

Sunplus Technology Company Limited

**Financial Statements for the
Six Months Ended June 30, 2011 and 2010 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited as of June 30, 2011 and 2010, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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. 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 provide a reasonable basis for our opinion.

As disclosed in Note 8 to the financial statements, the carrying values of the majority of the equity-method investments as of June 30, 2011 and 2010 were NT\$4,603,319 thousand and NT\$7,232,062 thousand, respectively. As of June 30, 2011 and 2010, there were credit balances of NT\$735,112 thousand and NT\$765,541 thousand, respectively, on the carrying value of these investments. For the six months ended June 30, 2011 and 2010, the net related investment incomes and losses recognized by the equity-method were net investment losses of NT\$248,264 thousand and net investment incomes of NT\$82,963 thousand, respectively. These investment amounts and other investee information disclosed in Notes 8 and 27 to the financial statements were based on the investees' unaudited financial statements for the same reporting periods as those of the Company.

In our opinion, except for any adjustments that might have been required had the equity-method investees' financial statements mentioned in the preceding paragraph been audited, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of June 30, 2011 and 2010 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 Republic of China.

We have also reviewed the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of for the six months ended June 30, 2011 and 2010 on which we issued qualified review reports dated July 20, 2011 and July 21, 2010, respectively.

July 20, 2011

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.

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS

JUNE 30, 2011 AND 2010

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

ASSETS	2011		2010	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 4)	\$ 2,131,119	15	\$ 1,755,334	11
Available-for-sale financial assets-current (Notes 2 and 5)	601,779	4	1,296,967	8
Accounts receivable, net (Notes 2, 3, 6 and 22)	755,930	5	1,195,963	8
Other receivables	98,370	1	122,885	1
Other receivables - related parties (Note 22)	545,731	4	430,983	3
Inventories (Notes 2 and 7)	977,796	7	861,175	5
Deferred income tax assets (Notes 2 and 19)	79,986	1	30,911	-
Other current assets (Note 22)	<u>43,655</u>	<u>-</u>	<u>42,991</u>	<u>-</u>
Total current assets	<u>5,234,366</u>	<u>37</u>	<u>5,737,209</u>	<u>36</u>
LONG-TERM INVESTMENTS				
Equity-method investments (Notes 2 and 8)	6,106,926	43	8,289,534	52
Available-for-sale financial assets (Notes 2 and 5)	1,418,325	10	234,157	1
Financial assets carried at cost (Notes 2 and 9)	<u>18,889</u>	<u>-</u>	<u>35,556</u>	<u>-</u>
Total long-term investments	<u>7,544,140</u>	<u>53</u>	<u>8,559,247</u>	<u>53</u>
PROPERTIES (Notes 2, 10 and 23)				
Cost				
Buildings	795,683	6	795,683	5
Auxiliary equipment	193,140	1	186,542	1
Machinery and equipment	383,608	3	425,271	3
Testing equipment	349,012	2	346,936	2
Transportation equipment	1,209	-	1,209	-
Furniture and fixtures	76,895	-	94,514	1
Leasehold improvements	<u>89</u>	<u>-</u>	<u>89</u>	<u>-</u>
Total cost	1,799,636	12	1,850,244	12
Less: Accumulated depreciation	<u>1,031,925</u>	<u>7</u>	<u>1,041,061</u>	<u>7</u>
Net properties	<u>767,711</u>	<u>5</u>	<u>809,183</u>	<u>5</u>
INTANGIBLE ASSETS, NET (Notes 2 and 11)	<u>222,623</u>	<u>2</u>	<u>246,833</u>	<u>2</u>
OTHER ASSETS				
Rental assets, net (Notes 2, 22 and 23)	148,721	1	152,247	1
Deferred charges and others (Notes 2 and 12)	96,418	1	143,232	1
Deferred income tax assets (Notes 2 and 19)	168,351	1	389,453	2
Restricted assets (Notes 4, 23 and 24)	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other assets	<u>419,490</u>	<u>3</u>	<u>684,932</u>	<u>4</u>
TOTAL	<u>\$ 14,188,330</u>	<u>100</u>	<u>\$ 16,037,404</u>	<u>100</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Note 13)	\$ 100,538	1	\$ -	-
Notes payable and Accounts payable (Note 22)	322,677	2	664,741	4
Income tax payable (Notes 2 and 19)	276,729	2	303,729	2
Accrued expenses (Note 22)	260,207	2	298,376	2
Cash dividends payable (Note 16)	477,528	3	-	-
Long-term bank loans - current portion (Notes 14 and 23)	478,000	4	625,000	4
Deferred royalty income (Notes 2 and 22)	11,772	-	11,772	-
Other current liabilities (Notes 2 and 8)	<u>744,996</u>	<u>5</u>	<u>771,151</u>	<u>5</u>
Total current liabilities	<u>2,672,447</u>	<u>19</u>	<u>2,674,769</u>	<u>17</u>
LONG-TERM BANK LOANS, NET OF CURRENT PORTION (Notes 14 and 23)	<u>-</u>	<u>-</u>	<u>403,000</u>	<u>3</u>
OTHER LIABILITIES				
Deferred income (Notes 2 and 22)	14,174	-	25,946	-
Accrued pension liability (Notes 2 and 15)	53,183	-	55,796	-
Guarantee deposits	<u>130,991</u>	<u>1</u>	<u>151,664</u>	<u>1</u>
Total other liabilities	<u>198,348</u>	<u>1</u>	<u>233,406</u>	<u>1</u>
Total liabilities	<u>2,870,795</u>	<u>20</u>	<u>3,311,175</u>	<u>21</u>
SHAREHOLDERS' EQUITY (Notes 2, 16 and 17)				
Capital stock - NT\$10.00 par value				
Authorized - 1,200,000 thousand shares				
Issued and outstanding - 596,910 thousand shares	5,969,099	42	5,969,099	37
Capital surplus				
Additional paid-in capital - share issuance in excess of par	709,215	5	709,215	4
Treasury stock transactions	68,357	-	68,357	1
Merger and others	1,065,822	8	1,112,387	7
Retained earnings				
Legal reserve	2,450,003	17	2,372,631	15
Special reserve	191,229	2	-	-
Unappropriated earnings	1,867,250	13	2,493,748	15
Other				
Cumulative translation adjustments	(25,077)	-	118,841	1
Unrealized loss on financial assets	(823,127)	(6)	(54,648)	-
Treasury stock (at cost) - 8,475 thousand shares in 2011 and 3,560 thousand shares in 2010	<u>(155,236)</u>	<u>(1)</u>	<u>(63,401)</u>	<u>(1)</u>
Total shareholders' equity	<u>11,317,535</u>	<u>80</u>	<u>12,726,229</u>	<u>79</u>
TOTAL	<u>\$ 14,188,330</u>	<u>100</u>	<u>\$ 16,037,404</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated July 20, 2011)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
GROSS SALES	\$ 2,111,396		\$ 3,491,143	
SALES RETURNS AND ALLOWANCES	<u>42,822</u>		<u>65,318</u>	
NET SALES (Notes 2 and 22)	2,068,574	100	3,425,825	100
COST OF SALES (Notes 2, 7 and 18)	1,423,781	69	2,145,228	63
REALIZED INTERCOMPANY GAIN, NET (Note 2)	<u>4,800</u>	-	<u>4,983</u>	-
GROSS PROFIT	<u>649,593</u>	<u>31</u>	<u>1,285,580</u>	<u>37</u>
OPERATING EXPENSES (Notes 18 and 22)				
Marketing	65,181	3	116,169	3
General and administrative	100,000	5	139,933	4
Research and development	<u>601,534</u>	<u>29</u>	<u>711,689</u>	<u>21</u>
Total operating expenses	<u>766,715</u>	<u>37</u>	<u>967,791</u>	<u>28</u>
OPERATING INCOME (LOSS)	<u>(117,122)</u>	<u>(6)</u>	<u>317,789</u>	<u>9</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	177,063	9	225,280	7
Administrative and support service revenue (Note 22)	18,068	1	25,241	1
Interest income (Note 22)	8,665	-	3,333	-
Rental revenue (Note 22)	8,519	-	8,502	-
Investment income recognized by the equity-method, net (Notes 2 and 8)	-	-	191,874	6
Foreign exchange gain, net (Note 2)	-	-	15,300	-
Gain on disposal of fixed assets (Note 2)	-	-	1,462	-
Others (Notes 2 and 22)	<u>19,861</u>	<u>1</u>	<u>31,813</u>	<u>1</u>
Total nonoperating income and gains	<u>232,176</u>	<u>11</u>	<u>502,805</u>	<u>15</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 8)	159,746	8	-	-
Interest expense	5,762	-	11,368	1
Foreign exchange loss, net (Note 2)	4,576	-	-	-
Loss on disposal of fixed assets (Note 2)	222	-	1,275	-
Others	<u>1,762</u>	-	<u>1,762</u>	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2011		2010	
	Amount	%	Amount	%
Total nonoperating expenses and losses	<u>172,068</u>	<u>8</u>	<u>14,405</u>	<u>1</u>
INCOME (LOSS) BEFORE INCOME TAX	(57,014)	(3)	806,189	23
INCOME TAX EXPENSE (Notes 2 and 19)	<u>36,836</u>	<u>2</u>	<u>245,959</u>	<u>7</u>
NET INCOME (LOSS)	<u>\$ (93,850)</u>	<u>(5)</u>	<u>\$ 560,230</u>	<u>16</u>

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (NEW TAIWAN DOLLARS; Note 20)				
Basic	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>	<u>\$ 1.36</u>	<u>\$ 0.94</u>
Diluted	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>	<u>\$ 1.35</u>	<u>\$ 0.94</u>

The pro forma net income (loss) and earnings per share (EPS) on the assumption that the stock of a parent company held by its subsidiary is treated as an available-for-sale financial asset and not as treasury stock are as follows (Note 17):

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME (LOSS)	<u>(\$ 57,014)</u>	<u>(\$ 93,850)</u>	<u>\$806,189</u>	<u>\$560,230</u>
BASIC EPS				
Based on weighted-average shares				
Outstanding – 596,458 thousand shares in 2011 and 596,910 thousand shares in 2010	<u>(\$ 0.10)</u>	<u>(\$ 0.16)</u>	<u>\$ 1.35</u>	<u>\$ 0.94</u>
DILUTED EPS				
Based on weighted-average shares				
Outstanding – 596,458 thousand shares in 2011 and 600,007 thousand shares in 2010	<u>(\$ 0.10)</u>	<u>(\$ 0.16)</u>	<u>\$ 1.34</u>	<u>\$ 0.93</u>

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

(With Deloitte & Touche audit report dated July 20, 2011)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2011 AND 2010
(In Thousands of New Taiwan Dollars)

	Capital Surplus (Notes 2 and 16)															Others (Notes 2, 16 and 17)			Total Shareholders' Equity
	Capita Stock Issued and Outstanding (Note 16)		Additional Paid-in Capital-Share Issuance in Excess of Par	Treasury Stock	Long-term Investments	Merger	Total	Retained Earnings (Notes 2 and 16)				Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Assets	Treasury Stock					
	Shares (Thousands)	Amount						Legal Reserve	Special Reserve	Unappropriated Earnings	Total								
BALANCE, JANUARY 1, 2011	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 1,034,600	\$ 157,423	\$ 1,969,595	\$ 2,372,631	\$ -	\$ 2,707,229	\$ 5,079,860	\$ (18,662)	\$ (172,567)	\$ (63,401)	\$ 12,763,924				
Retirement of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,835)	(91,835)				
Appropriation of prior year's earnings:																			
Legal reserve	-	-	-	-	-	-	-	77,372	-	(77,372)	-	-	-	-	-				
Special reserve	-	-	-	-	-	-	-	-	191,229	(191,229)	-	-	-	-	-				
Cash dividends - NT\$0.8 per share	-	-	-	-	-	-	-	-	-	(477,528)	(477,528)	-	-	-	(477,528)				
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(120,303)	-	(120,303)	-	-	-	-	-	-	-	(120,303)				
Adjustment of capital surplus - others	-	-	-	-	(5,898)	-	(5,898)	-	-	-	-	-	-	-	(5,898)				
Net loss for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	-	(93,850)	(93,850)	-	-	-	(93,850)				
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(6,415)	-	-	(6,415)				
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(117,374)	-	(117,374)				
Valuation loss on available for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(533,186)	-	(533,186)				
BALANCE, JUNE 30, 2011	<u>596,910</u>	<u>\$ 5,969,099</u>	<u>\$ 709,215</u>	<u>\$ 68,357</u>	<u>\$ 908,399</u>	<u>\$ 157,423</u>	<u>\$ 1,843,394</u>	<u>\$ 2,450,003</u>	<u>\$ 191,229</u>	<u>\$ 1,867,250</u>	<u>\$ 4,508,482</u>	<u>\$ (25,077)</u>	<u>\$ (823,127)</u>	<u>\$ (155,236)</u>	<u>\$ 11,317,535</u>				
BALANCE, JANUARY 1, 2010	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 936,306	\$ 157,423	\$ 1,871,301	\$ 2,334,480	\$ 428,914	\$ 1,542,755	\$ 4,306,149	\$ 110,973	\$ 116,449	\$ (63,401)	\$ 12,310,570				
Appropriation of prior year's earnings:																			
Legal reserve	-	-	-	-	-	-	-	38,151	-	(38,151)	-	-	-	-	-				
Special reserve	-	-	-	-	-	-	-	-	(428,914)	428,914	-	-	-	-	-				
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	4,915	-	4,915	-	-	-	-	-	-	-	4,915				
Adjustment of capital surplus - others	-	-	-	-	13,743	-	13,743	-	-	-	-	-	-	-	13,743				
Net income for the six months ended June 30, 2010	-	-	-	-	-	-	-	-	-	560,230	560,230	-	-	-	560,230				
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	7,868	-	-	7,868				
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(125,101)	-	(125,101)				
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(45,996)	-	(45,996)				
BALANCE, JUNE 30, 2010	<u>596,910</u>	<u>\$ 5,969,099</u>	<u>\$ 709,215</u>	<u>\$ 68,357</u>	<u>\$ 954,964</u>	<u>\$ 157,423</u>	<u>\$ 1,889,959</u>	<u>\$ 2,372,631</u>	<u>\$ -</u>	<u>\$ 2,493,748</u>	<u>\$ 4,866,379</u>	<u>\$ 118,841</u>	<u>\$ (54,648)</u>	<u>\$ (63,401)</u>	<u>\$ 12,726,229</u>				

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

(With Deloitte & Touche audit report dated July 20, 2011)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (93,850)	\$ 560,230
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	155,651	207,896
Gain on disposal of investments, net	(177,063)	(225,280)
Cash dividends received from equity method investees	167,342	75,544
Investment (income) loss recognized by the equity-method, net	159,746	(191,874)
Realized intercompany gain, net	(4,800)	(4,983)
Realized royalty income	(1,086)	(1,087)
Loss (gain) on disposal of properties and intangible assets	222	(1,147)
Deferred income tax	22,815	186,727
Accrued pension liability	(1,236)	(1,405)
Net changes in operating assets and liabilities		
Accounts receivable	124,681	307,818
Other receivables	28,933	40,901
Other receivables - related parties	(2,803)	7,434
Inventories	377,563	(84,330)
Other current assets	(3,877)	(5,445)
Notes payable and accounts payable	(218,669)	(203,007)
Income tax payable	14,021	59,232
Notes payable and accrued expenses	(95,845)	30,319
Other current liabilities	<u>(297)</u>	<u>(2,849)</u>
Net cash provided by operating activities	<u>451,448</u>	<u>754,694</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of:		
Available-for-sale financial assets	585,866	775,211
Return of capital by investee	2,222	-
Equity-method investments	252,740	328,940
Properties and intangible assets	1	7,617
Acquisition of:		
Available-for-sale financial assets	(429,641)	(55,000)
Equity-method investments	(228,652)	(547,570)
Properties	(22,673)	(21,265)
Increase in intangible assets	(63,701)	(17,437)
Increase in deferred charges and others	(53,114)	(53,425)
Other receivables - related parties	(140,000)	(235,000)
Increase in restricted assets	<u>(6,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(102,952)</u>	<u>182,071</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(74,242)	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
Increase (decrease) in guarantee deposits	(6,629)	744
Repayments of long-term bank loans	(142,500)	(762,000)
Cash paid for acquisition of treasury stock	<u>(91,835)</u>	<u>-</u>
Net cash used in financing activities	<u>(315,206)</u>	<u>(761,256)</u>
NET INCREASE IN CASH	33,290	175,509
CASH, BEGINNING OF PERIOD	<u>2,097,829</u>	<u>1,579,825</u>
CASH, END OF PERIOD	<u>\$ 2,131,119</u>	<u>\$ 1,755,334</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 6,811</u>	<u>\$ 13,664</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of credit balance on carrying value of long-term investments into other current liabilities	<u>\$ 92,001</u>	<u>\$ 110,293</u>
Current portion of long-term bank loans	<u>\$ 478,000</u>	<u>\$ 625,000</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$ (19,699)	\$ (17,291)
Decrease in payables to contractors and equipment suppliers	<u>(2,974)</u>	<u>(3,974)</u>
Cash paid	<u>\$ (22,673)</u>	<u>\$ (21,265)</u>

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

(With Deloitte & Touche audit report dated July 20, 2011)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2011 AND 2010

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Sunplus Technology Company Limited (the “Company”) was established in August 1990 and moved into the Hsinchu Science-Based Industrial Park in October 1993. It researches, develops, designs, tests, and sells high-quality, high value-added consumer integrated circuits (ICs). Its products are based on core technology in such areas as multimedia audio/video, single-chip microcontroller and digital signal processor. These technologies are used to develop hundreds of products including various ICs: Liquid crystal display, microcontroller, multimedia and application-specific.

The Company’s shares have been listed on the Taiwan Stock Exchange since January 2000. Some of the Company’s shares have been issued in the form of Global Depository Receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 16).

As of June 30, 2011 and 2010, the Company had 591 and 604 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China (ROC). Significant accounting policies are summarized as follows:

Foreign-currency Transactions

Nonderivative 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) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders’ equity if the changes in fair value are recognized in shareholders’ equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities 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 Company. Such adjustments are accumulated and reported as a separate component of shareholders’ equity.

Accounting Estimates

Under above guidelines, law and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for sales returns and discounts, allowance for inventory devaluation, property depreciation, amortization of intangible assets and deferred charges, impairment loss on assets, income tax, pension expenses and the bonuses to employees, directors and supervisors. Actual results could differ from these estimates.

Current/Noncurrent Assets and Liabilities

Current assets are cash (unrestricted) and other assets primarily held for trading purposes or to be realized, consumed or sold within one year from the balance sheet date. All other assets such as properties and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and domestic listed stocks. Investments classified as 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 recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

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. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized as gain or loss.

The fair values of open-end mutual funds are based on their net asset value at the balance sheet date; listed stock is the closing price as of the balance sheet date.

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.

Impairment of Accounts Receivable

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

As discussed in Note 3 to the financial statements, on January 1, 2011, the Company adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Company should be covered by SFAS No. 34. Accounts receivable are assessed for

impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter into bankruptcy or undergo financial reorganization.

Accounts receivable that are assessed not to be impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Company's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Allowance for Sales Returns and Others

An allowance is provided for any sales returns and discounts, which are estimated on the basis of historical experience and any known factors that would affect the allowance. Such provisions are deducted from sales in the year the products are sold, and related costs are deducted from cost of sales.

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise. Effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

Investments in equity instrument with no quoted prices in an active market and with fair values that cannot be reliably measured, such as domestic unlisted stocks, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same as that for dividends on available-for-sale financial assets.

An impairment loss is recognized when there is objective evidence that an asset is impaired. A reversal of this impairment loss is disallowed.

Equity-method Investments

Investments in which the Company holds 20% or more of the investees voting shares or exercises significant influence over the operating and financial policy decisions are accounted for by the equity method. Pursuant to the revised Statement of Financial Accounting Standards, the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually.

When the Company's share in losses of an investee over which the Company has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Company has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Company to the extent of the excess losses previously borne by the Company. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is charged to earnings.

On the balance sheet date, the Company evaluates investments for any impairment. An impairment loss is recognized and charged to current income if the investment carrying amount as of the balance sheet date exceeds the expected recoverable amount. For those investees over which the Company has significant influence, the assessment of impairment is based on carrying value. For those investees over which the Company holds a controlling interest, the assessment of impairment is based on an estimation of the value in use of the cash-generating units of the consolidated investees.

Cash dividends are recognized on the ex-dividend date, which are treated as a reduction of investment cost. Stock dividends are not recognized as an increase in investment but are recorded as an increase in the number of shares.

If an investee issues additional shares and the Company subscribes for these shares at a percentage different from its current equity, the resulting increase is credited to capital surplus. If a decrease results, the decrease is debited to capital surplus. But if capital surplus is not enough for debiting purposes, the decrease is debited to unappropriated retained earnings.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee; however, if the Company 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 Company's percentage of weighted-average ownership in the investee. For those investees over which the Company holds a controlling interest, gains or losses on sales between equity method investees are deferred in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred in proportion of the Company's percentage of multiplication of weighted-average ownership in the investees. All of these deferred gains and losses are realized upon resale of products to third parties.

Properties and Rental Assets

Properties and rental assets are stated at cost less accumulated depreciation. Major additions and improvements are capitalized, while maintenance and repairs are expensed currently.

On the balance sheet date, the Company evaluates properties and rental assets for any impairment. If impairment is identified, the Company will determine the recoverable amount of the assets. The carrying amount in excess of the expected recoverable amount is recognized as impairment loss and charged to current income. If the recoverable amount increases, the subsequent reversal of impairment loss will be recognized as gain. However, the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: buildings – 7 to 55 years; auxiliary equipment – 3 to 10 years; machinery and equipment – 4 to 5 years; testing equipment – 2 to 4 years; transportation equipment – 4 to 6 years; furniture and fixtures – 2 to 11 years; leasehold improvements – 3 years; and rental assets – 7 to 55 years. Properties and rental assets still in use beyond their initially estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost and accumulated depreciation of properties and rental assets are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the assets is included in nonoperating gains or losses in the period of disposal.

Intangible Assets

Intangible assets consist of technology license fees and patents, which are initially recorded at cost and are amortized on a straight-line basis over 1 year to 15 years and 5 to 18 years, respectively.

Expenditures arising from research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior years.

Deferred Charges

Deferred charges are mainly costs of software and system design, which are booked at the installation or acquisition cost. The amounts are amortized over 1 year to 5 years, using the straight-line method.

Please refer to the preceding accounting policy on intangible assets for the accounting for impairment of deferred charges.

Pension Costs

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

Income Tax

The Company applies the inter-period tax allocation method. Under this method, deferred income taxes are recognized for the tax effects of deductible temporary differences, loss carryforwards and unused tax credits. 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 income tax asset or liability is classified as current or noncurrent in accordance with the classification of related asset or liability for financial reporting. 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.

If the Company can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

Tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures are recognized in the current period.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's 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 share holders approve to retain the earnings.

The Company and Sunplus mMobile Inc. (SmmI) use consolidated income tax filing. The income taxes payable arising from the differences between the consolidated current and deferred taxes and the sum of SmmI's current and deferred taxes are adjusted in the Company's account receivable or account payable.

Stock-based Compensation

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation (ARDF). The Company adopted the intrinsic value method, under which compensation cost was recognized on a straight-line basis over the vesting period.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury stocks is based on the carrying value of the investments as shown in the subsidiaries' book. The resulting gain on investment from cash dividends appropriated to subsidiaries is credited to capital surplus treasury – stock transactions.

When the treasury shares are retired, the capital stock and paid-in capital based on the existing equity are debited. If the treasury shares are retired at a price lower than its par value and the Company paid-in capital, the deficiency is credited to paid-in capital from treasury stock. If the treasury shares are retired at a price in excess of its par value and paid-in capital, the excess is debited to paid-in capital from treasury stock. If the balance in paid-in capital from treasury stock is insufficient to absorb the deficiency, the remainder is recorded as a reduction of retained earnings.

Revenue Recognition

Revenue from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Company 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.

3. ACCOUNTING CHANGES

SFAS No. 34 - “Financial Instruments: Recognition and Measurement”

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - “Financial Instruments: Recognition and Measurement.” The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change had no effect on the financial statement for six months ended June 30, 2011.

SFAS No. 41 - “Operating Segments”

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - “Operating Segments.” The requirements of the statement are based on the information on the components of the Company that management uses to make decisions about operating matters. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - “Segment Reporting.” This accounting change had no effect on the disclosures of the operating segments of the Company.

4. CASH

	June 30	
	2011	2010
Savings accounts	\$ 375,671	\$ 403,853
Time deposits	1,759,900	1,349,675
Checking accounts	880	961
Cash on hand	<u>668</u>	<u>845</u>
	2,137,119	1,755,334
Deduct : Restricted assets (Note 24)	<u>6,000</u>	<u>-</u>
	<u>\$ 2,131,119</u>	<u>\$ 1,755,334</u>

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2011	2010
Open-end funds	\$ 601,779	\$ 1,296,967
Domestic listed stocks	<u>1,418,325</u>	<u>234,157</u>
	2,020,104	1,531,124
Deduct: Current portion	<u>601,779</u>	<u>1,296,967</u>
	<u>\$ 1,418,325</u>	<u>\$ 234,157</u>

Some of the overseas listed shares held by the Company are private-placement shares, on which there is a legally enforceable restriction that prevents their trading for a specified period. The effects of restriction could be reliably measured and were consistent with those of other market participants, so those shares previously as financial assets carried at cost were transferred to available-for-sale financial assets, resulting in an unrealized loss of \$32,249 thousand for the six months ended June 30, 2011.

6. NOTES AND ACCOUNTS RECEIVABLE

	June 30	
	2011	2010
Accounts receivable - others	\$ 826,779	\$ 1,260,418
Accounts receivable - related parties	<u>11,063</u>	<u>17,457</u>
	837,842	1,277,875
Deduct: Allowance for doubtful accounts	56,912	56,912
Deduct: Allowance for sales returns and discounts	<u>25,000</u>	<u>25,000</u>
	<u>\$ 755,930</u>	<u>\$ 1,195,963</u>

Movements of the allowance for doubtful receivables were as follows:

	June 30	
	2011	2010
Balance, beginning and end of period	<u>\$ 56,912</u>	<u>\$ 56,912</u>

Movements of the allowance for sales returns and discounts were as follows:

	June 30	
	2011	2010
Balance, beginning and end of period	<u>\$ 25,000</u>	<u>\$ 25,000</u>

7. INVENTORIES

	June 30	
	2011	2010
Finished goods and merchandise	\$ 336,455	\$ 258,271
Work-in-process	468,550	500,565
Raw materials	<u>172,791</u>	<u>102,339</u>
	<u>\$ 977,796</u>	<u>\$ 861,175</u>

As of June 30, 2011 and 2010, the allowances for losses were \$192,549 thousand and \$211,122 thousand, respectively.

For the six months ended June 30, 2011 and 2010, the costs of goods sold related to inventories were \$1,423,781 thousand and \$2,145,228 thousand, respectively, and these inventory costs included the following:

	June 30	
	2011	2010
Inventory write-downs	\$ 30,000	\$ 60,034
Income from scrap sales	<u>(4,789)</u>	<u>(9,804)</u>
	<u>\$ 25,211</u>	<u>\$ 50,230</u>

8. EQUITY-METHOD INVESTMENTS

	June 30			
	2011		2010	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Ventureplus Group Inc.	\$ 1,002,009	100	\$ 1,073,366	100
Sunplus Venture Capital Co., Ltd.	858,031	100	855,636	100
Orise Technology Co., Ltd.	854,731	34	1,057,472	42
Lin Shih Investment Co., Ltd.	831,555	100	866,818	100
Generalplus Technology Corp.	648,876	40	685,111	42
Sunplus Innovation Technology Inc.	561,343	64	559,730	78
Sunext Technology Co., Ltd.	490,556	61	618,203	61
Russell Holdings Limited	387,592	100	430,074	100
iCatch Technology, Inc.	213,021	38	211,544	74
Magic Sky Limited	160,559	100	-	-
Sunplus mMedia Inc.	42,199	83	-	-
HT mMobile Inc.	21,272	32	95,203	29
Waveplus Technology Co., Ltd.	12,393	41	23,316	41
Wei-Young Investment Inc.	7,419	100	8,154	100
Global Techplus Capital Inc.	6,606	100	7,419	100
Sunplus Technology (H.K.) Co., Ltd.	4,672	100	4,891	100
Sunplus Management Consulting Inc.	4,092	100	4,120	100
Giantplus Technology Co., Ltd.	-	-	1,788,477	21
	<u>\$ 6,106,926</u>		<u>\$ 8,289,534</u>	
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 649,684	99	\$ 671,235	91
Sunplus Core Technology Co., Ltd.	85,428	70	84,327	57
Sunplus mMedia Inc.	-		9,979	83
	<u>\$ 735,112</u>		<u>\$ 765,541</u>	

Movements of the difference between the costs of investments and the Company's share in investees' net assets allocated to goodwill for the six months ended June 30, 2011 and 2010 were as follows:

	June 30, 2011		
	Balance, Beginning of Period	Decrease	Balance, End of Period
Goodwill	<u>\$ 161,257</u>	<u>\$ -</u>	<u>\$ 161,257</u>

	June 30, 2010		
	Balance, Beginning of Period	Decrease	Balance, End of Period
Goodwill	<u>\$ 168,162</u>	<u>\$ 6,905</u>	<u>\$ 161,257</u>

In October 2010, the Company established Magic Sky Limited in Samoa.

In November 2010, Waveplus Technology Co., Ltd. began its liquidation process.

As of September 16, 2010, the Company had lost its significant influence on Giantplus. Thus, the Company reclassified this equity-method investment to available-for-sale financial asset.

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income or losses were all unaudited, except for the financial statements of Orise Technology Co., Ltd. for the six months ended June 30, 2011 and 2010 and Generalplus Technology Corp. for the six months ended June 30, 2011. The investment incomes (losses) of investees were as follows:

	Six Months Ended June 30	
	2011	2010
Ventureplus Group Inc.	\$ (17,777)	\$ 16,020
Sunplus Venture Capital Co., Ltd.	(9,337)	56,289
Orise Technology Co., Ltd.	35,440	108,911
Lin Shih Investment Co., Ltd.	(548)	11,456
Generalplus Technology Corp.	53,078	80,832
Sunplus Innovation Technology Inc.	16,862	75,354
Sunext Technology Co., Ltd.	(50,017)	88,706
Russell Holdings Limited	(395)	(32,167)
iCatch Technology, Inc.	(9,050)	(229)
Magic Sky Limited	(11,933)	-
Sunplus mMedia Inc.	25,060	(2,589)
HT mMobile Inc.	(99,966)	(124,919)
Waveplus Technology Co., Ltd.	-	2,405
Wei-Young Investment Inc.	113	248
Global Techplus Capital Inc.	1	-
Sunplus Technology (H.K.) Co., Ltd.	744	259
Sunplus Management Consulting Inc.	(20)	(25)
Giantplus Technology Co., Ltd.	-	19,027
Sunplus mMobile Inc.	(57,845)	(90,125)
Sunplus Core Technology Co., Ltd.	<u>(34,156)</u>	<u>(17,579)</u>
	<u>\$ (159,746)</u>	<u>\$ 191,874</u>

Fair values of listed equity-method investments calculated at their closing prices as of June 30, 2011 and 2010 were as follows:

	June 30	
	2011	2010
Orise Technology Co., Ltd.	\$ 2,511,098	\$ 2,698,358
Giantplus Technology Co., Ltd.	<u>-</u>	<u>1,290,941</u>
	<u>\$ 2,511,098</u>	<u>\$ 3,989,299</u>

9. FINANCIAL ASSETS CARRIED AT COST

	June 30	
	2011	2010
Domestic unlisted stocks	<u>\$ 18,899</u>	<u>\$ 35,556</u>

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

10. PROPERTIES

	Six Months Ended June 30, 2011							
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>								
Balance, beginning of period	795,683	190,696	381,524	338,129	1,209	80,811	89	\$ 1,788,141
Increase	-	2,444	2,106	12,446	-	2,703	-	19,699
Decrease	-	-	22	1,563	-	6,619	-	8,204
Balance, end of period	<u>795,683</u>	<u>193,140</u>	<u>383,608</u>	<u>349,012</u>	<u>1,209</u>	<u>76,895</u>	<u>89</u>	<u>1,799,636</u>
<u>Accumulated depreciation</u>								
Balance, beginning of period	159,835	154,325	329,260	287,416	1,139	71,256	88	1,003,319
Depreciation	8,316	3,335	11,594	11,132	17	2,193	-	36,587
Decrease	-	-	22	1,530	-	6,429	-	7,981
Balance, end of period	<u>168,151</u>	<u>157,660</u>	<u>340,832</u>	<u>297,018</u>	<u>1,156</u>	<u>67,020</u>	<u>88</u>	<u>1,031,925</u>
Balance, end of period, net	<u>\$ 627,532</u>	<u>\$ 35,480</u>	<u>\$ 42,776</u>	<u>\$ 51,994</u>	<u>\$ 53</u>	<u>\$ 9,875</u>	<u>\$ 1</u>	<u>\$ 767,711</u>
	Six Months Ended June 31, 2010							
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>								
Balance, beginning of period	\$ 795,683	\$ 186,364	\$ 430,326	\$ 368,458	\$ 2,463	\$ 99,928	\$ 89	\$ 1,883,311
Increase	-	3,442	4,636	8,313	-	900	-	17,291
Decrease	-	3,264	9,691	29,835	1,254	6,314	-	50,358
Balance, end of period	<u>795,683</u>	<u>186,542</u>	<u>425,271</u>	<u>346,936</u>	<u>1,209</u>	<u>94,514</u>	<u>89</u>	<u>1,850,244</u>
<u>Accumulated depreciation</u>								
Balance, beginning of period	143,201	149,037	350,203	307,553	2,324	87,278	88	1,039,684
Depreciation	8,317	3,882	17,140	13,446	35	2,972	-	45,792
Decrease	-	2,159	9,590	25,569	1,254	5,843	-	44,415
Balance, end of period	<u>151,518</u>	<u>150,760</u>	<u>357,753</u>	<u>295,430</u>	<u>1,105</u>	<u>84,407</u>	<u>88</u>	<u>1,041,061</u>
Balance, end of period, net	<u>\$ 644,165</u>	<u>\$ 35,782</u>	<u>\$ 67,518</u>	<u>\$ 51,506</u>	<u>\$ 104</u>	<u>\$ 10,107</u>	<u>\$ 1</u>	<u>\$ 809,183</u>

Note: For the assets mortgaged or pledged, please refer to Note 23.

11. INTANGIBLE ASSETS

	Six Months Ended June 30, 2011		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of period	\$ 2,696,304	\$ 97,849	\$ 2,794,153
Increase	<u>63,701</u>	<u>-</u>	<u>63,701</u>
Balance, end of period	<u>2,760,005</u>	<u>97,849</u>	<u>2,857,854</u>
<u>Accumulated amortization</u>			
Balance, beginning of period	\$ 2,534,851	\$ 42,555	\$ 2,577,406
Amortization expense	<u>55,128</u>	<u>2,697</u>	<u>57,825</u>
Balance, end of period	<u>2,589,979</u>	<u>45,252</u>	<u>2,635,231</u>
Balance, end of period net	<u>\$ 170,026</u>	<u>\$ 52,597</u>	<u>\$ 222,623</u>

	Six Months Ended June 30, 2010		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of period	\$ 2,648,034	\$ 97,849	\$ 2,745,883
Increase	<u>17,437</u>	<u>-</u>	<u>17,437</u>
Decrease	<u>2,375</u>	<u>-</u>	<u>2,375</u>
Balance, end of period	<u>2,663,096</u>	<u>97,849</u>	<u>2,760,945</u>
<u>Accumulated amortization</u>			
Balance, beginning of period	\$ 2,389,966	\$ 37,161	\$ 2,427,127
Amortization expense	<u>86,135</u>	<u>2,698</u>	<u>88,833</u>
Decrease	<u>1,848</u>	<u>-</u>	<u>1,848</u>
Balance, end of period	<u>2,474,253</u>	<u>39,859</u>	<u>2,514,112</u>
Balance, end of period, net	<u>\$ 188,843</u>	<u>\$ 57,990</u>	<u>\$ 246,833</u>

Intangible assets consisted of fees paid to Oak Technology ("Oak") for the Company to use Oak's technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and to buy the rights on video processing technology to develop DTV products.

12. DEFERRED CHARGES AND OTHERS

	June 30	
	2011	2010
Software and system design, net	\$ 86,901	\$ 134,566
Certificate of golf club membership	<u>7,800</u>	<u>7,800</u>
Refundable deposits	<u>1,717</u>	<u>866</u>
	<u>\$ 96,418</u>	<u>\$ 143,232</u>

13. SHORT-TERM BANK LOANS

June 30, 2011

Working capital loans – USD 3,500 thousand; annual interest rate from 0.71%-0.77% in 2011

\$ 100,538

14. LONG-TERM BANK LOANS

	June 30	
	2011	2010
Medium- to long-term credit bank loans:		
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest – 1.6855% in 2011 and 1.4385% in 2010	\$ 280,000	\$ 570,000
Repayable semiannually from March 2010 to March 2014; annual floating-rate interest – 2.04% in 2011 and 1.805% in 2010; expects to settled with in 2012	153,000	308,000
Medium- to long-term secured loans:		
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest – 2.09% in 2011 and 1.70% in 2010	45,000	75,000
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 1.70% in 2010	-	75,000
	<u>478,000</u>	<u>1,028,000</u>
Deduct: Current portion	<u>478,000</u>	<u>625,000</u>
	<u>\$ -</u>	<u>\$ 403,000</u>

Under the loan contracts, the Company provided buildings and shares of Giantplus Technology Co. Ltd. and Orise Technology Co. Ltd. as collaterals for the above loans (Note 23). The loan contracts contain financial covenants which require the Company to maintain certain financial ratios (debt ratio, current ratio, times interest-earned ratio and financing provided) on the basis of semiannual and annual consolidated financial statements. However, the Company's not being able to meet these ratio requirements is not deemed to be a violation of the contracts. As of June 30, 2011 and 2010, the Company was in compliance with those financial covenants.

15. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of the Company's monthly contributions to employees' individual pension accounts is at 6% of monthly salaries and wages. Related pension costs were \$16,317 thousand and \$15,650 thousand for the six months ended June 30, 2011 and 2010, respectively.

Before the promulgation of the Act, the Company has had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension plan provides benefits based on the length of service and the average basic salary of the employee's final six months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan. The Company recognized pension costs of \$1,220 thousand and \$1,145 thousand for the six months ended June 30, 2011 and 2010, respectively.

Defined benefit pension fund balances were \$122,010 thousand and \$115,885 thousand as of June 30, 2011 and 2010, respectively.

16. SHAREHOLDERS' EQUITY

a. Employee Stock Option Plan

On September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan. The plan provides for the grant of 25,000 thousand options in 2007 plan, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 25,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of June 30, 2011.

Outstanding option rights were as follows:

Six Months Ended June 30	2007 Option Plan			
	2011		2010	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	21,433	\$40.52	22,858	\$40.52
Options canceled	<u>(898)</u>	-	<u>(509)</u>	-
Ending outstanding balance	<u>20,535</u>		<u>22,349</u>	

The number of shares and exercise prices of outstanding option have been adjusted to reflect the appropriations of dividends, cash dividends and issuance of capital stock specified under the Plans.

As of June 30, 2011, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2007 Option Plan				
	Options Outstanding			Options Exercisable	
	Number of Options (In Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
\$ 40.40	14,235	2.37	\$40.40	14,235	\$40.40
40.90	6,300	2.49	40.90	6,300	40.90

The pro forma information for the six months ended June 30, 2011 and 2010 assuming employee stock options granted before December 31, 2007 were accounted for under Statement of Financial Accounting Standards No. 39 - "Share-Based Payment" is as follows:

	June 30	
	2011	2010
Net income (loss)		
Net income (loss) as reported	<u>\$ (93,850)</u>	<u>\$ 560,230</u>
Pro forma net loss	<u>\$ (93,850)</u>	<u>\$ 560,230</u>
Earnings (loss) per share (E/LPS; in New Taiwan dollars)		
Basic E/LPS as reported	<u>\$ (0.16)</u>	<u>\$ 0.94</u>
Pro forma basic E/LPS	<u>\$ (0.16)</u>	<u>\$ 0.94</u>
Diluted E/LPS as reported	<u>\$ (0.16)</u>	<u>\$ 0.94</u>
Pro forma diluted E/LPS	<u>\$ (0.16)</u>	<u>\$ 0.94</u>

b. Global Depositary Receipts (GDRs)

In March 2001, the Company issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of June 30, 2011, the outstanding 275 thousand units of GDRs represented 550 thousand common shares.

c. Capital Surplus

Under ROC regulations, capital surplus can only be used to offset deficit. However, the capital surplus from shares issued in excess of par (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be appropriated as stock dividends, which are limited to a certain percentage of the Company's paid-in-capital. Also, the capital surplus from long-term investments may not be used for any purpose.

d. Appropriation of Earnings and Dividends

The Company's Articles of Incorporation provide that the following should be appropriated from annual net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit. The distribution of any remaining earnings will be as follows: (i) up to 6% of paid-in capital as dividends; and (ii) 1.5% as remuneration to directors and supervisors and at least 1% as bonus to employees. The employees may include, with the approval of the Company's board of directors, those of the Company's subsidiaries.

The current year's net income less all the foregoing appropriations and distributions plus the unappropriated prior years' earnings may be distributed as additional dividends due to the shareholder's resolution. It is the Company's policy that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT\$0.5 per share.

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments except for treasury stock) should be made from unappropriated retained earnings.

For the six months ended June 30, 2010, the Company's accrued bonus to employees as a charge to earnings of a certain percentage of net income \$69,835 thousand, and remuneration to directors and supervisors, \$2,170 thousand, which was 1.5% of net income less the legal reserve and dividends. However, the Company had a net loss for the six months ended June 30, 2011. Thus, the Company did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the current year. If the actual amounts approved by the shareholders differ from the board of directors' 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.

Under the ROC Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. In addition, when the reserve exceeds 50% of the Company's paid-in capital, the excess portion that is over 25% of the excess may be distributed as stock dividend and bonus if the Company has no deficit.

Under the Integrated Income Tax System, which took effect on January 1, 1998, ROC resident shareholders are allowed to have tax credits for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident shareholder. The maximum credit available for allocation to each resident shareholder cannot exceed the ICA balance on the dividend distribution date.

The appropriations from the 2010 and 2009 earnings were approved at the shareholders' meetings on June 10, 2011 and June 14, 2010, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2010		For Fiscal Year 2009	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 77,372	\$ -	\$ 38,151	\$ -
Special reserve	191,229	-	(428,914)	-
Cash dividend	<u>477,528</u>	0.8	<u>-</u>	-
	<u>\$ 746,129</u>		<u>\$ (390,763)</u>	

In their meeting on April 27, 2011, the Board of Directors proposed the bonus to employees of \$96,579 thousand and the remuneration to directors and supervisors of \$2,204 thousand.

The information on the appropriation of bonuses to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Unrealized gain or loss on financial instruments

For the six months ended June 30, 2011 and 2010, the movements of unrealized gain or loss on financial instrument were as follows:

	Available- for-sale Financial Assets	Equity- method Investments	Total
<u>Six months ended June 30, 2011</u>			
Balance, beginning of period	\$ (440,213)	\$ 267,646	\$ (172,567)
Recognized in shareholders' equity	<u>(533,186)</u>	<u>(117,374)</u>	<u>(650,560)</u>
Balance, end of period	<u>\$ (973,399)</u>	<u>\$ 150,272</u>	<u>\$ (823,127)</u>
<u>Six months ended June 30, 2010</u>			
Balance, beginning of period	\$ (313,072)	\$ 429,521	\$ 116,449
Recognized in shareholders' equity	<u>(45,996)</u>	<u>(125,101)</u>	<u>(171,097)</u>
Balance, end of period	<u>\$ (359,068)</u>	<u>\$ 304,420</u>	<u>\$ (54,648)</u>

17. TREASURY STOCK

(Units: Shares in Thousands)

Purpose of Purchase	Beginning Shares	Increase	Ending Shares
<u>Six months ended June 30, 2011</u>			
Company stocks held by subsidiaries	3,560	-	3,560
For subsequent transfer to employees	<u>-</u>	<u>4,915</u>	<u>4,915</u>
	<u>3,560</u>	<u>4,915</u>	<u>8,475</u>
<u>Six months ended June 30, 2010</u>			
Company stocks held by subsidiaries	<u>3,560</u>	<u>-</u>	<u>3,560</u>

Since January 2002, the Company has accounted for its issued shares amounting to \$95,605 thousand held by a subsidiary, Lin Shin Investment Co., Ltd., as treasury stock. As of June 30, 2011, the book value and market value of these shares were \$63,401 thousand and \$58,028 thousand, respectively. As of June 30, 2010, the book value and market value of these shares were \$63,401 thousand and \$80,278 thousand, respectively.

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. On March 1, 2011, the Board of Directors approved a share buyback plan to repurchase up to 10,000 thousand shares of the Company between March 1, 2011 and April 30, 2011, with the buyback price ranging from NT\$16.00 to NT\$22.00. As of June 30, 2011, the Company had bought back 4,915 thousand shares for \$91,835 thousand. The subsidiaries holding treasury stock retain shareholders' rights on their holdings, except the rights to participate in any share issuance for cash and to vote.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Six Months Ended June 30					
	2011			2010		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 32,696	\$ 348,433	\$ 381,129	\$ 44,277	\$ 431,087	\$ 475,364
Labor/health insurance	2,580	21,738	24,318	2,400	20,026	22,426
Pension	1,789	15,748	17,537	1,693	15,102	16,795
Welfare benefit	600	4,483	5,083	1,171	7,987	9,158
Meal	<u>787</u>	<u>5,522</u>	<u>6,309</u>	<u>809</u>	<u>5,614</u>	<u>6,423</u>
	<u>\$ 38,452</u>	<u>\$ 395,924</u>	<u>\$ 434,376</u>	<u>\$ 50,350</u>	<u>\$ 479,816</u>	<u>\$ 530,166</u>
Depreciation	<u>\$ 13,191</u>	<u>\$ 23,396</u>	<u>\$ 36,587</u>	<u>\$ 18,866</u>	<u>\$ 26,926</u>	<u>\$ 45,792</u>
Amortization	<u>\$ 290</u>	<u>\$ 117,012</u>	<u>\$ 117,302</u>	<u>\$ 775</u>	<u>\$ 159,566</u>	<u>\$ 160,341</u>

19. INCOME TAX

- a. A reconciliation of income tax expense on income (loss) before income tax at the statutory rate of 17% and current income tax expense before tax credits is shown below:

	Six Months Ended June 30	
	2011	2010
Income (loss) before income tax at statutory rate	\$ (9,693)	\$ 137,052
Tax effects of adjustments:		
Tax-exempt income	-	(7,173)
Permanent differences	(3,194)	(70,916)
Temporary differences	11,953	9,409
Loss carryforwards	-	(51,714)
Tax effects of consolidation income tax filing	<u>(9,837)</u>	<u>(16,658)</u>
Income tax expense before tax credits	<u>\$ (10,771)</u>	<u>\$ -</u>

- b. Income tax expense consisted of the following:

	Six Months Ended June 30	
	2011	2010
Income tax expense before tax credits	\$ -	\$ -
Additional 10% tax on unappropriated earnings	2,758	77,228
Investment tax credits	(2,758)	(77,228)
Net change in deferred income tax assets	22,815	186,727
Additional income tax under Alternative Minimum Tax Act	14,021	22,810
Adjustment of prior years' income tax expense	<u>-</u>	<u>36,422</u>
Income tax expense	<u>\$ 36,836</u>	<u>\$ 245,959</u>

c. Deferred income tax assets were as follows:

		June 30	
		2011	2010
Current:			
Investment tax credits		\$ 256,059	\$ 337,699
Temporary differences		10,078	(1,191)
Loss carryforwards		67,150	-
Deduct: Valuation allowance		<u>253,301</u>	<u>305,597</u>
		<u>\$ 79,986</u>	<u>\$ 30,911</u>
Noncurrent:			
Investment tax credits		\$ 522,345	\$ 766,069
Temporary differences		11,760	6,535
Loss carryforwards		108,750	115,420
Deduct: Valuation allowances		<u>474,504</u>	<u>498,571</u>
		<u>\$ 168,351</u>	<u>\$ 389,453</u>

Under Article 10 of the Statute for Industrial Innovation (SII) passed by the Legislative Yuan in April 2010, a profit-seeking enterprise may deduct up to 15% of its research and development expenditures from its income tax payable for the fiscal year in which these expenditures are incurred, but this deduction should not exceed 30% of the income tax payable for that fiscal year. This incentive took effect from January 1, 2010 and is effective till December 31, 2019.

In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduced a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

As of June 30, 2011, investment tax credits (recorded as deferred income tax assets) were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 1,005	\$ 1,005	2011
		<u>1,035</u>	<u>1,035</u>	2012
		<u>\$ 2,040</u>	<u>\$ 2,040</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 257,812	\$ 255,054	2011
		264,282	264,282	2012
		<u>241,935</u>	<u>241,935</u>	2013
		<u>\$ 764,029</u>	<u>\$ 761,271</u>	
Income Tax Law	Loss carryforwards	\$ 77,151	\$ 77,151	2019
		87,978	87,978	2020
		<u>10,771</u>	<u>10,771</u>	2021
		<u>\$ 175,900</u>	<u>\$ 175,900</u>	
Statute for Upgrading Industries	Investment in important	<u>\$ 15,093</u>	<u>\$ 15,093</u>	2013

Industries

Technology-based enterprise

- d. The profits generated from the following expansion and construction projects are exempt from income tax:

Project	Tax Exemption Period
Eighth expansion	January 1, 2010 to December 31, 2014
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2010 to December 31, 2014

The tax returns through 2005 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2003, 2004 and 2005 tax returns and thus applied for administrative remedy on these returns. Nevertheless, the Company has made a provision for the income tax assessed by the tax authorities for conservatism purposes.

- e. Integrated income tax information is as follows:

	June 30	
	2011	2010
Shareholders' imputation credit account	<u>\$ 268,595</u>	<u>\$ 216,084</u>
Unappropriated earnings until 1997	<u>\$ 452,310</u>	<u>\$ 452,310</u>

The expected and actual creditable tax ratios for 2010 and 2009, respectively, were 11.91% and 14.59%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Company is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

20. EARNINGS (LOSS) PER SHARE

The numerators and denominators used in computing earnings (loss) per share (E/LPS) were as follows:

	Amounts (Numerator)		Share (Denominator) (In Thousands)	E/LPS (Dollars)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>Six months ended June 30, 2011</u>					
Net income	<u>\$ (57,014)</u>	<u>\$ (93,850)</u>			
Basic income per share					
Income of common shareholders	<u>\$ (57,014)</u>	<u>\$ (93,850)</u>	591,242	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>
(Continued)					

(Continued)

	Amounts (Numerator)		Share (Denominator) (In Thousands)	E/LPS (Dollars)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>Six months ended June 30, 2010</u>					
Net income	<u>\$ 806,189</u>	<u>\$ 560,230</u>			
Basic income per share					
Income of common shareholders	\$ 806,189	\$ 560,230	593,350	<u>\$ 1.36</u>	<u>\$ 0.94</u>
Effect of dilutive potential Bonus to employees	<u>-</u>	<u>-</u>	<u>3,097</u>		
Diluted income per share					
Income of common shareholders	<u>\$ 806,189</u>	<u>\$ 560,230</u>	<u>596,447</u>	<u>\$ 1.35</u>	<u>\$ 0.94</u>
					(Concluded)

The employee stock option stated in Note 16 represents potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share." The test showed the stock options were anti-dilutive for the six months ended June 30, 2011 and 2010. As a result, the potential common shares were excluded from the calculation of diluted EPS.

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 Company may settle the bonus to employees by cash or shares, the Company 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.

21. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	June 30			
	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Available-for-sale financial assets (including current and noncurrent portions)	\$ 2,020,104	\$ 2,020,104	\$ 1,531,124	\$ 1,531,124
Financial assets carried at cost	18,889	-	35,556	-
Liabilities				
Long-term bank loans (including current portion)	478,000	478,000	1,028,000	1,028,000

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:
- 1) For cash, accounts receivable, other receivables, short-term loans, and accounts payable, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
 - 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For those instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. 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) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
 - 4) Fair value of long-term bank loan is estimated using the present value of future cash flows discounted by the interest rates, the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loan with floating interest rates are equivalent to their carrying values.
- c. The Company did not enter into derivative contracts during the six months ended June 30, 2011 and 2010.
- d. As of June 30, 2011 and 2010, financial assets exposed to cash flow interest rate risk amounted to \$375,671 thousand and \$403,853 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,759,900 thousand and \$1,349,675 thousand, respectively. As of June 30, 2011 and 2010, financial liabilities exposed to fair value interest rate risk amounted to \$100,538 and \$0 thousand, respectively. As of June 30, 2011 and 2010, financial liabilities exposed to cash flow interest rate risk amounted to \$478,000 thousand and \$1,028,000 thousand, respectively.
- e. Interest revenues arising from the financial assets other than the financial assets at fair value through profit or loss for the six months ended June 30, 2011 and 2010 were \$6,108 thousand and \$2,291 thousand, respectively; interest expenses arising from financial assets other than the financial assets at fair value through profit or loss for the six months ended June 30, 2011 and 2010 were \$5,762 thousand and \$11,368 thousand, respectively.
- f. Financial risks
- 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks. Fair values of available-for-sale security investments are affected by fluctuations of quoted prices.
 - 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing contracts are reputable financial institutions and business organizations. Management believes that the Company's exposure to default by those parties is low.
 - 3) Liquidity risk. Available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.

- 4) Interest rate risk. As of June 30, 2011 and 2010, the interest rates of long term bank loans were floating, i. e., these rates fluctuated as market interest rates changed.

22. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Waveplus Technology Co., Ltd. ("Waveplus") - equity-method investee
- b. Sunext Technology Co., Ltd. ("Sunext") - 61% subsidiary
- c. Sunplus Core Technology Inc. ("Sunplus Core") - 70% subsidiary
- d. Generalplus Technology Inc. ("Generalplus") – 40% subsidiary
- e. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 64% subsidiary
- f. Sunplus mMobile Inc. ("Sunplus mMobile") - 99% subsidiary
- g. HT mMobile Inc. Ltd. ("HT mMobile") - equity-method investee
- h. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- i. Orise Technology Co., Ltd. ("Orise") - equity-method investee
- j. Sunplus mMedia Inc. ("Sunplus mMedia") - 83% subsidiary
- k. iCatch Technology, Inc. ("iCatch") - 38% subsidiary
- l. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- m. Others - please refer to Note 27 for related parties that did not have business transactions with the Company in the current period.

The transactions with the foregoing parties in addition to those disclosed in other notes are summarized as follows:

	Six Months Ended June 30			
	2011		2010	
	Amount	%	Amount	%
Sales				
Orise	\$ 9,783	1	\$ 17,989	1
Generalplus	8,346	1	11,384	-
Sunplus Core	4,929	-	5,077	-
iCatch	4,643	-	5,819	-
Sunext	1,600	-	826	-
HT mMobile	1,429	-	2,745	-
Sunplus Innovation	<u>1,047</u>	<u>-</u>	<u>3,690</u>	<u>-</u>
	<u>\$ 31,777</u>	<u>2</u>	<u>\$ 47,530</u>	<u>1</u>

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

	Six Months Ended June 30			
	2011		2010	
	Amount	%	Amount	%
Operating expense				
Sunplus H.K.	\$ 1,838	-	\$ 2,164	-
Sunplus Core	336	-	11,916	1
Other	<u>51</u>	<u>-</u>	<u>333</u>	<u>-</u>
	<u>\$ 2,225</u>	<u>-</u>	<u>\$ 14,413</u>	<u>1</u>

The support transaction prices were negotiated and thus not comparable with those in the market.

	Six Months Ended June 30			
	2011		2010	
	Amount	%	Amount	%
Nonoperating income and gains				
HT mMobile	\$ 11,693	5	\$ 15,911	3
iCatch	6,424	3	9,165	2
Generalplus	4,716	2	3,079	1
Sunplus Core	4,016	2	4,240	1
Sunplus mMobile	3,832	2	3,111	1
Sunplus Innovation	3,803	1	1,821	-
Sunext	933	-	470	-
Orise	417	-	1,040	-
Sunplus mMedia	53	-	68	-
Waveplus	<u>-</u>	<u>-</u>	<u>11</u>	<u>-</u>
	<u>\$ 35,887</u>	<u>15</u>	<u>\$ 38,916</u>	<u>8</u>

Nonoperating income and gains included rental income and support transaction prices that were negotiated and thus not comparable with those in the market. The Company leased sections to Sunplus mMobile, Sunplus mMedia, Sunplus Core, HT mMobile and iCatch and transferred the book value of these leased sections to assets leased to others; this book value was based on the ratio of the area of the leased sections to the total area of the building.

The following receivables as well as other transactions between the Company and the related parties were based on normal terms.

	June 30			
	2011		2010	
	Amount	%	Amount	%
Accounts receivable				
Orise	\$ 3,856	1	\$ 7,682	1
Generalplus	3,465	-	5,772	-
iCatch	1,938	-	1,375	-
Sunext	806	-	322	-
HT mMobile	712	-	842	-
Sunplus Innovation	262	-	1,414	-
Sunplus Core	<u>24</u>	<u>-</u>	<u>50</u>	<u>-</u>
	<u>\$ 11,063</u>	<u>1</u>	<u>\$ 17,457</u>	<u>1</u>

	June 30			
	2011		2010	
	Amount	%	Amount	%
Other receivables				
Sunplus mMobile	\$ 382,909	70	\$ 295,677	69
Orise	132,439	24	108,475	25
HT mMobile	26,041	5	4,860	1
iCatch	2,554	1	2,608	1
Sunplus Core	618	-	595	-
Sunplus Innovation	502	-	18,178	4
Sunext	481	-	165	-
Generalplus	159	-	387	-
Sunplus mMedia	28	-	33	-
Waveplus	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
	<u>\$ 545,731</u>	<u>100</u>	<u>\$ 430,983</u>	<u>100</u>

Dividend receivables (recorded as other receivables) as of June 30, 2011 and 2010 were \$132,412 thousand and \$125,938 thousand, respectively.

In the six months ended June 30, 2010, the Company provided financing to Sunplus mMobile, as follows:

Financing to Related Party	Six Months Ended June 30, 2011			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
Sunplus mMobile	<u>\$546,000</u>	<u>\$546,000</u> (Note 1)	1.485%~1.575%	<u>\$ 2,556</u>
HT mMobile	<u>\$200,000</u>	<u>\$200,000</u> (Note 2)	1.575%	<u>\$ -</u>
Financing to Related Party	Six Months Ended June 30, 2010			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
Sunplus mMobile	<u>\$362,000</u>	<u>\$362,000</u> (Note 3)	1.325%	<u>\$ 1,042</u>

Note 1: Actual provided was \$382,000 thousand.

Note 2: Actual provided was \$20,000 thousand.

Note 3: Actual provided was \$295,000 thousand.

	June 30			
	2011		2010	
	Amount	%	Amount	%
Accrued expenses				
Sunplus Innovation	\$ 24	-	\$ 13	-
Sunplus Core	<u>-</u>	<u>-</u>	<u>3,643</u>	<u>1</u>
	<u>\$ 24</u>	<u>-</u>	<u>\$ 3,656</u>	<u>1</u>

	June 30			
	2011		2010	
	Amount	%	Amount	%
Deferred royalty income (including current and noncurrent)				
Sunplus Core	\$ 23,200	89	\$ 32,800	87
Generalplus	<u>2,534</u>	<u>10</u>	<u>4,707</u>	<u>12</u>
	<u>\$ 25,734</u>	<u>99</u>	<u>\$ 37,507</u>	<u>99</u>

	June 30	
	2011	2010
Endorsement/guarantee provided		
Sunplus mMobile	\$ 620,000	\$ 820,000
Sunplus Core	290,000	293,192
Sunplus Shanghai	220,150	228,430
Sunext	32,230	34,459
HT mMobile	30,000	30,000
Generalplus	10,938	15,614
Sunplus Innovation	5,985	9,562
Orise	5,096	10,193
Catch Technology, Inc.	5,007	-
Sunplus mMedia	-	24,082
Waveplus	<u>-</u>	<u>20,000</u>
	<u>\$ 1,219,406</u>	<u>\$ 1,485,532</u>

	June 30			
	2011		2010	
	Amount	%	Amount	%
Proceeds from disposal of properties				
HT mMobile	\$ -	-	\$ 3,643	59
iCatch	<u>-</u>	<u>-</u>	<u>1,344</u>	<u>22</u>
	<u>\$ -</u>	<u>-</u>	<u>\$ 4,987</u>	<u>81</u>
Acquisition of properties				
Sunplus Shanghai	<u>\$ -</u>	<u>-</u>	<u>\$ 679</u>	<u>3</u>

23. MORTGAGED OR PLEDGED ASSETS

The Company's assets pledged as collaterals for long-term loans were as follows:

	June 30	
	2011	2010
Buildings, net (including rental assets)	\$ 762,426	\$ 782,246
Pledged term deposit	6,000	-
Giantplus stocks	-	422,549
Orise stocks	-	276,874
	<u>\$ 768,426</u>	<u>\$ 1,481,669</u>

The medium-to long-term bank loans were repaid in July 2010. Thus, the pledged shares of Giantplus were retrieved. In addition, the amount of the loans is lower than requisition. Thus, the pledged shares of Orise were retrieved.

24. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company leases land from the Science-Based Industrial Park Administration under renewable agreements expiring in July 2015, December 2020 and 2021, with annual rentals aggregating \$7,788 thousand. In addition, the company's asset mortgaged or pledged of pledged term deposit \$6,000 thousand.

Future annual minimum rentals under the leases are as follows:

Period/Year	Amount
2011 (3rd to 4th quarter)	\$ 3,876
2012	7,751
2013	7,751
2014	7,751
2015	6,400
2016 and thereafter	<u>25,082</u>
	<u>\$ 58,611</u>

25. SIGNIFICANT COMMITMENT AND CONTINGENCY

As of June 30, 2011, the Company had signed a standby letter of credit amounting to US\$2,000 thousand as guarantee for the use of a certain technology license.

26. OTHER

The significant foreign-currency financial assets and liabilities were as follows:

June 30				
2011		2010		
Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	
<u>Financial assets</u>				
Monetary items				
USD	\$ 35,259	28.73	\$ 48,381	32.15
EUR	3	41.63	8	39.32
JPY	317	0.357	478	0.363
RMB	35	4.466	25	4.778
GBP	46	46.19	45	48.40
HKD	18	3.691	17	4.130
Equity-method investee				
USD	54,329	28.73	47,113	32.15
HKD	1,266	3.691	1,184	4.130
<u>Financial liabilities</u>				
Monetary items				
USD	16,230	28.73	21,442	32.15
RMB	13	4.466	13	4.778
GBP	21	46.19	-	-

27. ADDITIONAL DISCLOSURES

Following are the additional disclosures required for the Company and its investees by the Securities and Futures Bureau:

- Endorsement/guarantee provided: Table 1 (attached)
- Financing provided: Table 2 (attached)
- Marketable securities held: Table 3 (attached)
- Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- Names, locations, and related information of investees on which the Company exercises significant influences: Table 7 (attached)
- Investment in Mainland China: Table 6 (attached)

28. OPERATING SEGMENT FINANCIAL INFORMATION

The chief operating decision-maker reviews information of the Company as one segment. The information of the operating segment is the same as that presented in the accompanying financial statements. The revenue by segment and operating results for the six months ended June 30, 2011 and 2010 are disclosed in the consolidated financial statements for the same periods.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	99% subsidiary	\$ 1,131,754 (Note 1)	\$ 820,000	\$ 620,000	\$ -	5.48%	\$ 2,263,507 (Note)
		Sunplus Core Technology Co., Ltd.	70% subsidiary	1,131,754 (Note 1)	290,000	290,000	-	2.56%	2,263,507 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	1,131,754 (Note 1)	224,280	220,150	-	1.95%	2,263,507 (Note 2)
		Sunext Technology Co., Ltd.	61% subsidiary	1,131,754 (Note 1)	32,230	32,230	-	0.28%	2,263,507 (Note 2)
		HT mMobile Inc.	Equity-method investee	1,131,754 (Note 1)	30,000	30,000	-	0.27%	2,263,507 (Note 2)
		Generalplus Technology Inc.	40% subsidiary	1,131,754 (Note 1)	10,938	10,938	-	0.10%	2,263,507 (Note 2)
		Sunplus Innovation Technology Inc.	64% subsidiary	1,131,754 (Note 1)	5,985	5,985	-	0.05%	2,263,507 (Note 2)
		Orise Technology Co., Ltd.	Equity-method investee	1,131,754 (Note 1)	5,096	5,096	-	0.05%	2,263,507 (Note 2)
		iCash Technology Inc.	38% subsidiary	1,131,754 (Note 1)	5,007	5,007	-	0.04%	2,263,507 (Note 2)

Note 1: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider’s net equity as of the latest financial statements.

Note 2: The amount should not exceed 20% of the endorsement/guarantee provider’s net equity based on the latest financial statements.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
SIX MONTHS ENDED JUNE 30, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Other receivables	\$ 540,000	\$ 546,000 (Note 6)	1.485%~1.575%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 565,877 (Note 4)	\$ 1,131,754 (Note 5)
0	Sunplus Technology Company Limited	HT mMobile Inc.	Other receivables	200,000	200,000 (Note 7)	1.575%	Note 1	-	Note 3	-	Note 8	200,000	565,877 (Note 4)	1,131,754 (Note 5)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash for the repayment of Sunplus mMobile Inc.

Note 3: Sunplus Technology Company Limited provided cash for the operation of HT mMobile Inc.

Note 4: For each transaction entity, the amount should not exceed 5% of the Company’s net equity as of the latest financial statements.

Note 5: The amount should not exceed 10% of the Company’s net equity based on the latest financial statements.

Note 6: Actual provided is 382,000 thousand.

Note 7: Actual provided is 20,000 thousand.

Note 8: Obtain equivalent self-developed technology.

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

SIX MONTHS ENDED JUNE 30, 2011

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	47,290	\$ 854,731	34	\$ 854,731	Note 12
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	42,500	1,002,009	100	1,002,009	Note 1
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	10,000	858,031	100	858,031	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	831,555	100	831,555	Notes 1 and 4
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	30,986	561,343	64	562,517	Note 1 and 7
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	490,556	61	356,361	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	387,592	100	391,431	Notes 1 and 9
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	213,021	38	213,021	Note 1
	Megiz Sky Limited	Equity-method investee	Equity-method investments	6,000	160,559	100	160,559	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	56,448	21,272	32	21,272	Note 1
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	38,731	648,876	40	648,876	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	12,441	42,199	83	120,635	Notes 1 and 8
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	12,393	41	12,393	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	7,419	100	7,419	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	6,606	100	6,606	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,092	100	4,092	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,672	100	4,672	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	20,090	(649,684)	99	(631,814)	Notes 1 and 6
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	11,206	(85,428)	70	(60,106)	Notes 1 and 6
	Giantplus Technology Co., Ltd.	The same chairman of the board	Available-for-sale financial assets	84,652	1,138,306	19	1,138,306	Notes 3 and 11
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	212,333	13	212,333	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	39,647	-	39,647	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	28,039	-	28,039	Note 3
	<u>Fund</u>							
	JF Taiwan Growth Fund	-	Available-for-sale financial assets	2,033	29,695	-	29,695	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	234	40,193	-	40,193	Note 5
	TLG SOLOMON Money Market Fund	-	Available-for-sale financial assets	1,652	20,051	-	20,051	Note 5
	Taishin Lucky Fund	-	Available-for-sale financial assets	14,717	157,424	-	157,424	Note 5
	Manulife Wan Li Bond Fund	-	Available-for-sale financial assets	1,060	14,075	-	14,075	Note 5
	IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,471	47,347	-	47,347	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	896	12,452	-	12,452	Note 5
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	8,326	100,079	-	100,079	Note 5
	Cathay Bond Fund	-	Available-for-sale financial assets	12,514	150,343	-	150,343	Note 5
	Emerging Markets Debt Fund	-	Available-for-sale financial assets	3,000	30,120	-	30,120	Note 5
	Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	556	5,556	11	5,556	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,342	\$ 10,178	42	\$ 12,770	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	30,886	5	30,886	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	249,024	15	248,610	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,236	(9,215)	14	(11,938)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	8	52,895	-	(229)	Notes 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	579	10,558	4	6,472	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,059	16,754	2	18,790	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	4,695	14,986	3	(7,223)	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,910	2	9,910	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	58,028	1	58,028	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	208,851	1	208,851	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	6,608	-	6,608	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	136	1,732	-	1,732	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,378	49,699	8	49,699	Note 3
	ASE Inc.	-	Available-for-sale financial assets	20	630	-	630	Note 3
	Chipbond Teconology Corp.	-	Available-for-sale financial assets	20	817	-	817	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	25	215	-	215	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	39,822	7	39,822	Note 2
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	353	4,007	6	4,007	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	-	14	-	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	9	6,000	Note 2
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$ (350) thousand	44	US\$ (350) thousand	Note 6
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$ 2,230 thousand	1	US\$ 140 thousand	Note 1
	King Yuan ECB	-	Available-for-sale financial assets	8	US\$ 933 thousand	-	US\$ 933 thousand	Note 3
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US\$ - thousand	8	US\$ - thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	1,000	US\$ 500 thousand	2	US\$ 500 thousand	Note 2
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US\$ - thousand	-	US\$ - thousand	Note 2
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US\$ - thousand	3	US\$ - thousand	Note 2
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$ 1,550 thousand	5	US\$ 1,550 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 thousand	1	US\$ 500 thousand	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 2,000 thousand	-	US\$ 2,000 thousand	Note 2
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US\$ 800 thousand	15	US\$ 800 thousand	Note 2
	VisualOn Inc.	-	Financial assets carried at cost	377	US\$ 200 thousand	3	US\$ 200 thousand	Note 2
	Arubo Networks, Inc.	-	Financial assets carried at cost	51	US\$ 1,150 thousand	-	US\$ 1,150 thousand	Note 2
	Synerchip Co., Ltd.	-	Financial assets carried at cost	5,524	US\$ 900 thousand	14	US\$ 900 thousand	Note 2
	<u>Stock</u>							
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	387	3,681	12	3,681	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	40,673	7	40,673	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,780	70	1,780	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	4,277	84,288	4	75,208	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	17,552	1	17,552	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,885	(10,108)	12	(10,108)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-	2,261	-	-	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	9,111	93,674	5	93,674	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	1,909	17,712	13	17,453	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	2,327	42,042	5	42,042	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	32,689	6	32,689	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	36,123	-	36,123	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	10,193	1	10,193	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	149,846	1	149,846	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	913	19,079	3	19,079	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	148	1,265	-	1,265	Note 2
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 2
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 2
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	9,500	10	9,500	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,776	20,734	4	20,734	Note 2
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	3,000	4,800	5	4,800	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	13,750	1	13,750	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	12,485	2	12,485	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	37,500	8	37,500	Note 2
	Aruba Networks Inc	-	Financial assets carried at cost	19	12,923	-	12,923	Note 2
Ventureplus Group Inc.	<u>Stock</u>							
	Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	42,500	US\$ 34,890 thousand	100	US\$ 34,890 thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	42,500	US\$ 34,894 thousand	100	US\$ 34,894 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 13,657 thousand	99	US\$ 13,657 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 1,885 thousand	100	US\$ 1,885 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 18,585 thousand	100	US\$ 18,585 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 273 thousand	80	US\$ 273 thousand	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 433 thousand	70	US\$ 433 thousand	Note 1
Global Techplus Capital Inc.	<u>Stock</u> Techplus Capital Samoa Inc.	Subsidiary of Global Techplus Capital Inc.	Equity-method investments	-	US\$ - thousand	100	US\$ - thousand	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co.,Ltd.	Subsidiary of Sunplus Technology (Shanghai) Co., Ltd.	Equity-method investments	-	RMB 1,312 thousand	100	RMB 1,312 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> Elitergroup Computer Systems	-	Available-for-sale financial assets	508	4,443	-	4,443	Note 3
	Sunnex Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	331	-	165	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,721	-	1,802	Note 1
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	7,590	98,346	100	98,346	Note 1
	<u>Fund</u> PCA Well Poll Bond Fund	-	Available-for-sale financial assets	8,500	111,014	-	111,014	Note 5
	Fuh Hwa Mouey Market Fund	-	Available-for-sale financial assets	2,280	40,044	-	40,044	Note 5
	Prudential Emerging Markets Fund	-	Available-for-sale financial assets	4,993	50,756	-	50,756	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	US\$ 3,244 thousand	100	US\$ 3,244 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	7,200	US\$ 3,424 thousand	100	US\$ 3,424 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$ 180 thousand	100	US\$ 180 thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	\$ 14,936	100	\$ 14,936	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,500	2,073	100	2,073	Note 1
	<u>Fund</u> ING Taiwan Money Market Fund	-	Available-for-sale financial assets	1,913	30,006	-	30,006	Note 5
	Cathay Taiwan Money Market Fund	-	Available-for-sale financial assets	4,162	50,000	-	50,000	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	3,286	50,001	-	50,001	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	3,405	50,000	-	50,000	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	5,222	76,000	-	76,000	Note 5
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	2,465	32,000	-	32,000	Note 5
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 120 thousand	100	US\$ 120 thousand	Note 1
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai)	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$ 120 thousand	100	US\$ 120 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	US\$ - thousand	100	US\$ - thousand	Note 1
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	\$ 35,099	100	\$ 35,099	Note 1
	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(3)	100	(3)	Notes 1 and 6
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Subsidiary of Sunplus mMobile Holding Inc.	Equity-method investments	2,580	US\$ - thousand	100	US\$ - thousand	Note 1
Sunplus Innovation Technology Inc.	<u>Fund</u> Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,636	70,537	-	70,537	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	6,023	88,453	-	88,453	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	14	199	-	199	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	1,000	30,179	12	30,179	Note 2
	Advance NuMicro Systems, Inc	-	Financial assets carried at cost	2,000	15,993	9	15,993	Note 2
Sunplus mMedia Inc.	<u>Fund</u> Allianz Global Investors Bond Fund	-	Available-for-sale financial assets	1,663	20,000	-	20,000	Note 5
iCatch Technology, Inc.	<u>Fund</u> Allianz Global Investors Bond Fund	-	Available-for-sale financial assets	2,501	30,066	-	30,066	Note 5

Note 1: The net asset value was based on unaudited financial data as of June 30, 2011.

Note 2: The market value is based on carrying value as of June 30, 2011.

Note 3: The market value is based on the closing price as of June 30, 2011.

Note 4: The investment carrying value excluded the carrying value of \$63,401 thousand of the shares of Sunplus Technology Company Limited held by its subsidiary.

Note 5: The market value was based on the net asset value of fund as of June 30, 2011.

Note 6: The credit balance on the carrying value of the equity-method investment is reported as other current liabilities.

Note 7: Includes deferred credits \$1,174 thousand.

Note 8: Includes deferred credit \$91,098 thousand.

Note 9: Includes deferred credit \$3,839 thousand.

Note 10: As of June 30, 2011, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. of the shares of Sunplus Technology Company Limited, with a market value \$55,166 thousand had not been pledged or mortgaged.

Note 11: 6,817 thousand shares acquired through private subscription not allowed to be transacted freely in public market, and the fair valued are determined through valuation techniques.

Note 12: The net asset value was based on audited financial data as of June 30, 2011.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Orise Technology Co. Ltd.	Equity-method investments	51,290	\$ 854,731 (Note 3)	-	\$ -	4,000	\$ 252,740	\$ 82,779	\$ 175,859 (Note 4)	47,290	\$ 854,731 (Note 5)
	HT mMobile Inc.		37,261	29,790 (Note 3)	19,187	211,060	-	-	-	-	56,448	21,272 (Note 5)
	Taishin Bond Fund	Available-for-sale financial assets	12,383	132,086 (Note 2)	9,363	100,000	7,028	75,000	74,613	387	14,717	157,424 (Note 1)
	FSITC Bond Fund	Available-for-sale financial assets	1,170	200,000 (Note 2)	-	-	935	160,000	159,917	83	234	40,193 (Note 1)
	Mega Diamond	Available-for-sale financial assets	15,096	180,888 (Note 2)	12,493	150,000	19,263	231,071	230,000	1,071	8,326	100,079 (Note 1)
	Cathay Bond Fund	Available-for-sale financial assets	4,182	50,130 (Note 2)	8,332	100,000	-	-	-	-	12,514	150,343 (Note 1)
Generalplus Technology Inc.	Polaris Bond Fund	Available-for-sale financial assets	-	-	10,491	121,000	10,491	121,139	121,000	139	-	-
	PCA Wea Poll Bond Fund	Available-for-sale financial assets	-	-	8,500	111,000	-	-	-	-	8,500	111,014 (Note 1)
iCash Technology Inc.	Allianz Global Investors Money Market fund	Available-for-sale financial assets	-	-	8,317	100,000	5,817	70,000	69,934	66	2,501	30,066 (Note 1)

Note 1: The ending balance includes the valuation gains on financial assets.

Note 2: The beginning balance includes the valuation gains on financial assets.

Note 3: The carrying value of the equity-method investment as of December 31, 2010.

Note 4: Includes a gain on disposal of investments classified under capital surplus.

Note 5: The carrying value of the equity-method investment as of June 30, 2011.

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES

SIX MONTHS ENDED JUNE 30, 2011

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2011	December 31, 2010	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	581,661	47,290	34	\$ 854,731	\$ 96,730	\$ 35,440	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,441	83	42,199	8,248	25,060	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	858,031	(9,337)	(9,337)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	831,555	(548)	(548)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	305,050	305,050	38,731	40	648,876	133,044	53,078	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$ 42,500 thousand	US\$ 41,900 thousand	42,500	100	1,002,009	(17,777)	(17,777)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 14,760 thousand	14,760	100	387,592	(395)	(395)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	30,986	64	561,343	23,905	16,862	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,837	61	490,556	(81,792)	(50,017)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	195,285	195,285	11,206	70	(85,428)	(46,074)	(34,156)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	12,393	-	-	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200 thousand	US\$ 200 thousand	200	100	6,606	1	1	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	7,419	113	113	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	4,672	744	744	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,092	(20)	(20)	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	583,668	372,608	56,448	32	21,272	(362,763)	(99,966)	Investee
	iCatch Technology. Ltd.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	213,021	(24,404)	(9,050)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,707,392	1,707,392	20,091	99	(649,684)	(57,869)	(57,845)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US\$ 6,000 thousand	US\$ 6,000 thousand	6,000	100	160,559	(11,933)	(11,933)	Subsidiary
Lin Shih Investment Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	30,086	(81,792)	(4,327)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	100,048	100,048	1,342	42	10,178	-	-	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	36,804	36,800	2,236	14	(9,215)	(46,074)	(6,457)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	8	-	52,895	(57,869)	(23)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	10,558	8,248	318	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	14,073	1,059	2	16,754	23,905	480	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	46,948	46,948	4,695	3	14,986	(362,763)	(10,905)	Investee
	i Catch Technology. Ltd.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,910	(24,404)	(421)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	15	249,024	133,044	20,435	Subsidiary
Sunplus Venture Capital Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	40,673	(81,792)	(5,706)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	47,23	45,597	2,327	5	42,042	23,905	1,117	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	100,204	204	9,111	5	93,674	(362,763)	(6,368)	Investee
	i Catch Technology. Ltd.	Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	6	32,689	(24,404)	(1,389)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	12	3,681	-	-	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	17,552	96,730	602	Investee
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	33,846	33,846	1,885	12	(10,108)	(46,074)	(5,461)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	55,522	44,606	4,277	4	84,288	133,044	5,523	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,748	1,784	-	-	2,261	(57,869)	-	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	17,712	8,248	1,050	Subsidiary
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$ 6,050 thousand	US\$ 6,050 thousand	4,794	44	US\$ (350) thousand	US\$ - thousand	US\$ - thousand	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119 thousand	US\$ 2,119 thousand	442	1	US\$ 2,230 thousand	\$ (81,792)	US\$ (20) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2011	December 31, 2010	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Smaoa	Investment	US\$ - thousand	US\$ - thousand	-	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Wei-Young Investment Inc.	Generalplus Technology Inc. Sunext Technology Co., Ltd.	Hsinchu, Taiwan Hsinchu, Taiwan	Design of ICs	1,800	1,800	108	-	1,721	133,044	148	Subsidiary
			Design and sale of ICs	350	350	18	-	331	(81,792)	(23)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 42,500 thousand	US\$ 41,900 thousand	42,500	100	US\$ 34,894 thousand	US\$ (612) thousand	US\$ (612) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 42,500 thousand	US\$ 41,900 thousand	42,500	100	US\$ 34,890 thousand	US\$ (612) thousand	US\$ (612) thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology (Shanghai) Co., Ltd.	Shanghai, China	Manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 13,657 thousand	US\$ 709 thousand	US\$ 701 thousand	Subsidiary
	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$ 4,250 thousand	US\$ 4,250 thousand	-	100	US\$ 1,885 thousand	US\$ (906) thousand	US\$ (906) thousand	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 20,000 thousand	US\$ 20,000 thousand	-	100	US\$ 18,585 thousand	US\$ (313) thousand	US\$ (313) thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 586 thousand	US\$ 586 thousand	-	80	US\$ 273 thousand	US\$ (2) thousand	US\$ (1) thousand	Subsidiary
	Ytrip Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 600 thousand	US\$ - thousand	-	70	US\$ 433 thousand	US\$ (128) thousand	US\$ (90) thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	\$ 14,936	\$ 4,870	\$ 4,870	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$ 1,500 thousand	US\$ 1,500 thousand	1,500	100	2,073	(7,977)	(7,977)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 120 thousand	US\$ 11 thousand	US\$ 11 thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$ 750 thousand	US\$ 750 thousand	-	100	US\$ 120 thousand	US\$ 11 thousand	US\$ 11 thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$ 500 thousand	US\$ 500 thousand	1,000	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Smaoa	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	98,346	3,979	3,979	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	US\$ 3,424 thousand	US\$ 137 thousand	US\$ 137 thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 7,200 thousand	US\$ 7,200 thousand	7,200	100	US\$ 3,244 thousand	US\$ 187 thousand	US\$ 187 thousand	Subsidiary
	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	390	100	US\$ 180 Thousand	US\$ (50) thousand	US\$ (50) thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	35,099	1,613	1,613	Subsidiary
	Sunplus mMobile Holding Inc.	Smaoa	Investment	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	(3)	-	-	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of intellectual property rights	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Sunplus Technology Co., Ltd. (Shanghai)	創鼎	Shenzheu, China	Design of software and hardward	RMB\$ 2,000 thousand	RMB\$ - thousand	-	100	RMB\$ 1,312 thousand	RMB\$ (688) thousand	RMB\$ 688 thousand	Subsidiary

(Concluded)

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED

**INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2011	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of June 30, 2011	Accumulated Inward Remittance of Earnings as of June 30, 2011
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$ 17,200 thousand	Note 1	US\$ 17,000 Thousand	US\$ - thousand	US\$ - thousand	US\$ 17,000 thousand	99	US\$ 701 thousand	US\$ 13,657 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software; system integration services	US\$ 4,250 thousand	Note 1	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100	US\$ (906) thousand	US\$ 1,885 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services	US\$ 20,000 thousand	Note 1	US\$ 20,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 20,000 thousand	100	US\$ (313) thousand	US\$ 18,585 thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 5,000 thousand	Note 1	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80	US\$ (1) thousand	US\$ 273 thousand	US\$ - thousand
Ytrip Technology Co., Ltd. (tentative name)	Manufacture and sale of toys and toy components and accessories, including motors; computer system and software design; computer system integration services; portal site services; supplying general advertising and other information services	RMB 4,844 thousand	Note 1	US\$ - thousand	US\$ - thousand	US\$ - thousand	US\$ 600 thousand	70	US\$ (90) thousand	US\$ 433 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of March 31, 2011	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$42,436 thousand	US\$56,550 thousand	\$6,790,521

Note 1: The Company invested indirectly in a company located in Mainland China by investing in a company in a third country.