Wah Lee Industrial Corporation

Financial Statements for the Six Months Ended June 30, 2009 and 2008 and Independent Auditors’ Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

We have audited the accompanying balance sheets of Wah Lee Industrial Corporation (the "Corporation") as of June 30, 2009 and 2008, and the related statements of income, changes in stockholders' equity, and cash flows for the six months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Wah Hong Industrial Corporation (WHIC) which were the basis for the reported investment under equity method. Such financial statements were audited by other auditors whose report has been furnished to us. Accordingly, our opinion insofar as it relates to the financial data of WHIC as included in the accompanying financial statements is solely based on the other auditors' report. The carrying value of the investment in WHIC as of June 30, 2009 and 2008 amounted to NT$456,034 thousand and NT$431,249 thousand, representing 3.84% and 3.45% of the Corporation's total assets, respectively and the investment income and investment loss recognized under equity method amounted to NT$10,497 thousand and NT$6,387 thousand, representing 2.85% and 0.87% of the Corporation's income before income tax for the six months ended June 30, 2009 and 2008, respectively.

Except as stated in the following paragraph, we conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China (ROC). Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

The carrying value of investments accounted for using equity method of NT$2,914,441 thousand and NT$2,540,554 thousand as of June 30, 2009 and 2008, and the investment income recognized under equity method of NT$66,102 thousand and NT$169,328 thousand for the six months ended June 30, 2009 and 2008 as stated in Note 9 to the financial statements and other related information were based on unaudited financial statements of the investee companies.

In addition, as stated in Note 9 to the financial statements, the investee companies Chang Wah Electromaterials Inc. (CWEI) and WHIC were audited by us and other auditors. However, the carrying value of investments accounted for by equity method of NT$1,335,481 thousand in CWEI and NT$1,802,075 thousand in WHIC as of June 30, 2009, and NT$949,323 thousand in CWEI and NT$1,466,045 thousand in WHIC as of June 30, 2008, and the investment loss and investment income recognized under equity method of NT$3,363 thousand in CWEI and NT$44,306 thousand in WHICH, respectively, for the six months ended June 30, 2009, and the investment income and investment loss recognized under equity method of NT$7,473 thousand in CWEI and NT$50,804 thousand in WHICH, respectively, for the six months ended June 30, 2008, were based on unaudited financial statements of the investee companies. Therefore, our report and the other auditors' report expressed qualified opinion on the financial statements of CWEI and WHIC, respectively.

In our opinion, based on our audits and the other auditors' report, except for the effect of such adjustments, if any, as might have been determined had we been engaged to audit the financial statements of those investees as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Corporation as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the six months then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the ROC.

As stated in Note 3 to the accompanying financial statements, starting January 1, 2009, the Corporation adopted the newly revised SFAS No. 10, "Accounting for Inventories". In addition, starting January 1, 2008, the Corporation adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors" issued by the Accounting Research and Development Foundation (ARDF) in March 2007.

July 31, 2009

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. Also, as stated in Note 2 to the financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

WAH LEE INDUSTRIAL CORPORATION

BALANCE SHEETS
JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)

	2009		2008	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 1,107,935	9	$ 744,616	6
Available-for-sale financial assets (Notes 2 and 5)	150,019	1	-	-
Notes receivable (Notes 2)	323,072	3	410,069	3
Notes receivable - related parties (Note 2 and 23)	53	-	184	-
Accounts receivable, net (Notes 2 and 6)	3,042,422	26	3,481,963	28
Accounts receivable - related parties, net (Notes 2, 6 and 23)	418,288	4	698,015	6
Other receivables	51,637	-	28,215	-
Inventories (Notes 2, 3 and 7)	1,261,322	11	1,900,294	15
Prepayments and others	160,678	1	196,347	2
Deferred income tax assets (Note 19)	43,040	-	37,954	-
Total current assets	6,558,466	55	7,497,657	60
LONG-TERM INVESTMENTS (Notes 2, 5, 8 and 9)				
Available-for-sale financial assets	86,747	1	88,419	1
Financial assets carried at cost	117,850	1	196,541	1
Investments accounted for by the equity method	4,093,533	34	3,739,324	30
Total long-term investments	4,298,130	36	4,024,284	32
PROPERTY, PLANT AND EQUIPMENT (Notes 2, 10 and 24)				
Land	315,645	3	326,514	3
Buildings	262,646	2	262,921	2
Machinery and equipment	365	-	365	-
Transportation equipment	67,581	1	62,581	1
Miscellaneous equipment	160,502	1	158,768	1
Leasehold improvements	52,769	-	51,025	-
Total cost	859,508	7	862,174	7
Land revaluation increment	39,290	1	39,290	-
Cost and revaluation increment	898,798	8	901,464	7
Less: Accumulated depreciation	225,363	2	183,351	1
	673,435	6	718,113	6
Prepayments for equipment	1,114	-	11,050	-
Net property, plant and equipment	674,549	6	729,163	6
INTANGIBLE ASSETS				
Deferred pension cost	12,878	-	14,711	-
OTHER ASSETS				
Rental assets (Notes 2, 11 and 24)	116,441	1	94,292	1
Refundable deposits (Note 25)	48,449	1	59,231	-
Deferred charges (Note 2)	157,391	1	98,176	1
Restricted assets - pledged time deposits (Note 24)	320	-	320	-
Total other assets	322,601	3	252,019	2
TOTAL	$ 11,866,624	100	$ 12,517,834	100

	2009		2008	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Note 12)	$ 973,391	8	$ 1,946,489	16
Short-term bills payable (Note 13)	-	-	100,000	1
Notes payable	357,775	3	510,339	4
Notes payable - related parties (Note 23)	161,759	1	176,828	1
Accounts payable	1,595,992	14	1,730,829	14
Accounts payable - related parties (Note 23)	139,330	1	238,182	2
Income tax payable	147,346	1	157,768	1
Accrued expenses (Note 14)	242,715	2	264,988	2
Dividend payable (Note 17)	353,862	3	759,992	6
Other payables	26,865	-	162,073	1
Current portion of long-term debt (Notes 15 and 24)	33,333	-	25,000	-
Others (Note 23)	51,524	1	80,077	1
Total current liabilities	4,083,892	34	6,152,565	49
LONG-TERM DEBT (Notes 15 and 24)	1,137,817	10	175,000	2
RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)	13,713	-	13,713	-
OTHER LIABILITIES				
Accrued pension liabilities	41,973	-	28,741	-
Deferred tax liabilities (Note 19)	207,716	2	228,007	2
Guarantee deposits received	2,201	-	2,229	-
Total other liabilities	251,890	2	258,977	2
Total liabilities	5,487,312	46	6,600,255	53
COMMON STOCK (authorized 300,000 thousand shares at $10 par value; issued 230,134 thousand shares and 219,636 thousand shares as of June 30, 2009 and 2008, respectively)	2,301,340	20	2,196,355	17
STOCK DIVIDENDS TO BE DISTRIBUTED (Note 17)	42,751	-	104,985	1
Total capital stock	2,344,091	20	2,301,340	18
CAPITAL SURPLUS (Note 17)				
Additional paid-in capital	1,158,726	10	1,158,726	9
Donations	11,867	-	11,867	-
Long-term investments	111,008	1	120,190	1
Others	16,934	-	-	-
Total capital surplus	1,298,535	11	1,290,783	10
RETAINED EARNINGS (Note 17)				
Legal reserve	932,960	8	860,113	7
Unappropriated earnings	1,640,898	14	1,576,596	13
Total retained earnings	2,573,858	22	2,436,709	20
OTHER EQUITY (Notes 2, 10, 17 and 18)				
Cumulative translation adjustments	281,951	2	55,184	1
Net loss not recognized as pension cost	(6,785)	-	(146)	-
Unrealized gain on financial instruments	80,984	1	27,031	-
Unrealized revaluation increment	9,338	-	9,338	-
Treasury stock - 3,019 thousand shares	(202,660)	(2)	(202,660)	(2)
Total other equity	162,828	1	(111,253)	(1)
Total stockholders' equity	6,379,312	54	5,917,579	47
TOTAL	$ 11,866,624	100	$ 12,517,834	100

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

(With Deloitte & Touche audit report dated July 31, 2009)

WAH LEE INDUSTRIAL CORPORATION

STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 2 and 23)				
Net sales	$ 5,246,027	96	$ 9,226,009	98
Commission revenue	142,089	3	207,426	2
Other operating revenue	55,595	1	6,665	-
Total operating revenues	5,443,711	100	9,440,100	100
OPERATING COSTS (Notes 3, 7 and 23)				
Cost of goods sold	4,763,323	87	8,322,711	88
Other operating costs	54,242	1	1,097	-
Total operating costs	4,817,565	88	8,323,808	88
GROSS PROFIT	626,146	12	1,116,292	12
ADD: REALIZED INTER-COMPANY GAIN	11,727	-	4,579	-
REALIZED GROSS PROFIT	637,873	12	1,120,871	12
OPERATING EXPENSES (Notes 20 and 23)				
Selling	343,110	7	497,641	5
General and administrative	113,079	2	144,854	2
Total operating expenses	456,189	9	642,495	7
OPERATING INCOME	181,684	3	478,376	5
NON-OPERATING INCOME AND GAINS				
Interest income	377	-	2,015	-
Investment income recognized under equity method (Note 9)	119,445	2	197,484	2
Exchange gains, net	957	-	61,336	1
Gain on reversal of bad debts (Note 6)	65,249	1	18,404	-
Others (Notes 11 and 23)	25,590	1	27,283	-
Total non-operating income and gains	211,618	4	306,522	3
NON-OPERATING EXPENSES AND LOSSES				
Interest expense	23,532	-	45,905	-
Impairment loss (Note 8)	-	-	6,309	-
Others	1,046	-	1,108	-
Total non-operating expenses and losses	24,578	-	53,322	-

(Continued)

WAH LEE INDUSTRIAL CORPORATION

STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 368,724	7	$ 731,576	8
INCOME TAX (Notes 2 and 19)	44,399	1	202,019	2
NET INCOME	$ 324,325	6	$ 529,557	6

	2009		2008	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 21)				
Basic	$ 1.62	$ 1.43	$ 3.22	$ 2.33
Diluted	1.61	1.41	3.19	2.31

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

(With Deloitte & Touche audit report dated July 31, 2009) (Concluded)

WAH LEE INDUSTRIAL CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

				Retained Earnings		Other Items					
	Common Stock	Stock Dividends to be Distributed	Capital Surplus	Legal Reserve	Unappropriated	Cumulative Translation Adjustments	Net Loss Not Recognized As Pension Cost	Unrealized Gain (Loss) on Financial Instruments	Unrealized Revaluation Increment	Treasury Stock	Total Stockholders' Equity
BALANCE, JANUARY 1, 2009	$2,301,340	$ -	$1,281,601	$860,113	$1,775,516	$265,154	$(6,785)	$ (8,887)	$9,338	$ (202,660)	$6,274,730
Appropriation of 2008 earnings (see Note below) (Note 17)											
Legal reserve	-	-	-	72,847	(72,847)	-	-	-	-	-	-
Bonus to employees - stock	-	8,684	16,934	-	-	-	-	-	-	-	25,618
Dividends to common stock											
Cash - 15%	-	-	-	-	(352,029)	-	-	-	-	-	(352,029)
Stock - 1.5%	-	34,067	-	-	(34,067)	-	-	-	-	-	-
Change in cumulative translation adjustments	-	-	-	-	-	16,797	-	-	-	-	16,797
Changes in unrealized gain on available-for-sale financial assets (Note 17)	-	-	-	-	-	-	-	89,871	-	-	89,871
Net income for the six months ended June 30, 2009	-	-	-	-	324,325	-	-	-	-	-	324,325
BALANCE, JUNE 30, 2009	$2,301,340	$ 42,751	$1,298,535	$932,960	$1,640,898	$281,951	$(6,785)	$ 80,984	$9,338	$ (202,660)	$6,379,312
BALANCE, JANUARY 1, 2008	$2,196,355	$ -	$1,300,048	$714,910	$2,183,820	$124,799	$ (146)	$ 41,211	$9,338	$ (202,660)	$6,367,675
Appropriation of 2007 earnings (Note 17)											
Legal reserve	-	-	-	145,203	(145,203)	-	-	-	-	-	-
Bonus to directors and supervisors	-	-	-	-	(23,232)	-	-	-	-	-	(23,232)
Bonus to employees											
Cash	-	-	-	-	(105,203)	-	-	-	-	-	(105,203)
Stock	-	40,000	-	-	(40,000)	-	-	-	-	-	-
Dividends to common stock											
Cash - 35%	-	-	-	-	(758,158)	-	-	-	-	-	(758,158)
Stock - 3%	-	64,985	-	-	(64,985)	-	-	-	-	-	-
Adjustment arising from changes in percentage of ownership in investees	-	-	(9,265)	-	-	-	-	-	-	-	(9,265)
Change in cumulative translation adjustments	-	-	-	-	-	(69,615)	-	-	-	-	(69,615)
Changes in unrealized loss on available-for-sale financial assets (Note 17)	-	-	-	-	-	-	-	(14,180)	-	-	(14,180)
Net income for the six months ended June 30, 2008	-	-	-	-	529,557	-	-	-	-	-	529,557
BALANCE, JUNE 30, 2008	$2,196,355	$104,985	$1,290,783	$860,113	$1,576,596	$ 55,184	$ (146)	$ 27,031	$9,338	$ (202,660)	$5,917,579

Note: Bonus to employees of NT$125,618 thousand and bonus to directors and supervisors of NT$11,251 thousand were reported as deduction in the statements of income.

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

(With Deloitte & Touche audit report dated July 31, 2009)

WAH LEE INDUSTRIAL CORPORATION

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 324,325	$ 529,557
Adjustments to reconcile net income to net cash provided by operating activities		
Gain on reversal of bad debts	(65,249)	(18,404)
Depreciation	22,092	21,031
Amortization	17,050	10,248
Gain from price recovery of inventories	(31,836)	(8,287)
Loss on inventories	2,400	8,798
Impairment loss	-	6,309
Realized gross profit	(11,727)	(4,579)
Deferred income tax expense (benefit)	(892)	44,402
Investment income recognized under equity method	(119,445)	(197,484)
Cash dividends received from equity method investees	74,614	40,000
Pension	2,468	5,739
Others	356	(10)
Changes in operating assets and liabilities:		
Notes receivable (including related parties)	42,280	68,700
Accounts receivable (including related parties)	(532,677)	123,879
Other receivables	(28,100)	1,849
Inventories	557,216	148,790
Prepayments and other current assets	(24,379)	(31,974)
Notes payable (including related parties)	(75,740)	12,820
Accounts payable (including related parties)	662,225	(605,329)
Income tax payable	43,559	(65,690)
Accrued expense	(1,082)	89,972
Other payables	(5,221)	(13,511)
Other current liabilities	(12,326)	(32,342)
Net cash provided by operating activities	839,911	134,484
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(150,000)	(33,223)
Acquisition of financial assets carried at cost	-	(71,604)
Acquisition of investments accounted for by equity method	-	(27,284)
Acquisition of property, plant and equipment	(1,637)	(32,563)
Decrease (increase) in refundable deposits	(6)	54
Increase in deferred charges	(2,384)	(32,964)
Decrease in other receivables	-	71,604
Others	-	10
Net cash used in investing activities	(154,027)	(125,970)

(Continued)

WAH LEE INDUSTRIAL CORPORATION

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	$(1,264,884)	$ 138,089
Increase (decrease) in short-term bills payable	(250,000)	50,000
Proceeds from long-term debt	995,800	-
Repayment of long-term debt	(16,667)	-
Increase (decrease) in guarantee deposits received	(28)	190
Net cash provided by (used in) financing activities	(535,779)	188,279
NET INCREASE IN CASH AND CASH EQUIVALENTS	150,105	196,793
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	957,830	547,823
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,107,935	$ 744,616
SUPPLEMENTAL INFORMATION		
Interest paid (excluding capitalized interest)	$ 25,433	$ 44,613
Income tax paid	1,732	223,307
NON-CASH FINANCING ACTIVITIES		
Bonus to stockholders	$ 352,029	$ 758,158
Bonus to employees	-	105,203
Bonus to directors and supervisors	-	23,232
Current portion of long-term debt	16,667	16,667
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant and equipment	$ 2,296	$ 32,435
Decrease (increase) in payable for equipment purchased	(659)	128
	$ 1,637	$ 32,563
Acquisition of available-for-sale financial assets	$ 150,000	$ 41,807
Increase in other payable (included in other current liabilities)	-	(8,584)
	$ 150,000	$ 33,223

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

(With Deloitte & Touche audit report dated July 31, 2009) (Concluded)

1. ORGANIZATION AND OPERATIONS

Wah Lee Industrial Corporation (the "Corporation") was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, computer related manufacturing materials and equipment.

The Corporation's stock has been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

As of June 30, 2009 and 2008, the Corporation's number of employees was about 490 and 530, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China ("ROC"). Under these guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, impairment on assets, income tax, pension cost and bonuses to employees, directors and supervisors, etc.. Actual results may differ from these estimates.

For readers' convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail. However, the Corporation's financial statements do not include the English translation of additional disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

Significant accounting policies are summarized as follows:

Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realized, sold or consumed within 12 months from the balance sheet date. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within 12 months from the balance sheet date. All other liabilities are classified as noncurrent.

Cash Equivalents

Cash equivalents are commercial papers with maturities of three months or less when acquired and with carrying amounts that approximate their fair values.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Corporation recognizes a financial asset on its balance sheet when the Corporation becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Corporation has lost control of its contractual rights over the financial assets.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

Fair values of financial assets at the balance sheet date are determined as follows: Publicly traded stocks - at closing prices; open-end mutual funds - at net asset values.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

Revenue Recognition, Trade Receivables and Allowance for Doubtful Accounts

Sales are recognized when products are delivered to and accepted by customers. Commission revenues are recognized when products are shipped to customers, according to the contracted percentage.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Corporation and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Corporation assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables. Allowances for sales discounts are estimated on the basis of past experience.

Factoring of Accounts Receivable

The following conditions must be met to recognize factoring of accounts receivable:

a. The transferred assets have been isolated from the transferor - put presumptively beyond the reach of the transferor and its creditors.

b. Each transferee has the right to pledge or exchange the assets it received, and no condition both constrains the transferee from taking advantage of its right to pledge or exchange and provides more than a trivial benefit to the transferor.

c. The Corporation does not maintain effective control over the transferred assets through either (1) an agreement that makes the transferor have both the rights and obligations to repurchase or redeem them before their maturity or (2) the ability to unilaterally cause the holder to return specific assets.

The difference between the proceeds and the carrying value of accounts receivable is recognized as a loss and recorded as nonoperating expenses.

Inventories

Before January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total inventory basis. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item by item basis. Net realizable value is the estimated selling price of inventories less all expenses necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted price in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is similar to that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Investments Accounted for by the Equity Method

Investments in which the Corporation holds 20% or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

Prior to January 1, 2006, the difference between the acquisition cost and the Corporation's proportionate share in the investee's equity was amortized by the straight-line method over five years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by Equity Method", the acquisition cost is analyzed, and the acquisition cost in excess of the Corporation's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Such goodwill is not amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired. The excess of the Corporation's share of the fair value of the net identifiable assets acquired over the cost of acquisition is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, deferred income tax assets, or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee; however, if the Corporation has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee.

When the Corporation subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Corporation records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

Property, Plant and Equipment

Land is stated at cost or cost plus revaluation increment, and other property are stated at cost less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment are capitalized as part of the cost of those assets. Major additions and improvements to property, plant and equipment are capitalized, while costs of repairs and maintenance are expensed currently.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: buildings, 5 to 50 years; machinery and equipment, 10 years; transportation equipment, 5 years; miscellaneous equipment, 3 to 7 years; leasehold improvements, 5 years. Property, plant and equipment still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost (including revaluation increment), accumulated depreciation, and any unrealized revaluation increment of an item of property, plant and equipment are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the period of disposal.

Rental Property

Property are stated at cost or cost less accumulated depreciation. Depreciation of buildings are calculated by the straight-line method over the estimated useful lives of 50 years.

Operating lease rentals are reported as nonoperating income.

Deferred Charges

Deferred charges, including the costs of telephone installation and computer software, are amortized over 2 to 8 years.

Impairment of Assets

If the recoverable amount of an asset (mainly property, plant and equipment, rental properties, and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a deduction to the unrealized revaluation increment.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is first recognized as gains to the extent that an impairment loss on the same revalued asset was previously charged to earnings. Any excess amount is treated as an increase in the unrealized revaluation increment.

For long term equity investments for which the Corporation has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing.

Pension Cost

Pension cost under a defined benefit plan is determined by actuarial valuations. The difference between the actuarial pension cost and the amount appropriated to a special fund is recognized as accrued pension liability. Unamortized net transition assets and actuarial gains or loss are amortized over 15 years and the average remaining service life of existing employees, respectively. Curtailment or settlement gains or losses are recognized as part of the net pension cost for the period.

At the balance sheet date, accumulated benefit obligation in excess of the fair value of pension funds is recognized as minimum pension liabilities. If accrued pension cost is lower than the minimum amount, the balance should be supplemented. When the amount to be supplemented is less than the unamortized net transition assets, the supplementary amount is recorded as deferred pension cost that is classified as intangible assets. When the supplemented amount exceeded the balance of unamortized net transition assets, the excess should be charged to unrecognized net loss on pension costs and presented as reduction of stockholders' equity.

Contributions made under a defined contribution plan are recognized as pension cost during the period in which employees render services.

Treasury Stock

When the Corporation repurchases its outstanding common stock, the cost of the acquired stock is recorded as treasury stock and deducted from shareholders' equity.

Income Tax

The Corporation applies inter-year allocations for its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for personnel training expenditures are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current period tax provision.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Foreign Currencies

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Corporation. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Reclassifications

Certain accounts in the financial statements as of and for the six months ended June 30, 2008 have been reclassified to conform to the presentation of the financial statements as of and for the six months ended June 30, 2009.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Accounting for Inventories

On January 1, 2009, the Corporation 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; (2) write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period. The adoption resulted in a decrease of $2,406 thousand in net income and a decrease of $0.01 in after income tax basic earnings per share for the six months ended June 30, 2009. For comparison purposes, the Corporation also reclassified nonoperating gains of $8,287 thousand and nonoperating losses of $8,798 thousand to cost of goods sold for the six months ended June 30, 2008.

Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the ARDF issued Interpretation 2007-052 that requires the Corporation to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of $89,694 thousand in net income and a decrease in after income tax basic earnings per share of $0.39 for the six months ended June 30, 2008.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2009	**2008**
Cash on hand	$ 877	$ 1,456
Checking accounts	1,860	2,257
Demand deposits	897,163	496,203
Foreign-currency accounts	158,051	94,948
Cash equivalents - commercial papers maturing within three months	49,984	149,752
	$ 1,107,935	$ 744,616

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2009	2008
Stock listed on the Taiwan Stock Exchange	$ 15,630	$ 15,630
Mutual funds	150,000	-
Overseas quoted stocks	49,598	41,807
	215,228	57,437
Evaluated adjustments	21,538	30,982
	236,766	88,419
Less: current portion	150,019	-
Noncurrent portion	$ 86,747	$ 88,419

6. ACCOUNTS RECEIVABLE, NET

	June 30	
	2009	2008
Accounts receivable - unrelated parties	$ 3,133,747	$ 3,554,886
Less: Allowance for doubtful accounts	72,509	59,336
Allowance for sales discounts	18,816	13,587
	$ 3,042,422	$ 3,481,963
Accounts receivable - related parties	$ 418,894	$ 702,172
Less: Allowance for doubtful accounts	606	4,157
	$ 418,288	$ 698,015

Movements of allowances for doubtful accounts were as follows:

	Six Months Ended June 30			
	2009		2008	
	Accounts Receivable	Overdue Receivable	Accounts Receivable	Overdue Receivable
Balance, beginning of period	$ 138,583	$ -	$ 82,502	$ 4,592
Less: Reversal of provision for doubtful accounts	(65,249)	-	(18,404)	-
Less: Amounts written off	(219)	-	(605)	-
Balance, end of period	$ 73,115	$ -	$ 63,493	$ 4,592

Factored accounts receivable were as follows:

Counter-parties	Subject	Receivable Sold at Period-end	Derecognized at Period-end	Advances Received at Period-end	Interest Rates on Advances Received (%)	Credit Line (Hundred Million)
Six months ended June 30, 2009						
Bank SinoPac	Largan Precision	$ 81,315	$ 81,315	$ -	-	$ 1.5
Taishin Bank Ltd. (Taishin)	Sintek	8,827	8,827	-	-	0.4
Taipei Fubon Bank Ltd.	Promos	373,066	373,066	-	-	4.0
Chinatrust Commercial Bank	Unimicron	179,549	179,549	-	-	2.5
Six months ended June 30, 2008						
Ta Chong Bank Ltd. (TCB)	Chunghwa Picture Tubes	576,848	576,848	518,524	2.94-3.01	6.0
Taishin Bank Ltd. (Taishin)	Sintek	17,428	17,428	-	-	0.4
Taipei Fubon Bank Ltd.	Promos	410,965	410,965	-	-	8.0

The above credit lines may be used on a revolving basis.

The Corporation factored accounts receivable (without recourse) of $642,757 thousand and $1,005,241 thousand as of June 30, 2009 and 2008, respectively, and offered TCB and Taishin the equivalent promissory note (Note 25). Under the contracts, the banks paid the Corporation for the factored accounts receivable less related expenses. The Corporation does not bear the risk of uncollectible accounts.

7. INVENTORIES

	June 30	
	2009	2008
Merchandise	$ 1,243,449	$ 1,864,930
Merchandise in transit	17,873	35,364
	$ 1,261,322	$ 1,900,294

As of June 30, 2009 and 2008, the allowance for inventory devaluation was $111,656 thousand and $37,568 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2009 and 2008 was $4,763,323 thousand and $8,322,711 thousand, respectively.

The composition of cost of goods sold is as follows:

	Six Months Ended June 30	
	2009	2008
Cost of goods sold	$ 4,792,759	$ 8,322,200
Gain from price recovery of inventories	(31,836)	(8,287)
Loss on physical inventories	917	84
Loss on disposal of inventories	1,483	8,714
	$ 4,763,323	$ 8,322,711

8. FINANCIAL ASSETS CARRIED AT COST

	June 30			
	2009		2008	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Wah Yuen Technology Holding Limited (Wah Yuen)	$ 71,604	1.80	$ 71,604	3.63
Tetrahedron Technology Corp.	14,778	17.04	14,778	17.04
Asahi Kasei Wahlee Hi-Tech Corp.	11,468	19.38	11,468	19.38
Onano Industrial Corp.	10,000	14.24	25,000	14.24
High Power Opto. Inc.	10,000	0.60	10,000	0.60
Forcera Materials Co., Ltd. (originally named SIC Electronics Corp.)	-	8.21	63,691	18.52
Others	-	-	-	-
	$ 117,850		$ 196,541	

The above equity investments, which had no quoted price in an active market and of which fair values could not be reliably measured, were carried at cost.

In August 2003, the Corporation invested in Hong Ya Technology Corp., which is mainly engaged in the manufacture and sale of magnesium thixomolding injection. In December 2007, the Corporation participated in the exchange of the whole stocks between Hong Ya Technology Corp. and Wah Yuen. The loss on disposal of investment amounted to $3,032 thousand. The Corporation acquired the stocks of Wah Yuen in January 2008.

Because of objective evidence which indicated that the financial asset – equity investment in Onano Industrial Corp. was impaired, the Corporation recognized the loss on permanent decline in value of financial assets carried at cost of $15,000 thousand in December 2008.

Because of objective evidence which indicated that the financial asset - equity investment in Forcera Materials Co., Ltd., originally named SIC Electronics Corp. before March 2009, was impaired, the Corporation recognized the loss on permanent decline in value of financial assets carried at cost of $6,309 thousand and $63,691 thousand in June and December 2008, respectively.

The item “others” in the aforementioned table included Univision Technology Holdings, Telelynx Inc., Kotura, Inc., Dicon Corp and Univision Technology Inc., which had been fully written down for permanent losses in previous years.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30			
	2009		2008	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Based on audited financial statements				
Chang Wah Electromaterials Inc.	$ 723,058	28.33	$ 767,521	28.77
Wah Hong Industrial Corp.	456,034	16.99	431,249	16.67
	1,179,092		1,198,770	

(Continued)

	June 30			
	2009		2008	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Based on unaudited financial statements				
Wah Lee Holding Ltd.	$ 1,281,513	100.00	$ 1,064,930	100.00
Raycong Industrial (H.K.) Ltd.	931,826	100.00	835,555	100.00
Nagase Wahlee Plastics Corp.	507,862	40.00	453,198	40.00
Orc Technology Corp.	165,815	35.00	165,482	35.00
Wahlee Japan Corp.	27,425	100.00	21,389	100.00
	2,914,441		2,540,554	
	$ 4,093,533		$ 3,739,324	

(Concluded)

Fair values of listed equity-method investments calculated at their closing price as of June 30, 2009 and 2008 were as follows:

	June 30	
	2009	2008
Chang Wah Electromaterials Inc.	$ 859,289	$ 1,283,737
Wah Hong Industrial Corp.	429,801	319,141

Movements of the aforementioned difference allocated to goodwill for the six months ended June 30, 2009 and 2008 were as follows:

	Six Months Ended June 30	
	2009	2008
Balance, beginning of period	$ 47,630	$ 36,274
Amount acquired from the investee	-	10,629
Translation adjustments	10	(1,875)
Balance, end of period	$ 47,640	$ 45,028

Investment income (loss) under equity method based on the audited and unaudited financial statements of investee companies for the six months ended June 30, 2009 and 2008 were as follows:

	Six Months Ended June 30	
	2009	**2008**
Based on audited financial statements		
Chang Wah Electromaterials Inc.	$ 42,846	$ 34,543
Wah Hong Industrial Corp.	10,497	(6,387)
	53,343	28,156
Based on unaudited financial statements		
Nagase Wahlee Plastics Corp.	18,867	8,088
Raycong Industrial (H.K.) Ltd.	1,168	66,619
Wahlee Japan Corp.	(1,196)	(852)
Orc Technology Corp.	6,714	17,439
Wah Lee Holding Ltd.	40,549	78,034
	66,102	169,328
	$ 119,445	$ 197,484

Chang Wah Electromaterials Inc. (CWEI) and Wah Hong Industrial Corp. (WHIC) were audited, respectively. However, the carrying value of investments accounted for by equity method of $1,335,481 thousand in CWEI and $1,802,075 thousand in WHIC as of June 30, 2009, and $949,323 thousand in CWEI and $1,466,045 thousand in WHIC as of June 30, 2008, and the investment loss and investment income recognized under equity method of $3,363 thousand in CWEI and $44,306 thousand in WHIC, respectively, for the six months ended June 30, 2009, the investment income and investment loss recognized under equity method of NT$7,473 thousand in CWEI and $50,804 thousand in WHIC, respectively, for the six months ended June 30, 2008, were based on unaudited financial statements of the investee companies.

Brief discussions on long-term investments are summarized as follows:

a. In May 1989, the Corporation invested in Chang Wah Electromaterials Inc., which is mainly engaged in IC assembly and the agency of selling equipment. In February 2008, the Corporation increased the investment by $12,138 thousand, and the cumulative investment amounted to $211,974 thousand as of June 30, 2009.

b. In June 1990, the Corporation invested in Wah Hong Industrial Corp. (Wah Hong) which is engaged in the manufacture of LCD, BMC materials and finished goods. The cumulative investment amounted to $273,322 thousand as of June 30, 2009. The Corporation’s shareholding of Wah Hong was less than 20%, however, the representative of the Corporation was elected as board chairman; accordingly the Corporation has significant influence on the operations of Wah Hong and accounts for the investment by equity method.

c. In December 2003, the Corporation invested in Wah Lee Holding Ltd., and increased the investment of $15,146 thousand (US$500 thousand) in April 2008, and the cumulative investments amounted to $430,666 thousand (US$13,070 thousand) with 100% shareholdings as of June 30, 2009. Wah Lee Holding Ltd. is mainly engaged in international investment business.

d. According to the amended SFAS No. 7 and the regulations issued by the government authority, the Corporation prepared its consolidated financial statements including Wah Lee Holding Ltd., Raycong Industrial (H.K.) Ltd., and Wah Lee Japan Corp.

10. PROPERTY, PLANT AND EQUIPMENT

a. In September 1997, the Corporation revalued its land as follows:

Appreciation increment	$ 39,290
Less: Reserve for land value increment tax	13,713
Net increment accounted for as unrealized revaluation increment	25,577
Less: Unrealized revaluation increment transferred to capital	16,239
Addition to unrealized revaluation increment (included in other equity items)	$ 9,338

b. Accumulated depreciation

	June 30	
	2009	**2008**
Buildings	$ 58,390	$ 52,302
Machinery and equipment	310	265
Transportation equipment	45,884	39,236
Miscellaneous equipment	91,658	72,353
Leasehold improvements	29,121	19,195
	$ 225,363	$ 183,351

11. RENTAL PROPERTIES

	June 30	
	2009	**2008**
Land	$ 86,598	$ 75,729
Buildings	34,591	21,316
	121,189	97,045
Less: Accumulated depreciation	4,748	2,753
	$ 116,441	$ 94,292

The Corporation has rented out part of land and buildings under the lease agreement until March 2010. The rent was decided by market demand and supply.

For the six months ended June 30, 2009 and 2008, the rental income amounted to $6,021 thousand and $5,584 thousand, respectively, and was recognized as nonoperating income.

12. SHORT-TERM BANK LOANS

	June 30	
	2009	2008
Foreign currency loans for procurement of materials, interest rate at 1.004% -1.82% and 3.22%-3.9408% as of June 30, 2009 and 2008, respectively.	$ 128,903	$ 39,753
Loans for procurement of materials, interest rate at 1.5% and 2.982%-2.983% as of June 30, 2009 and 2008, respectively.	17,799	29,146
Foreign currency loans, interest rate at 0.9831%-2.1% and 2.56%-3.771% as of June 30, 2009 and 2008, respectively.	826,689	1,577,590
Credit loan, interest rate at 2.49%-2.63%	-	300,000
	$ 973,391	$ 1,946,489

13. SHORT-TERM BILLS PAYABLE

Commercial bills payable to China Bills Finance Corporation bore interest at 2.15%-2.50% as of June 30, 2008.

14. ACCRUED EXPENSES

	June 30	
	2009	2008
Salary and bonus	$ 51,131	$ 80,921
Bonus to employees, directors and supervisors	155,190	105,570
Commission	7,818	24,668
Others	28,576	53,829
	$ 242,715	$ 264,988

15. LONG-TERM DEBT

	June 30	
	2009	2008
Syndicated bank loans (led by Bank SinoPac)	$ 1,000,000	$ -
Less: Syndicated loan fee	3,850	-
	996,150	-
Hua Nan Bank		
Mortgage loan from September 2007 to September 2014, interest rate at 1.27%-1.32% and 2.81%-2.86% as of June 30, 2009 and 2008, respectively, interest paid only in the first year, from the second year repayable in 84 monthly installments	175,000	200,000
Less: Current portion	33,333	25,000
	141,667	175,000
	$ 1,137,817	$ 175,000

The Corporation signed a syndicated loan agreement with seven banks led by Bank SinoPac in April 2009. The contents of the syndicated loan agreement were as follows:

a. The loan is a 3-year mid-term revolving credit line up to $1.4 billion that commences from the initial drawdown date. From the beginning of third year, the maximum credit line should be reduced in 3 consecutive installments by $0.5 billion each for the first two installments and by $0.4 billion or the remaining balance, if higher, for the third installment. Under the borrowing limit, the Corporation could exercise revolving credit facility and choose borrowing terms of 90 days or 180 days. Each drawdown shall be repaid at the end of each interest period, but shall be available for redrawing on a revolving basis not less than 5 business days from original loan's maturity date subject to no occurrence of event of default. As of June 30, 2009, the interest rate was 1.723% per annum.

b. Pursuant to the above loan agreement, the Corporation should maintain certain financial ratios as follows:

   1) Current ratio should not be less than 100%.

   2) Debt ratio should not be more than 175%.

   3) Interest coverage ratio should not be less than 800%.

   4) Tangible net worth, the balance after deducting intangible assets from stockholders' equity, should not be less than $5.75 billion.

   Pursuant to the above loan agreement, the Corporation should maintain aforementioned financial ratios. Such financial ratios should be calculated based on annual audited consolidated financial statement and semi-annual reviewed consolidated financial statements. If the Corporation is not in compliance with aforementioned financial ratios or other terms of the loan agreements, the syndicated banks have the right to suspend or cancel all or portion of credit line, declare the entire unpaid principal amount of the advances, all accrued and unpaid interest, fee and all other sums payable to be due immediately, and/or declare the commitment amount to be cancelled and reduced to zero.

c. As of June 30, 2009, the Corporation had met the conditions of the loan agreement based on the semi-annual reviewed consolidated financial statements as of and for the six months ended June 30, 2009.

16. PENSION

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were $6,873 thousand and $7,051 thousand for the six months ended June 30, 2009 and 2008, respectively.

Based on the defined benefit plan under the Labor Standards Law (the "LSL"), pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is deposited with the Bank of Taiwan in the committee's name. The Corporation recognized pension costs of $11,033 thousand and $15,527 thousand for the six months ended June 30, 2009 and 2008, respectively.

17. STOCKHOLDERS' EQUITY

a. Capital stock

In June 2009, the Corporation's board of directors approved the capitalization of retained earnings for $59,685 thousand and issued 4,275 thousand shares which was recognized as stock dividends to be distributed as of June 30, 2009. Capitalization of retained earnings was approved by the Financial Supervisory Commission, Executive Yuan, ROC., but was not yet registered with the government. The Corporation's board of directors approved the date for capital increase to be August 5, 2009.

b. Capital surplus

Under the Company Law, capital surplus from the premium on issued stock (including premium on convertible bonds converted) may be transferred to capital once a year and up to a certain limit if the Corporation has no deficit. Surplus from donation of assets may only be used to offset a deficit and surplus from long-term investments may not be used for any purpose.

c. Other equity items

Unrealized revaluation increment may not be used for any purpose.

d. Appropriation of retained earnings and dividend policy

The Corporation's Articles of Incorporation provides that the annual net income, less deficit if any, shall be appropriated as follows:

1) 10% as legal reserve, until its balance equals to the Corporation's paid-in capital.

2) The remainder will be appropriated by resolution in the Corporation's shareholders meeting of the appropriation, not more than 3% shall be bonus to directors and supervisors, and not less than 1% shall be bonus to employees.

The Corporation shall undertake aggressive business plan to keep the Corporation operate as a going concern and in stable prosperity in view of the economic environment and the trend of industry growth. Dividend policy is mainly based on a residual dividend concept, i.e. the Corporation shall measure its annual cash requirement in accordance with its capital budget and regular operational cash requirement to determine the amounts of dividends either in cash and/or in stock, but cash dividend shall not be less than 50% of the total amount of dividends.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain stockholders' equity accounts (including unrealized revaluation increment, unrealized gain or loss on financial instruments, net loss not recognized as pension cost and cumulative translation adjustments, excluding treasury stock) shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under the Company Law, legal reserve shall be appropriated until it has reached the Corporation's paid-in capital. This reserve may be used to offset a deficit. When the reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be appropriated to dividends if the Corporation has no earning, or transferred to paid-in capital if the Corporation has no deficit.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

For the six months ended June 30, 2009 and 2008, the bonus to employees and bonus to directors and supervisors were planned at 12% and 1.55%, but the Corporation reconsidered stockholders' and employees' welfare, and determined to adjust the estimated ratio of bonus to employees, thus the rates after adjustment were 17.3% and 1.55%, respectively, of net income (net of the bonus to employees and bonus to directors and supervisors). Material differences between estimated amounts and the amounts proposed by the board of directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' 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 stockholders' meeting.

The appropriations of earnings for 2008 and 2007 had been approved in the stockholders' meetings in June 2009 and June 2008, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Year 2008	**For Year 2007**	**For Year 2008**	**For Year 2007**
Legal reserve	$ 72,847	$ 145,203	$ -	$ -
Dividends on common stock				
Cash dividends	352,029	758,158	1.55	3.50
Stock dividends	34,067	64,985	0.15	0.30
Bonus to employees				
Cash	-	105,203	-	-
Stock	-	40,000	-	-
Bonus to directors and supervisors	-	23,232	-	-
	$ 458,943	$ 1,136,781	$ 1.70	$ 3.80

The bonus to employees of $125,618 thousand and bonus to directors and supervisors of $11,251 thousand for 2008 were approved in the stockholders' meeting on June 3, 2009. The bonus to employees included a cash bonus of $100,000 thousand and a share bonus of $25,618 thousand. The number of shares of 868 thousand was determined by dividing the amount of share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

As of June 30, 2009 and 2008, the unpaid cash dividends included in dividend payable amounted to $352,029 thousand and $758,158 thousand, respectively.

As of June 30, 2009 and 2008, the dividend payable included unpaid dividends of the past year of $1,833 thousand and $1,834 thousand, respectively.

Information about appropriations of earnings, including the bonus to employees, directors and supervisors is available at the Market Observation Post System website of Taiwan Stock Exchange.

e. Unrealized gain on financial instruments

For the six months ended June 30, 2009 and 2008, movements of unrealized gain on financial instruments were as follows:

	Available-for-sale Financial Assets	Equity-method Investment	Total
Six months ended June 30, 2009			
Balance, beginning of period	$ (7,918)	$ (969)	$ (8,887)
Recognized in stockholders' equity	29,456	60,415	89,871
Balance, end of period	$ 21,538	$ 59,446	$ 80,984
Six months ended June 30, 2008			
Balance, beginning of period	$ 40,597	$ 614	$ 41,211
Recognized in stockholders' equity	(9,615)	(4,565)	(14,180)
Balance, end of period	$ 30,982	$ (3,951)	$ 27,031

18. TREASURY STOCK

For transfer to employees, the Corporation acquired its outstanding common stocks that amounted to 3,019 thousand shares (repurchasing cost $202,660 thousand) during 2007. As of June 30, 2009, the repurchased common stocks have not been transferred to employees yet.

According to the Company Law, the outstanding stocks the Corporation purchased can not be over five percent of issued stocks. The total amount can not be over the sum of retained earnings and realized capital surplus. The treasury stock purchased for transferring to employees should be transferred within three years. Otherwise, the stocks will be nullified.

Under the Securities and Exchange Act, the Corporation shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

19. INCOME TAX

a. A reconciliation of income tax expense based on income before income tax at the 25% statutory rate and income tax expense was as follows:

	Six Months Ended June 30	
	2009	2008
Income tax expense at the 25% statutory rate	$ 92,171	$ 182,884
Permanent differences:		
Domestic investment income under equity method	(19,731)	(13,421)
Realized investments loss	(16,694)	-
Others	(1,082)	2,002
	(37,507)	(11,419)
Temporary differences:		
Reversal under limit of bad debt	(17,595)	(4,334)
Gain from price recovery of inventories	(7,959)	(2,072)
Foreign investment income under equity method	(10,130)	(35,950)
Accrued bonuses paid	(4,336)	(5,678)

(Continued)

	Six Months Ended June 30	
	2009	2008
Others	$ 113	$ 3,632
	(39,907)	(44,402)
Income tax under the Income Tax Law	14,757	127,063
Investment tax credits	(294)	(777)
Additional 10% income tax on unappropriated earnings	26,953	31,525
Adjustments for prior years' tax	3,875	(194)
Current income tax expense	45,291	157,617
Deferred income tax expense (benefit)		
Temporary differences	39,907	44,402
Effect of tax law changes on deferred income tax	(40,799)	-
	(892)	44,402
	$ 44,399	$ 202,019

(Concluded)

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Corporation recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax adjustment.

b. Deferred income tax assets (liabilities) were as follows:

	June 30	
	2009	2008
Deferred income tax assets - current		
Unrealized allowance for loss on inventories	$ 22,331	$ 9,392
Allowance for doubtful accounts exceeded	6,871	5,311
Accrued bonuses	5,276	13,042
Intercompany unrealized gains	4,675	8,367
Others	3,919	3,592
	43,072	39,704
Deferred income tax liabilities - current		
Unrealized exchange gains	(32)	(1,750)
Net deferred income tax assets - current	43,040	37,954
Deferred income tax assets - noncurrent		
Permanent decline in value of foreign long-term investments	32,434	40,542
Others	813	292
	33,247	40,834
Deferred income tax liabilities - noncurrent		
Investment income recognized on overseas equity method investment	(240,963)	(267,486)
Others	-	(1,355)
	(240,963)	(268,841)
Net deferred income tax liabilities - noncurrent	(207,716)	(228,007)
Total deferred income tax liabilities - net	$ (164,676)	$ (190,053)

c. The tax returns through 2005 have been assessed by the tax authorities.

d. Information about integrated income tax was as follows:

	June 30	
	2009	2008
Unappropriated earnings generated before January 1, 1998	$ 3,808	$ 3,808
Unappropriated earnings generated on and after January 1, 1998	1,637,090	1,572,788
	$ 1,640,898	$ 1,576,596

As of June 30, 2009 and 2008, the balance of the imputation credits which can be allocated to the shareholders amounted to $489,800 thousand and $570,199 thousand.

The creditable ratio for distribution of earnings of 2009 and 2008 was 29.92% (estimate) and 27.75%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Operating Expenses Six Months Ended June 30	
	2009	2008
Personnel		
Salary	$ 234,547	$ 345,176
Health insurance	13,730	13,982
Pension cost	17,906	22,578
Others	8,211	16,489
	$ 274,394	$ 398,225
Depreciation	$ 21,752	$ 20,822
Amortization	17,050	10,248

The difference between the amount of depreciation above and the depreciation in the statement of cash flows is the depreciation of the rental assets recognized as non-operating expenses and losses.

21. EARNINGS PER SHARE ("EPS")

The numerator and denominator used in calculating basic and diluted EPS were as follows:

a. Numerator - current net income

	Six Months Ended June 30			
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic EPS (NT$)				
Income for the year attributable to common shareholders	$ 368,724	$ 324,325	$ 731,576	$ 529,557

b. Denominator - shares in thousand

	Six Months Ended June 30	
	2009	2008
Weighted average issued common stock	230,134	219,636
Add: Retroactive adjustments for capitalization of retained earnings (including bonus to employees)	-	10,498
Add: Bonus of stock dividend to employees, 2008	145	-
Less: Acquisition of treasury stock	3,019	3,019
The shares of basic EPS	227,260	227,115
Add: Dilutive potential common stock - bonus to employees	2,284	2,143
	229,544	229,258

The ARDF 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 Corporation may settle the bonus to employees by 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 should 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 weighted average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of employee stock bonuses distributed out of earnings for the six months ended June 30, 2008 and stock dividends. This adjustment caused the basic and diluted after income tax EPS for the six months ended June 30, 2008 to decrease from $2.44 to $2.33 and from $2.42 to $2.31, respectively.

c. As described in Note 17, capitalization of 2008 earnings into 3,407 thousand shares was proposed by the stockholders' meeting. The EPS, retroactively adjusted for the effect of such capitalization of earnings, is summarized as follows:

	Six Month Ended June 30			
	2009		2008	
	Before Tax	After Tax	Before Tax	After Tax
Basic EPS	$ 1.60	$ 1.41	$ 3.17	$ 2.30
Diluted EPS	1.58	1.39	3.14	2.28

22. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments:

	June 30			
	2009		2008	
Nonderivative Financial Instruments	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets				
Available-for-sale financial assets	$ 236,766	$ 236,766	$ 88,419	$ 88,419
Financial assets carried at cost	117,850	-	196,541	-
Refundable deposits	48,449	48,449	59,231	59,231
Financial liabilities				
Long-term debt (including current portion)	1,171,150	1,171,150	200,000	200,000
Guarantee deposits	2,201	2,201	2,229	2,229

b. Methods and assumptions used to estimate the fair values of financial instruments were as follows:

1) Cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, restricted assets (pledged time deposits), short-term loan, short-term bills payable, notes payable and accounts payable (including related parties), accrued expenses, dividend payable and other accounts payable are excluded from those financial instruments mentioned above. The carry amounts of those financial instruments approximate their fair value because of their short maturities.

2) The fair value of available-for-sale financial assets is based on their quoted price in an active market.

3) Financial assets carried at cost are investments in unquoted shares, which have no quoted price in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.

4) The fair value of refundable (guarantee) deposits is determined at the carrying value.

5) Fair value of long-term debt is estimated using the present value of future cash flows discounted by the interest rates the Corporation may obtain for similar loans (e.g. similar maturities). The long-term debt has floating interest rate and its carrying amount approximate its fair value.

c. As of June 30, 2009 and 2008, financial assets exposed to cash flow interest rate risk amounted to $1,055,534 thousand and $591,471 thousand, respectively, financial liabilities exposed to cash flow interest rate risk amounted to $1,583,649 thousand and $1,273,849 thousand, respectively.

d. As of June 30, 2009 and 2008, the interest income and expense associated with financial assets (liabilities) other than those at fair value through profit or loss were as follows:

	Six Months Ended June 30	
	2009	**2008**
Total interest income	$ 377	$ 2,015
Total interest expense	23,532	45,905

e. Information about financial risks

1) Market risk

The Corporation invested in domestic and overseas listed stocks and mutual funds. There are no significant risk on foreign exchange rate fluctuations and changes in prevailing interest rate. A change of 1% in market price will bring the risk of price variation of financial instrument of $2,368 thousand.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Corporation if the counter-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Corporation's exposure to default by those parties to be material. The maximum credit risk (the fair value of guarantees is excluded) as follows:

	June 30			
	2009		2008	
	Book Value	**Maximum Credit Risk**	**Book Value**	**Maximum Credit Risk**
Off-balance-sheet commitments and guarantees	$ -	$ 1,893,377	$ -	$ 1,585,865

3) Liquidity risk

The Corporation's operation funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

The Corporation's investments in domestic and overseas listed stocks are traded in active market and can be disposed of quickly at close to their fair values. The Corporation's investments in equity instruments have no active market, therefore, the liquidity risk is expected to be high.

4) Cash flow of interest change risk

The Corporation's current deposit, partial short-term loan and long-term loans are floating rate bank accounts or debt. Changes in market interest rate accompany changes in effective rate of them and affect the future cash flow. When the market interest rates increase by one percentage point, the Corporation's cash outflow will increase by $5,320 thousand.

23. RELATED PARTY TRANSACTIONS

a. Related parties and their relationship with the Corporation

Related Parties	Relationship with the Corporation
Chang Wah Electromaterials Inc. (Chang Wah)	Equity-method investee
Nagase Wahlee Plastics Corp. (Nagase Wahlee)	Equity-method investee
Wah Hong Industrial Corp. (Wah Hong)	Equity-method investee
Orc Technology Corp. (Orc)	Equity-method investee
Shanghai Hua Chang Trading Co., Ltd. (Shanghai Hua Chang)	Equity-method investee
NWP International Trading (Shenzhen) (NWP International)	Equity-method investee
Raycong Industrial (H.K.) Ltd. (Raycong)	Subsidiary
Wah Fu International Trading (Shenzhen) Corp. (Wah Fu)	Subsidiary
Nilee Optronics, Ltd. (Nilee)	Subsidiary
Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Subsidiary
Wah Lee Japan Corp. (Wah Lee Japan)	Subsidiary
Wah Lee Holding Ltd. (Wah Lee Holding)	Subsidiary
SHC Holding Ltd. (SHC)	Subsidiary
Wah Lee Machinery Trading Ltd. (Wah Lee Machinery)	Subsidiary
Wah Lee Tech (Singapore) Pte., Ltd. (Wah Lee Tech)	Subsidiary
Global SYK Holding Ltd. (SYK)	Subsidiary
Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	Subsidiary
Daily Polymer Corp. (Daily)	Chairman's relative
Raycon Industrial Inc. (Raycon)	Chairman's relative
NcKu Venture Capital Co., Ltd.	The same chairman
Asahi Kasei Wahlee Hi-Tech Corp. (Asahi Kasei Wahlee)	As director
Forcera Materials Co., Ltd. (Forcera Materials, which was changed from SIC Electronics Corp. in April 2009)	As director
Bau-Guang Investment Ltd. (Bau-Guang)	As director

b. Significant transactions with related-parties:

1) For the six months ended June 30, 2009 and 2008, purchases from related parties were $414,087 thousand (10%) and $799,196 thousand (10%), respectively, and individual transaction amount was less than 10% of the amount of purchases of the Corporation.

   Purchases from related parties were made under arm's length terms and did not have similar transactions in the market for comparison. Terms of payment to related parties were similar to those with third parties.

2) For the six months ended June 30, 2009 and 2008, sales to related parties were $644,521 thousand (12%) and $875,370 thousand (9%), respectively, and individual transaction amount was less than 10% of the amount of net sales of the Corporation.

   The selling prices and collection terms for products sold to related parties were similar to those for products sold to third parties.

3) Commission income and expense

	Commission Income			Commission Expense		
	Amount		%	Amount		%
Six months ended June 30, 2009						
Shanghai Yikang	$	2,631	2	$	8,210	47
Raycon		4,528	3		-	-
Raycong		1,041	1		235	1
Wah Lee Machinery		7,126	5		-	-
Wah Hong		548	-		-	-
Others		78	-		-	-
	$	15,952	11	$	8,445	48
Six months ended June 30, 2008						
Shanghai Yikang	$	6,691	3	$	14,644	53
Raycon		14,345	7		-	-
Raycong		4,749	2		19	-
Wah Lee Machinery		7,413	4		-	-
Wah Fu		684	-		1,677	6
Others		325	-		49	-
	$	34,207	16	$	16,389	59

4) The management services agreements were signed by the Corporation and related parities. According to the agreements, the Corporation will provide certain management services to related parties. Consulting and service fee earned for the six months ended June 30, 2009 and 2008 was recognized as non-operating income as follows:

	Six Months Ended June 30			
	2009		2008	
Raycong	$	1,474	$	3,992
Wah Hong		841		771
	$	2,315	$	4,763

c. Receivables from and payable to related parties:

	June 30					
	2009			2008		
	Amount		%	Amount		%
Notes receivable - related parties						
Nagase Wahlee	$	53	-	$	184	-
Accounts receivable - related parties						
Shanghai Yikang	$	231,814	7	$	449,525	11
Raycong		125,459	4		142,033	3
Wah Hong		27,078	1		44,693	1
Chang Wah		16,331	-		13,282	-

(Continued)

	June 30			
	2009		2008	
	Amount	%	Amount	%
Raycon	$ 6,977	-	$ 18,978	-
Wah Fu	-	-	25,368	1
Others	11,235	-	8,293	-
	418,894	12	702,172	16
Less: Allowance for doubtful accounts	606	-	4,157	-
	$ 418,288	12	$ 698,015	16
Notes payable - related parties				
Asahi Kasei Wahlee	$ 156,989	30	$ 174,653	26
Nagase Wahlee	4,770	1	2,175	-
	$ 161,759	31	$ 176,828	26
Accounts payable - related parties				
Wah Hong	$ 31,977	2	$ 74,043	3
Asahi Kasei Wahlee	53,650	3	61,129	3
Daily	43,373	3	57,550	3
Forcera Materials	4,474	-	23,214	1
Wah Lee Japan	-	-	11,913	1
Others	5,856	-	10,333	1
	$ 139,330	8	$ 238,182	12
Receipts under custody (included in other current liabilities)				
Raycong	$ 19,627	76	$ 37,177	85

(Concluded)

d. The Corporation offered guarantees to the investee companies as follows:

	June 30	
	2009	2008
Nagase Wahlee	$ 320,000	$ 360,000
Asahi Kasei Wahlee	9,690	9,690
Raycong	354,348 (US$ 10,800 thousand)	327,672 (US$ 10,800 thousand)
Wah Lee Japan	10,299 (JPY 30,000 thousand)	8,643 (JPY 30,000 thousand)
Shanghai Yikang	415,593 (US$ 12,667 thousand)	303,400 (US$ 10,000 thousand)
Shanghai Hua Chang	328,100 (US$ 10,000 thousand)	303,400 (US$ 10,000 thousand)

(Contiued)

	June 30	
	2009	2008
Wah Fu / Dong Guan Hua Gang (Co-guarantees)	$ 164,050 (US$ 5,000 thousand)	$ 91,020 (US$ 3,000 thousand)
Nilee	65,620 (US$ 2,000 thousand)	60,680 (US$ 2,000 thousand)
NWP International	28,817 (RMB 6,000 thousand)	-
Wah Lee Machinery	131,240 (US$ 4,000 thousand)	60,680 (US$ 2,000 thousand)
Wah Lee Tech	65,620 (US$ 2,000 thousand)	45,510 (US$ 1,500 thousand)
	$ 1,893,377	$ 1,570,695

(Concluded)

The guarantee for US$3,000 thousand was used by Wah Fu and Dong Guan Hua Gang before July 2008 and only by Dong Guan Hua Gang after August 2008.

24. PLEDGED OR MORTGAGED ASSETS

The following assets have been provided as collaterals for bank loans and commitments for vendors:

	June 30	
	2009	2008
Land	$ 258,827	$ 269,696
Buildings	191,766	197,818
Rental assets		
Land	17,504	6,635
Buildings	29,843	18,563
Restricted assets		
Pledged time deposits	320	320
	$ 498,260	$ 493,032

25. COMMITMENTS AND CONTINGENCIES AT JUNE 30, 2009

a. Operating lease:

Lessor	Lease asset	Lease term & installment	Rental payment for the Six Months Ended June 30, 2009
Yeh Lang Industries Corporation (Hong Siang until April 1, 2008)	Warehouse	From December 1, 2005 to March 31, 2015, $1,322 thousand per month (tax included)	$7,553

As of June 30, 2009, future lease payments are as follows and the Corporation has paid guarantee deposits $3,500 thousand.

	Amount
2009	$ 7,930
2010	15,860
2011	15,860
2012	15,860
2013 and thereafter	35,686
	$ 91,196

b. As of June 30, 2009, the Corporation has outstanding letters of credit aggregating US$4,011 thousand, and NT$178,506 thousand.

c. The Corporation offered guarantees for investee companies as stated in Note 23.

d. As stated in Note 6, accounts receivable factored to Taishin Bank amounted to $8,827 thousand. The Corporation has offered the banks the equivalent promissory note.