

Sunplus Technology Company Limited

**Financial Statements for the
Six Months Ended June 30, 2012 and 2011 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, 2012 and 2011, 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, 2012 and 2011 were NT\$4,104,900 thousand and NT\$4,603,319 thousand, respectively. Also as of June 30, 2012 and 2011, there were credit balances of NT\$378,390 thousand and NT\$735,112 thousand, respectively, on the carrying value of these investments. For the six months ended June 30, 2012 and 2011, the net related investment losses recognized by the equity-method were NT\$14,052 thousand and NT\$248,264 thousand, respectively. These investment amounts and other investee information disclosed in Notes 8 and 26 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, 2012 and 2011 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, 2012 and 2011 on which we issued qualified review reports dated August 15, 2012 and July 20, 2011, respectively.

August 15, 2012

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, 2012 AND 2011

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

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 2,326,911	18	\$ 2,131,119	15	Short-term bank loans (Note 13)	\$ -	-	\$ 100,538	1
Available-for-sale financial assets - current (Notes 2 and 5)	314,895	3	601,779	4	Notes payable and accounts payable	849,196	7	322,677	2
Accounts receivable, net (Notes 2, 3, 6 and 22)	505,873	4	755,930	5	Income tax payable (Notes 2 and 19)	224,489	2	276,729	2
Other receivables	44,239	-	98,370	1	Accrued expenses (Note 22)	184,418	1	260,207	2
Other receivables - related parties (Note 22)	228,215	2	545,731	4	Cash dividends payable (Note 16)	-	-	477,528	3
Inventories (Notes 2 and 7)	1,173,602	9	977,796	7	Long-term bank loans - current portion (Notes 14 and 23)	220,417	2	478,000	4
Deferred income tax assets (Notes 2 and 19)	4,239	-	79,986	1	Deferred royalty income (Notes 2 and 22)	961	-	11,772	-
Other current assets	<u>65,808</u>	<u>1</u>	<u>43,655</u>	<u>-</u>	Other current liabilities (Notes 2 and 8)	<u>387,290</u>	<u>3</u>	<u>744,996</u>	<u>5</u>
Total current assets	<u>4,663,782</u>	<u>37</u>	<u>5,234,366</u>	<u>37</u>	Total current liabilities	<u>1,866,771</u>	<u>15</u>	<u>2,672,447</u>	<u>19</u>
LONG-TERM INVESTMENTS					LONG-TERM BANK LOANS, NET OF CURRENT PORTION				
Equity-method investments (Notes 2 and 8)	5,571,355	44	6,106,926	43	(Notes 14 and 23)	<u>1,429,583</u>	<u>11</u>	<u>-</u>	<u>-</u>
Available-for-sale financial assets (Notes 2 and 5)	999,401	8	1,418,325	10	OTHER LIABILITIES				
Financial assets carried at cost (Notes 2 and 9)	<u>14,889</u>	<u>-</u>	<u>18,889</u>	<u>-</u>	Deferred income (Notes 2 and 22)	2,210	-	14,174	-
Total long-term investments	<u>6,585,645</u>	<u>52</u>	<u>7,544,140</u>	<u>53</u>	Accrued pension liability (Notes 2 and 15)	51,138	1	53,183	-
PROPERTIES (Notes 2, 10 and 23)					Guarantee deposits	135,470	1	130,991	1
Cost					Others	<u>1,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Buildings	922,562	7	795,683	6	Total other liabilities	<u>190,523</u>	<u>2</u>	<u>198,348</u>	<u>1</u>
Auxiliary equipment	63,027	1	193,140	1	Total liabilities	<u>3,486,877</u>	<u>28</u>	<u>2,870,795</u>	<u>20</u>
Machinery and equipment	134,454	1	383,608	3	SHAREHOLDERS' EQUITY (Notes 2, 16 and 17)				
Testing equipment	122,344	1	349,012	2	Capital stock - NT\$10.00 par value				
Transportation equipment	-	-	1,209	-	Authorized - 1,200,000 thousand shares				
Furniture and fixtures	16,962	-	76,895	-	Issued and outstanding - 596,910 thousand shares	5,969,099	47	5,969,099	42
Leasehold improvements	<u>-</u>	<u>-</u>	<u>89</u>	<u>-</u>	Capital surplus				
Total cost	1,259,349	10	1,799,636	12	Additional paid-in capital - share issuance in excess of par	709,215	6	709,215	5
Less: Accumulated depreciation	443,714	3	1,031,925	7	Treasury stock transactions	71,228	-	68,357	-
Construction in progress and prepayments for equipment	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>-</u>	Merger and others	953,606	8	1,065,822	8
Net properties	<u>817,229</u>	<u>7</u>	<u>767,711</u>	<u>5</u>	Retained earnings				
INTANGIBLE ASSETS, NET (Notes 2 and 11)	<u>241,061</u>	<u>2</u>	<u>222,623</u>	<u>2</u>	Legal reserve	2,426,181	19	2,450,003	17
OTHER ASSETS					Special reserve	191,229	2	191,229	2
Rental assets, net (Notes 2, 22 and 23)	41,562	-	148,721	1	Unappropriated earnings (deficit)	(145,247)	(1)	1,867,250	13
Deferred charges and others (Notes 2 and 12)	64,580	1	96,418	1	Other				
Deferred income tax assets (Notes 2 and 19)	182,253	1	168,351	1	Cumulative translation adjustments	66,308	-	(25,077)	-
Restricted assets (Notes 4, 23 and 24)	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	Unrealized loss on financial assets	(971,148)	(8)	(823,127)	(6)
Total other assets	<u>294,395</u>	<u>2</u>	<u>419,490</u>	<u>3</u>	Treasury stock (at cost) - 8,475 thousand shares	<u>(155,236)</u>	<u>(1)</u>	<u>(155,236)</u>	<u>(1)</u>
TOTAL	<u>\$ 12,602,112</u>	<u>100</u>	<u>\$ 14,188,330</u>	<u>100</u>	Total shareholders' equity	<u>9,115,235</u>	<u>72</u>	<u>11,317,535</u>	<u>80</u>
					TOTAL	<u>\$ 12,602,112</u>	<u>100</u>	<u>\$ 14,188,330</u>	<u>100</u>

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

(With Deloitte & Touche audit report dated August 15, 2012)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
GROSS SALES	\$ 1,701,810		\$ 2,111,396	
SALES RETURNS AND ALLOWANCES	<u>102,626</u>		<u>42,822</u>	
NET SALES (Notes 2 and 22)	1,599,184	100	2,068,574	100
COST OF SALES (Notes 2, 7 and 18)	1,011,138	63	1,423,781	69
REALIZED INTERCOMPANY GAIN, NET (Note 2)	<u>-</u>	<u>-</u>	<u>4,800</u>	<u>-</u>
GROSS PROFIT	<u>588,046</u>	<u>37</u>	<u>649,593</u>	<u>31</u>
OPERATING EXPENSES (Notes 18 and 22)				
Marketing	66,393	4	65,181	3
General and administrative	113,016	7	100,000	5
Research and development	<u>590,301</u>	<u>37</u>	<u>601,534</u>	<u>29</u>
Total operating expenses	<u>769,710</u>	<u>48</u>	<u>766,715</u>	<u>37</u>
OPERATING LOSS	<u>(181,664)</u>	<u>(11)</u>	<u>(117,122)</u>	<u>(6)</u>
NONOPERATING INCOME AND GAINS				
Investment income recognized by the equity-method, net (Notes 2 and 8)	17,027	1	-	-
Interest income (Note 22)	10,172	1	8,665	-
Administrative and support service revenue (Note 22)	7,903	1	18,068	1
Rental revenue (Note 22)	5,090	-	8,519	-
Gain on disposal of investments, net (Note 2)	2,035	-	177,063	9
Others (Notes 2 and 22)	<u>20,556</u>	<u>1</u>	<u>19,861</u>	<u>1</u>
Total nonoperating income and gains	<u>62,783</u>	<u>4</u>	<u>232,176</u>	<u>11</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	9,204	1	5,762	-
Foreign exchange loss, net (Note 2)	6,775	-	4,576	-
Impairment loss (Notes 5, 9 and 22)	1,615	-	-	-
Investment loss recognized by the equity-method, net (Notes 2 and 8)	-	-	159,746	8
Loss on disposal of fixed assets (Note 2)	-	-	222	-
Others	<u>8,772</u>	<u>1</u>	<u>1,762</u>	<u>-</u>
Total nonoperating expenses and losses	<u>26,366</u>	<u>2</u>	<u>172,068</u>	<u>8</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	\$ (145,247)	(9)	\$ (57,014)	(3)
INCOME TAX EXPENSE (Notes 2 and 19)	-	-	36,836	2
NET LOSS	<u>\$ (145,247)</u>	<u>(9)</u>	<u>\$ (93,850)</u>	<u>(5)</u>

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
LOSS PER SHARE IN NEW TAIWAN DOLLARS (Note 20)				
Basic	<u>\$ (0.25)</u>	<u>\$ (0.25)</u>	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>
Diluted	<u>\$ (0.25)</u>	<u>\$ (0.25)</u>	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>

The pro forma net loss and loss per share (LPS) 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):

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET LOSS	<u>\$(145,247)</u>	<u>\$(145,247)</u>	<u>\$(57,014)</u>	<u>\$(93,850)</u>
BASIC and DILUTED EPS (NEW TAIWAN DOLLARS)				
Based on weighted-average shares				
Outstanding - 591,995 thousand shares in 2012 and 596,458 thousand shares in 2011	<u>\$(0.25)</u>	<u>\$(0.25)</u>	<u>\$(0.10)</u>	<u>\$(0.16)</u>

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

(With Deloitte & Touche audit report dated August 15, 2012)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	Capital Surplus (Notes 2 and 16)														
	Capital 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)				Others (Notes 2, 16 and 17)			Total Shareholders' Equity
								Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)	Total	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Assets	Treasury Stock	
	Shares (Thousands)	Amount													
BALANCE, JANUARY 1, 2012	596,910	\$ 5,969,099	\$ 709,215	\$ 71,228	\$ 792,599	\$ 157,423	\$ 1,730,465	\$ 2,450,003	\$ 191,229	\$ (23,822)	\$ 2,617,410	\$ 90,505	\$ (1,190,315)	\$ (155,236)	\$ 9,061,928
Deficit offset against legal reserve	-	-	-	-	-	-	-	(23,822)	-	23,822	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	3,584	-	3,584	-	-	-	-	-	-	-	3,584
Net loss for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	-	(145,247)	(145,247)	-	-	-	(145,247)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(24,197)	-	-	(24,197)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	46,973	-	46,973
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	172,194	-	172,194
BALANCE, JUNE 30, 2012	596,910	\$ 5,969,099	\$ 709,215	\$ 71,228	\$ 796,183	\$ 157,423	\$ 1,734,049	\$ 2,426,181	\$ 191,229	\$ (145,247)	\$ 2,472,163	\$ 66,308	\$ (971,148)	\$ (155,236)	\$ 9,115,235
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	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 908,399	\$ 157,423	\$ 1,843,394	\$ 2,450,003	\$ 191,229	\$ 1,867,250	\$ 4,508,482	\$ (25,077)	\$ (823,127)	\$ (155,236)	\$ 11,317,535

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

(With Deloitte & Touche audit report dated August 15, 2012)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (145,247)	\$ (93,850)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	118,613	155,651
Gain on disposal of investments, net	(2,035)	(177,063)
Cash dividends received from equity method investees	-	167,342
Investment (income) loss recognized by the equity-method, net	(17,027)	159,746
Impairment loss	1,615	-
Realized intercompany gain, net	-	(4,800)
Realized royalty income	(1,386)	(1,086)
Loss on disposal of properties and intangible assets	-	222
Deferred income tax	-	22,815
Accrued pension liability	(891)	(1,236)
Net changes in operating assets and liabilities		
Accounts receivable	33,526	124,681
Other receivables	55,317	28,933
Other receivables - related parties	2,597	(2,803)
Inventories	(637,722)	377,563
Other current assets	(25,240)	(3,877)
Notes payable and accounts payable	501,818	(218,669)
Income tax payable	(158,145)	14,021
Accrued expenses	(22,767)	(95,845)
Other current liabilities	(4,209)	(297)
Net cash provided by (used in) operating activities	<u>(301,183)</u>	<u>451,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of:		
Available-for-sale financial assets	302,642	585,866
Return of capital by investee	2,667	2,222
Equity-method investments	-	252,740
Properties	-	1
Acquisition of:		
Available-for-sale financial assets	(250,000)	(429,641)
Equity-method investments	(167,000)	(228,652)
Properties	(6,790)	(22,673)
Increase in intangible assets	(28,519)	(63,701)
Increase in deferred charges and others	(4,785)	(53,114)
Other receivables - related parties	(84,400)	(140,000)
Increase in restricted assets	<u>-</u>	<u>(6,000)</u>
Net cash used in investing activities	<u>(236,185)</u>	<u>(102,952)</u>

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SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	\$ (381,100)	\$ (74,242)
Decrease in guarantee deposits	(2,535)	(6,629)
Increase in long-term bank loans	1,650,000	-
Repayments of long-term bank loans	(208,000)	(142,500)
Cash paid for acquisition of treasury stock	<u>-</u>	<u>(91,835)</u>
Net cash provided by (used in) financing activities	<u>1,058,365</u>	<u>(315,206)</u>
NET INCREASE IN CASH	520,997	33,290
CASH, BEGINNING OF PERIOD	<u>1,805,704</u>	<u>2,097,829</u>
CASH, END OF PERIOD	<u>\$ 2,326,701</u>	<u>\$ 2,131,119</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$ 83,876</u>	<u>\$ -</u>
Interest paid	<u>\$ 8,387</u>	<u>\$ 6,811</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of assets leased to others to properties	<u>\$ 94,150</u>	<u>\$ -</u>
Increase (decrease) in reclassification of credit balance on carrying value of long-term investments to other current liabilities	<u>\$ (93,422)</u>	<u>\$ 92,001</u>
Current portion of long-term bank loans	<u>\$ 220,417</u>	<u>\$ 478,000</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$ (33,897)	\$ (19,699)
Decrease in other receivables-related parties	24,535	-
Increase (decrease) in payables to contractors and equipment suppliers	<u>2,572</u>	<u>(2,974)</u>
Cash paid	<u>\$ (6,790)</u>	<u>\$ (22,673)</u>

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

(With Deloitte & Touche audit report dated August 15, 2012)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(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, 2012 and 2011, the Company had 554 and 591 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 Company recognizes a financial asset on its balance sheet when the Company becomes a party to the contractual provisions of the financial instruments. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset.

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 as of the balance sheet date, and those of domestic listed stocks, 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

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. This allowance is 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. 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. Based on the revised Statement of Financial Accounting Standards - "Long-Term Investments under the Equity Method," the cost of an investment should be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, should not be amortized and should instead be tested for impairment annually.

When the Company's share in losses of an investee over which the Company has significant influence equals its investment in that investee plus any advances made to the investee, the Company discontinues applying the equity method. The Company continues to recognize its share in losses of the investee if (a) the Company commits to provide further financial support to the investee or (b) the losses of the investee are considered to be temporary and sufficient evidence shows imminent return to profitability.

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 at the Company's percentage of ownership of the investee that has the gain or loss. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred at a percentage resulting from the multiplication of a percentage of ownership of one investee by the percentage of ownership of the other investee. All deferred gains and losses are realized upon the 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 - 8 to 56 years; auxiliary equipment - 3 to 11 years; machinery and equipment - 4 years; testing equipment - 2 to 4 years; furniture and fixtures - 2 to 4 years; leasehold improvements - 3 years; and rental assets - 8 to 56 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 one year to five 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 shareholders 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, 2012.

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	
	2012	2011
Savings accounts	\$ 456,217	\$ 375,671
Time deposits	1,875,640	1,759,900
Checking accounts	467	880
Cash on hand	<u>587</u>	<u>668</u>
	2,332,911	2,137,119
Deduct: Restricted assets (Note 23)	<u>6,000</u>	<u>6,000</u>
	<u>\$ 2,326,911</u>	<u>\$ 2,131,119</u>

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2012	2011
Open-end funds	\$ 314,895	\$ 601,779
Domestic listed stocks	<u>999,401</u>	<u>1,418,325</u>
	1,314,296	2,020,104
Deduct: Current portion	<u>314,895</u>	<u>601,779</u>
	<u>\$ 999,401</u>	<u>\$ 1,418,325</u>

Some of the domestic 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. As of June 30, 2012 and 2011, the effects of restriction could be reliably measured and were consistent with those of other market participants, so those shares previously classified as financial assets carried at cost were transferred to available-for-sale financial assets, resulting in an unrealized loss of \$60,134 thousand and \$32,249 thousand, respectively.

As of June 30, 2012, the Company had recognized \$30,247 thousand as impairment loss on its available-for-sale financial assets.

6. ACCOUNTS RECEIVABLE

	June 30	
	2012	2011
Accounts receivable - others	\$ 510,651	\$ 826,779
Accounts receivable - related parties	<u>7,002</u>	<u>11,063</u>
	517,653	837,842
Deduct: Allowance for doubtful accounts	576	56,912
Deduct: Allowance for sales returns and discounts	<u>11,204</u>	<u>25,000</u>
	<u>\$ 505,873</u>	<u>\$ 755,930</u>

Movements of the allowance for doubtful accounts were as follows:

	June 30	
	2012	2011
Balance, beginning of the period	\$ 160	\$ 56,912
Add: Amount recovered	<u>416</u>	<u>-</u>
Balance, end of period	<u>\$ 576</u>	<u>\$ 56,912</u>

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

	June 30	
	2012	2011
Balance, beginning of the period	\$ 8,615	\$ 25,000
Add: Amount recovered	<u>2,589</u>	<u>-</u>
Balance, end of period	<u>\$ 11,204</u>	<u>\$ 25,000</u>

7. INVENTORIES

	June 30	
	2012	2011
Finished goods and merchandise	\$ 397,928	\$ 336,455
Work-in-process	464,268	468,550
Raw materials	<u>311,406</u>	<u>172,791</u>
	<u>\$ 1,173,602</u>	<u>\$ 977,796</u>

As of June 30, 2012 and 2011, the allowances for losses were \$303,334 thousand and \$192,549 thousand, respectively.

For the six months ended June 30, 2012 and 2011, the cost of goods sold related to inventories were \$1,011,138 thousand and \$1,423,781 thousand respectively, and these inventory costs included the following:

	June 30	
	2012	2011
Reversal of inventory write-downs	\$ 26,957	\$ -
Inventory write-downs	-	30,000
Income from scrap sales	<u>(1,107)</u>	<u>(4,789)</u>
	<u>\$ 25,850</u>	<u>\$ 25,211</u>

8. EQUITY-METHOD INVESTMENTS

	June 30			
	2012		2011	
	Amount	% of Owner-ship	Amount	% of Owner-ship
Ventureplus Group Inc.	\$ 1,023,886	100	\$ 1,002,009	100
Orise Technology Co., Ltd.	844,418	34	854,731	34
Lin Shih Investment Co., Ltd.	714,617	100	831,555	100
Sunplus Venture Capital Co., Ltd.	696,061	100	858,031	100
Generalplus Technology Corp.	622,037	34	648,876	40
Sunplus Innovation Technology Inc.	570,431	64	561,343	64
Russell Holdings Limited	405,316	100	387,592	100
Sunext Technology Co., Ltd.	402,690	61	490,556	61
iCatch Technology, Inc.	198,811	38	213,021	38
Sunplus mMedia Inc.	68,065	83	42,199	83
Wei-Young Investment Inc.	9,236	100	7,419	100
Global Techplus Capital Inc.	6,793	100	6,606	100
Sunplus Technology (H.K.) Co., Ltd.	4,848	100	4,672	100
Sunplus Management Consulting Inc.	4,146	100	4,092	100
Magic Sky Limited	-	100	160,559	100
HT mMobile Inc.	-	32	21,272	32
Waveplus Technology Co., Ltd.	<u>-</u>	-	<u>12,393</u>	41
	<u>\$ 5,571,355</u>		<u>\$ 6,106,926</u>	
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 359,613	99	\$ 649,684	99
Sunplus Core Technology Co., Ltd.	<u>18,777</u>	99	<u>85,428</u>	70
	<u>\$ 378,390</u>		<u>\$ 735,112</u>	

On July 8, 2011, Waveplus Technology completed its liquidation process.

On February 29, 2012, HT mMobile Inc.'s (HT) board of directors approved a downsizing and reduction of its operations because of (a) the termination of merger negotiations with another company and (b) the resignation of high-level employees of the research and development (R&D) department, which have hampered product R&D. On the basis of a resolution passed in a meeting of HT's board of directors, the Company recognized an investment loss on HT, as well as the reduction of the carrying value of this to zero.

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, 2012 and 2011 were as follows:

	June 30, 2012		
	Balance, Beginning of Period	Decrease	Balance, End of Period
Goodwill	<u>\$ 146,857</u>	<u>\$ -</u>	<u>\$ 146,857</u>
	June 30, 2011		
	Balance, Beginning of Period	Decrease	Balance, End of Period
Goodwill	<u>\$ 161,257</u>	<u>\$ -</u>	<u>\$ 161,257</u>

The consolidated financial statements as of and for the six months ended June 30, 2012 and 2011 had included all the above subsidiaries.

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income and losses for the six months ended June 30, 2012 and 2011 had all been audited, except those of Orise Technology and Generalplus Technology. The Company's management believed that had the financial statements of these two investees been audited, there would have been no material effect on the Company's financial statements. The investment incomes (losses) of investees were as follows:

	Six Months Ended June 30	
	2012	2011
Ventureplus Group Inc.	\$ (5,319)	\$ (17,777)
Sunplus Venture Capital Co., Ltd.	14,618	(9,337)
Orise Technology Co., Ltd.	11,885	35,440
Lin Shih Investment Co., Ltd.	2,056	(548)
Generalplus Technology Corp.	19,194	53,078
Sunplus Innovation Technology Inc.	6,357	16,862
Sunext Technology Co., Ltd.	(29,692)	(50,017)
Russell Holdings Limited	1,488	(395)
iCatch Technology, Inc.	13,560	(9,050)
Megic Sky Limited	-	(11,933)
Sunplus mMedia Inc.	9,155	25,060
HT mMobile Inc.	-	(99,966)
Wei-Young Investment Inc.	31	113
Global Techplus Capital Inc.	1	1
Sunplus Technology (H.K.) Co., Ltd.	796	744
Sunplus Management Consulting Inc.	(19)	(20)
Sunplus mMobile Inc.	(26,158)	(57,845)
Sunplus Core Technology Co., Ltd.	<u>(926)</u>	<u>(34,156)</u>
	<u>\$ 17,027</u>	<u>\$ (159,746)</u>

Fair values of listed equity-method investments calculated at their closing prices as of June 30, 2012 and 2011 were as follows:

	June 30	
	2012	2011
Orise Technology Co., Ltd.	\$ 1,395,054	\$ 2,511,098
Giantplus Technology Co., Ltd.	<u>746,486</u>	<u>-</u>
	<u>\$ 2,141,540</u>	<u>\$ 2,511,098</u>

9. FINANCIAL ASSETS CARRIED AT COST

	June 30	
	2012	2011
Domestic unlisted stocks	<u>\$ 14,889</u>	<u>\$ 18,899</u>

The Company recognized an impairment loss of \$1,333 thousand on its investment in Network Capital Global Fund and recorded this loss under nonoperating expenses and losses - impairment loss.

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, 2012								
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress
<u>Cost</u>								
Balance, beginning of period	\$ 806,908	\$ 62,458	\$ 153,192	\$ 95,930	\$ -	\$ 12,987	\$ -	\$ -
Increase	-	569	1,306	26,453	-	3,975	-	1,594
Decrease	-	-	20,044	39	-	-	-	-
Reclassification	<u>115,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u>922,562</u>	<u>63,027</u>	<u>134,454</u>	<u>122,344</u>	<u>-</u>	<u>16,962</u>	<u>-</u>	<u>1,594</u>
<u>Accumulated depreciation</u>								
Balance, beginning of period	177,430	30,295	134,029	62,307	-	5,721	-	-
Depreciation	9,100	2,994	7,493	10,318	-	2,606	-	-
Decrease	-	-	20,044	39	-	-	-	-
Reclassification	<u>21,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of period	<u>208,034</u>	<u>33,289</u>	<u>121,478</u>	<u>72,586</u>	<u>-</u>	<u>8,327</u>	<u>-</u>	<u>-</u>
Balance, end of period, net	<u>\$ 714,528</u>	<u>\$ 29,738</u>	<u>\$ 12,976</u>	<u>\$ 49,758</u>	<u>\$ -</u>	<u>\$ 8,635</u>	<u>\$ -</u>	<u>\$ 1,594</u>
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>

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

11. INTANGIBLE ASSETS

	Six Months Ended June 30, 2012		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of period	\$ 535,005	\$ 97,099	\$ 632,104
Increase	<u>28,519</u>	<u>-</u>	<u>28,519</u>
Balance, end of period	<u>563,524</u>	<u>97,099</u>	<u>660,623</u>
<u>Accumulated amortization</u>			
Balance, beginning of period	315,362	47,200	362,562
Amortization expense	<u>54,303</u>	<u>2,697</u>	<u>57,000</u>
Balance, end of period	<u>369,665</u>	<u>49,897</u>	<u>419,562</u>
Balance, end of period net	<u>\$ 193,859</u>	<u>\$ 47,202</u>	<u>\$ 241,061</u>

	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>

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	
	2012	2011
Software and system design, net	\$ 55,118	\$ 86,901
Certificate of golf club membership	7,800	7,800
Refundable deposits	<u>1,662</u>	<u>1,717</u>
	<u>\$ 64,580</u>	<u>\$ 96,418</u>

13. SHORT-TERM BANK LOANS

June 30, 2011

Working capital loans - US\$3,500 thousand; annual interest rate from 0.71%-0.77% in 2011	<u>\$ 100,538</u>
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14. LONG-TERM BANK LOANS

	June 30	
	2012	2011
Medium- to long-term credit bank loans		
Repayable quarterly from March 2012 to March 2015; annual floating-rate interest - 1.942% in 2012	\$ 500,000	\$ -
Repayable quarterly from March 2012 to March 2015; annual floating-rate interest - 2.04% in 2012	250,000	-
Repayable semiannually from February 2012 to February 2015; annual floating-rate interest - 2.17% in 2012	150,000	-
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest - 1.6855% in 2011	-	280,000
Medium- to long-term secured loans:		
Repayable semiannually from March 2012 to March 2017; annual floating-rate interest - 1.97% in 2012	600,000	-
Repayable semiannually from February 2012 to February 2015; annual floating-rate interest - 2.17% in 2012	150,000	-
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 2.09% in 2011	-	45,000
Repayable semiannually from March 2010 to March 2014; annual floating-rate interest - 2.04% in 2011; repay early in 2012	-	153,000
	1,650,000	478,000
Deduct: Current portion	220,417	478,000
	<u>\$ 1,429,583</u>	<u>\$ -</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, 2012 and 2011, 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 \$16,369 thousand and \$16,317 thousand for the six months ended June 30, 2012 and 2011, 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 \$1,370 thousand and \$1,220 thousand for the six months ended June 30, 2012 and 2011, respectively.

Defined benefit pension fund balances were \$127,728 thousand and \$122,010 thousand as of June 30, 2012 and 2011, 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, 2012.

Outstanding option rights were as follows:

	2007 Option Plan			
	2012		2011	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Six Months Ended June 30				
Beginning outstanding balance	19,847	\$38.03	21,433	\$40.52
Options canceled	<u>(249)</u>	-	<u>(898)</u>	-
Ending outstanding balance	<u>19,598</u>		<u>20,535</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, 2012, the outstanding and exercisable options were as follows:

	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\$)
Exercise Price (NT\$)					
\$ 37.9	13,298	1.37	\$37.9	13,298	\$37.9
38.3	6,300	1.49	38.3	6,300	38.3

No compensation costs were recognized under the intrinsic value for the six months ended June 30, 2012 and 2011. Had the Company used the fair value method to evaluate the options in accordance with Statement of Financial Accounting Standards No. 39 - "Share-Based Payment", the pro forma net loss and basic loss per share are the same with those reported in the income statements due to the expiration of valid period.

In their meeting on June 18, 2012, the shareholders approved a restricted stock plan for employees with a total amount of NT\$280,000 thousand, consisting of 28,000 thousand shares, and authorize the board of directors to determine the issue prices of the restricted shares when they are issued.

As of June 30, 2012, the Company had not yet issued any restricted shares employees.

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, 2012, the outstanding 275 thousand units of GDRs represented 550 thousand common shares.

c. Capital Surplus

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, treasury stock transactions) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments, employee stock options and conversion options 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.

Under an approved shareholder's resolution, 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. The Company's policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends may 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.

The Company should estimate the bonus to employees and remuneration to directors and supervisors based on related laws and past experience. However, for working capital retention, the bonus to employees and remuneration to directors and supervisors was zero for the six months ended June 30, 2012 and the year ended December 31, 2011. For the three months ended March 31, 2012, based on the Company's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. 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 year of the proposal. 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.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 2011 and 2010 earnings (deficit) were approved at the shareholders' meetings on June 18, 2012 and June 10, 2011, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2011		For Fiscal Year 2010	
	Appropriation of deficit	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ -	\$-	\$ 77,372	\$-
Special reserve	-	-	191,229	-
Legal reserve offset deficit	23,822	-	-	-
Cash dividend	<u>-</u>	-	<u>477,528</u>	0.8
	<u>\$ 23,822</u>		<u>\$ 746,129</u>	

In their meeting on June 10, 2011, the shareholders approved a bonus to employees of \$96,579 thousand and a remuneration to directors and supervisors of \$2,204 thousand.

The amounts approved by the Company's board of directors on April 27, 2011 and April 27, 2012 did not differ from the amounts approved by the shareholders.

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, 2012 and 2011, 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, 2012</u>			
Balance, beginning of year	\$ (1,247,657)	\$ 57,342	\$ (1,190,315)
Recognized in shareholders' equity	141,947	46,973	188,920
Transferred to profit	<u>30,247</u>	<u>-</u>	<u>30,247</u>
Balance, end of year	<u>\$ (1,075,463)</u>	<u>\$ 104,315</u>	<u>\$ (971,148)</u>
<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>

17. TREASURY STOCK

(Units: Shares in Thousands)

Purpose of Purchase	Beginning Shares	Increase	Ending Shares
<u>Six months ended June 30, 2012</u>			
Company stocks held by subsidiaries	3,560	-	3,560
For subsequent transfer to employees	<u>4,915</u>	<u>-</u>	<u>4,915</u>
	<u>8,475</u>	<u>-</u>	<u>8,475</u>
<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>

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, 2012, the book value and market value of these shares were \$63,401 thousand and \$31,577 thousand, respectively. As of June 30, 2011, the book value and market value of these shares were \$63,401 thousand and \$58,028 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 April 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					
	2012			2011		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 38,073	\$ 378,857	\$ 416,930	\$ 32,696	\$ 348,433	\$ 381,129
Labor/health insurance	2,480	22,134	24,614	2,580	21,738	24,318
Pension	1,733	16,006	17,739	1,789	15,748	17,537
Welfare benefit	325	2,670	2,995	600	4,483	5,083
Meal	<u>710</u>	<u>5,457</u>	<u>6,167</u>	<u>787</u>	<u>5,522</u>	<u>6,309</u>
	<u>\$ 43,321</u>	<u>\$ 425,124</u>	<u>\$ 468,445</u>	<u>\$ 38,452</u>	<u>\$ 395,924</u>	<u>\$ 434,376</u>
Depreciation	<u>\$ 8,969</u>	<u>\$ 23,542</u>	<u>\$ 32,511</u>	<u>\$ 13,191</u>	<u>\$ 23,396</u>	<u>\$ 36,587</u>
Amortization	<u>\$ 241</u>	<u>\$ 84,880</u>	<u>\$ 85,121</u>	<u>\$ 290</u>	<u>\$ 117,012</u>	<u>\$ 117,302</u>

19. INCOME TAX

- a. A reconciliation of income tax expense on 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	
	2012	2011
Loss before income tax at statutory rate	\$ (24,692)	\$ (9,693)
Tax effects of adjustments:		
Permanent differences	(22,867)	(3,194)
Temporary differences	(5,145)	11,953
Tax effects of consolidation income tax filing	<u>(4,447)</u>	<u>(9,837)</u>
Income tax expense before tax credits	<u>\$ (57,151)</u>	<u>\$ (10,771)</u>

- b. Income tax expense consisted of the following:

	Six Months Ended June 30	
	2012	2011
Income tax expense before tax credits	\$ -	\$ -
Additional 10% tax on unappropriated earnings	-	2,758
Investment tax credits	-	(2,758)
Net change in deferred income tax assets	-	22,815
Additional income tax under Alternative Minimum Tax Act	<u>-</u>	<u>14,021</u>
Income tax expense	<u>\$ -</u>	<u>\$ 36,836</u>

c. Deferred income tax assets were as follows:

	June 30	
	2012	2011
Current:		
Investment tax credits	\$ 243,496	\$ 256,059
Temporary differences	4,239	10,078
Loss carryforwards	-	67,150
Deduct: Valuation allowance	<u>243,496</u>	<u>253,301</u>
	<u>\$ 4,239</u>	<u>\$ 79,986</u>
Noncurrent:		
Investment tax credits	\$ 258,063	\$ 522,345
Temporary differences	66,648	11,760
Loss carryforwards	337,699	108,750
Deduct: Valuation allowances	<u>480,157</u>	<u>474,504</u>
	<u>\$ 182,253</u>	<u>\$ 168,351</u>

As of June 30, 2012, 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	<u>\$ 1,035</u>	<u>\$ 1,035</u>	2012
Statute for Upgrading Industries	Research and development expenditures	\$ 243,496 <u>241,935</u>	\$ 243,496 <u>241,935</u>	2012 2013
		<u>\$ 485,431</u>	<u>\$ 485,431</u>	
Statute for Upgrading Industries	Investment in important Technology-based enterprise	<u>\$ 15,093</u>	<u>\$ 15,093</u>	2013
Income Tax Law	Loss carryforwards	\$ 77,151 87,978 115,419 <u>57,151</u>	\$ 77,151 87,978 115,419 <u>57,151</u>	2019 2020 2021 2022
		<u>\$ 337,699</u>	<u>\$ 337,699</u>	

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, 2013 to December 31, 2017

The tax returns through 2008 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2004 and 2005 tax returns and thus applied for administrative remedy on these returns. The Company also applied for the correction of the tax authorities' assessment of its 2006 and 2007 tax 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	
	2012	2011
Shareholders' imputation credit account	<u>\$ 274,776</u>	<u>\$ 268,595</u>
Unappropriated earnings until 1997	<u>\$ -</u>	<u>\$ 452,310</u>

The actual creditable tax ratio for the distribution of earnings for 2010 was 12.63%; for 2011, there was no creditable tax ratio because the Company had a deficit.

20. LOSS PER SHARE

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

	<u>Amounts (Numerator)</u>		Share (Denominator) (In Thousands)	<u>LPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Six months ended June 30, 2012</u>					
Net loss	<u>\$ (145,247)</u>	<u>\$ (145,247)</u>			
Basic loss per share					
Loss of common shareholders	<u>\$ (145,247)</u>	<u>\$ (145,247)</u>	<u>588,435</u>	<u>\$ (0.25)</u>	<u>\$ (0.25)</u>
<u>Six months ended June 30, 2011</u>					
Net loss	<u>\$ (57,014)</u>	<u>\$ (93,850)</u>			
Basic loss per share					
Loss of common shareholders	<u>\$ (57,014)</u>	<u>\$ (93,850)</u>	<u>591,242</u>	<u>\$ (0.10)</u>	<u>\$ (0.16)</u>

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, 2012 and 2011. As a result, the potential common shares were excluded from the calculation of diluted LPS.

The Accounting Research and Development Foundation issued Interpretation 2007-052, which 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 decides to 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, if the resulting potential shares have a dilutive effect, these shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. 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. The 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			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Available-for-sale financial assets (including current and noncurrent portions)	\$ 1,314,296	\$ 1,314,296	\$ 2,020,104	\$ 2,020,104
Financial assets carried at cost	14,889	-	18,889	-
Liabilities				
Long-term bank loans (including current portion)	1,650,000	1,650,000	478,000	478,000

- 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, 2012 and 2011.
- d. As of June 30, 2012 and 2011, financial assets exposed to cash flow interest rate risk amounted to \$456,217 thousand and \$375,671 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,875,640 thousand and \$1,759,900 thousand, respectively. As of June 30, 2012 and 2011, financial liabilities exposed to fair value interest rate risk amounted to \$0 and \$100,538 thousand, respectively. As of June 30, 2012 and 2011, financial liabilities exposed to cash flow interest rate risk amounted to \$1,650,000 thousand and \$478,000 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, 2012 and 2011 were \$10,172 thousand and \$8,665 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, 2012 and 2011 were \$9,204 thousand and \$5,762 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, 2012 and 2011, 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. Sunext Technology Co., Ltd. ("Sunext") - 61% subsidiary
- b. Sunplus Core Technology Inc. ("Sunplus Core") - 99% subsidiary
- c. Generalplus Technology Inc. ("Generalplus") - 34% subsidiary
- d. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 64% subsidiary
- e. Sunplus mMobile Inc. ("Sunplus mMobile") - 99% subsidiary
- f. HT mMobile Inc. Ltd. ("HT mMobile") - equity-method investee
- g. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- h. Orise Technology Co., Ltd. ("Orise") - equity-method investee
- i. Sunplus mMedia Inc. ("Sunplus mMedia") - 83% subsidiary
- j. iCatch Technology, Inc. ("iCatch") - 38% subsidiary
- k. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- l. Others - please refer to Note 26 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			
	2012		2011	
	Amount	%	Amount	%
Sales				
Orise	\$ 6,603	1	\$ 9,783	1
Generalplus	6,482	-	8,346	1
iCatch	2,339	-	4,643	-
Sunext	1,707	-	1,600	-
HT mMobile	644	-	1,429	-
Sunplus Innovation	195	-	1,047	-
Sunplus Core	<u>-</u>	<u>-</u>	<u>4,929</u>	<u>-</u>
	<u>\$ 17,970</u>	<u>1</u>	<u>\$ 31,777</u>	<u>2</u>

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

	Six Months Ended June 30			
	2012		2011	
	Amount	%	Amount	%
Purchase				
HT mMobile	<u>\$ 1,210</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Operating expense				
HT mMobile	\$ 6,312	1	\$ -	-
Sunplus H.K.	1,839	-	1,838	-
Sunplus Core	188	-	336	-
Orise	68	-	5	-
iCatch	61	-	-	-
Sunplus Innovation	18	-	23	-
Generalplus	11	-	-	-
Sunext	<u>-</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>\$ 8,497</u>	<u>-</u>	<u>\$ 2,225</u>	<u>-</u>

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

	Six Months Ended June 30			
	2012		2011	
	Amount	%	Amount	%
Nonoperating income and gains				
Generalplus	\$ 6,160	10	\$ 4,716	2
iCatch	5,853	9	6,424	3
HT mMobile	5,513	9	11,693	5
Sunplus Innovation	3,313	5	3,803	1
Sunplus mMobile	1,378	2	3,832	2
Sunext	802	1	933	-
Orise	401	1	417	-
Sunplus Core	283	1	4,016	2
Sunplus mMedia	<u>-</u>	<u>-</u>	<u>53</u>	<u>-</u>
	<u>\$ 23,703</u>	<u>38</u>	<u>\$ 35,887</u>	<u>15</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 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			
	2012		2011	
	Amount	%	Amount	%
Accounts receivable				
Generalplus	\$ 2,976	1	\$ 3,465	-
Orise	2,105	-	3,856	1
iCatch	742	-	1,938	-
Sunext	742	-	806	-
HT mMobile	416	-	712	-
Sunplus Innovation	21	-	262	-
Sunplus Core	-	-	24	-
	<u>7,002</u>	<u>1</u>	<u>11,063</u>	<u>1</u>
Deduct: Allowance for doubtful accounts	<u>416</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 6,586</u></u>	<u><u>1</u></u>	<u><u>\$ 11,063</u></u>	<u><u>1</u></u>
Other receivables				
Sunplus mMobile	\$ 109,941	48	\$ 382,909	70
Generalplus	56,971	25	159	-
Orise	37,833	17	132,439	24
Sunplus Innovation	19,698	9	502	-
iCatch	3,353	1	2,554	1
Sunext	419	-	481	-
HT mMobile	-	-	26,041	5
Sunplus Core	-	-	618	-
Sunplus mMedia	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>
	<u><u>\$ 228,215</u></u>	<u><u>100</u></u>	<u><u>\$ 545,731</u></u>	<u><u>100</u></u>

Dividend receivables (recorded as other receivables) as of June 30, 2012 and 2011 were \$112,400 thousand and \$132,412 thousand, respectively. The Company assessed the recoverable amount of the interest and rental by HT mMobile Company and recognized an impairment loss of \$7,105 thousand during the six months ended June 30, 2012.

In the six months ended June 30, 2012 and 2011, the Company provided financing to Sunplus mMobile, as follows:

Financing to Related Party	Six Months Ended June 30, 2012			
	Maximum Balance	Ending Balance (Note 5)	Interest Rate	Interest Income
Sunplus mMobile	<u>\$ 118,400</u>	<u>\$ 118,400</u> (Note 1)	1.475%-1.655%	<u>\$ 616</u>
HT mMobile	<u>\$ 400,000</u>	<u>\$ 400,000</u> (Note 2)	1.475%-1.655%	<u>\$ 3,232</u>

Financing to Related Party	Six Months Ended June 30, 2011			
	Maximum Balance	Ending Balance (Note 5)	Interest Rate	Interest Income
Sunplus mMobile	<u>\$ 546,000</u>	<u>\$ 546,000</u> (Note 3)	1.485%-1.575%	<u>\$ 2,556</u>
HT mMobile	<u>\$ 200,000</u>	<u>\$ 200,000</u> (Note 4)	1.575%	<u>\$ -</u>

Note 1: Actual provided was \$109,400 thousand.

Note 2: During the six months ended June 30, 2012, the loan of HT mMobile had been repaid about \$37,070 thousand with inventories, fixed assets and software, etc. The company had recognized the reversal of an allowance for impairment loss about \$37,070 thousand. Therefore, the actual amount of loan are \$362,930 thousand and have been recognized as impairment loss.

Note 3: Actual provided was \$382,000 thousand.

Note 4: Actual provided was \$20,000 thousand.

Note 5: The Ending Balance had been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and the amounts were approved by the Company's board of directors.

	June 30			
	2012		2011	
	Amount	%	Amount	%
Accrued expenses				
Orise	\$ 21	-	\$ -	-
Sunplus Innovation	<u>-</u>	<u>-</u>	<u>24</u>	<u>-</u>
	<u>\$ 21</u>	<u>-</u>	<u>\$ 24</u>	<u>-</u>
Deferred royalty income (including current and noncurrent)				
Orise	\$ 2,597	82	\$ -	-
Generalplus	362	11	2,534	10
Sunplus Core	<u>-</u>	<u>-</u>	<u>23,200</u>	<u>89</u>
	<u>\$ 2,959</u>	<u>93</u>	<u>\$ 25,734</u>	<u>99</u>
	June 30			
	2012		2011	
Endorsement/guarantee provided				
Sunplus mMobile	\$ 420,000		\$ 620,000	
Sunplus Shanghai	203,890		220,150	
Sunext	80,000		32,230	
Sunplus Core	-		290,000	
HT mMobile	-		30,000	
Generalplus	-		10,938	
Sunplus Innovation	-		5,985	
Orise	-		5,096	
iCatch Technology, Inc.	<u>-</u>		<u>5,007</u>	
	<u>\$ 703,890</u>		<u>\$ 1,219,406</u>	

	June 30			
	2012		2011	
	Amount	%	Amount	%
Proceeds from disposal of properties				
HT mMobile	<u>\$ 24,535</u>	<u>72</u>	<u>\$ -</u>	<u>-</u>
Deferred charges				
HT mMobile	<u>\$ 3,187</u>	<u>40</u>	<u>\$ -</u>	<u>-</u>

23. MORTGAGED OR PLEDGED ASSETS

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

	June 30	
	2012	2011
Buildings, net (including rental assets)	\$ 742,606	\$ 762,426
Orise stocks	392,836	-
Giantplus stocks	181,989	-
Pledged term deposit	<u>6,000</u>	<u>6,000</u>
	<u>\$ 1,323,431</u>	<u>\$ 768,426</u>

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 \$7,929 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
2012 (3rd to 4th quarter)	\$ 3,965
2013	7,929
2014	7,929
2015	6,578
2016	4,686
2017 and thereafter	<u>21,462</u>
	<u>\$ 52,549</u>

25. OTHER

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

	June 30			
	2012		2011	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 27,802	29.88	\$ 35,259	28.73
EUR	1	37.56	3	41.63
JPY	341	0.38	317	0.357
RMB	36	4.7	35	4.466
GBP	4	46.72	46	46.19
HKD	13	3.85	18	3.691
Equity-method investee				
USD	48,187	29.88	54,329	28.73
HKD	1,258	3.85	1,266	3.691
<u>Financial liabilities</u>				
Monetary items				
USD	26,179	29.88	16,230	28.73
RMB	98	4.70	13	4.466
GBP	18	46.72	21	46.19

26. 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)

27. 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, 2012 and 2011 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, 2012
(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	\$ 911,524 (Note 1)	\$ 620,000	\$ 420,000	\$ -	4.61%	\$ 1,823,047 (Note 2)
		Sunplus Core Technology Co., Ltd.	99% subsidiary	911,524 (Note 1)	250,000	-	-	-	1,823,047 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	911,524 (Note 1)	203,890	203,890	-	2.24%	1,823,047 (Note 2)
		Sunext Technology Co., Ltd.	61% subsidiary	911,524 (Note 1)	80,000	80,000	-	0.88%	1,823,047 (Note 2)
		HT mMobile Inc.	Equity-method investee	911,524 (Note 1)	30,000	-	-	-	1,823,047 (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, 2012
(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	\$ 118,400	\$ 118,400 (Note 7)	1.475%-1.655%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 455,762 (Note 5)	\$ 911,524 (Note 6)
		HT mMobile Inc.	Other receivables	400,000	400,000 (Note 8)	1.475%-1.655%	Note 1	-	Note 3	362,930	Note 9	-	455,762 (Note 5)	911,524 (Note 6)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	2,566	-	2.575%	Note 1	-	Note 4	-	-	-	21,272 (Note 5)	42,543 (Note 6)

- 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: Sunplus Technology (shanghai) provides with funds for ShenZhen Suntop Technology Co., Ltd. to for its need of operation.
- Note 5: For each transaction entity, the amount should not exceed 5% of the Company's net equity as of the latest financial statements.
- Note 6: The amount should not exceed 10% of the Company's net equity based on the latest financial statements.
- Note 7: Actual provided was \$109,400 thousand.
- Note 8: During the six months ended June 30, 2012, the loan of HT mMobile had been repaid about \$37,070 thousand with inventories, fixed assets and software, etc. The company had recognized the reversal of an allowance for impairment loss about \$37,070 thousand. Therefore, the actual amount of loan are \$362,930 thousand and have been recognized as impairment loss.
- Note 9: Self-developed technology.

TABLE 3**SUNPLUS TECHNOLOGY COMPANY LIMITED****MARKETABLE SECURITIES HELD****SIX MONTHS ENDED JUNE 30, 2012****(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, 2012				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	\$ 844,418	34	\$ 844,418	Note 12
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	42,985	1,023,886	100	1,023,886	Note 1
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	696,061	100	696,061	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	714,617	100	714,617	Notes 1 and 4
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	30,986	570,431	64	571,609	Notes 1 and 7
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	402,690	61	268,496	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	405,316	100	409,156	Notes 1 and 9
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	198,811	38	198,811	Note 1
	Megiz Sky Limited	Equity-method investee	Equity-method investments	6,000	-	100	-	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	56,448	-	32	-	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	37,324	622,037	34	622,037	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	12,441	68,065	83	110,062	Notes 1 and 8
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	9,236	100	9,236	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	6,793	100	6,793	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,146	100	4,146	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,848	100	4,848	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	48,999	(359,613)	99	(327,320)	Notes 1 and 6
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	16,770	(18,777)	99	9,097	Notes 1 and 6
	Giantplus Technology Co., Ltd.	The same chairman of the board	Available-for-sale financial assets	84,652	770,286	19	770,286	Notes 3 and 11
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	182,485	13	182,485	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	21,248	-	21,248	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	25,382	-	25,382	Note 3
	<u>Fund</u>							
	Asia Total Return Bond	-	Available-for-sale financial assets	3,000	32,204	-	32,204	Note 5
	Emerging Markets Debt Fund	-	Available-for-sale financial assets	5,887	62,277	-	62,277	Note 5
	TLG SOLOMON Money Market Fund	-	Available-for-sale financial assets	290	50,091	-	50,091	Note 5
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	8,237	100,203	-	100,203	Note 5
	Cathay Bond Fund	-	Available-for-sale financial assets	5,800	70,120	-	70,120	Note 5
	Network Capital Global Fund	-	Financial assets carried at cost	933	9,333	7	9,333	Note 2
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	556	5,556	11	5,556	Note 2
Lin Shih Investment Co., Ltd.	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	23,268	5	23,268	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	247,559	15	247,145	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	15	269	-	269	Notes 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	8	32	-	32	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	579	\$ 10,066	4	\$ 5,980	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,059	17,050	2	19,258	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	4,695	-	3	-	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,249	2	9,249	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	31,577	1	31,577	Notes 3 and 4
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	143,453	1	143,453	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	3,541	-	3,541	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	136	-	-	-	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,378	67,058	8	67,058	Note 3
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	23	4,565	-	4,565	Note 3
	King silde Works Co., Ltd.	-	Available-for-sale financial assets	5	842	-	842	Note 3
	China Synthetic Rubber Corp.	-	Available-for-sale financial assets	40	1,112	-	1,112	Note 3
	Pegatron Corp.	-	Available-for-sale financial assets	15	584	-	584	Note 3
	Huang Hsiang Construction Corp.	-	Available-for-sale financial assets	45	2,637	-	2,637	Note 3
	Coretronic Corp.	-	Available-for-sale financial assets	99	2,747	-	2,747	Note 3
	Coasia Microelectronics Corp.	-	Available-for-sale financial assets	30	1,113	-	1,113	Note 3
	Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets	14	1,252	-	1,252	Note 3
	Hu Lane Associate Inc.	-	Available-for-sale financial assets	10	501	-	501	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	72	-	72	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 2
	Radium Life Tech, Co., Ltd.	-	Financial assets carried at cost	120	2,538	-	2,538	Note 2
	Mutual Funds	-	Available-for-sale financial assets	3,579	40,021	-	40,021	Note 5
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	373	3,966	1	3,966	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	4,136	2	4,136	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
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	7	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\$ 2,192 thousand	1	US\$ 102 thousand	Note 1
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
Russell Holdings Limited	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US\$ - thousand	8	US\$ - thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	500	US\$ 250 thousand	1	US\$ 250 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

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$ 456 thousand	5	US\$ 456 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 thousand	1	US\$ 500 thousand	Note 2
	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\$ 400 thousand	15	US\$ 400 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	10	US\$ 230 thousand	-	US\$ 230 thousand	Note 2
	Synerchip Co., Ltd.	-	Financial assets carried at cost	5,524	US\$ 924 thousand	11	US\$ 924 thousand	Note 2
	<u>Stock</u>							
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	30,626	7	30,626	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	4,301	84,025	4	70,769	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	14,942	1	14,942	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	12	68	-	68	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-	3	-	3	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	9,111	-	5	-	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	1,909	16,090	13	15,831	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	2,633	48,636	5	48,636	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	30,509	6	30,509	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	34,292	-	34,292	Note 3
	NIIC Fund	-	Available-for-sale financial assets	290	50,100	-	50,100	Note 5
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	-	1	-	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	102,925	1	102,925	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	228	6,426	1	6,246	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	423	-	423	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
	UDE Corp.	-	Financial assets carried at cost	500	30,000	1	30,000	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	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	1,811	20,734	4	20,734	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	6,243	2	6,243	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 2
	Aruba Networks Inc.	-	Financial assets carried at cost	4	2,585	-	2,585	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	42,985	US\$ 34,274 thousand	100	US\$ 34,274 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	42,985	US\$ 34,278 thousand	100	US\$ 34,278 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 14,514 thousand	99	US\$ 14,514 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 1,940 thousand	100	US\$ 1,940 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 17,273 thousand	100	US\$ 17,273 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 388 thousand	80	US\$ 388 thousand	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 109 thousand	78	US\$ 109 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
Magic Sky Limited	HT mMobile Inc.	Equity-method investee	Equity-method investments	16,888	US\$ - thousand	9	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 1,531 thousand	100	RMB 1,531 thousand	Note 1
	GF Money Market Fund class B shares	-	Available-for-sale financial assets	12,660	RMB 13,115 thousand	-	RMB 13,115 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> Elitergroup Computer Systems	-	Available-for-sale financial assets	508	6,246	-	6,246	Note 3
	Sunnex Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	290	-	124	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,712	-	1,794	Note 1
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	7,590	115,505	100	115,505	Note 1
Generalplus Technology Inc.	<u>Fund</u> ING Taiwan Money Market	-	Available-for-sale financial assets	4,436	70,052	-	70,052	Note 5
	Fuh Hwa Mouey Market Fund	-	Available-for-sale financial assets	4,993	49,848	-	49,848	Note 5
	Prudential Emerging Markets Fund	-	Available-for-sale financial assets	2,416	38,125	-	38,125	Note 5
	Fubon Money Market Fund	-	Available-for-sale financial assets	3,620	55,007	-	55,007	Note 5

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	US\$ 3,866 thousand	100	US\$ 3,866 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\$ 3,674 thousand	100	US\$ 3,674 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$ 192 thousand	100	US\$ 192 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	743	100	743	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	2,000	1,145	100	1,145	Note 1
	<u>Fund</u> ING Taiwan Money Market Fund	-	Available-for-sale financial assets	2,723	43,000	-	43,000	Note 5
	Polaris De-Bao Money Market	-	Available-for-sale financial assets	2,751	32,000	-	32,000	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	2,175	32,168	-	32,168	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	3,410	50,000	-	50,000	Note 5
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,990	52,203	-	52,203	Note 5
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 25 thousand	100	US\$ 25 thousand	Note 1
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai)	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$ 25 thousand	100	US\$ 25 thousand	Note 1
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	(37,306)	100	(37,306)	Notes 1 and 6
	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(3)	100	(3)	Notes 1 and 6
Sunplus Innovation Technology Inc.	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	12	15,391	Note 2
	Advance NuMicro Systems, Inc.	-	Financial assets carried at cost	2,000	15,993	9	15,993	Note 2

Note 1: The net asset value was based on unaudited financial data as of June 30, 2012.

Note 2: The market value is based on carrying value as of June 30, 2012.

Note 3: The market value is based on the closing price as of June 30, 2012.

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.

(Continued)

Note 5: The market value was based on the net asset value of fund as of June 30, 2012.

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 \$1,178 thousand.

Note 8: Includes deferred credit \$54,659 thousand.

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

Note 10: As of June 30, 2012, 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 \$392,836 thousand had not been pledged or mortgaged.

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

Note 12: The net asset value was based on audited financial data as of June 30, 2012.

(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, 2012
(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	Sunplus Core Technology Co., Ltd.	Equity-method investments	11,206	\$ (138,357) (Note 2)	16,700	\$ 167,000	-	\$ -	\$ -	\$ -	16,770 (Note 3)	\$ (18,777) (Note 4)
	Taishin Bond Fund	Available-for-sale financial assets	12,852	137,962 (Note 1)	-	-	12,852	138,031	136,966	1,065	-	

- Note 1: The beginning balance includes the valuation gains on financial assets.
- Note 2: The carrying value of the equity-method investment as of December 31, 2011.
- Note 3: Includes a gain on disposal of investments classified under capital surplus.
- Note 4: The carrying value of the equity-method investment as of June 30, 2012.

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, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	\$ 536,298	\$ 536,298	47,290	34	\$ 844,418	\$ 34,772	\$ 11,885	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,441	83	68,065	(10,930)	9,155	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	696,061	14,618	14,618	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	714,617	2,056	2,056	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	622,037	55,913	19,194	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$ 42,985 thousand	US\$ 42,985 thousand	42,985	100	1,023,886	(5,319)	(5,319)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 14,760 thousand	14,760	100	405,316	1,488	1,488	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	30,986	64	570,431	9,950	6,357	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,837	61	402,690	(48,554)	(29,692)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	362,285	195,285	16,770	99	(18,777)	(1,060)	(926)	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200 thousand	US\$ 200 thousand	200	100	6,793	1	1	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	9,236	31	31	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	4,848	796	796	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,146	(19)	(19)	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	583,668	583,668	56,448	32	-	(53,480)	-	Investee
	iCatch Technology, Ltd.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	198,811	35,970	13,560	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,196,392	2,196,392	48,999	99	(359,613)	(26,158)	(26,158)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US\$ 6,000 thousand	US\$ 6,000 thousand	6,000	100	-	-	-	Subsidiary
Lin Shih Investment Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	23,268	(48,554)	(2,569)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	36,889	36,889	15	-	269	(1,060)	(73)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	8	-	32	(26,158)	-	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	10,066	(10,930)	(422)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,059	2	17,050	9,950	217	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	46,948	46,948	4,695	3	-	(53,480)	-	Investee
	i Catch Technology, Ltd.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,249	35,970	631	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	15	247,559	55,913	7,659	Subsidiary
Sunplus Venture Capital Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	30,626	(48,554)	(3,387)	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	53,157	52,952	2,633	5	48,636	9,950	538	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	100,204	100,204	9,111	5	-	(53,480)	-	Investee
	i Catch Technology, Ltd.	Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	6	30,509	35,970	2,081	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	14,942	34,772	211	Investee
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	33,846	33,846	12	-	68	(1,060)	(60)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	84,025	55,913	2,212	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	3	(26,158)	-	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	16,090	(10,930)	(1,391)	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\$ 2,192 thousand	(48,554)	US\$ (11) thousand	Subsidiary
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Smaoa	Investment	US\$ - thousand	US\$ - thousand	-	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc. Sunext Technology Co., Ltd.	Hsinchu, Taiwan Hsinchu, Taiwan	Design of ICs Design and sale of ICs	\$ 1,800	\$ 1,800	108	-	\$ 1,712	\$ 55,913	\$ 55	Subsidiary
				350	350	18	-	290	(48,554)	14	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 42,985 thousand	US\$ 42,985 thousand	42,985	100	US\$ 34,274 thousand	US\$ (179) thousand	US\$ (179) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 42,985 thousand	US\$ 42,985 thousand	42,985	100	US\$ 34,278 thousand	US\$ (179) thousand	US\$ (179) 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\$ 14,514 thousand	US\$ 4 thousand	US\$ 4 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\$ 1,940 thousand	US\$ 574 thousand	US\$ 574 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\$ 17,273 thousand	US\$ (397) thousand	US\$ (397) thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 586 thousand	US\$ 586 thousand	-	80	US\$ 388 thousand	US\$ 89 thousand	US\$ 71 thousand	Subsidiary
	Ytrip Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 1,085 thousand	US\$ 1,085 thousand	-	78	US\$ 109 thousand	US\$ (554) thousand	US\$ (431) thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	743	3,750	3,750	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$ 2,000 thousand	US\$ 18,000 thousand	2,000	100	1,145	(8,082)	(8,082)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 25 thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$ 750 thousand	US\$ 750 thousand	-	100	US\$ 25 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	115,505	7,196	7,196	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	US\$ 3,866 thousand	US\$ 243 thousand	US\$ 243 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\$ 3,674 thousand	US\$ 205 thousand	US\$ 205 thousand	Subsidiary
	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	390	100	US\$ 192 thousand	US\$ 38 thousand	US\$ 38 thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(37,306)	(20,420)	(20,420)	Subsidiary
	Sunplus mMobile Holding Inc.	Smaoa	Investment	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	(3)	-	-	Subsidiary
Sunplus Technology Co., Ltd. (Shanghai)	ShenZhen Suntop Technology Co., Ltd.	Shenzheu, China	Design of software and hardware	RMB 8,000 thousand	RMB 2,000 thousand	-	100	RMB 1,531 thousand	RMB (4,149) thousand	RMB (4,149) thousand	Subsidiary
Magic Sky Limited	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	US\$ 6,000 thousand	US\$ 6,000 thousand	16,888	9	-	(53,480)	-	Investee

(Concluded)

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED

**INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2012
(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, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2012	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of June 30, 2012	Accumulated Inward Remittance of Earnings as of June 30, 2012
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$ 17,200 thousand	Note	US\$ 17,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 17,000 thousand	99	US\$ 4 thousand	US\$ 14,514 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software; system integration services	US\$ 4,250 thousand	Note	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100	US\$ 574 thousand	US\$ 1,940 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services	US\$ 20,000 thousand	Note	US\$ 20,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 20,000 thousand	100	US\$ (397) thousand	US\$ 17,273 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	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80	US\$ 71 thousand	US\$ 388 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 8,993 thousand	Note	US\$ 1,085 thousand	US\$ - thousand	US\$ - thousand	US\$ 1,085 thousand	78	US\$ (431) thousand	US\$ 109 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of June 30, 2012	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$42,921 thousand	US\$45,800 thousand	\$5,469,141

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