the three months ended on March 31, 2009 was \$3,707 thousand. Net losses on financial assets and financial liabilities held for trading for the three months ended on March 31, 2008 was \$2,142 thousand and \$1,378 thousand, respectively.

5. ACCOUNTS RECEIVABLE - THIRD PARTIES

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 2,149,154	\$ 2,912,011
Less: Allowance for doubtful accounts	<u>49,127</u>	<u>37,474</u>
	<u>\$ 2,100,027</u>	<u>\$ 2,874,537</u>

6. INVENTORIES, NET

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Raw materials	\$ 392,173	\$ 437,010
Work in process	340,472	404,071
Semi-finished product	163,634	274,459
Finished goods	<u>513,376</u>	<u>816,440</u>
	1,409,655	1,931,980
Less: Allowance for losses on market value decline	<u>99,763</u>	<u>91,333</u>
	<u>\$ 1,309,892</u>	<u>\$ 1,840,647</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2009 and 2008 was \$1,436,156 thousand and \$2,617,648 thousand, respectively.

The cost of goods sold for the three months ended March 31, 2009 and 2008 included loss of \$5,552 thousand due to write-downs of inventory to net realizable value and gain of \$20,000 thousand due to reversal of write-downs, respectively.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NONCURRENT

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
DynaColor, Inc.	\$ 172,670	\$ 345,256
Chunghwa Telecom Co., Ltd.	31,909	40,749
Xantrex Technology Inc.	<u>-</u>	<u>88,868</u>
	<u>\$ 204,579</u>	<u>\$ 474,873</u>

8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	<u>March 31</u>			
	<u>2009</u>		<u>2008</u>	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Domestic stocks				
WK Technology Fund IV Ltd.	\$ 40,000	1.9	\$ 40,000	1.9
Twoway Catv Service Inc.	36,451	5.4	36,451	5.4
WK Technology Fund VI Ltd.	25,000	1.4	25,000	1.4
Cosmative Broadbond Networks Co., Ltd.	1,144	1.5	1,144	1.5
EVT Technology Co., Ltd.	<u>-</u>	16.6	<u>2,111</u>	16.6
	<u>102,595</u>		<u>104,706</u>	
Foreign stocks and funds				
Fei Hong Industrial Co., Ltd.	17,175	13.4	17,175	13.4
Hangzhou New Material Chroma Co., Ltd.	9,664	19.0	8,663	19.0
Chromatex S.A.	4,821	12.2	4,821	12.2

(Continued)

	March 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
H & Q/Gai Incubation Fund, L.P.	\$ 2,536	-	\$ 4,010	-
Quality Source S.A.	<u>133</u>	0.5	<u>133</u>	0.5
	<u>34,329</u>		<u>34,802</u>	
	<u>\$ 136,924</u>		<u>\$ 139,508</u>	(Concluded)

The above investments were measured at cost because they had no quoted prices in an active market quotation and their fair value could not be reliably measured.

The Corporation recognized impairment losses of NT\$2,111 thousand for the year ended December 31, 2008 to reflect the other-than-temporary decline in value of investment in EVT Technology Co., Ltd.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD AND PREPAYMENT

	March 31			
	2009		2008	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Adlink Technology Inc. (listed)	\$ 238,012	12.8	\$ 242,671	12.8
DynaScan Technology Corp.	<u>61,966</u>	26.9	<u>66,351</u>	26.9
	<u>\$ 299,978</u>		<u>\$ 309,022</u>	

The Group's investment in Adlink Technology Inc. was accounted for by the equity method because of the Group's significant influence over the investee's operating and financial policy decisions.

The fair market values of Adlink Technology Inc., which were measured at closing prices as of March 31, 2009 and 2008, were as follows:

	March 31	
	2009	2008
Adlink Technology Inc.	<u>\$ 276,544</u>	<u>\$ 504,867</u>

On October 27, 2006, the Corporation's board of directors resolved to incorporate a subsidiary, San Eagle Development Corp. ("San Eagle"), in the British Virgin Islands. Through San Eagle, the Corporation bought all of the issued shares of Wei Kuang Mech Eng Inc. from Scn Finance Corp. Wei Kuang Mech Eng Inc. holds 100% shareholding & Mou Kuan Technologies (Nanjing) Co., Ltd. ("Mou Kuan Nanjin") and Wei Kuang Automatic Equipment (Nanjing) Co., Ltd. ("Wei Kuang Nanjin"). Mou Kuan Nanjin will assemble and sell factory conveyors and related systems and render after-sales services. Wei Kuang Nanjin will sell and maintain electronic equipment and factory conveyor systems. To strengthen the business on Mainland China, the Corporation's board of directors resolved on August 7, 2007 to increase the investment in Wei Kuang Nanjin to US\$1,000 thousand.

To strengthen the relationship with customers and enhance customer service, the Corporation's board of directors resolved on December 28, 2006 to establish Wei Kuang Automatic Equipment (Xiamen) Co., Ltd. ("Wei Kuang Xiamen") through San Eagle and Wei Kuang Mech Eng Inc. The planned investment would amount to US\$2,000 thousand. As of March 31, 2009, the Corporation had remitted out an investment amount of NT\$50,763 thousand. Wei Kuang Xiamen will sell and maintain electronic equipment and factory conveyor systems.

To enhance the Corporation's competitiveness, the Corporation in December 2006, January 2007 and January 2008 acquire 100% equity interest in Silver Town Electronic Co., Ltd. ("Silver Town") from Ever Growth Investment Holding Ltd., respectively. On February 29, 2008, the Corporation's board of directors resolved to merge Silver Town on the record date, March 21, 2008, and directly hold 100% equity interest in Wei Kuang Automatic Equipment (Taiwan) Co., Ltd., which designs, manufactures, installs and tests automated factory conveyor systems.

To integrate the software and hardware technologies of automated factory equipment, the Corporation acquired 59.1% equity in Sajet Technology Inc. ("Sajet") for NT\$47,132 thousand in February and March 2007, respectively. Corporation's subsidiary, Chroma Investment Co., Ltd., held the remaining 40.9% equity in Sajet. The Corporation thus directly and indirectly held 100% equity interest in Sajet upon completing the acquisition. Sajet mainly provides total solutions on manufacturing information systems and these systems were collocated with the Corporation's sold products on many occasions. Sajet was liquidated on September 15, 2008, and its subsidiary, Deep Red Holding Co., Ltd. was transferred to the Corporation in the process of distribution.

Taiwan Wei Kuang, Mou Kuan Nanjin, Wei Kuang Nanjin and Sajet were acquired by the Corporation and were accounted for by the purchase method.

The changes during the three months ended March 31, 2009 and 2008 in the differences between investment costs and the above investees' net asset values regarded as amortizable asset were as follows:

	Three Months Ended	
	March 31	
	2009	2008
<u>Amortizable assets</u>		
Beginning balance	\$ 222,785	\$ 138,801
Additions	-	148,355
Amortization	<u>(16,093)</u>	<u>(16,093)</u>
Ending balance	<u>\$ 206,692</u>	<u>\$ 271,063</u>

The movements of the difference between investment cost and net asset value regarded as goodwill for the three months ended March 31, 2009 and 2008 were as follows:

	Three Months Ended	
	March 31	
	2009	2008
<u>Cost</u>		
Beginning balance	\$ 128,964	\$ 120,488
Additions	<u>-</u>	<u>8,476</u>
Ending balance	<u>\$ 128,964</u>	<u>\$ 128,964</u>

To expand the Corporation's service scope, the Corporation's board of directors resolved on February 27, 2007 to invest jointly with Raster Opto-Mechatronics Co., Ltd. in Testar Electronic Corporation ("Testar"), which will test LED product. As of March 31, 2009, the Corporation had contributed NT\$87,500 thousand and acquired 58.3% shareholding of Testar.

On December 27, 2007, the Corporation's board of directors resolved to incorporate a subsidiary, Chroma Japan Corp., in Japan to expand its foreign market. Chroma Japan Corp. is mainly engaged in the sale and maintenance of electronic test instruments, etc., and started in August 2008. As of March 31, 2009, the Corporation's accumulated investment amount was ¥9,800 thousand Japanese dollar.

On April 24, 2008, the Corporation's board of directors resolved to increase its investment in Chroma Ate (Suchou) Ltd., through CHI Incorporation Ltd., by US\$1,500 thousand to expand its business in China, and the capital raise was completed on August 6, 2008.

The investment income (loss) recognized by the equity method during three months ended March 31, 2009 and 2008, which were calculated on the basis of the investees' unreviewed financial statements for the same reporting periods as those of the Group, were as follows:

	Three Months Ended	
	March 31	
	2009	2008
Adlink Technology Inc.	\$ 2,969	\$ 9,195
Dynascan Technology Corp.	<u>2,490</u>	<u>(6,701)</u>
	<u>\$ 5,459</u>	<u>\$ 2,494</u>

10. PLANT, PROPERTY AND EQUIPMENT

	March 31	
	2009	2008
Accumulated depreciation		
Buildings	\$ 439,420	\$ 385,477
Machinery and equipment	279,831	217,919
Miscellaneous equipment	<u>477,217</u>	<u>397,621</u>
	<u>\$ 1,196,468</u>	<u>\$ 1,001,017</u>

Under one- to two-year operating lease contracts, the Corporation leased some floors of the office buildings to others (mainly related parties, refer to Note 16). Rents were paid and collected monthly.

11. SHORT-TERM BORROWINGS

	March 31	
	2009	2008
Credit borrowings	<u>\$502,430</u>	<u>\$798,490</u>
Interest rate (%)	0.8%-2.49%	2.35%-6.40%
Due date	June 25, 2009	September 26, 2008

12. SHORT-TERM BILLS PAYABLE

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
Commercial paper	<u>\$140,000</u>	<u>\$127,500</u>
Interest rate	1.038%	1.797%-2.19%
Due date	April 17, 2009	July 16, 2008

13. LONG-TERM BANK LOANS

Type	Financial Institution	Terms	<u>March 31</u>		Collateral or Guarantee
			<u>2009</u>	<u>2008</u>	
Commercial paper	Taishin Finance Corporation	Revolving commercial paper issued at 0.35% interest rate and at 1.85% interest rate on March 31, 2009 and 2008, respectively; maturity - November 16, 2009	\$ 150,000	\$ 150,000	-
Secured loans	Far East Bank	Obtained on May 26, 2006; repayable from May 2006 to June 2011 in equal monthly installments; 7.2% annual interest, payable monthly	31,549	29,083	Buildings of Chroma Ate Inc. in California
	Less: Current portion		<u>181,549</u>	<u>179,083</u>	
			<u>150,935</u>	<u>-</u>	
			<u>\$ 30,614</u>	<u>\$ 179,083</u>	

14. SHAREHOLDERS' EQUITY OF PARENT COMPANY

a. Capital surplus

Under the Company Law, capital surplus may only be used to offset a deficit. Capital surplus, generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital, the buyback of treasury stock, merger and donation, may be transferred to capital as stock dividends within a certain amount once a year. But the capital surplus generated from long-term investments accounted for by the equity method may not be used for any purpose.

Details of capital surplus were as follows:

	<u>March 31</u>	
	<u>2009</u>	<u>2008</u>
The additional paid in capital	\$ 622,746	\$ 621,914
Merger surplus	146,976	146,976
Long-term investments	43,522	44,684
Treasury stock	<u>16,654</u>	<u>10,537</u>
	<u>\$ 829,898</u>	<u>\$ 824,111</u>

b. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation provide that a 10% legal reserve should be set aside from the annual net income less any accumulated deficit. The remainder, less special reserve based on regulations or relevant laws, together with unappropriated earnings of prior years, should be distributed as follows:

- 1) Remuneration to directors and supervisors
- 2) Bonus to employees - 5%-20%
- 3) Dividends to shareholders

The Corporation distributes both cash and stock dividends, taking into account future capital expenditure requirements and its cash position. However, the total of cash dividends paid in any given year may not be less than 20% of total dividends distributed in that year. The final amount, type and percentage of the dividends are subject to actual earnings and capital requirements of the Corporation in a particular year.

For the three months ended March 31, 2009, the bonus to employees directors and supervisors, representing 5% of net income, were \$3,500 thousand and \$2,100 thousand. The amounts were estimated based on past experiences. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

A regulation issued by the Securities and Futures Bureau requires the setting aside from the unappropriated earnings of a special reserve equal to any debit balance of an account under shareholders' equity. The balance of this special reserve is adjusted on the basis of the debit balance of the shareholders' equity account at year-end.

Legal reserve should be appropriated until the reserve equals the Corporation's paid-in capital. The reserve can only be used to offset a deficit. When the reserve exceeds 50% of the Corporation's paid-in capital, the excess can be distributed as dividends and bonus if there are no unappropriated earnings, or the excess portion that is over 25% of the Corporation's paid-in capital can be distributed as stock dividends if there is no deficit.

Under the Integrated Income Tax System, ROC resident shareholders are allowed a tax credit for the income tax paid by the Corporation. An imputation credit account (ICA) is maintained by the Corporation for such income tax and the tax credit was allocated to each shareholder.

The appropriations of the 2009 earnings proposed by the Board of Directors on February 24, 2009 and that of 2008 earnings resolved by the annual meeting of shareholders were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share</u>	
	<u>For Fiscal</u>	<u>For Fiscal</u>	<u>(NT\$)</u>	
	<u>Year 2008</u>	<u>Year 2007</u>	<u>For Fiscal</u>	<u>For Fiscal</u>
			<u>Year 2008</u>	<u>Year 2007</u>
Legal reserve	\$ 110,461	\$ 153,775		
Cash dividends	664,300	1,099,800	\$2.0	\$3.6
Stock dividends	166,100	183,300	0.5	0.6
Bonus to employees - in cash	-	77,280		
Bonus to employees - in stock	-	51,520		
Remuneration to directors and supervisors	-	8,500		
	<u>\$ 940,861</u>	<u>\$ 1,574,175</u>		

The bonus to employees, directors and supervisors proposed by the Board of Directors on February 24, 2009 were \$134,000 thousand and \$8,500 thousand, respectively.

The appropriation of the 2008 earnings will be resolved by the annual meeting of shareholders on May 22, 2009. Information about the appropriations of earnings is available on the Market Observation Post System website of the Taiwan Stock Exchange.

c. Treasury stock

(Shares in Thousands)

Purpose of Buyback	Beginning Shares	Purchase	Dividend	Sale/ Transfer	Ending Shares
<u>First quarter of 2009</u>					
The Corporation's shares held by subsidiaries	1,750	-	-	-	1,750
To be transferred to employees	<u>2,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,147</u>
	<u>3,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,897</u>

First quarter of 2008

The Corporation's shares held by subsidiaries	<u>1,752</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>1,651</u>
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101 thousand shares held by Chroma Investment Co., Ltd. were sold during the three months ended March 31, 2008. The gain on disposal of investment was \$4,027 thousand.

As of March 31, 2009 and 2008, the market values of the Corporation's outstanding shares held by its subsidiaries were \$43,301 thousand and \$118,685 thousand. These shares held by the subsidiaries as investments are recorded as treasury stock, but the subsidiary has the same rights as those of other common shareholders, except for participation in the Corporation's raising of cash capital and voting rights.

Under the Securities and Exchange Law, the buyback amount of treasury stock should not exceed 10% of total issued shares, and the buyback cost should not exceed the sum of the retained earnings, additional paid-in capital in excess of par value and realized capital surplus. In addition, the Corporation should not provide treasury stock as collateral and should not exercise shareholders' rights on those shares before their transfer.

d. Employee stock option plan

For the three months ended March 2009 and 2008, related information on the outstanding employee stock option were as follows:

Employee Stock Options	2009		2008	
	Shares Subscribe (Thousand)	Exercise Price	Shares Subscribe (Thousand)	Exercise Price
Outstanding balance, beginning of period	8,040	\$10	11,596	\$10.8-\$12.8
Exercised	(2,080)	10	(1,319)	\$10.8-\$12.8
Expired	<u>(651)</u>	10	<u>-</u>	
Outstanding balance, end of period	<u>5,309</u>		<u>10,277</u>	

As of March 31, 2009, related information on the outstanding employee stock option were as follows:

Issue Date	Issue Date Exercise Price (NT\$)	Number of Outstanding Shares (Thousand)	Remaining Contractual Life (Years)	Shares Exercisable (Thousand)
September 2, 2002	10.0	2,179	0.42	2,179
October 23, 2003	10.0	<u>3,130</u>	1.56	<u>3,130</u>
		<u>5,309</u>		<u>5,309</u>

Based on the Corporation's Employee Stock Option Plan, the option rights are valid for seven years and are exercisable starting from the second year of issuance at the following percentages:

- 1) 50% of the option rights after the second year of issuance;
- 2) 75% of the option rights after the third year of issuance; and
- 3) 100% of the option rights after the fourth year of issuance.

For the three months ended March 31, 2009, the highest price of the Corporation's stock was \$27, and the lowest price was \$17.45.

15. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share (EPS) were as follows:

	Amounts (Numerator)		Shares (Denominator) (Thousands)	EPS	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>First quarter of 2009</u>					
Basic EPS					
Income of common shareholders	\$ 76,347	\$ 81,794	327,642	\$ 0.23	\$ 0.25
Add: Effect of dilutive employee stock option	-	-	3,456		
Bonus to employees	-	-	141		
	<u>-</u>	<u>-</u>	<u>141</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 76,347</u>	<u>\$ 81,794</u>	<u>331,239</u>	<u>\$ 0.23</u>	<u>\$ 0.25</u>
<u>First quarter of 2008</u>					
Basic EPS					
Income of common shareholders	\$ 397,512	\$ 339,173	326,707	\$ 1.22	\$ 1.04
Add: Effect of dilutive employee stock option	-	-	9,232		
Bonus to employees	-	-	749		
	<u>-</u>	<u>-</u>	<u>749</u>		
Diluted EPS					
Income of common shareholders with dilutive effect of potential common shares	<u>\$ 397,512</u>	<u>\$ 339,173</u>	<u>336,688</u>	<u>\$ 1.18</u>	<u>\$ 1.01</u>

The Accounting Research and Development Foundation issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the bonus to employees is in the form of cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The average number of shares outstanding for EPS calculation was adjusted retroactively for the issuance of stock dividend, resulting in decreases in the basic and diluted EPS after income tax for the three months ended March 31, 2008 from \$1.12 to \$1.04 and from \$1.09 to \$1.01, respectively.

16. RELATED-PARTY TRANSACTIONS

- a. The related parties and relationships with the Corporation were as follows:

<u>Related Party</u>	<u>Relationship with the Group</u>
DynaScan Technology Corp. ("DynaScan Technology")	Equity-method investee
Adlink Technology Inc. ("Adlink")	Equity-method investee
EVT Technology Co., Ltd. (EVT)	Same chairman
DynaScan Electronics (Shanghai) Co., Ltd. ("DynaScan Shanghai")	Subsidiary of DynaScan Technology
DynaScan Technology Inc. ("DynaScan U.S.A.")	Subsidiary of DynaScan Technology
Mou Kuan Industry Co., Ltd. (Mou Kuan Inc.)	Same general manager with Wei Kuang Automatic Equipment Co., Ltd.

- b. Significant transactions with related parties are summarized below:

The related party transactions were conducted under normal terms unless specified otherwise.

	<u>Three Months Ended March 31</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
1) Sales				
DynaScan Technology	\$ 477	-	\$ 1,895	-
EVT	10	-	1,462	-
Other	<u>80</u>	<u>-</u>	<u>97</u>	<u>-</u>
	<u>\$ 567</u>	<u>-</u>	<u>\$ 3,454</u>	<u>-</u>
2) Purchase				
Adlink	\$ 694	-	\$ 11,109	-
Mou Kuan Inc.	-	-	2,305	-
Other	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>
	<u>\$ 694</u>	<u>-</u>	<u>\$ 13,494</u>	<u>-</u>

	Three Months Ended March 31			
	2009		2008	
	Amount	%	Amount	%
3) Rental income				
DynaScan Technology	\$ 441	6	\$ 1,086	12
Other	<u>45</u>	<u>1</u>	<u>45</u>	<u>1</u>
	<u>\$ 486</u>	<u>7</u>	<u>\$ 1,131</u>	<u>13</u>

The Corporation leased out some floors of the buildings in Hwa-Ya Technical Park in Lin-Kou to the above related party under an operating lease contract, and this lease was based on market prices. Rents were paid and collected monthly.

	Three Months Ended March 31			
	2009		2008	
	Amount	%	Amount	%
4) Rental expense				
Mou Kuan Inc.	<u>\$ 1,325</u>	<u>-</u>	<u>\$ 1,325</u>	<u>-</u>
5) Accounts receivable				
DynaScan Shanghai	\$ 22,370	1	\$ 14,184	1
DynaScan Technology	7,728	-	2,453	-
Other	<u>93</u>	<u>-</u>	<u>1,432</u>	<u>-</u>
	<u>\$ 30,191</u>	<u>1</u>	<u>\$ 18,069</u>	<u>1</u>
6) Prepayments				
EVT	<u>\$ -</u>	<u>-</u>	<u>\$ 2,406</u>	<u>-</u>
7) Other current assets - other receivable				
DynaScan Technology	\$ 3,628	-	\$ 1,066	-
Other	<u>16</u>	<u>-</u>	<u>975</u>	<u>-</u>
	<u>\$ 3,644</u>	<u>-</u>	<u>\$ 2,041</u>	<u>-</u>
8) Notes payable				
Mou Kuan Inc.	<u>\$ -</u>	<u>-</u>	<u>\$ 2,421</u>	<u>8</u>
9) Accounts payable				
DynaScan Technology	\$ 19,833	2	\$ 14,094	1
Adlink	669	-	8,755	1
Other	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,527</u>	<u>2</u>	<u>\$ 22,849</u>	<u>2</u>

17. ASSETS PLEDGED

The assets pledged as collaterals for bank loans and for product warranty were as follows:

	March 31	
	2009	2008
Plant, property and equipment, net	\$ 832,181	\$ 811,992
Pledged time deposits	<u>12,448</u>	<u>59,282</u>
	<u>\$ 844,629</u>	<u>\$ 871,274</u>

18. FINANCIAL INSTRUMENTS

a. Fair value

	March 31			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets carried at cost - noncurrent	\$ 136,924	\$	\$ 139,508	\$

b. The methods and significant assumptions applied in determining fair values of financial instruments were as follows:

- 1) Short-term financial instruments - the carrying value reported in the balance sheets approximates the fair value of these assets, including cash, receivable, pledged time deposits, short-term bank loans, short-term bills payable and payable because of the short maturities of these instruments.
- 2) Financial assets at fair value through profit or loss and available-for-sale financial assets based on quoted prices in an active market on the balance sheet date. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
- 3) Because there is no active market, the fair values of investments carried at cost are not disclosed.
- 4) Long-term loans include long-term bank loan and revolving commercial paper; the former's fair value is based on the discounted present value of expected cash flows and the latter's is based on the carrying values because of their short maturities.

c. The fair values of financial assets and liabilities were not simultaneously determined by quoted price in active markets and by estimations using valuation technique.

d. As of March 31, 2009 and 2008, the financial assets exposed to cash flow interest rate risk amounted to \$1,210,729 thousand and \$725,405 thousand, respectively. As of March 31, 2009 and 2008, the financial assets exposed to fair value interest rate risk amounted to \$12,448 thousand and \$146,890 thousand, respectively. As of March 31, 2009 and 2008, the financial liabilities exposed to fair value interest rate risk amounted to \$823,979 thousand and \$1,105,073 thousand, respectively.

e. Financial risks:

1) Market risk

The Group's foreign-currency assets and liabilities are exposed to exchange rate risks; fair values of long- and short-term borrowings with fixed interest rates are exposed to interest rate risks; and fair values of financial assets at fair value through profit or loss and available-for-sale are exposed to price risk.

2) Credit risk

Credit risk represents the potential impacts to financial assets that the Group might encounter if counter-parties or third parties breach the contracts. The credit risk amount listed above is an evaluation over the contracts with positive fair value at the balance sheet date. The Group's evaluation of credit risk exposure as of March 31, 2009 and 2008 was zero because all of counter-parties are reputable financial institutions with good credit ratings.

3) Liquidity risk

The Group has sufficient operating capital to meet cash demand and is free from the liquidity risk arising from contract defaults by counter-parties to financial instrument contracts.

4) Cash flow risk resulting from changes of interest rate

The Group's long and short-term debts with fixed interest rates are not exposed to cash flow risk resulting from changes of interest rate.

19. ADDITIONAL DISCLOSURES

Business relationship and significant intercompany transactions for the year ended March 31, 2009: Tables 1 and Table 2 (attached).

TABLE 1

CHROMA ATE INC. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

THREE MONTHS ENDED MARCH 31, 2009

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter-party	Transaction Details				Percentage to Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
0	The Corporation	Newworld Electronics Ltd.	1	Operating revenue	\$ 161,980	Note 2	10
		CHROMA U.S.A.	1	Operating revenue	5,583	Note 2	-
		CHROMA EUROPE	1	Operating revenue	16,875	Note 2	1
		Chroma Ate (Suzhou) Co., Ltd.	1	Operating revenue	5,519	Note 2	-
		Testar Electronic Corporation	1	Operating revenue	185	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	1	Operating revenue	700	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	1	Operating revenue	5,867	Note 2	-
		Chroma Electronics (Shanghai) Co., Ltd.	1	Operating revenue	1,416	Note 2	-
		CHROMA U.S.A.	1	Operating costs	18,517	Note 2	1
		Chroma New Material Corporation	1	Rental income	857	Based on regular terms	-
		Testar Electronic Corporation	1	Rental income	429	Based on regular terms	-
		Chroma New Material Corporation	1	Non-operating income	3,600	Based on regular terms	-
		Testar Electronic Corporation	1	Non-operating income	150	Based on regular terms	-
		Newworld Electronics Ltd.	1	Accounts receivable	156,261	Based on regular terms	2
		CHROMA U.S.A.	1	Accounts receivable	89,329	Note 3	-
		Chroma (Shanghai) Trading Co., Ltd.	1	Accounts receivable	5,948	Note 3	1
		CHROMA EUROPE	1	Accounts receivable	85,000	Based on regular terms	-
		Testar Electronic Corporation	1	Accounts receivable	20,123	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	1	Accounts receivable	12,560	Based on regular terms	-
		Chroma Ate (Suzhou) Co., Ltd.	1	Accounts receivable	12,347	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	1	Accounts receivable	5,862	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	1	Accounts receivable	5,833	Based on regular terms	-
		Newworld Electronics Ltd.	1	Other receivable	1,706	Based on regular terms	-
		Chroma New Material Corporation	1	Other receivable	3,291	Based on regular terms	-
		CHROMA U.S.A.	1	Accounts payable	18,878	Based on regular terms	-
		1	Newworld Electronics Ltd.	Chroma Electronics (Shenzhen) Co., Ltd.	2	Operating revenue	4,162
Chroma Electronics (Shenzhen) Co., Ltd.	2			Commissions expense	4,520	Based on regular terms	-
Chroma Electronics (Shanghai) Co., Ltd.	2			Commissions expense	438	Based on regular terms	-
Chroma Electronics (Shenzhen) Co., Ltd.	2			Accounts receivable	4,158	Based on regular terms	-
Chroma Electronics (Shanghai) Co., Ltd.	2			Accounts receivable	1,312	Based on regular terms	-
Chroma Ate (Suzhou) Co., Ltd.	2			Other payable	1,297	Based on regular terms	-
Chroma Electronics (Shenzhen) Co., Ltd.	2			Other payable	13,182	Based on regular terms	-
Chroma Electronics (Shanghai) Co., Ltd.	2			Other payable	189	Based on regular terms	-

(Continued)

Number	Company Name	Counter-party	Transaction Details				Percentage to Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
2	Chroma (Shanghai) Trading Co., Ltd.	Chroma Ate (Suzhou) Co., Ltd.	2	Operating revenue	\$ 414	Based on regular terms	-
3	Chroma Ate (Suzhou) Co., Ltd.	Chroma Electronics (Shenzhen) Co., Ltd.	2	Operating costs	1,324	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	2	Accounts payable	2,200	Based on regular terms	-
4	Chroma Electronics (Shenzhen) Co., Ltd.	Chroma Electronics (Shanghai) Co., Ltd.	2	Operating revenue	610	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	2	Accounts receivable	1,710	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	2	Other receivable	2,671	Based on regular terms	-
5	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Mou Kuan Technologies (Nanjin) Co., Ltd.	2	Operating revenue	670	Based on regular terms	-
		Mou Kuan Technologies (Nanjin) Co., Ltd.	2	Accounts payable	4,425	Based on regular terms	-
6	Wei Kuang Automatic Equipment (Xiamen) Co., Ltd.	Mou Kuan Technologies (Nanjin) Co., Ltd.	2	Operating costs	581	Based on regular terms	-
		Mou Kuan Technologies (Nanjin) Co., Ltd.	2	Accounts payable	1,186	Based on regular terms	-

Note 1: 1. Parent to subsidiary.
2. Between subsidiaries.

Note 2: The prices were determined after taking the selling and post-sale service expenses into consideration.

Note 3: The collection periods of about 12 months were longer than those for third parties.

(Concluded)

CHROMA ATE INC. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

THREE MONTHS ENDED MARCH 31, 2008

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counter-party	Transaction Details				Percentage to Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
0	The Corporation	Newworld Electronics Ltd.	1	Operating revenue	\$ 503,686	Note 2	14
		CHROMA U.S.A.	1	Operating revenue	174,117	Note 2	5
		CHROMA EUROPE	1	Operating revenue	29,033	Note 2	1
		Chroma Ate (Suzhou) Co., Ltd.	1	Operating revenue	5,405	Note 2	-
		Testar Electronic Corporation	1	Operating revenue	2,300	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	1	Operating revenue	15,289	Based on regular terms	-
		Chroma (Shanghai) Trading Co., Ltd.	1	Operating revenue	11,228	Note 2	-
		CHROMA U.S.A.	1	Operating costs	37,040	Note 2	1
		Chroma New Material Corporation	1	Non-operating income	6,571	Based on regular terms	-
		Newworld Electronics Ltd.	1	Accounts receivable	594,775	Based on regular terms	6
		CHROMA U.S.A.	1	Accounts receivable	277,559	Note 3	3
		Chroma (Shanghai) Trading Co., Ltd.	1	Accounts receivable	24,176	Note 3	-
		CHROMA EUROPE	1	Accounts receivable	51,156	Based on regular terms	1
		Testar Electronic Corporation	1	Accounts receivable	16,905	Based on regular terms	-
		Wei Kuang Automatic Equipment Co., Ltd.	1	Accounts receivable	41,317	Based on regular terms	-
		Chroma Ate (Suzhou) Co., Ltd.	1	Accounts receivable	25,005	Based on regular terms	-
		Chroma Electronics (Shanghai) Co., Ltd.	1	Accounts receivable	2,675	Based on regular terms	-
		Chroma (Shanghai) Trading Co., Ltd.	1	Other receivable - related parties	1,155	Note 3	-
		Newworld Electronics Ltd.	1	Other receivable	1,683	Based on regular terms	-
		Chroma (Shanghai) Trading Co., Ltd.	1	Other receivable	3,434	Based on regular terms	-
		Chroma New Material Corporation	1	Other receivable	5,297	Based on regular terms	-
		Sajet Technology Inc.	1	Accounts payable	2,448	Based on regular terms	-
		CHROMA U.S.A.	1	Accounts payable	28,367	Based on regular terms	-
Wei Kuang Automatic Equipment Co., Ltd.	1	Accounts payable	9,833	Based on regular terms	-		
1	Newworld Electronics Ltd.	Chroma Electronics (Shanghai) Co., Ltd.	2	Accounts receivable	1,875	Based on regular terms	-
		Chroma (Shanghai) Trading Co., Ltd.	2	Accounts receivable	7,379	Based on regular terms	-
		Chroma Ate (Suzhou) Co., Ltd.	2	Commissions expense	7,287	Based on regular terms	-
		Chroma Ate (Suzhou) Co., Ltd.	2	Other payable	2,987	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	2	Accounts receivable	40,359	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	2	Other receivable	1,119	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	2	Other payable	44,905	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	2	Commissions expense	18,898	Based on regular terms	-
		Chroma Electronics (Shenzhen) Co., Ltd.	2	Operating revenue	37,729	Based on regular terms	1

(Continued)

Number	Company Name	Counter-party	Transaction Details				Percentage to Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
2	CHROMA EUROPE	STAR LAB	2	Accounts receivable	\$ 76,000	Based on regular terms	1
3	Chroma (Shanghai) Trading Co., Ltd.	Chroma Electronics (Shanghai) Co., Ltd. Sajet Technology Inc. Sajet System Technology (Suzhou) Co., Ltd. Sajet System Technology (Suzhou) Co., Ltd. Neworld Electronics Ltd.	2 2 2 2 2	Accounts receivable Accounts payable Other payable Accounts payable Accounts payable	10,143 5,609 1,409 1,136 7,360	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
4	Sajet Technology Inc.	Chroma (Shanghai) Trading Co., Ltd. SAJET U.S.A.	2 2	Accounts receivable Accounts receivable	6,066 5,167	Based on regular terms Based on regular terms	- -
5	Chroma Ate (Suzhou) Co., Ltd.	Neworld Electronics Ltd. Neworld Electronics Ltd. Chroma Electronics (Shenzhen) Co., Ltd. Chroma Electronics (Shenzhen) Co., Ltd.	2 2 2 2	Operating revenue Other receivable Operating costs Accounts payable	7,287 2,987 24,234 23,858	Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - 1 -
6	Wei Kuang Automatic Equipment Co., Ltd.	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd. Wei Kuang Automatic Equipment (Nanjin) Co., Ltd. Wei Kuang Automatic Equipment (Nanjin) Co., Ltd. Wei Kuang Automatic Equipment (Nanjin) Co., Ltd. Mou Kuan Technologies (Nanjin) Co., Ltd. Mou Kuan Technologies (Nanjin) Co., Ltd. Mou Kuan Technologies (Nanjin) Co., Ltd. Mou Kuan Technologies (Nanjin) Co., Ltd.	2 2 2 2 2 2 2 2	Operating revenue Operating costs Accounts receivable Accounts payable Accounts receivable Operating revenue Operating costs Accounts payable	1,675 5,918 1,770 5,613 6,166 5,841 9,114 8,717	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - - - - -
7	Mou Kuan Technologies (Nanjin) Co., Ltd.	Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	2 2 2 2 2	Operating costs Operating revenue Accounts receivable Accounts payable Accounts receivable	5,841 9,295 8,717 6,532 21,730	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
8	Wei Kuang Automatic Equipment (Nanjin) Co., Ltd.	Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment Co., Ltd. Wei Kuang Automatic Equipment Co., Ltd. Mou Kuan Technologies (Nanjin) Co., Ltd.	2 2 2 2 2	Operating revenue Operating costs Accounts payable Accounts receivable Accounts payable	5,918 1,675 1,770 5,612 21,726	Based on regular terms Based on regular terms Based on regular terms Based on regular terms Based on regular terms	- - - - -
9	Chroma Electronics (Shenzhen) Co., Ltd.	Chroma Ate (Suzhou) Co., Ltd. Chroma Ate (Suzhou) Co., Ltd.	2 2	Operating revenue Accounts receivable	24,224 22,298	Based on regular terms Based on regular terms	- -
10	Sajet System Technology (Suzhou) Co., Ltd.	Chroma (Shanghai) Trading Co., Ltd. Chroma (Shanghai) Trading Co., Ltd.	2 2	Accounts receivable Other receivable	1,126 1,409	Based on regular terms Based on regular terms	- -

(Continued)

Number	Company Name	Counter-party	Transaction Details				Percentage to Consolidated Total Operating Revenues or Total Assets
			Nature of Relationship (Note)	Account	Amount	Transaction Terms	
11	STAR LAB	CHROMA U.S.A.	2	Accounts payable	\$ 7,600	Based on regular terms	-
12	Chroma Electronics (Shanghai) Co., Ltd.	Chroma (Shanghai) Trading Co., Ltd.	2	Accounts payable	10,142	Based on regular terms	-

Note 1: 1. Parent to subsidiary.
2. Between subsidiaries.

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Note 3: The collection periods of about 12 months were longer than those for third parties.

(Concluded)