Sunplus Technology Company Limited and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2013 and 2012 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have reviewed the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 4(2), the financial statements of minor subsidiaries included in the consolidated financial statements were based on the investees' unreviewed financial statements. The total assets of these subsidiaries as of June 30, 2013 and 2012 amounted to NT$5,991,546 thousand and NT$ 5,760,872 thousand, respectively, accounting for 41% and 37%, respectively, of the total consolidated assets, and the total liabilities amounted to NT$1,861,819 thousand and NT$1,214,097 thousand, respectively, accounting for 42% and 24%, respectively, of the total consolidated liabilities. For the three months ended June 30, 2013 and 2012, the total comprehensive loss of NT$ 98,630 thousand and total comprehensive income of NT$ 16,130 thousand, respectively, were 43% and 67%, respectively, of the total consolidated comprehensive income. For the six months ended June 30, 2013 and 2012, the total comprehensive loss of NT$144,894 thousand and total comprehensive income of NT$22,578 thousand, respectively, were 59% and 27%, respectively, of the total consolidated comprehensive income. In addition, as disclosed in Note 13 to the consolidated financial statements, the carrying value of equity-method investments as of June 30, 2013 was NT$164,717 thousand. For the three months ended June 30, 2013, there was a net investment loss of NT$23,360 thousand, respectively. For the six months ended June 30, 2013, there was a net investment loss of NT$40,282 thousand. These investment amounts and other investee information disclosed in Note 37 to the financial statements were based on the investees' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for the adjustments that might have been determined to be necessary had the equity-method investees' and subsidiaries' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements of Sunplus Technology Company Limited and its subsidiaries referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards," and International Financial Reporting 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

August 14, 2013

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent accountants' review report and the accompanying consolidated 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 independent accountants' review report and consolidated financial statements shall prevail.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars, Except Par Value)
(Reviewed, Not Audited)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Notes 4 and 6)	$ 4,202,550	28	$ 4,492,896	31	$ 5,206,154	33	$ 4,775,205	34
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	14,001	-	-	-	-	-	44,644	-
Available-for-sale financial assets - current (Notes 4 and 8)	1,288,146	9	1,076,456	7	907,272	6	1,055,235	7
Debt investments with no active market - current (Notes 4 and 9)	14,520	-	14,520	-	-	-	-	-
Notes and trade receivables, net (Notes 4, 5, 11 and 33)	1,710,615	12	1,395,122	9	1,801,615	11	1,340,635	10
Other receivables (Note 33)	130,180	1	91,313	1	104,839	1	125,413	1
Current tax assets	25,651	-	-	-	-	-	-	-
Inventories (Notes 4, 5 and 12)	1,290,902	9	1,722,048	12	1,871,238	12	1,062,945	8
Other current assets (Notes 17 and 34)	305,138	2	245,993	2	274,273	2	304,158	2
Total current assets	8,981,703	61	9,038,348	62	10,165,391	65	8,708,235	62
NONCURRENT ASSETS								
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	1,114,492	7	632,573	4	1,301,829	8	1,126,099	8
Financial assets carried at cost (Notes 4 and 10)	249,022	2	216,080	2	328,998	2	353,037	2
Investments accounted for using the equity method (Notes 4, 13 and 34)	1,171,719	8	1,635,793	11	856,034	5	882,881	6
Property, plant and equipment (Notes 4, 5 , 14 and 34)	2,184,945	15	1,943,786	13	1,841,062	12	1,702,205	12
Investment properties (Notes 4, 5 and 15)	301,865	2	274,841	2	269,063	2	265,457	2
Intangible assets (Notes 4, 5 and 16)	395,019	3	442,646	3	605,825	4	662,274	5
Deferred tax assets (Notes 4, 5 and 26)	57,197	-	125,975	1	241,088	1	255,715	2
Other noncurrent assets (Notes 17, 30 and 34)	268,531	2	253,388	2	103,589	1	146,714	1
Total noncurrent assets	5,742,790	39	5,525,082	38	5,547,488	35	5,394,382	38
TOTAL	$ 14,724,493	100	$ 14,563,430	100	$ 15,712,879	100	$ 14,102,617	100

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term bank borrowings (Notes 4 and 18)	$ 236,309	2	$ 485,991	3	$ 416,354	3	$ 943,612	7
Trade payables (Note 19)	919,886	6	758,909	5	1,783,047	11	767,878	5
Current tax liabilities (Notes 4 and 26)	25,469	-	160,428	1	228,749	1	437,553	3
Provisions - current (Notes 4, 5 and 20)	16,768	-	23,028	-	12,023	-	9,059	-
Current portion of long-term bank loans (Notes 4, 18 and 34)	653,056	5	496,806	4	229,417	2	265,000	2
Other current liabilities (Notes 17, 21 and 33)	876,575	6	772,290	5	591,266	4	661,984	5
Total current liabilities	2,728,063	19	2,697,452	18	3,260,856	21	3,085,086	22
NONCURRENT LIABILITIES								
Long-term bank loans, net of current portion (Notes 4, 18 and 34)	1,291,177	9	1,368,398	10	1,429,583	9	-	-
Accrued pension liabilities (Notes 4 and 22)	163,499	1	164,040	1	128,980	1	130,251	1
Guarantee deposits(Note 30)	221,302	1	198,513	1	250,945	1	256,016	2
Other noncurrent liabilities, net of current portion (Notes 4 and 21)	5,395	-	7,210	-	7,509	-	6,104	-
Total noncurrent liabilities	1,681,373	11	1,738,161	12	1,817,017	11	392,371	3
Total liabilities	4,409,436	30	4,435,613	30	5,077,873	32	3,477,457	25
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY								
Share capital (Notes 23)								
Ordinary shares	5,969,099	40	5,969,099	41	5,969,099	38	5,969,099	42
Capital surplus (Notes 4, 23 and 28)	963,014	7	939,124	6	937,866	6	937,866	7
Retained earnings (Notes 23)								
Legal reserve	1,909,685	13	2,426,181	17	2,426,181	15	2,450,003	18
Special reserve	30,756	-	191,229	1	191,229	1	191,229	1
Accumulated Deficit	(180,088)	(1)	(903,390)	(6)	(82,385)	-	38,475	-
Other equity (Note 23)	228,921	2	103,648	1	(194,624)	(1)	(389,877)	(3)
Treasury shares (Notes 4, 23 and 24)	(155,236)	(1)	(155,236)	(1)	(155,236)	(1)	(155,236)	(1)
Total equity attributable to owners of the company	8,766,151	60	8,570,655	59	9,092,130	58	9,041,559	64
NONCONTROLLING INTERESTS (Notes 4 and 23)	1,548,906	10	1,557,162	11	1,542,876	10	1,583,601	11
Total equity	10,315,057	70	10,127,817	70	10,635,006	68	10,625,160	75
TOTAL	$ 14,724,493	100	$ 14,563,430	100	$ 15,712,879	100	$ 14,102,617	100

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

(With Deloitte & Touche review report dated August 14, 2013)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Deficit) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4 and 24)	$ 2,364,620	100	$ 2,492,002	100	$ 4,116,494	100	$ 4,279,599	100
OPERATING COSTS (Notes 12, 22 and 25)	1,425,413	60	1,486,126	59	2,476,330	60	2,576,190	60
GROSS PROFIT	939,207	40	1,005,876	41	1,640,164	40	1,703,409	40
OPERATING EXPENSES (Notes 22, 25 and 33)								
Selling and marketing	137,839	6	108,717	4	234,428	5	200,198	5
General and administrative	146,162	6	141,616	6	275,892	7	285,787	7
Research and development	632,678	27	694,032	28	1,193,845	29	1,348,681	31
Total operating expenses	916,679	39	944,365	38	1,704,165	41	1,834,666	43
INCOME (LOSS) FROM OPERATIONS	22,528	1	61,511	3	(64,001)	(1)	(131,257)	(3)
NONOPERATING INCOME								
Other income (Notes 25, 29 and 33)	15,871	1	21,652	1	43,576	1	37,545	1
Other gains and losses	64,859	3	14,102	1	120,657	3	(1,683)	-
Finance costs	(9,977)	-	(10,918)	(1)	(19,834)	(1)	(15,980)	(1)
Share of profit of associates and joint venture	55,471	2	8,170	-	28,517	1	11,670	-
Total nonoperating income and expenses	126,224	6	33,006	1	172,916	4	31,552	-
PROFIT (LOSS) BEFORE INCOME TAX	148,752	7	94,517	4	108,915	3	(99,705)	(3)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 26)	(2,275)	-	6,155	-	4,596	-	11,579	-
NET PROFIT (LOSS)	151,027	7	88,362	4	104,319	3	(111,284)	(3)
OTHER COMPREHENSIVE INCOME (LOSS)								
Exchange differences on translating foreign operations (Notes 4 and 23)	50,742	2	13,912	-	102,839	2	(25,040)	-
Unrealized gain (loss) on available-for-sale financial assets (Notes 4 and 23)	26,037	1	(78,059)	(3)	38,944	1	219,362	5
Other comprehensive income for the period, net of income tax	76,779	3	(64,147)	(3)	141,783	3	194,322	5
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	$ 227,806	10	$ 24,215	1	$ 246,102	6	$ 83,038	2

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Deficit) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owner of the Company	$ 90,283	4	$ 25,137	1	$ 46,333	1	$ (144,682)	(4)
Noncontrolling interests	60,744	2	63,225	3	57,986	2	33,398	1
	$ 151,027	6	$ 88,362	4	$ 104,319	3	$ (111,284)	(3)
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:								
Owner of the Company	$ 153,706	7	$ (37,115)	(1)	$ 171,606	4	$ 50,571	1
Noncontrolling interests	74,100	3	61,330	2	74,496	2	32,467	1
	$ 227,806	10	$ 24,215	1	$ 246,102	6	$ 83,038	2
EARNINGS (DEFICIT) PER SHARE								
Basic	$ 0.15		$ 0.04		$ 0.08		$ (0.25)	
Diluted	$ 0.15		$ 0.04		$ 0.08		$ (0.25)	

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

(With Deloitte & Touche review report dated August 14, 2013) (Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Capital Stock Issued and Outstanding (Note 23)			Retained Earnings (Note 23)			Other Equity (Notes 4 and 23)					
	Share (Thousands)	Amount	Capital Surplus (Notes 4, 23 and 28)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares (Notes 4, 23 and 34)	Total	Non-cotrolling Interests (Notes 4 and 23)	Total Equity
BALANCE, JANUARY 1, 2012	596,910	$ 5,969,099	$ 937,866	$ 2,450,003	$ 191,229	$ 38,475	$ -	$ (389,877)	$ (155,236)	$ 9,041,559	$ 1,583,601	$ 10,625,160
Appropriation of the 2012 deficit												
Legal reserve	-	-	-	(23,822)	-	23,822	-	-	-	-	-	-
Net loss for the six months ended June 30, 2012	-	-	-	-	-	(144,682)	-	-	-	(144,682)	33,398	(111,284)
Other comprehensive income for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	-	(23,914)	219,167	-	195,253	(931)	194,322
Total comprehensive income for the six months ended June 30, 2012	-	-	-	-	-	(144,682)	(23,914)	219,167	-	50,571	32,467	83,038
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(73,192)	(73,192)
BALANCE, JUNE 30, 2012	596,910	$ 5,969,099	$ 937,866	$ 2,426,181	$ 191,229	$ (82,385)	$ (23,914)	$ (170,710)	$ (155,236)	$ 9,092,130	$ 1,542,876	$ 10,635,006
BALANCE, JANUARY 1, 2013	596,910	$ 5,969,099	$ 939,124	$ 2,426,181	$ 191,229	$ (903,390)	$ (84,462)	$ 188,110	$ (155,236)	$ 8,570,655	$ 1,557,162	$ 10,127,817
Appropriation of the 2013 deficit												
Legal reserve	-	-	-	(516,496)	-	516,496	-	-	-	-	-	-
Special reserve	-	-	-	-	(160,473)	160,473	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	21,971	-	-	-	-	-	-	21,971	-	21,971
Disposal of investments in associates	-	-	1,919	-	-	-	-	-	-	1,919	-	1,919
Net profit for the six months ended June 30, 2013	-	-	-	-	-	46,333	-	-	-	46,333	57,986	104,319
Other comprehensive income for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	-	86,593	38,680	-	125,273	16,510	141,783
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	46,333	86,593	38,680	-	171,606	74,496	246,102
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(82,752)	(82,752)
BALANCE, JUNE 30, 2013	596,910	$ 5,969,099	$ 963,014	$ 1,909,685	$ 30,756	$ (180,088)	$ 2,131	$ 226,790	$ (155,236)	$ 8,766,151	$ 1,548,906	$ 10,315,057

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

(With Deloitte & Touche audit report dated August 14, 2013)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 108,915	$ (99,705)
Adjustments for:		
Reversal of impairment loss on trade receivables	-	(115)
Depreciation expenses	118,817	91,453
Amortization expenses	105,089	123,008
Loss(gain) on fair value change of financial assets designated as at fair value through profit or loss	48	(3,003)
Financial costs	19,834	15,980
Interest income	(17,313)	(21,683)
Share of profit of associates and joint ventures	(28,517)	(11,670)
(Gain) loss on disposal of property, plant and equipment	(6,696)	738
(Gain) loss on disposal of intangible assets	(21)	411
Gain on disposal of investments	(61,569)	(23,349)
Gain on disposal of subsidiaries	(22,752)	-
Impairment loss recognized on financial assets	1,633	35,288
Gain on reversal of impairment loss on financial assets	(654)	(15,041)
Unrealized gain on the transactions with associates and joint ventures	1,434	-
Realized gain on the transactions with associates and joint ventures	(300)	(300)
Net loss on foreign currency exchange	11,944	12,321
Amortization of prepaid lease payments	363	359
Changes in operating assets and liabilities:		
(Increase)decrease in financial assets held for trading	(14,018)	46,671
Increase in trade receivables	(328,501)	(478,181)
(Increase)decrease in other receivables	(50,905)	64,226
Decrease (increase) in inventories	431,146	(807,083)
Increase in other current assets	(59,409)	(74,035)
Increase in trade payables	167,667	1,024,101
(Decrease) increase in provisions	(6,260)	2,964
Increase in deferred revenue	19,872	-
Increase (decrease) in other current liabilities	29,818	(128,589)
Decrease in accrued pension liabilities	(541)	(1,271)
Cash generated from operations	419,124	(246,505)
Interest received	17,752	21,197
Interest paid	(21,744)	(16,186)
Income tax paid	(46,268)	(135,299)
Net cash generated from (used in) operating activities	368,864	(376,793)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(761,483)	(924,437)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	**2012**
Proceeds of the sale of available-for-sale financial assets	$ 573,332	$ 1,103,404
Purchase of financial assets measured at cost	(49,350)	(2,660)
Proceeds on sale of financial assets measured at cost	1,398	-
Capital return to the Company - financial assets carried at cost	1,099	9,685
Acquisition of associates	(195,899)	-
Net cash inflow on disposal of associates	319,447	-
Net cash inflow on disposal of subsidiaries	13,653	-
Payments for property, plant and equipment	(325,509)	(186,607)
Proceeds of the disposal of property, plant and equipment	8,982	1,808
Decrease in refundable deposits	97	9,405
Payments for intangible assets	(58,732)	(75,382)
Proceeds of the disposal of intangible assets	291	-
(Increase) decrease in other assets	(2,336)	17,092
Net cash used in investing activities	(475,010)	(47,692)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(252,407)	(527,087)
Proceeds of long-term borrowings	212,254	1,650,000
Repayments of long-term borrowings	(139,028)	(256,000)
Proceeds of guarantee deposits received	20,027	-
Refund of guarantee deposits received	-	(5,071)
(Decrease) increase in noncontrolling interests	(24,804)	1,031
Net cash (used in) generated from financing activities	(183,958)	862,873
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(242)	(7,439)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(290,346)	430,949
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,492,896	4,775,205
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 4,202,550	$ 5,206,154

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

(With Deloitte & Touche review report dated August 14, 2013)

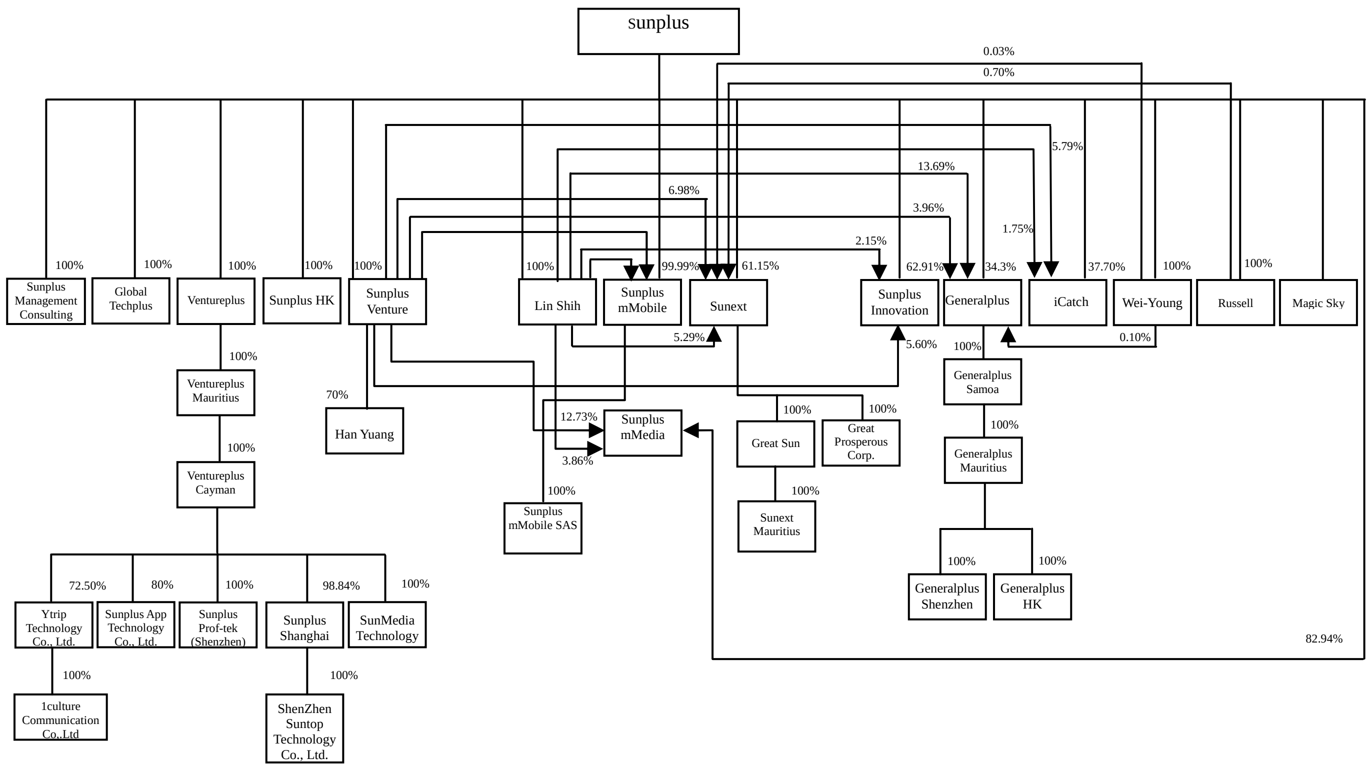
SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED JUNE, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Sunplus Technology Company Limited ("Sunplus" or the "Company") was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 23).

Following is a diagram of the relationship and ownership percentages between Sunplus and its investees (collectively, the "Group") as of June 30, 2012:



Sunplus mMobile, iCatch, Sunplus mMedia, Sunplus Innovation and Sunplus mMobile SAS research, develop, design, manufacture and sell all kinds of IC modules, application software and silicon intellectual property (SIP). Sunplus Technology (Shanghai) manufactures and sells ICs and building rental. Sunplus Prof-tek (Shenzhen) and SunMedia Technology researches and sells computer software and provides system integration services. Sunplus App Technology Co., Ltd. manufacture and sell ICs. Ytrip Technology mainly does system services and manages web business. 1culture Communication Co,. Ltd mainly do web business develop. Shenzhen Suntop Technology researches software and hardware. Han Young mainly do information supply services, researches and sells ICs. Sunext mainly develops, and sells optical electronic and SOC (system on chip) ICs. Sunplus Core researches, develops, designs, manufactures and sells multimedia ICs. Sunext Technology (Shanghai) researches, designs, manufactures, and sells large-capacity magnetic disc and software and renders related technological consulting services. Generalplus researches, develops, designs, manufactures, and sells custom-made ICs. Generalplus Shenzhen and Generalplus HK do market research surveys. Sunplus HK engages in international trade. Bright Sunplus mMobile researches and develops intellectual property rights. Great Prosperous Corp. engages in investing activities and collects information on foreign techniques and marketing. All other subsidiaries are engaged in investing activities.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 14, 2013.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. New and revised Standards, Amendments and Interpretations in issue but not yet effective

The Company and its entire controlled subsidiaries (the “Group”) have not applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing International (SIC) that have been issued by the IASB.

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB （Note）
Endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2009 - Amendment to IAS 39	January 1,2009 or January 1,2010
IFRS 9 (2009)	Financial Instruments	January 1,2015
Amendment to IAS 39	Embedded Derivatives	Effective fiscal year beginning on or after June 30, 2009
Not endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2010 - Amendment to IAS 39	July 1, 2010 or January 1, 2011
I Amendments to IFRSs	Annual Improvements to IFRSs 2009 – 2011 Cycle	July 1, 2013

(Continued)

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB （Note）
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Government Loans	January 1, 2013
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendment to IFRS 7	Disclosures-offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosure	January 1, 2015
Amendment to IFRS 7	Disclosures - Transfers of Financial Assets	July 1, 2011
Amendment to IFRS 9	Financial Instruments	January 1, 2015
Amendment to IFRS 10	Consolidated Financial Statements	January 1, 2013
Amendment to IFRS 11	Joint Arrangements	January 1, 2013
Amendment to IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IFRS 27	Investment Entities	January 1, 2014
Amendment to IFRS 13	Fair Value Measurement	January 1, 2013
Amendment to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendment to IAS 19	Employee Benefits	January 1, 2013
Amendment to IAS 27	Separate Financial Statements	January 1, 2013
Amendment to IAS 28	Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32	Offsetting of Financial Assets and Financial Liabilities	January 1, 2014
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 20	Stripping Costs in Production Phase of a Surface Mine	January 1, 2013
IFRIC 21	Levies	January 1, 2014

(Concluded)

Note: Unless otherwise noted, the above new and revised Standards, Amendments and Interpretations are effective for annual periods beginning on or after the respective effective dates.

b. Significant changes in accounting policy resulted from new and revised Standards, Amendments and Interpretations in issue but not yet effective.

Except for the following, the initial application of the above new and revised Standards, Amendments and Interpretations did not have any material impact on the Group’s accounting policies:

1) IFRS 9, “Financial Instruments”

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model by the Company whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the balance sheet date.

As for financial liabilities, the main changes are with regard to the classification and measurement of financial liabilities designated as at fair value through profit or loss. IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

2) New issued and revised standards related to Consolidation, Joint Arrangement, and Associates

a) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities”. The Group considers its ability of control over other entities for consolidation. The Group has control over an investee if and only if it has a) power over the investee; b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

c) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in associates meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Previously, when a portion of an investment in associates mets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

3) IFRS 13, “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Previously, there were no such requirements.

5) Revision to IAS 19 “Employee Benefits”

The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

6) Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made some consequential amendments to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that the disclosure of such recoverable amount is required during the period when an impairment loss has been recognized or reversed. Furthermore, the Group is required to disclose the discount rate used in current and previous measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

The Group is in the process of estimating the impact of the initial application of the Standards, Amendments and Interpretations on its financial position and results of operations. Disclosure will be provided until a detailed review of the impact has been completed and the consolidated financial statements have been approved and authorized for issuance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the Financial Supervisory Commission (FSC) FSC announced the “Framework for the Adoption of IFRSs by the Companies in the ROC.” In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC.
The consolidated financial statements of the Group and its entire controlled subsidiaries are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 39 for the impact of IFRS conversion on the consolidated financial statements.

a. Statement of Compliance

The accompany consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, related laws and regulations, and IFRS 1, "First-time adoption of International Financial Reporting Standards," (IFRS 1) and IAS 34, " Interim Financial Reporting," endorsed by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of Taiwan-IFRS annual consolidated financial statements.

b. Basis for Consolidation

Basis of the consolidated financial statements

The consolidated financial statements incorporate the financial statements and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. If the Group loses control of a subsidiary, the Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (i.e. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

The subsidiaries in the consolidated financial statements

The information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Note
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	100.00	100.00	-
	Global Techplus	Investment	100.00	100.00	100.00	100.00	-
	Ventureplus	Investment	100.00	100.00	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	100.00	100.00	-
	Sunplus mMobile .	Design of integrated circuits (ICs)	99.99	99.99	99.99	99.99	-
	Sunext Technology	Design and sale of ICs	61.15	61.15	61.15	61.15	-
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	99.82	99.82	70.48	The investee became a jointly controlled operation in January 2013; thus, the investee was not included in the consolidated financial statements.
	Sunplus Innovation Technology	Design of ICs	62.91	62.91	63.89	63.93	-
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	34.30	34.30	34.32	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	iCatch	Design of ICs	37.70	37.70	37.70	37.70	Sunplus and its subsidiaries had 45.24% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
	Wei-Young Investment Inc.	Investment	100.00	100.00	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	82.94	82.94	82.94	82.94	-
Global Techplus	Techplus Samoa	Investment	-	-	100.00	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Ventureplus	Ventureplus Mauritius	Investment	100.00	100.00	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	100.00	100.00	100.00	-
Ventrueplus Cayman	Ytrip Technology	Web research and development	72.50	72.50	77.76	77.76	-
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	80.00	80.00	80.00	80.00	-
	Sunplus Prof-tek Technology (Shenzhen)	Development and sale of computer software and system integration services	100.00	100.00	100.00	100.00	-
	Sunplus Technology Technology (Shanghai)	Manufacturing and sale of consumer and rental	98.84	98.84	98.84	98.84	-
	SunMedia Technology	Manufacturing and sale of computer software and system integration services	100.00	100.00	100.00	100.00	-
Sunplus Technology (Shanghai)	ShenZhen Suntop Technology	Design of software and hardware	100.00	100.00	100.00	100.00	-
Ytrip Technology	1culture Communication	Development and sale	100.00	-	-	-	The investee was established in February 2013
Sunplus Venture	Han Young Technology	Design of ICs	70.00	70.00	70.00	70.00	-
	Sunext Technology Co., Ltd. ("Sunext")	Design and sale of ICs	6.98	6.98	6.98	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus Technology Inc.	Design of ICs	3.95	3.95	3.95	3.96	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	0.07	0.07	11.85	The investee became a jointly controlled operation in January 2013; thus, the investee was not included in the consolidated financial statements.
	Sunplus mMobile Inc.	Design of ICs	-	-	-	-	Sunplus and its subsidiaries had 99.99% equity in Sunplus mMobile
	Sunplus mMedia	Design of ICs	12.73	12.73	12.73	12.73	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Note
Sunplus Venture	Sunplus Innovation	Design of ICs	5.60	5.44	5.43	5.41	Sunplus and its subsidiaries had 70.66% equity in Sunplus Innovation
	iCatch Technology, Inc.	Design of ICs	5.79	5.79	5.79	5.79	Sunplus and its subsidiaries had 45.24% equity in iCatch Technology, Inc.
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	13.69	13.69	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunext Technology	Design and sale of ICs	5.29	5.29	5.29	5.29	Sunplus and the subsidiaries had 74.15% equity in Sunext.
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	0.09	0.09	14.52	The investee become jointly controlled operations on January, thus, the investee was not included in the consolidated financial statements.
	Sunplus mMedia	Design of ICs	3.86	3.86	3.86	3.86	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus mMobile	Design of ICs	-	-	-	-	Sunplus and its subsidiaries had 99.99% equity in Sunplus mMobile.
	Sunplus Innovation	Design of ICs	2.15	2.15	2.18	2.18	Sunplus and its subsidiaries had 70.66% equity in Sunplus Innovation
	iCatch Technology,	Design of ICs	1.75	1.75	1.75	1.75	Sunplus and its subsidiaries had 45.24% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
Sunplus mMobile	Sunplus mMobile Holding Inc.	Investment	-	-	100.00	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
	Sunplus mMobile SAS	Design of ICs	100.00	100.00	100.00	100.00	-
Sunext Technology	Great Sun	Investment	100.00	100.00	100.00	100.00	-
	Great Prosperous Corp.	Investment	100.00	100.00	100.00	100.00	-
Great Sun	Sunext Mauritius	Investment	100.00	100.00	100.00	100.00	-
Sunext Mauritius	Sunext (Shanghai)	Research, development, manufacture and sale of ICs.	-	-	100.00	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Generalplus	Generalplus Samoa	Investment	100.00	100.00	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	100.00	-
Wei-Young	Generalplus	Design of Ics	0.1	0.10	0.10	0.10	Sunplus and its subsidiaries had 52.04% equity in Generalplus
	Sunext Technology	Design and sale of Ics	0.03	0.03	0.03	0.03	Sunplus and its subsidiaries had 74.15% equity in Sunext
Russell	Sunext Technology	Design and sale of Ics	0.70	0.70	0.70	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext

(Concluded)

The financial statements for the six months ended June 30, 2013 and 2012 of the subsidiaries included in the consolidated financial statements were unreviewed, except those of Generalplus.

c. Other Significant Accounting Policies

1) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs was prepared in accordance with IFRS 1 “First-time Adoption of International Financial Reporting Standards”. The applicable IFRSs have been applied retrospectively by the Group except for some aspects where other IFRSs prohibit retrospective application and specified areas where IFRS 1 grants limited exemptions from the requirements of other IFRSs. For the exemptions that the Group elected, refer to Note 39. The significant accounting policies are set out as below.

2) Current and noncurrent assets and liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within 12 months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the reporting period. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within 12 months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue. All other liabilities are classified as noncurrent.

3) Foreign currencies

The financial statements of each individual consolidated entity were expressed in the currency which reflected its primary economic environment (functional currency). The functional currency of the Group and presentation currency of the consolidated financial statements are both New Taiwan Dollars (NT$). In preparing the consolidated financial statement, the operating results and financial positions of each consolidated entity are translated into NT$. In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into NT$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to noncontrolling interests as appropriate).

4) Inventories

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. The inventories of Sunplus Technology Company Limited, Generalplus Technology Inc., Sunplus Innovation Technology Inc., Sunplus mMobile Inc., iCatch Technology Inc., and Sunplus mMedia Inc. are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries’ inventories are recorded at the weighted-average cost.

5) Investments in associates

Investments accounted for using the equity method include investments in associates and interests in joint ventures.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control). Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The operating results and assets and liabilities of associates and jointly controlled entities are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a jointly controlled entity is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and jointly controlled entity.

The Group also recognizes the changes in the share of equity of associates and jointly controlled entity.

Any acquisition cost in excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate or a jointly controlled entity recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and cannot be amortized. The Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities in excess of the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group subscribes for additional associate or jointly controlled entity's new shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate or jointly controlled entity. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of associate or joint controlled entity's new shares, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or jointly controlled entity shall be reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

When a consolidated entity transacts with an associate or a joint controlled entity, profits and losses resulting from the transactions with the associate or jointly controlled entity are recognized in the Group' consolidated financial statements only to the extent of interests in the associate or jointly controlled entity that are not related to the Group.

6) Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to The Company and the cost of the item can be measured reliably.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with IAS 23 “Borrowing Costs”. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

7) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

8) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

9) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors.” The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

10) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.
Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount..

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

11) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a) Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The categories of financial assets held by the Group are available-for-sale financial assets and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

i) A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or

- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- It is a derivative that is not designated and effective as a hedging instrument.

ii. A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
ii) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about The Companying is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included/not included in the other gains and losses line item. Fair value is determined in the manner described in Note 32.

ii. Available-for-sale financial assets

Available-for-sale financial assets are nonderivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Listed redeemable notes held by the Group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in Note 32.

Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. Such equity investments are subsequently premeasured at fair value when their fair value can be reliably measured, and the difference between the carrying amount and fair value is recognized in profit or loss or other comprehensive income.

iii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalents, notes and accounts receivable and other receivables are measured at amortized cost using the effective interest method, less any impairment, except for those receivables with insignificant discounted effect.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 financial asset, the estimated future cash flows of the investment have been affected.
For certain categories of financial assets, such as trade receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

a. Significant financial difficulty of the issuer or counterparty; or

b. Breach of contract, such as a default or delinquency in interest or principal payments; or

c. It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

d. The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Financial liabilities and Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

a) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

b) Financial liabilities

Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method, less any impairment (see above for the definition of effective interest method):

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

12) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

13) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. The amount of revenue can be measured reliably;

d. It is probable that the economic benefits associated with the transaction will flow to the Group; and

e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group 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.

Specifically, sales of goods are recognized when goods are delivered and title has passed.

Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

14) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee’s benefit from the use of the leased asset.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

15) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred other than stated above.

16) Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.
Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

17) Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

At the end of each reporting period, The Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

For the equity instruments acquired by the Group before January 1, 2012 (the date of transition to IFRSs), the Group chose a certain exemption stated in IFRS 1; refer to Note 39.

This accounting policy applies to equity-settled share-based payment transactions i.e., on options granted after November 7, 2002 and to be settled after January 1, 2012.

18) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pretax income the tax rate that would be applicable to expected total annual earnings.

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

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.   A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.   The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which The Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of The Group 's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.   Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated provision for sales returns and discounts

Sales are recognized when the earnings process is completed. The provision for sales returns and discounts is estimated on the basis of historical return information available and any known factors which would result in sales returns and discounts. The provision for sales returns and discounts is recorded as reduction of sales. Management regularly reviews the reasonableness of provision estimates.

As of June 30, 2013, December 31, 2013, June 30, 2012, and January 1, 2012, the provisions for sales returns and discounts were $16,768 thousand, $23,028 thousand, $12,023 thousand and $9,059 thousand, respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the carrying amount of goodwill was $30,596 thousand, $30,596 thousand, $227,396 thousand and $228,221 thousand, respectively

For the six months than ended June 30, 2013 and 2012, the Group did not recognize any impairment loss.

Estimated impairment of tangible assets and intangible assets (excluding goodwill)

The Group relies on subjective judgments and depends on usage patterns and industry characteristics to determine cash flows, asset useful lives, and future revenues and expenses. Any change in the operating environment and corporate strategy may cause significant impairment loss.

For the six months than ended June 30, 2013 and 2012, the Group did not recognize any impairment loss of tangible assets and intangible assets.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the carrying amount of trade receivables was $1,710,248 thousand, $1,394,802 thousand, $1,801,464 thousand and $1,340,562 thousand, respectively (after deducting allowance of $12 thousand, $48,411 thousand, $47,754 thousand and $58,781 thousand, respectively).

Reliability of deferred Income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Group's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the deferred tax assets were NT$57,197 thousand, NT$125,975 thousand, NT$241,088thousand and NT$ 255,715 thousand, respectively.

Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the balance of inventories were NT$1,290,902 thousand, NT$1,722,048 thousand, NT$1,871,238 thousand and NT$1,062,945thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	$ 5,307	$ 4,074	$ 4,419	$ 3,626
Checking accounts and demand deposits	993,875	1,038,563	1,174,198	1,208,134
Cash equivalent deposits in banks	3,148,793	3,397,466	3,998,239	3,563,445
Repurchase agreements collateralized by bonds	54,575	52,793	29,298	-
	$ 4,202,550	$ 4,492,896	$ 5,206,154	$ 4,775,205

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Bank balance	0.02%~3.25%	0.01%-3.25%	0.05%~3.5%	0.02%-3.5%
Repurchase agreement collateralized by bonds	1.625%~3.125%	1.625%-4.625%	3.125%	-

Cash equivalents include time deposits that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments

7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets held for trading				
Nonderivative financial assets				
Corporate bonds of domestic listed stocks	$ 14,001	$ -	$	$ 44,644

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic investments				
- Mutual funds	$ 1,262,257	$ 1,064,889	$ 889,380	$ 1,035,219
- Quoted shares	1,140,381	644,140	1,319,721	1,146,115
	$ 2,402,638	$ 1,709,029	$ 2,209,101	$ 2,181,334
Current	$ 1,288,146	$ 1,076,456	$ 907,272	$ 1,055,235
Non-current	1,114,492	632,573	1,301,829	1,126,099
	$ 2,402,638	$ 1,709,029	$ 2,209,101	$ 2,181,334

For the six months ended June 30, 2013 and 2012, the Group recognized impairment losses of NT$1,633 thousand and NT$35,288 thousand , respectively.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fixed income fund	$ 14,520	$ 14,520	$ -	$ -
Current	$ 14,520	$ 14,520	$ -	$ -
Noncurrent	-	-	-	-
	$ 14,520			
	$ 14,520	$ 14,520	$ -	$ -

In November 2012, the Group bought a fixed-income German fund established for meeting certain building needs. The fund price is US$500 thousand and the effective interest rate of fund is 8%.

10. FINANCIAL ASSETS MEASURED AT COST

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic unlisted common shares	$ 249,022	$ 216,080	$ 328,998	$ 353,037

The above shares were classified as available for sale.

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

The Group believed that the above financial asset carried at cost had impairment losses of $3,234 thousand and $14,924 thousand as of June 30, 2013 and 2012, respectively, and $3,234 thousand and $14,924 thousand for the three months ended June 30, 2012 and 2013, respectively.

The Group recognized a disposal gain of $NT1,398 thousand and $0 thousand as of June 30, 2013 and 2012, respectively. The Group recognized no disposal gain for the three months ended June 30, 2012 and 2013.

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes receivable	$ 367	$ 320	$ 151	$ 73
Accounts receivable	1,710,260	1,443,213	1,849,218	1,399,343
Allowance for doubtful receivables	(12)	(48,411)	(47,754)	(58,781)
	1,710,248	1,394,802	1,801,464	1,340,562
	$ 1,710,615	$ 1,395,122	$ 1,801,615	$ 1,340,635

Accounts receivable

The average credit period on sales of goods was 30 to 86 days without interest. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed every year.

Of the trade receivables balance (see the aging analysis below) that are past due at the end of the reporting period, the Group had not recognized an allowance for impairment for notes and trade receivables amounting to $3,450 thousand, $1,709 thousand, $11,114 thousand and $9,281 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Group to the counter-party.

The aging of the receivables that are past due but not impaired was as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Up to 60 days	$ 3,385	$ 1,709	$ 4,452	$ 5,395
61-90 days	61	-	-	3,874
91-120 days	4	-	6,662	12
	$ 3,450	$ 1,709	$ 11,114	$ 9,281

Above analysis was based on the past due date.

Movements of the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	For the Three Months Ended June 30	
	2013	2012
Balance at January 1	$ 48,411	$ 58,781
Less: Amounts written off during the period as uncollectible	(49,531)	(8,998)
Less: Amounts Reserve during the period as uncollectible	-	(115)
Foreign exchange translation gains (losses)	1,132	(1,914)
Balance at June 30	$ 12	$ 47,754

12. INVENTORIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Finished goods	$ 496,706	$ 557,202	$ 658,995	$ 469,285
Work in progress	625,969	1,004,071	702,247	498,566
Raw materials	168,227	160,775	509,996	95,094
	$ 1,290,902	$ 1,722,048	$ 1,871,238	$ 1,062,945

The costs of inventories recognized as cost of goods sold in the three months ended June 30, 2012 and 2012 were $2,473,217 thousand and $2,566,083 thousand, respectively.

The costs of inventories recognized as cost of goods sold in the three months ended June 30, 2103 and six months ended June 30,2013 were as follows :

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
(Gains) losses on inventory value recoveries	$ 6,766	$ 9,275	$ 25,207	$ (16,420)
Losses on physical inventory	-	-	-	84
Inventory obsolescence	29,834		29,834	-
Income from scrap sales	(280)	(959)	(617)	(1,795)
	$ 36,320	$ 8,316	$ 54,424	$ (18,131)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Investments in associates	$ 1,007,002	$ 1,635,793	$ 856,034	$ 882,881
Investments in jointly controlled entities	164,717	-	-	-
	$ 1,171,719	$ 1,635,793	$ 856,034	$ 882,881

a. Investments in associates

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Listed companies				
Orise Technology, Co., Ltd.	$ 1,007,002	$ 910,634	$ 856,034	$ 882,881
Giantplus Technology Co., Ltd.	-	725,159	-	-
Unlisted companies				
HT mMobile Inc.	-	-	-	-
Jet Focus Ltd	-	-	-	-
	$ 1,007,002	$ 1,635,793	$ 856,034	$ 882,881

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Orise Technology, Co., Ltd.	35%	35%	35%	35%
Giantplus Technology Co., Ltd	-	19%	-	-
HT mMobile Inc.	-	49.5%	49.5%	49.5%
Jet Focus Ltd	-	-	44%	44%

The Group started to exercise significant influence over Giantplus Technology Co., Ltd on December 3, 2012, so the Group transferred this investment from available-for-sale financial assets to investments in associates.

On March 14, 2013, the Company's board of the directors resolved to participate in the tender offer made by Chunghwa Picture Tubes Ltd ("Chunghwa") to acquire shares in Giantplus Technology Co. ("Giantplus"). The Company planned to sell 77,834 thousand shares of Giantplus for cash of NT$4.03 per share and 0.72 common share of Tatung Co. for every share of Giantplus. As of April 12, 2013, the expiration date of the acquisition, the Company had disposed of 64,020 thousand shares and recognized a gain on disposal of $42,474 thousand. On April 10, 2013, the Company's board of directors sold 6,818 thousand shares more of Giantplus to Chunghwa for cash of NT$9.3 per share and recognized a gain on disposal of $5,648 thousand.

On February 29, 2012, HT mMobile Inc.'s (HT) board of directors approved a downsizing 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 Group recognized an investment loss on HT, as well as the reduction of the carrying value of this investment to zero. The Group also recognized impairment losses of $405,612 thousand and $1,466 thousand on other receivable from HT mMobile Inc for six months ended June 30, 2011 and 2013, respectively. The Group reversed an impairment loss of $5,354 thousand for the three months ended June 30, 2013. HT's third interim board of directors also approved a plan for HT to undergo liquidation, and HT completed its liquidation on March 20, 2013.

The fair values of publicly traded investments accounted for using the equity method, which were based on the closing prices of those investments at the balance sheet date, are summarized as follows:

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Orise Technology, Co., Ltd.	$ 2,961,544	$ 1,868,421	$ 1,420,578	$ 1,345,937
Giantplus Technology Co., Ltd		$ 772,872		

The summarized financial information of the Group's associates is set out below:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Total assets	$ 6,776,630	$ 18,487,785	$ 3,630,909	$ 3,166,286
Total liabilities	$ 3,926,216	$ 8,389,959	$ 1,165,263	$ 628,463

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Revenue	$ 2,924,925	$ 956,088	$ 4,890,385	$ 1,743,174
Profit for the period	$ 226,664	$ 21,926	$ 308,027	$ 32,188
Comprehensive income	$ 226,761	$ 21,926	$ 308,124	$ 32,159
Group's share of profits of associates	$ 78,831	$ 8,170	$ 68,799	$ 11,670

The amounts of investments in jointly controlled entities pledged as collateral for bank loans were disclosed in Note 34.

b. Investments in jointly controlled entities

The Company signed an investment agreement with Silicon Integrated Systems Corp. on December 19, 2012. Both sides agreed to increase capital in Sunplus Core Inc. (renamed S2-Tek Inc.), which researches, develops, designs, and sells TV integrated circuits (ICs). The investment agreement was registered on January 21, 2013.

The Company had 99.98% equity in Sunplus Core Inc. before the investment agreement, but when the Company later subscribed for Sunplus Core Inc.'s additional new shares at a percentage different from its existing ownership percentage, the Company's equity decreased to 51.25%, and the carrying amount of the Company's investment also declined. When Sunplus Core Inc. changed its name to S2-Tek Inc. on January 21, 2013, a new investment agreement was made, which stated that the Company no longer had control over S2-Tek Inc. The Company continued to recognize this investment by the equity method.

The interests in the jointly controlled entities which were accounted for using the equity method are summarized as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current assets	$ 425,108	$ -	$ -	$ -
Noncurrent assets	$ 11,901	$ -	$ -	$ -
Current liabilities	$ 111,602	$ -	$ -	$ -
Noncurrent liabilities	$ -	$ -	$ -	$ -

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Sales	$ 85,482	$ -	$ 119,895	$ -
Costs of sales	$ 52,648	$ -	$ 80,360	$ -
Operating expenses	$ 74,813	$ -	$ 114,960	$ -
Nonoperating income and expenses	$ 433	$ -	$ 862	$ -
Income tax expense	$ -	$ -	$ -	$ -
Share of profit or loss of associates and joint ventures	$ (23,360)	$ -	$ (40,282)	$ -
Share of comprehensive income of associates and joint ventures	$ (23,360)	$ -	$ (40,282)	$ -

The financial statements as of and for six months ended June 30, 2013 and 2012 that were used as basis for calculating the investments accounted for using the equity method, share of profits and other comprehensive income of the Company had not been reviewed, except those of Orise Technology.

14. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Carrying amounts of each class of				
Buildings	$ 1,010,134	$ 1,042,590	$ 1,070,445	$ 1,103,482
Auxiliary equipment	106,697	111,428	115,851	52,837
Machinery and equipment	26,580	28,944	27,648	34,841
Testing equipment	136,690	99,905	115,414	90,805
Transportation equipment	3,763	4,279	4,470	5,272
Furniture and fixtures	59,088	59,244	63,303	69,478
Leasehold improvements	2,522	8,083	10,613	13,126
Other equipment	2,133	2,464	3,021	3,205
Construction in progress	837,338	586,849	430,297	329,159
	$ 2,184,945	$ 1,943,786	$ 1,841,062	$ 1,702,205

	For the Three Months Ended June 30, 2013									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of period	$ 1,330,812	$ 96,182	$ 192,422	$ 267,661	$ 10,217	$ 217,749	$ 30,950	$ 8,509	$ 329,159	$ 2,483,661
Additions	5,134	72,034	9,064	49,298	-	11,191	-	529	101,408	248,658
Disposals	-	-	-	(790)	-	(15,374)	-	-	-	(16,164)
Transfer to investment	(24,258)	-	-	-	-	-	-	-	-	(24,258)
Effect of exchange rate changes	(6,843)	57	(20,164)	(1,497)	(160)	(1,686)	69	(138)	(270)	(30,632)
Balance, end of period	1,304,845	168,273	181,322	314,672	10,057	211,880	31,019	8,900	430,297	2,661,265
Accumulated depreciation and impairment										
Balance, beginning of period	227,330	43,345	157,581	176,856	4,945	148,271	17,824	5,304	-	781,456
Additions	18,640	7,403	16,230	24,603	711	14,074	2,378	653	-	84,692
Disposals	-	-	-	(672)	-	(12,946)	-	-	-	(13,618)
Transfer to investment	(9,403)	-	-	-	-	-	-	-	-	(9,403)
Effect of exchange rate changes	(2,167)	1,674	(20,137)	(1,529)	(69)	(822)	204	(78)	-	(22,924)
Balance, end of period	234,400	52,422	153,674	199,258	5,587	148,577	20,406	5,879	-	820,203
	$ 1,070,445	$ 115,851	$ 27,648	$ 115,414	$ 4,470	$ 63,303	$ 10,613	$ 3,021	$ 430,297	$ 1,841,062

	Three Months Ended June 30, 2013									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of Period	$ 1,284,209	$ 173,006	$ 185,924	$ 304,407	$ 10,351	$ 207,571	$ 20,131	$ 8,819	$ 586,849	$ 2,781,267
Additions	-	200	10,971	87,292	-	17,317	150	521	210,207	326,658
Disposals	-	-	(11,728)	(17,827)	-	(45)	-	(50)	-	(29,650)
Transfer for use	(32,356)	-	-	-	-	-	-	-	-	(32,356)
Effect of exchange rate changes	3,202	10,174	(32,815)	5,694	562	4,333	(8,476)	293	40,282	23,249
Balance, end of period	1,255,055	183,380	152,352	379,566	10,913	229,176	11,805	9,583	837,338	3,069,168
Accumulated depreciation and impairment										
Balance, beginning of period	241,619	61,578	156,980	204,502	6,072	148,327	12,048	6,355	-	837,481
Additions	17,462	7,683	15,672	50,782	742	14,301	3,519	2,272	-	112,433
Disposals	-	-	(11,728)	(15,585)	-	(5)	-	(46)	-	(27,364)
Transfer for use	(14,597)	-	-	-	-	-	-	-	-	(14,597)
Effect of exchange rate changes	437	7,422	(35,152)	3,177	336	7,465	(6,284)	(1,131)	-	(23,730)
Balance, end of period	244,921	76,683	125,772	242,876	7,150	170,088	9,283	7,450	-	884,223
	$ 1,010,134	$ 106,697	$ 26,580	$ 136,690	$ 3,763	$ 59,088	$ 2,522	$ 2,133	$ 837,338	$ 2,184,945

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives of the assets:

	Xintec
Buildings	8-56 years
Auxiliary equipment	9-20 years
Machinery and equipment	1-10 years
Testing equipment	1-5 years
Transportation equipment	4-10 years
Furniture and fixtures	2-5 years
Leasehold improvements	2-11 years
Other equipment	3-10 years

Refer to Note 34 for the carrying amounts of property, plant and equipment that had been pledged by the Group to secure borrowings granted to the Group.

15. INVESTMENT PROPERTIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Completed investment property	$ 301,865	$ 274,841	$ 269,063	$ 265,457

	For the Six Months Ended June 30	
	2013	2012
Cost		
Balance at January 1	$ 398,499	$ 360,704
Reclassification to investment	32,356	24,258
Effect of exchange rate differences	23,093	(6,052)
Balance at June 30	$ 453,948	$ 378,910
Accumulated depreciation		
Balance at January 1	$ 123,658	$ 95,247
Depreciation expense	6,384	6,761
Reclassification to investment	14,597	9,403
Effect of exchange rate differences	7,444	(1,564)
Balance at June 30	152,083	109,847
	$ 301,865	$ 269,063

The investment properties held by the Group were depreciated over their useful lives of 50 years, using the straight-line method.

The Group

The fair values of the investment properties held by the Group were $371,385 thousand and $355,920 thousand as of June 30, 2013 and 2012, respectively.

Fair values were obtained through valuations made by an independent appraisal firm, Suzhou Feng-Zheng PingGu Firm, on March 31, 2013 and January 1, 2012. The Suzhou Feng-Zheng PingGu Firm used the replacement cost method to measure fair value.

Based on the appraisal firm's asset valuation statement, there were no significant differences between the invested properties' fair values as of June 30, 2013 and 2012 and those as of March 31, 2013 and January 1, 2012.

16. INTANGIBLE ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Technology license fees	$ 238,779	$ 262,893	$ 265,306	$ 306,045
Software	68,440	88,974	65,252	77,188
Goodwill	30,596	30,596	227,396	228,221
Patents	57,000	59,759	47,202	49,899
Technological know-how	204	424	669	921
	$ 395,019	$ 442,646	$ 605,825	$ 662,274

Intangible assets consisted of fees paid to Oak Technology ("Oak") for the Group 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 the fee paid to Royal Philips Electronics ("Philips") for the Group to use Philips's optical disc drive (ODD) semiconductor technology.

	For the Three Months Ended June 30,2012					
	Technology License Fees	**Software**	**Goodwill**	**Patents**	**Technological Know-how**	**Total**
Cost						
Balance at January 1	$ 1,439,623	$ 251,772	$ 228,221	$ 97,099	$ 1,922	$ 2,018,637
Additions	43,860	24,102	-	-	-	67,962
Disposals	-	(411)	-	-	-	(411)
Effect of foreign currency exchange differences	-	(286)	(825)	-	440	(671)
Balance at June 30	1,483,483	275,177	227,396	97,099	2,362	2,085,517
Accumulated amortization						
Balance at January 1	1,133,578	174,584	-	47,200	1,001	1,356,363
Amortization expense	84,599	35,477	-	2,697	235	123,008
Effect of foreign currency exchange differences	-	(136)	-	-	457	321
Balance at June 30	1,218,177	209,925	-	49,897	1,693	1,479,692
	$ 265,306	$ 65,252	$ 227,396	$ 47,202	$ 669	$ 605,825

	For the Three Months Ended June 30,2012					
	Technology License Fees	**Software**	**Goodwill**	**Patents**	**Technological Know-how**	**Total**
Cost						
Balance at January 1	$ 995,166	$ 403,650	$ 30,596	$ 112,353	$ 2,402	$ 1,544,167
Additions	48,343	8,205	-	136	-	56,684
Decrease	-	(1,354)	-	-	-	(1,354)
Effect of exchange rate differences	202	418	-	-	42	662
Balance at June 30	1,043,711	410,919	30,596	112,489	2,444	1,600,159
Accumulated amortization						
Balance at January 1	732,273	314,676	-	52,594	1,978	1,101,521
Amortization expense	72,815	29,141	-	2,895	238	105,089
Decrease	-	(1,084)	-	-	-	(1,084)
Effect of exchange rate differences	(156)	(254)	-	-	24	(386)
Balance at June 30	804,932	342,479	-	55,489	2,240	1,205,140
	$ 238,779	$ 68,440	$ 30,596	$ 57,000	$ 204	$ 395,019

The above items of other intangible assets were depreciated on a straight-line basis at the following rates per annum:

	Xintec
Technology license fees	1-15 years
Software	1-10 years
Patents	5-18 years
Technological know-how	5 years

17. OTHER ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Finance lease payables	$ 132,395	$ 125,495	$ 30,111	$ 30,991
Prepaid long-term investments	106,860	99,311	44,820	30,275
Pledged time deposits	91,177	89,329	89,365	121,287
Refundable deposits (Note 30)	8,454	8,551	10,136	19,541
Other	234,783	176,695	203,430	248,778
	$ 573,669	$ 499,381	$ 377,862	$ 450,872
Current	$ 305,138	$ 245,993	$ 274,273	$ 304,158
Noncurrent	268,531	253,388	103,589	146,714
	$ 573,669	$ 499,381	$ 377,862	$ 450,872

The amounts of the Group's finance lease payables for land grants in China as of June 30, 2013, January 1, 2013, June 30, 2012 and January 1, 2012 were $132,395 thousand, $125,495thousand, $30,111 thousand and $30,991 thousand, respectively.

18. LOANS

Short-term borrowings

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured borrowings				
Bank loans	$ 236,309	$ 485,991	$ 416,354	$ 943,612

The weighted average effective interest rates for bank loans from January 1, 2013 to June 30, 2013 and from January 1, 2012 to June 30, 2012 were 2.52% to 2.98% and 1.22% to 2.98% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Floating rate borrowings						
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	$ 622,222	$ 700,000	$ 600,000	$ -
Unsecured bank borrowings	2015.3.30	Repayable quarterly from March 2012	500,000	500,000	500,000	-
Unsecured bank borrowings	2015.3.28	Repayable quarterly from March 2012	218,750	250,000	250,000	-
Unsecured bank borrowings	2014..1.14	Repayable on March 2014	151,007	145,204	-	-
Unsecured bank borrowings	2014.6.15	Repayable on July 2014	151,007	-	-	-

(Continued)

	Maturity Date	Significant Covenant	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Secured bank borrowing	2015.2.28	Repayable semiannually from February 2012	$ 120,000	$ 135,000	$ 150,000	$ -
Unsecured bank borrowings	2015.2.28	Repayable semiannually from February 2012	120,000	135,000	150,000	-
Unsecured bank borrowings	2017.1.10	Repayable semiannually from February 2012	61,247	-	-	-
Unsecured bank borrowings	2012.7.31	Repayable quarterly from January 2010; fully settled	-	-	9,000	-
Unsecured bank borrowings	2012.2.28	Repayable quarterly from November 2009; fully settled	-	-	-	102,500
Secured banks borrowings	2014.3.31	Repayable semiannually from March 2010	-	-	-	75,500
Unsecured bank borrowings	2012.2.28	Repayable semiannually from February 2009; fully settled	-	-	-	30,000
Unsecured bank borrowings	2012.2.28	Repayable quarterly from January 2010; fully settled	-	-	-	30,000
Unsecured bank borrowings	2012.7.31	Lump sum repayemt; fully settled	-	-	-	27,000
			$ 1,944,233	$ 1,865,204	$ 1,659,000	$ 265,000
Current			$ 653,056	$ 496,806	$ 229,417	$ 265,000
Noncurrent			1,291,177	1,368,398	1,429,583	-
			$ 1,944,233	$ 1,865,204	$ 1,659,000	$ 265,000

(Concluded)

Under the loan contracts, the Group provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 34).

The effective borrowing rates as of June 30, 2013, January 1, 2013, June 30, 2012 and January 1, 2012 were 1.64%-2.54%, 1.94% - 2.54%,1.942%-2.87% and 1.77% - 2.94%.

The loan contracts require the Group to maintain certain financial ratios (debt ratio and current ratio as well as a restriction on net tangible assets in 2012; and debt ratio, current ratio, and times interest-earned ratio provided in 2011 on the basis of semiannual and annual consolidated financial statements. However, the Group's not being able to meet the ratio requirement would not be deemed to be a violation of the contracts. As of December 31, 2012, the Group was in compliance with these financial ratio requirements.

19. TRADE PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Payable - operating	$ 919,886	$ 758,909	$ 1,783,047	$ 767,878

The average credit period on purchases of certain goods was 30-60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. PROVISIONS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Customer returns and rebates	$ 16,768	$ 23,028	$ 12,023	$ 9,059
Current	$ 16,768	$ 23,028	$ 12,023	$ 9,059
Noncurrent	-	-	-	-
	$ 16,768	$ 23,028	$ 12,023	$ 9,059

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

21. OTHER LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Other payables				
Salaries or bonuses	$ 254,474	$ 310,606	$ 186,737	$ 263,726
Payables for purchases of equipment	125,059	127,786	6,542	5,838
Dividends payable	57,948	-	86,584	-
Compensation due to directors and supervisors	47,584	1,543	35,042	-
Payable for royalties	29,889	26,403	27,244	25,313
Labor/health insurance	29,722	36,668	39,346	36,834
Professional service fees	7,916	10,308	8,347	12,352
Others	329,378	266,186	208,933	324,025
	$ 881,970	$ 779,500	$ 598,775	$ 668,088
Current	$ 876,575	$ 772,290	$ 591,266	$ 661,984
Noncurrent	5,395	7,210	7,509	6,104
	$ 881,970	$ 779,500	$ 598,775	$ 668,088

22. RETIREMENT BENEFIT PLANS

Defined contribution plans

Sunplus, Generalplus, Sunext, Sunplus Innovation and iCatch of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan.Under the LPA, the Group makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in profit or loss for the three months ended June 30, 2013 and 2012 were $15,406 thousand and $16,909 thousand, respectively, and represented contributions payable to these plans by the Group at rates specified in the rules of the plans. The total expenses recognized in profit or loss for the six months ended June 30, 2013 and 2012 were $31,540 thousand and $34,159 thousand, respectively, and represented contributions payable to these plans by the Group at rates specified in the rules of the plans.

Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation and iCatch of the Group 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 year of service. In addition, the Group makes monthly contributions, equal to 2% of salaries, 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 most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2012. The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the projected unit credit method. For the six months ended June 30, 2013 and 2012, the Group recognized employee benefit expenses, calculated using the actuarially determined pension cost rate as of December 31, 2012 and January 1, 2012, respectively.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation on	
	December 31, 2012	**January 1, 2012**
Discount rate(s)	1.50%-1.63%	1.69%-1.75%
Expected return on plan assets	1.88%-6.25%	1.88%-6.25%
Expected rate(s) of salary increase	1.20%-4.88%	1.20%-5.00%

Employee benefit expenses for the six months ended June 30, 2013 and 2012 were included in the following line items:

	For the Three Months Ended June 30		**For the Six Months Ended June 30**	
	2013	**2012**	**2013**	**2012**
Operating cost	$ 208	$ 148	$ 379	$ 292
Marketing expenses	$ 649	$ 241	$ 746	$ 438
Administration expenses	$ 216	$ 15	$ 436	$ 120
Research and development expenses	$ 260	$ 288	$ 1,073	$ 1,390

The amounts included in the consolidated balance sheets arising from the Group's obligation on its defined benefit plans were as follows:

	December 31, 2012	**January 1, 2012**
Present value of funded defined benefit obligation	$ 315,833	$ 272,190
Fair value of plan assets	(151,730)	(141,888)
Net liability arising from defined benefit obligation	$ 164,103	$ 130,302

The major categories of plan assets at the end of the reporting period for each category were as follows:

	December 31, 2012	January 1, 2012
Cash	24.51%	23.87%
Cash equivalent	9.88%	7.61%
Money market fund	0.66%	-
Bond	10.45%	11.45%
Fixed income	16.28%	16.19%
Equity instruments	37.43%	40.75%
Government mortgage	-	0.13%
Others	0.79%	-
	100.00%	100.00%

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

23. EQUITY

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Share capital				
Common shares	$ 5,969,099	$ 5,969,099	$ 5,969,099	$ 5,969,099
Capital surplus	963,014	939,124	937,866	937,866
Retained earnings	1,760,353	1,714,020	2,535,025	2,679,707
Others	228,921	103,648	(194,624)	(389,877)
Share buyback	(155,236)	(155,236)	(155,236)	(155,236)
Noncontrolling interests	1,548,906	1,557,162	1,542,876	1,583,601
	$ 10,315,057	$ 10,127,817	$ 10,635,006	$ 10,625,160

Share capital

Common shares:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	1,200,000	1,200,000	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000	$ 12,000,000	$ 12,000,000

Fully paid common shares, which have a par value of NT$10.00, carry one vote per share and a right to dividends.

Of the Group' s authorized shares, 80,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Number of shares issued and fully paid (in thousands)	596,910	596,910	596,910	596,910
Shares issued	$ 5,969,099	$ 5,969,099	$ 5,969,099	$ 5,969,099

Capital surplus

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Arising from issuance of common shares	$ 709,215	$ 709,215	$ 709,215	$ 709,215
Arising from treasury share transactions	71,228	71,228	71,228	71,228
Arising from consolidation excess	182,571	158,681	157,423	157,423
	$ 963,014	$ 939,124	$ 937,866	$ 937,866

A reconciliation of the carrying amount at the beginning and at the end of three months ended 2013 and 2012, for each class of capital surplus was as follows:

	Share Premium	Treasury Share Transactions	Consolidation Excess and Other
Balance at January 1, 2012	$ 709,215	$ 71,228	$ 157,423
Others	-	-	-
Balance at June 30, 2012	$ 709,215	$ 71,228	$ 157,423
Balance at January 1, 2013	$ 709,215	$ 71,228	$ 158,681
Others	-	-	23,890
Balance at June 30, 2013	$ 709,215	$ 71,228	$ 182,571

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital.

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

Retained earnings and dividend policy

Sunplus' 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 Sunplus' board of directors, those of Sunplus' subsidiaries.

Under an approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions plus the inappropriate prior years' earnings may be distributed as additional dividends. Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT$0.5 per share.

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

Sunplus 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 were zero for 2012 and 2011. For the year ended December 31, 2012, based on the Group's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, the Group 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 Sunplus's paid-in capital. This reserve may be used to offset a deficit. In addition, when the legal reserve exceeds 25% of the Group's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Group's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Group has earnings and the original need to appropriate a special reserve is not eliminated.

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 Group on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Group 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 2012 and 2011 earnings were approved at the shareholders' meetings on April 10, 2013 and June 18, 2012, respectively. The appropriations, including dividends, were as follows:

	For Year 2012		**For Year 2011**	
	Appropriation of Earnings	**Dividends Per Share (NT$)**	**Appropriation of Earnings**	**Dividends Per Share (NT$)**
Legal reserve	$ 516,496	-	$ 23,822	-
Special reserve	(160,473)	-	-	-

The above appropriations were the same as those approved at the shareholders' meetings on April 10, 2013 and April 27, 2012.

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.

Special reserves appropriated following first-time adoption of IFRSs

The exchange difference on translating foreign operations, which was transferred to retained earnings, was a negative $18,343 thousand dollar; thus, following IFRSs, the Group did not appropriate a special reserve.

Other equity items

Foreign currency translation reserve:

	For the Six Months Ended June 30	
	2013	**2012**
Balance at January 1	$ (84,462)	$ -
Exchange differences arising on translating the foreign operations	86,593	(23,914)
Balance at June 30	$ 2,131	$ (23,914)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Unrealized gain/loss from available-for-sale finacial assets::

	For Six Months Ended June 30	
	2013	**2012**
Balance at January 1	$ 188,110	$ (389,877)
Changes in fair value of available-for-sale financial assets	30,142	160,547
Cumulative gain/loss reclassified to profit or loss upon disposal of available-for-sale financial assets	6,130	23,332
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	1,633	35,288
The proportionate share of other comprehensive income/losses reclassified to profit or loss upon partial disposal of associates	775	-
Balance at June 30	$ 226,790	$ (170,710)

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Non-controlling interests

	For the Six Months Ended June 30	
	2013	**2012**
Balance at January 1	$ 1,557,162	$ 1,583,601
Attributable to noncontrolling interests:		
Share of profit for the year	57,986	33,398
Exchange difference arising on translation of foreign entities	16,246	(1,126)
Unrealized gains on available-for-sale financial assets	264	195
Others	(82,752)	(73,192)
Balance at June 30	$ 1,548,906	$ 1,542,876

Treasury shares

Purpose of Buy-Back	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1 and June 30, 2012	4,915	3,560	8,475
Number of shares at January 1 and June 30, 2013	4,915	3,560	8,475

The Group's shares held by its subsidiaries at the end of the reporting periods were as follows:

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
June 30, 2013			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 37,024
December 31, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 32,645
June 30, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 31,577
January 1, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 35,493

Under the Securities and Exchange Act, Sunplus should neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted 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, 2013, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

24. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Revenue from IC	$ 2,325,547	$ 2,451,593	$ 4,037,601	$ 4,201,340
Rental income from property	29,920	32,768	61,060	64,339
Other	9,153	7,641	17,833	13,920
	$ 2,364,620	$ 2,492,002	$ 4,116,494	$ 4,279,599

25. NET PROFIT

Net profit (loss) from continuing operations includes the following items:

Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest income				
Bank deposits	$ 8,199	$ 12,280	$ 17,313	$ 21,683
Others	7,672	9,372	26,263	15,862
	$ 15,871	$ 21,652	$ 43,576	$ 37,545

Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Net foreign exchange gains (losses)				
Gain on disposal of subsidiary	$ 6,958	$ 12,558	$ 31,151	$ (8,044)
Gain on disposal of investment	-	-	22,752	-
Gain on reversal of impairment loss on financial assets	56,198	16,869	61,569	23,349
	151	-	3,888	29,965

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Net gain (loss) arising on financial assets designated as at FVTPL	$ (402)	$ 4,666	$ (48)	$ 3,003
Impairment loss on available-for-sale financial assets	-	(20,247)	(1,633)	(35,288)
Impairment loss on financial assets carried at cost	(3,234)	-	(3,234)	(14,924)
Others	5,188	256	6,212	256
	$ 64,859	$ 14,102	$ 120,657	$ (1,683)

(Concluded)

Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest on bank loans	$ 9,977	$ 10,918	$ 19,834	$ 15,980

Information on capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Capitalized interest	$ 899	$ -	$ 2,646	$ -
Capitalization rate	2.50%	-	2.50%	-

Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Property, plant and equipment	$ 63,173	$ 40,756	$ 112,433	$ 84,692
Investment property	3,244	3,429	6,384	6,761
Intangible assets	51,567	64,569	105,089	123,008
	$ 117,984	$ 108,754	$ 223,906	$ 214,461
An analysis of depreciation by function				
Operating costs	$ 4,703	$ 11,690	$ 13,852	$ 21,057
Operating expenses	61,714	32,495	104,965	70,396
	$ 66,417	$ 44,185	$ 118,817	$ 91,453

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
An analysis of amortization by function				
Operating costs	$ 490	$ 135	$ 871	$ 260
Selling expenses	29	16	58	44
Administrative expenses	6,925	4,068	13,989	8,150
Research and development expenses	44,123	60,350	90,171	114,554
	$ 51,567	$ 64,569	$ 105,089	$ 123,008

(Concluded)

Operating expenses directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Direct operating expenses from investment property that generated rental income	$ 3,422	$ 5,154	$ 9,613	$ 10,107
Direct operating expenses from investment property that did not generate rental income	25,412	20,017	51,904	43,745
	$ 28,834	$ 25,171	$ 61,517	$ 53,852

Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Post-employment benefits (Note 22)				
Defined contribution plans	$ 15,406	$ 16,909	$ 31,540	$ 34,159
Defined benefit plans	1,333	692	2,634	2,240
Other employee benefits	470,340	574,909	1,104,837	1,134,692
Total employee benefits expense	$ 487,079	$ 592,510	$ 1,139,011	$ 1,171,091
An analysis of employee benefits expense by function				
Operating costs	$ 39,318	$ 163,006	$ 75,809	$ 196,424
Operating expenses	447,761	429,504	1,063,202	974,667
	$ 487,079	$ 592,510	$ 1,139,011	$ 1,171,091

Gain or loss on exchange rate changes

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Exchange rate gains	$ 22,316	$ 40,188	$ 66,810	$ 68,662
Exchange rate losses	(15,358)	(27,630)	(35,659)	(76,706)
	$ 6,958	$ 12,558	$ 31,151	$ (8,044)

26. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
Current period	$ (1,038)	$ 4,451	$ 3,693	$ 2,325
Prior periods	(36,802)	(5,032)	(68,005)	(5,359)
	(37,840)	(581)	(64,312)	(3,034)
Deferred tax				
In respect of the current period	35,637	6,726	68,778	14,627
Others	(72)	10	130	(14)
	35,565	6,736	68,908	14,613
Income tax expense recognized in profit or loss	$ (2,275)	$ 6,155	$ 4,596	$ 11,579

A reconciliation of accounting profit and current income tax expenses is as follows:

	For the Six Months Ended June 30	
	2013	2012
Profit before tax	$ 108,915	$ (99,705)
Income tax expense at the 17% statutory rate	$ 18,516	$ (16,950)
Tax effect of adjusting items:		
Nondeductible expenses	(40,698)	(16,950)
Temporary differences	(95,346)	(17,440)
Tax-exempt income	(16,056)	(4,244)
Effects of consolidated income tax filing	(804)	(4,447)
Additional income tax on unappropriated earnings	309	561
Investment tax credits used	(309)	(561)
Additional income tax under the Alternative Minimum Tax Act	5,373	721
Current income tax expense	(129,015)	(65,312)

(Continued)

	For the Six Months Ended June 30	
	2013	**2012**
Deferred income tax expense		
Temporary differences	$ 68,778	$ 14,627
Unrecognized loss carryforwards	156,347	69,980
Effect of different tax rate of group entities operating in other jurisdictions	1,233	(2,357)
Adjustment of the applicable annual effective tax rate	(24,742)	-
Adjustments for prior years' tax	(68,005)	(5,359)
Income tax expense recognized in loss	$ 4,596	$ 11,579

(Concluded)

Integrated income tax

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Imputation credits accounts	$ 333,998	$ 248,248	$ 274,776	$ 201,494

For 2012 and 2011, there was no creditable tax ratio because the Group had a deficit. For the distribution of earnings generated after January 1, 1998, the imputation credit allocable to shareholders of Sunplus is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

The income from the following projects is exempt from income tax. The related tax-exemption periods are as follows:

Project	**Tax Exemption Period**
Sunplus	
Eighth expansion	January 1, 2010 to December 31, 2014
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2010 to December 31, 2017
Generalplus	
Third expansion	January 1, 2009 to December 31, 2013
Fourth expansion	January 1, 2010 to December 31, 2014
Sunext	
Expansion	January 1, 2009 to December 31, 2013
Sunplus Innovation	
First expansion	January 1, 2009 to December 31, 2013

Income tax assessments

The income tax returns of Sunplus, Sunplus mMobile and Generalplus and through 2009; the income tax returns of Sunplus Innovation, Sunplus management Consulting, Sunplus Core, Sunext, Wei-Yough, Lin Shih, Sunplus Venture and Sunplus mMedia through 2010, the income tax returns of iCatch Technology, through 2009 had been assessed by the tax authorities. Sunplus disagreed with the tax authorities' assessment of its 2005 tax returns. Generalplus disagreed with the tax authorities' assessment of its 2006 tax returns; both companies had applied for administrative remedy. Nevertheless, for conservatism purposes, Sunplus and Generalplus made provisions for the income tax assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Basic gain(loss) per share	$ 0.15	$ 0.04	$ 0.08	$ (0.25)
Diluted gain(loss) per share	$ 0.15	$ 0.04	$ 0.08	$ (0.25)

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit(Loss) for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Profit(Loss) for the period attributable to owners of the Group	$ 90,283	$ 25,137	$ 46,333	$ (144,682)
Effect of dilutive potential ordinary share:				
Employee share option	-	-	-	-
Earnings used in the computation of diluted earnings per share from	$ 90,283	$ 25,137	$ 46,333	$ (144,682)

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Profit for the period attributable to owners of the Group	588,435	588,435	588,435	588,435
Effect of dilutive potential ordinary share:				
Employee share option	-	-	-	-
Earnings used in the computation of diluted earnings per share from continuing operations	588,435	588,435	588,435	588,435

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

On September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Group'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 Group 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 Group's common shares listed on the Taiwan Stock Exchange on the grant date. If the Group's paid in capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of December 31, 2012.

Outstanding option rights were as follows:

	For the Three Months Ended June 30			
	2013		2012	
Employee share option plan	**Unit (In Thousands)**	**Weighted-average Price (NT$)**	**Unit (In Thousands)**	**Weighted-average Price (NT$)**
Beginning outstanding balance	18,880	$ 38.03	19,847	$ 38.03
Options canceled	(1,194)	-	(249)	-
	17,686		19,598	
Ending outstanding balance	17,686		19,598	

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 2007 plans.

As of June 30, 2013 the outstanding and exercisable options were as follows:

June 30,2013		January 1,2013	
Exercise Price (NT$)	**Weighted- Average Remaining Contractual Life (Years)**	**Exercise Price (NT$)**	**Weighted- Average Remaining Contractual Life (Years)**
$37.9	0.37	$37.9	0.87
38.3	0.49	38.3	0.99

June 30,2012		January 1,2012	
Exercise Price (NT$)	**Weighted- Average Remaining Contractual Life (Years)**	**Exercise Price (NT$)**	**Weighted- Average Remaining Contractual Life (Years)**
$37.9	1.37	$37.9	1.87
38.3	1.49	38.3	1.99

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 Group had not yet issued any restricted shares employees.

Generalplus Technology Inc.

Generalplus Technology Inc.'s Employee Stock Option Plans is consisting 2007 plan and 2009 plan. The maximum number of options authorized to be granted under the 2007 plan and 2009 plan was 2,700 thousand and 2,200 thousand, respectively. The 2007 plan had been granted, and the 2009 plan had been granted by 2,177 and subsequently canceled had expired as of December 31, 2010.

Information about the Group's outstanding options for the six months ended June 30, 2012 was as follows:

	2007 Plan	
	Six months ended June 30, 2012	
	Number of Options (In Thousands)	Weightedaverage Exercise Price (NT$)
Share-Based Payment		
Balance, beginning of period	59	$ 10.0
Options exercised	(59)	10.0
Balance, end of period	-	

Sunplus Innovation Technology Inc.

Sunplus Innovation Technology Inc.'s Employee Stock Option Plans were approved on April 18, 2007. The maximum number of options authorized to be granted was 2,200 thousand, with each option eligible to subscribe for one common share. The options of all the plans are valid for six years and exercisable at certain percentages after the second anniversary of the grant date.

Information about the Group's outstanding options for the three months ended June 30, 2013 and 2012 was as follows:

	For the Three Months Ended June 30			
	2013		2012	
	Number of Options (In Thousands)	Weightedaverage Exercise Price (NT$)	Number of Options (In Thousands)	Weightedaverage Exercise Price (NT$)
Balance, beginning of period	752	$ 10.90	809	$ 11.60
Options exercised	-	-	(56)	11.60
Balance, end of period	752		753	
Balance, end of period	752		753	

Information about the Group's outstanding options was as follows:

June 30, 2013		December 31, 2012	
Exercise Price (NT$)	Weighted- Average Remaining Contractual Life (Years)	Exercise Price (NT$)	Weighted- Average Remaining Contractual Life (Years)
$10.9	0.11	$10.9	0.61

June 30, 2012		January 1, 2012	
Exercise Price (NT$)	Weighted- Average Remaining Contractual Life (Years)	Exercise Price (NT$)	Weighted- Average Remaining Contractual Life (Years)
$11.6	1.11	$11.6	1.61

In their meeting on June 28, 2012, the shareholders of Sunplus Innovation Techology Inc. (SITI) approved a plan on a restricted employee ownership (ESOP) of 2,400 thousand sanhares amounting to $24,000 thousand, with an issue price of NT$0 and par value of NT$10.00; the Financial Supervisory Commission approved this plan on June 28, 2012.

Under the approval of SITI's Board of Directors on August 7, 2013, first time SITI launched a plan on a restricted employee ownership of 1,000 thousand shares amounting to $10,000 thousand at an issue price of NT$0 and a par value of NT$10 per share.

Under the restricted ESOP, employees who are still employed by SITI and pass the annual performance appraisal are eligible for a certain percentage of shareholding, as stated below.

a. 50% shareholding ratio after the second anniversary from the grant date;

b. 50% of the shareholding ratio after the third anniversary from the grant date. The restrictions under the ESOP are as follow:

a. During the duration of the restricted ESOP,the employee may not vend, discount, transfer, grant, enact, or any other methods.

b. During the duration of the restricted ESOP,employees may receive shares, dividends, or cash.

c. Shares must be handed over to the trustees after the publication of the ESOP , and the company may not request a return of the ESOP before the realization of the vestin condition. If employees fail to meet the vesting condition, SITI has the right to take back and cancel the limited employee stock ownership, but the Company will still grant employees stock and cash dividends generated during the vesting period.

29. DISPOSAL OF SUBSIDIARIES

As stated in Note 13(2), the Group lost its control over Sunplus Core Technology Co., Ltd. and disposed of some subsidiaries. Related information is as follows:

Analysis of asset and liabilities over which control was lost

	January 21,2013
Current assets	
Cash and cash equivalents	$ 1,168
Other receivables	1
Prepaid expenses	7,562
Noncurrent assets	
Refundable deposits	360
Current liabilities	
Payables	(20)
Net assets disposed of	$ 9,071

Gain on disposal of subsidiary

	For the Six Months Ended June 30
Fair Value on January 21,2013	$ 204,998
Noncontrolling interests	22,724
Cash	(195,899)
Net assets disposed of	(9,071)
Gain on disposal	$ 22,752

30. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 8 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

Sunplus

Sunplus leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in July 2015, December 2020 and December 2021. The SBIPA has the right to adjust the annual lease amount from $7,929 thousand to $8,034 thousand.

Future annual minimum rentals under the leases are as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 8,034	$ 7,929	$ 7,929	$ 7,929
Later than 1 year and not later than 5 years	22,527	28,565	30,187	31,808
Later than 5 years	14,624	12,090	14,433	16,776
	$ 45,185	$ 48,584	$ 52,549	$ 56,513
Refundable deposits	$ 296	$ 296	$ 296	$ 296

Sunplus Innovation

Sunplus Innovation leases office from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2013 and December 2016. The SBIPA has the right to adjust the annual lease amount of $9,961 thousand .

The future lease payables are as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 7,232	$ 9,961	$ 10,021	$ 10,081
Later than 1 year and not later than 5 years	11,255	13,506	18,487	23,467
Later than 5 years	-	-	-	-
	$ 18,487	$ 23,467	$ 28,508	$ 33,548
Refundable deposits	$ 1,660	$ 1,660	$ 1,660	$ 2,490

Generalplus

Generalplus leases land from Science-Based Industrial Park Administration under renewable agreements expiring in December 2020. The SBIPA has the right to adjust the annual lease amount of $1,474 thousand. Generalplus deposited $1,356 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 1,474	$ 1,474	$ 1,356	$ 1,356
Later than 1 year and not later than 5 years	5,896	5,896	5,424	5,424
Later than 5 years	3,684	4,421	4,746	5,424
	$ 11,054	$ 11,791	$ 11,526	$ 12,204

Sunext

Sunext leases an office from Global View Co., Ltd. under renewable agreements expiring in August 2015. The annual lease payment was $2,760 thousand, respectively.

The future lease payments are as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 2,760	$ 2,760	$ 1,473	$ 4,551
Later than 1 year and not later than 5 years	3,105	4,485	-	-
	$ 5,865	$ 7,245	$ 1,473	$ 4,551
Refundable deposits	$ 460	$ 460	$ 1,472	$ 1,472

i Catch Technology, Inc. (“i Catch”)

i Catch leases office from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2013; the lease payments were $1,688 thousand and $1,274, respectively.

The future lease payments are as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 2,961	$ 2,827	$ 1,649	$ 2,827
Later than 1 year and not later than 5 years	6,395	6,125	235	471
Later than 5 years	-	-	-	-
	$ 9,356	$ 8,952	$ 1,884	$ 3,298
Refundable deposits	$ 521	$ 521	$ 521	$ 521

The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1to 5years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, deposits received under operating leases amounted to $19,575 thousand, $18,737 thousand, $18,565 thousand and $15,547 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 111,696	$ 69,743	$ 102,544	$ 112,954
Later than 1 year and not later than 5 years	106,667	40,075	48,280	127,997
	$ 218,363	$ 109,818	$ 150,824	$ 240,951

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of [net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity) attributable to owners of the Group.

The Group is not subject to any externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	June 30, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Financial assets carried at cost	$ 249,022	$ -	$ 216,080	$ -
Debt investment with no active market	14,520	-	14,520	-

	June 30, 2012		December 31, 2011	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Financial assets carried at cost	$ 328,998	$ -	$ 353,037	$ -

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 14,001	$ -	$ -	$ 14,001
Available-for-sale financial assets				
Mutual funds	$ 1,262,257	$ -	$ -	$ 1,262,257
Securities listed in ROC	1,140,381	-	-	1,140,381
	$ 2,402,638	$ -	$ -	$ 2,402,638

December 31, 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 1,064,889	$ -	$ -	$ 1,064,889
Securities listed in ROC	644,140	-	-	644,140
	$ 1,709,029	$ -	$ -	$ 1,709,029

June 30, 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 889,380	$ -	$ -	$ 889,380
Securities listed in ROC	1,319,721	-	-	1,319,721
	$ 2,209,101	$ -	$ -	$ 2,209,101

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 44,644	$ -	$ -	$ 44,644
Available-for-sale financial assets				
Mutual funds	$ 1,035,219	$ -	$ -	$ 1,035,219
Securities listed in ROC	1,146,115	-	-	1,146,115
	$ 2,181,334	$ -	$ -	$ 2,181,334

There were no transfers between Level 1 and 2 in the current and prior periods.

b. Categories of financial instruments

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets				
Fair value through profit or loss (FVTPL)				
Held for trading	$ 14,001	$ -	$ -	$ 44,644
Loans and receivables (i)	6,091,970	6,002,402	7,122,744	6,260,794
Available-for-sale financial assets (ii)	2,651,660	1,925,109	2,538,099	2,534,371
Financial liabilities				
measured at amortized cost (iii)	3,321,730	3,308,617	4,109,346	2,232,506

(i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, refundable deposit, debt investments with no active market, and trade and other receivables. Those reclassified to held-for-sale disposal groups are also included.

(ii) The balance included available - for - sale financial assets carried at cost.

(iii) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, Guarantee deposits ,trade and other payables, and long-term liabilities -current portion.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivable, trade payables, bonds payable, borrowings and convertible notes. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reported quarterly to the Group's risk management committee.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

A part of the Group’s cash flows is in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange risk management, each foreign-currency item of net assets and liabilities is reviewed regularly. In addition, before obtaining foreign loans, the Group considers the cost of the hedging instrument and the hedging period.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows.

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Assets				
USD	76,570	60,472	76,469	65,352
JPY	526	550	516	638
RMB	580	650	662	453
HKD	134	112	126	169
EUR	72	35	97	95
GBP	3	456	455	460
Liabilities				
USD	45,463	42,040	59,630	36,427
JPY	3,471	147	130	187
HKD	-	20	7	10
GBP	-	-	18	5
EUR	-	-	-	2

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a US$1.00 increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. US$1.00 is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 1 dollar against the relevant currency.

	USD impact	
	For the Three Months Ended June 30	
	2013	**2012**
Profit or loss	$ (31,107)	$ (16,839)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amount of the Group’s financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	$ 2,957,945	$ 3,113,088	$ 3,194,122	$ 2,814,688
Financial liabilities	85,302	340,788	416,354	776,912
Cash flow interest rate risk				
Financial assets	1,328,180	1,464,435	2,096,433	2,077,914
Financial liabilities	2,095,240	2,010,407	1,659,000	431,700

Sensitivity analysis

The sensitivity analyses below were determined based on the Group’s exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.125% basis points higher/lower and all other variables were held constant, the Group’s post-tax profit for the six months ended June 30, 2013 and 2012 would decrease/increase by $959 thousand and $547 thousand.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, post-tax profit for the six months ended June 30, 2013 and 2012 would have increased/decreased by $24,026 thousand and $22,091 thousand.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group’s credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group’s concentration of credit risk of 58%, 50%, 54% and 54% in total trade receivables as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $2,900,000 thousand, $2,576,120 thousand, $2,566,520 thousand and $2,086,440 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

June 30, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative Financial liabilities						
Non-interest bearing		$ 392,415	$ 1,113,541	$ 44,074	$ 19,008	$ -
Variable interest rate liabilities	1.64~2.54	3,005	209,412	409,778	1,245,535	-
Fixed interest rate liabilities	2.52~2.98	-	236,308	-	-	62,009
		$ 395,420	$ 1,559,261	$ 453,852	$ 1,264,543	$ 62,009

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative Financial liabilities						
Non-interest bearing		$ 260,470	$ 629,562	$ 89,434	$ 14,447	$ -
Variable interest rate liabilities	1.94~2.54	3,838	116,645	412,643	1,443,428	-
Fixed interest rate liabilities	0.77~2.98	272,933	50,335	146,954	-	67,227
		$ 537,241	$ 796,542	$ 649,031	$ 1,457,875	$ 67,227

June 30, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative Financial liabilities						
Non-interest bearing		$ 621,552	$ 1,151,917	$ 2,697,993	$ 591,495	$ -
Variable interest rate liabilities	1.94~2.87	2,788	48,643	223,500	1,599,055	-
Fixed interest rate liabilities	1.22~2.98	-	416,500	-	-	47,695
		$ 624,340	$ 1,617,060	$ 2,921,493	$ 2,190,550	$ 47,695

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative Financial liabilities						
Non-interest bearing		$ 150,081	$ 840,307	$ 39,505	$ 5,849	$
Variable interest rate liabilities	1.59~2.77	349	208,476	-	-	-
Fixed interest rate liabilities	0.98~2.71	381,282	88,100	277,896	-	71,699
		$ 531,712	$1,136,883	$ 317,401	$ 5,849	$ 71,699

b) Financing facilities

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured bank overdraft facility				
Amount used	$ 2,175,972	$ 2,186,840	$ 1,929,000	$ 915,920
Amount unused	2,900,000	2,576,120	2,566,520	2,086,440
	$ 5,075,972	$ 4,762,960	$ 4,495,520	$ 3,002,360

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Group and its subsidiaries, which were related parties of the Group, had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below.

a. Trading transactions

	Sales of goods For the Three Months Ended June 30		Sales of goods For the Six Months Ended June 30	
	2013	2012	2013	2012
Associates	$ 8,048	$ 5,863	$ 16,126	$ 14,208
Joint ventures	11,902	-	13,128	-
	$ 19,950	$ 5,863	$ 29,254	$ 14,208

	Purchases of goods For the Three Months Ended June 30		Purchases of goods For the Six Months Ended June 30	
	2013	2012	2013	2012
Associates	$ -	$ 1,210	$ -	$ 1,210
Joint ventures	-	-	-	-
	$ -	$ 1,210	$ -	$ 1,210

The following transactions between the Group and the related parties were based on normal terms.

	Operating Expenses		Operating Expenses	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Associates	$ -	$ 6,232	$ -	$ 6,431
Joint ventures	16,518	-	16,518	-
	$ 16,518	$ 6,232	$ 16,518	$ 6,431

	Non-operating Income and Expenses		Non-operating Income and Expenses	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Associates	$ 5,096	$ 1,835	$ 6,815	$ 5,914
Joint ventures	7,468	-	9,216	-
	$ 12,564	$ 1,835	$ 16,031	$ 5,914

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

	Purchase of Assets		Purchase of Assets	
	For the Three Months Ended June 30		For the Three Months Ended June 30	
	2013	2012	2013	2012
Joint ventures	$ -	$ 24,569	$ -	$ 3,187

	Disposal of Assets		Disposal of Intangible Assets	
	For the Three Months Ended June 30		For the Three Months Ended June 30	
	2013	2012	2013	2012
Joint ventures	$ 2,392	$ -	$ 291	$ -

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

	Trade Receivables from Related Parties			
	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Associates	$ 7,100	$ 53,734	$ 52,711	$ 60,207
Joint ventures	12,081	-	-	-
Deduct: Allowance for doubtful accounts	-	48,400	47,593	51,130
	$ 19,181	$ 5,334	$ 5,118	$ 9,077

	Other Receivables			
	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Associates	$ 33,707	$ 53	$ 38,524	$ 2,376
Joint ventures	7,729	-	-	-
	$ 41,436	$ 53	$ 38,524	$ 2,376

Other receivables, including dividend receivable, were $33,603thousand and $38,524thousand as of June 30, 2013 and 2012, respectively. The interest receivable and lease receivable of $7,105 thousand from HT mMobile as of June 30, 2012 was listed on the recognized impariment loss.

	Other Current Liabilities			
	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Associates	$ -	$ -	$ 21	$ 16

	Deferred Income			
	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Associates	$ 1,998	$ 2,297	$ 2,597	$ 2,897

	Endorsement/guarantee provided			
	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Associates	$ -	$ -	$ -	$ 30,000

b. Financing to related party

The Group provided financing to HT mMobile, as follows:

	For three Months Ended June 30,2012			
Financing to Related Party	Maximum Balance	Ending Balance	Interest Rate	Interest Income
HT mMobile	$ 400,000	$ 400,000 Note1	1.475%-1.655%	$ 3,232

	For three Months Ended June 30,2013			
Financing to Related Party	Maximum Balance	Ending Balance	Interest Rate	Interest Income
HT mMobile	$ 362,460	$ - Note2	1.655%	$ 1,465

Note 1: The Group has reversed the allowance of $37,070 thousand for the impairment loss on HT mMobile's inventory, fixed asset and software mortgages as of June 30, 2012, and the remainder receivables of $362,930 has still listed in the allowance appairment.

Note 2: HT mMobile has repaid $3,888 thousand by cash and the Group has reversed the allowance of $3,888 thousand as of June 30 2013. HT mMobile has completed the procedure of liquidation on March 20, 2013, so the Group wrote off the rest of receibles.

c. Compensation of directors, supervisors and management personnel:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Salaries and Incentives	$ 17,807	$ 9,112	$ 30,856	$ 21,968
Special compensation	1,066	979	1,947	1,709
Bonus	-	-	-	-
	$ 18,873	$ 10,091	$ 32,803	$ 23,677

34. PLEDGED OR MORTGAGED ASSETS

Certain assets pledged or mortgaged as collaterals for long-term bank loans, commercial paper payable, accounts payable and import duties were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Orise stock	$ 460,553	$ 407,112	$ 392,836	$ -
Buildings, net	722,786	732,696	742,606	752,516
Pledged time deposits	91,177	89,329	89,365	121,287
Subsidiary's holding of Sunplus' stock	35,198	31,025	30,020	33,743
Giantplus stock	-	415,887	181,989	-
	$ 1,309,714	$ 1,676,049	$ 1,436,816	$ 907,546

35. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On April 26, 2013, Generalplus' s board of directors approved an increase in the investment in Generalplus Shenzhen by US$1,150 thousand. On July 25, 2013, Generalpus Technology (Shenzhen) Co., Ltd Sighed the acquisition of office, the purchase price of RMB65,357 thousand.

36. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets								
Monetary items								
USD	$ 76,570	30.00	$ 60,472	29.04	$ 76,469	29.88	$ 65,352	30.28
JPY	526	0.3036	550	0.336	516	0.375	638	0.391
CNY	580	4.888	650	4.660	662	4.724	453	4.805
HKD	134	3.867	112	3.747	126	3.853	169	3.897
EUR	72	39.15	35	38.49	97	37.56	95	39.18
GDR	3	45.78	456	46.83	455	46.72	460	46.73
Nonmonetary items								
USD	500	30.00	500	29.04	500	29.88	500	30.28
EUR	510	39.15	510	38.49	510	37.56	894	39.18
Financial liabilities								
Monetary items								
USD	45,463	30.00	42,040	29.04	59,630	29.88	36,427	30.28
CNY	3,471	4.888	147	4.660	130	4.724	187	4.805
HKD	-	-	20	3.747	7	3.853	10	3.897
EUR	-	-	-	38.49	-	37.56	2	39.18
GDR	-	-	-	-	18	46.72	5	46.73

37. ADDITIONAL DISCLOSURES

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

a. Endorsement/guarantee provided: Table 1 (attached)

b. Financings provided: Table 2 (attached)

c. Marketable securities held: Table 3 (attached)

d. Marketable securities acquired and disposed of at costs or prices of at least NT$100 miion or 20% of the paid-in capital. Table 4 (attached)

e. Names, locations, and related information of investees on which the Group exercises significant influence: Table 5 (attached)

f. Information on investment in Mainland China: Table 6 (attached)

g. Intercompany relationships and significant intercompany transactions: Table 7 (attached)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by subsegment and operating results for the three months ended June 30, 2013 and 2012 are shown in the accompanying consolidated income statements, and the assets by segment as of June 30, 2013 and 2012 are shown in the accompanying consolidated balance sheets.

39. FIRST-TIME ADOPTION OF IFRSS

Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the three months ended June 30, 2013 were the first IFRS interim financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

Effects of transition to IFRSs

After transition to IFRSs, the effect on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

a. Reconciliation of the consolidated balance sheet as of June30, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Assets				
Notes and trade receivables, net	$ 1,789,592	$ 12,023	$ 1,801,615	5(2)
Deferred tax assets - current	20,034	(20,034)	-	5(1)
Other current assets	157,719	36,039	193,758	5(7) & 5(10)
Investments accounted for using equity method	859,148	(3,114)	856,034	5(11)
Property, plant and equipment	1,838,512	2,550	1,841,062	5(8) & 5(9)
Investment property	-	269,063	269,063	5(8)
Intangible assets	619,927	(14,102)	605,825	5(7) & 5(10)
Rental Assets	272,142	(272,142)	-	5(8)
Deferred charges/Other assets	73,054	(23,135)	49,919	5(7), 5(9) & 5(10)
Deferred Income Tax Assets	221,054	20,034	241,088	5(1)
Liabilities				
Accrued Expenses and Other current liabilities	496,558	18,623	515,181	5(2), 5(3) & 5(12)
Accrued pension cost	101,322	27,658	128,980	5(4)
Equity				
Capital Surplus-Net Assets from Merger	953,606	(796,183)	157,423	5(5)
Cumulative translation adjustments/ foreign currency translation reserve	66,308	(90,222)	(23,914)	5(6)
Unrealized gain (loss) on financial instruments/unrealized gain (loss) on available-for-sale financial assets	(971,148)	800,438	(170,710)	-
Accumulated Loss	(145,247)	62,862	(82,385)	5(3), 5(4), 5(5), 5(6) & 5(11)
Minority Interest	1,558,870	(15,994)	1,542,876	5(5)

b. Reconciliation of the consolidated statement of comprehensive income for the six months ended June 30, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Operating expenses	$ 1,834,579	$ 87	$ 1,834,666	5(3) & 5(4)
Gain on disposal of property, plant and equipment	(26)	26	-	5(3) & 5(4)
Loss on disposal of property, plant and equipment	1,175	(1,175)	-	5(3) & 5(4)
Other income and expenses				
Share of profits of associates and joint venture	12,096	(426)	11,670	5(11)
Gains on Sale of Investments	23,332	17	23,349	5(5)
Gains on Exchange operations	7,762	282	8,044	5(6)
Other comprehensive income				
Exchange differences on translating foreign operations	-	-	(25,040)	-
Unrealized gain on available-for-sale financial assets	-	-	219,362	-

c. Reconciliation of the consolidated statement of comprehensive income for the three months ended June 30, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Operating expenses	$ 941,142	$ 3,223	$ 944,365	5(3) & 5(4)
Gain on disposal of property, plant and equipment	(26)	26	-	5(3) & 5(4)
Loss on disposal of property, plant and equipment	1,121	(1,121)	-	5(3) & 5(4)
Other income and expenses				
Share of profits of associates and joint venture	8,106	64	8,170	5(11)
Gains on Sale of Investments	17,009	(140)	16,869	5(5)
Gains on Exchange operations	12,278	280	12,558	5(6)
Other comprehensive income				
Exchange differences on translating foreign operations	-	-	13,912	-
Unrealized gain on available-for-sale financial assets	-	-	(78,059)	-

d. Exemptions from IFRS 1

The exemptions adopted by the Group on January 1, 2012 were the same as those indicated in the consolidated financial statements as of March 31, 2013. Refer to the Note 39 to the consolidated financial statements as of March 31, 2013 for detail information.

e. Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under R.O.C GAAP and the accounting policies adopted under IFRSs were as follows:

1) Under ROC GAAP, valuation allowance is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences can be used; thus, the valuation allowance account is no longer needed.

   In addition, under ROC GAAP, a deferred 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, it is classified as current or noncurrent on the basis of the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset or liability is classified as noncurrent.

   As of June 30, 2012, the amounts reclassified from deferred income tax assets - current to deferred income tax assets - noncurrent were $ 20,034 thousand, respectively.

2) Under ROC GAAP, provisions for estimated sales returns and others are recognized as a reduction of revenue in the period the related revenue is recognized on the basis of historical experience. Allowance for sales returns and others is recorded as a deduction from accounts receivable. Under IFRSs, the allowance for sales returns and others is a provision recognized for a present obligation resulting from a past event, on which the timing of the settlement of the liability and the related amount are uncertain. This provision is classified under current liabilities.

   As of June 30, 2012, the amounts reclassified from allowance for sales returns and others to provisions were $12,023 thousand, respectively.

3) Employee benefits - short-term accumulating compensated absences

   Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and are usually recognized as salary expense when employees actually go on leave. Under IFRSs, cumulative compensated absences are recognized as salary expense when the employees render services that increase their entitlement to future compensated absences.

   At the transition to IFRSs, the Group elected to recognize all the resulting accounting difference pertaining to compensated absences in retained earnings. As of June 30, 2012, other current liabilities increased by $17,209 thousand, respectively. For 2012 and for the six months ended June 30, 2012, the adjustments resulted in decreases in cost of sales and operating expenses by $346 thousand. For 2012 and for the three months ended June 30, 2012, the adjustments resulted in increases in cost of sales and operating expenses by $2,415 thousand.

4) Employee benefits - corridor approach

   Under ROC GAAP, on the adoption of SFAS No. 18 – "Accounting for Pensions," unrecognized net transition obligation should be amortized over the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits using the straight-line method and should be recorded in net pension cost. Under IFRSs, the Group is not subject to the transition requirements of IAS 19 "Employee Benefits." Thus, unrecognized net transition obligation should be recognized immediately in retained earnings.

   Under ROC GAAP, actuarial gains and losses are accounted for under the corridor approach which results in the deferral of gains and losses. Based on the corridor approach, actuarial gains and losses should be amortized over the expected average remaining working lives of the participating employees and be recognized directly in retained earnings. On the transition to IFRSs, the Group decided to continue using the corridor approach in accordance with IAS 19 “Employee Benefits” and its accounting policy.

As of June 30, 2012, the Group performed actuarial valuation based on IAS 19 and adjusted accrued pension cost for an increase of $27,658 thousand, respectively, as required by IFRS 1. In addition, pension cost in fiscal 2012. For the six months ended June 30, 2012 were adjusted for a decrease of $716 thousand. For the three months ended June 30, 2012 were adjusted for a decrease of $287 thousand.

5) Without loss of significant changes in equity interest in the associates and adjustment of capital surplus

   Under ROC GAAP, if an investee company issues new shares and original shareholders do not acquire new shares proportionately, the investment percentage and the investor’s equity in net assets will change. This change will be used to adjust the additional paid-in capital and the long-term investments accounts.

   Under the requirements of “IFRSs Q&A” issued by the Taiwan Stock Exchange Corporation, the Group only needs to reclassify capital surplus –long term investment to retained earnings, and no retrospective adjustments were are necessary.

   According to the requirements of “IFRSs Q&A,” issued by Taiwan Stock Exchange Corporation (TWSE), the Group only need to reclassify capital surplus –long term investment into retained earnings, no retrospective adjustments were necessary. As of June 30, 2012, capital surplus – long term investments were adjusted for a decrease of $116,645 thousand, respectively. For the six months ended June 30, 2012, gains on Sale of Investments were adjusted for increase of 17 thousand. For the three months ended June 30, 2012, gains on Sale of Investments were adjusted for increase of 17 thousand.

   Under ROC GAAP, employee stock options granted by a subsidiary are recognized at the parent company’s ownership percentage as capital surplus - employee stock options under the equity attributable to the parent’s shareholders in the consolidated financial statements. Under IFRSs, the equity not attributable, directly or indirectly, to a parent is a noncontrolling interest. As of June 30, 2012, capital surplus – long term investments were adjusted for increases of $ 12,052 thousand, respectively. And as of January 1 to June 30, 2012, gains on Sale of Investments were adjusted for increase of 157 thousand.

6) Under ROC GAAP, various factors are simultaneously considered in determining functional currency. Under IAS 21, “Effect of Changes in Exchange Rates of Foreign Currencies,” the factors for determining functional currency are classified into primary and secondary on the basis of management’s weighing the importance of these factors. Under ROC GAAP, there is no assigning of priority to some factors over other factors. As of June 30, 2012, cumulative translation adjustments of the Group were adjusted for increases of $18,626 thousand, respectively. For the six months ended June 30, 2012 and for the three months ended June 30, 2012 was also adjusted for an increase of $282 thousand and 280 thousand.

7) Under ROC GAAP, deferred expense is recorded under other assets. Under IFRSs, the Group reclassified deferred expenses to intangible assets and prepaid expenses depending on the nature of these deferred expenses. As of June 30, 2012, the amounts reclassified from deferred expenses to intangible assets were $19,837 thousand, respectively, and the amounts reclassified to prepaid expenses were $35,281 thousand, respectively.

8) Under ROC GAAP, the Group's property that is leased to another entity is recorded as rental property under other assets. Under IFRSs, the Group reclassified these assets, held for earning rentals or for capital appreciation, or both, from other assets to investment property. As of June 30, 2012, the amounts reclassified to investment property were 269,063 thousand, respectively, and the amounts reclassified to property, plant and equipment were $3,079 thousand, respectively.

9) Under ROC GAAP, prepayment for equipment is recorded under property, plant and equipment. Under IFRSs, prepayment for equipment is recorded and classified as either current asset or noncurrent asset based on their expectations of the realization. As of June 30, 2012 , the amounts reclassified to prepayments - noncurrent were $529 thousand, respectively.

10) Under ROC GAAP, held burgage is classified under intangible assets. Under IFRSs, burgage is reclassified lease prepayments in accordance with IAS 17 "Leases." As of June 30, 2012, the amounts reclassified to lease prepayments - current (classified under other current assets) were $721 thousand and lease prepayments - noncurrent (classified under other noncurrent assets) were $29,390 thousand, respectively.

11) In conformity with the Group's transition to IFRSs, the Group's associates accounted for using the equity method have also assessed the significant differences between their respective present accounting policies and IFRSs and made adjustments accordingly. The associates' area of major adjustments is in employees' benefits. As of June 30, 2012, the assessment of differences resulted in decreases of $3,114 thousand, respectively, and investments accounted for by the equity method for the six months ended June 30, 2012 and for the three months ended June 30, 2012 decreased by $426 thousand and increased by $64 thousand.

12) Under ROC GAAP, an investor should continue to recognize losses if an investee's return to profitable operations are imminent (even if the investor has not [1] guaranteed the investee's obligations or (2) committed to provide further financial support to the investee). Under IFRSs, if an investor's share in the losses of an associate exceeds its interest in the associate, the investor will discontinue recognizing its share in the loss even if the investee's imminent return to profitable operations appears to be assured. However, additional losses are provided for, and a liability is recognized, to the extent that the investor has assumed legal or constructive obligations or made payments on behalf of the associate. As of January 1, 2012, the amount reclassified to other current liabilities - equity-method investments was $10,609 thousand.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED JUNE 30, 2013
(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	Amount Actually drawn	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	Provided by The Sunplus Company	Provided by The Subsidiary	Provided to the mainland
		Name	Nature of Relationship										
0 (Note1)	Sunplus Technology Company Limited	Sunplus mMobile Inc.	2(Note2)	$ 876,615 (Note 5)	$ 220,000	$ 85,000	$ 85,000	-	0.97%	$ 1,753,230 (Note 6)	Yes	No	No
		Sunext Technology Co., Ltd.	2(Note2)	876,615 (Note 5)	47,342	47,342	47,342	-	0.54%	1,753,230 (Note 6)	Yes	No	No
		Sunplus Technology (Shanghai) Co., Ltd.	3(Note3)	876,615 (Note 5)	149,575	149,575	149,575	-	1.71%	1,753,230 (Note 6)	Yes	No	Yes
		Sunplus Innovation Technology Inc.	2(Note2)	876,615 (Note 5)	17,564	17,564	17,564	-	0.20%	1,753,230 (Note 6)	Yes	No	No
		Generalplus Technology Inc.	3(Note3)	876,615 (Note 5)	27,126	27,126	27,126	-	0.31%	1,753,230 (Note 6)	Yes	No	No
		iCatch Technology Inc.	1(Note4)	876,615 (Note 5)	12,701	12,701	12,701	-	0.14%	1,753,230 (Note 6)	No	No	No
		Sun Media Technology Co., Ltd.	3(Note3)	876,615 (Note 5)	682,640	682,640	682,640		7.79%	1,753,230 (Note 6)	Yes	No	Yes
		Ytrip Technology Co., Ltd.	3(Note3)	876,615 (Note 5)	58,460	58,460	58,460	-	0.67%	1,753,230 (Note 6)	Yes	No	Yes

Note 1: Issuer.

Note 2: Directly helds more than 50% of the common shares of a subsidiary.

Note 3: Common shares held by the Sunplus and its subsidiaries jointly own more than 50% of the investee company.

Note 4: Subsidiary has a business relationship.

Note 5: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider's net equity as shown in the provider's latest financial statements.

Note 6: The amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
NINE MONTHS ENDED JUNE 30, 2013
(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	$ 391,900	$ 391,900 (Note 10)	1.655%	Note 1	$ -	Note 2	$ -	-	$ -	$ 438,308 (Note 8)	$ 876,615 (Note 9)
		HT mMobile Inc.	Other receivables	362,460	- (Note 12)	1.655%	Note 1	-	Note 3	-	-	-	438,308 (Note 8)	876,615 (Note 9)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	9,515	-	2.575%	Note 1	-	Note 4	-	-	-	24,725 (Note 8)	49,450 (Note 9)
		Ytrip Technology Co., Ltd.	Other receivables	9,164	8,248 (Note 13)	2.575%	Note 1	-	Note 5	-	-	-	24,725 (Note 8)	49,450 (Note 9)
		Sun Media Technology Co., Ltd.	Other receivables	10,080	-	2.575%	Note 1	-	Note 6	-	-	-	173,077 (Note 10)	197,802 (Note 10)
1	Sun Media Technology Co., Ltd.	Ytrip Technology Co., Ltd.	Other receivable	2,422	2,422 (Note 14)	2.402%	Note 1	-	Note 7	-	-	-	20,898 (Note 8)	41,795 (Note 9)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash payments of Sunplus mMobile Inc.

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

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for ShenZhen Suntop Technology Co., Ltd. to for its need of operation.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Ytrip Technology Co., Ltd. to for its need of operation.

Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sun Media Technology Co., Ltd. to for its need of operation.

Note 7: Sun Media Technology Co., Ltd. provided funds for Ytrip Technology to for its need of operation.

Note 8: For each transaction entity, the amount should not exceed 5% of the Group's and Sunplus Technology (Shanghai) Co., Ltd. net equity as of the latest financial statements.

Note 9: The amount should not exceed 10% of the Group's and Sunplus Technology (Shanghai) Co., Ltd. net equity based on the latest financial statements.

Note 10: For each transaction entity, the amount should not exceed 40% of Sunplus Technology (Shanghai)'s net equity as of the latest financial statement, and the each amount should not exceed 35% of the Company's net equity as of the latest financial statement because the borrowing company is the Group's parent company holding 100% by directly or indirectly.

(Continued)

Note 11: Actual provided was $315,400 thousand.

Note 12: HT mMobile has repaid $3,888 thousand by cash and the Group has reversed the allowance of $3,888 thousand as of June 30 2013. HT mMobile has completed the procedure of liquidation on March 20, 2013, so the Group wrote off the rest of receibles.

Note 13: Actual provided was $8,248 thousand.

Note 14: Actual provided was $2,422 thousand.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2013
(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, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Stock							
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	45,650	$ 1,006,877	100	$ 1,006,877	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	47,290	989,979	34	991,413	Notes 2 and 11
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	730,711	100	730,711	Notes 1 and 5
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	672,700	100	676,390	Note 1
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	37,324	634,711	34	634,711	Note 2
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	31,450	513,989	63	514,147	Notes 1 and 8
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	271,315	100	271,315	Notes 1 and 10
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	177,155	61	177,155	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	200,949	38	204,331	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	12,441	57,672	83	63,216	Notes 1 and 9
	S2-TEK INC.	Equity-method investee	Equity-method investments	908	40,192	2	68,059	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	10,154	100	10,154	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	6,796	100	6,796	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,124	100	4,124	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	3,444	100	3,444	Note 1
	Magic Sky Limited	Equity-method investee	Equity-method investments	6,110	1,800	100	1,800	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	48,999	(371,831)	99	(339,562)	Notes 1 and 7
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	223,187	13	223,187	Note 4
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	28,531	-	28,531	Note 4
	RITEK Corp.	-	Available-for-sale financial assets	5,000	28,297	-	28,297	Note 4
	Tatung Company	-	Available-for-sale financial assets	46,094	348,013	3	348,013	Note 4
	Giantplus Technology Co., Ltd.	-	Available-for-sale financial assets	13,814	138,140	2	138,140	Note 4
	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	160,957	-	160,957	Note 6
	JF (Taiwan) First Money Market Fund	-	Available-for-sale financial assets	6,099	90,270	-	90,270	Note 6
	FSITC Money Market	-	Available-for-sale financial assets	290	50,419	-	50,419	Note 6
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,564	30,029	-	30,029	Note 6
	JPMorgan GIBI EM Corp Bd	-	Available-for-sale financial assets	5,873	57,773	-	57,773	Note 6
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,143	-	30,143	Note 6
	Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,139	-	30,139	Note 6
	Prudential Financial Money Market	-	Available-for-sale financial assets	652	10,041	-	10,041	Note 6
	Capital Money Market	-	Available-for-sale financial assets	1,911	30,029	-	30,029	Note 6
	Eastspring Inv Fund Glbl EqFoF	-	Available-for-sale financial assets	2,300	28,433	-	28,433	Note 6
	JPNorgan Asia High Yieid Total Return Bond	-	Available-for-sale financial assets	2,499	27,964	-	27,964	Note 6
	Network Capital Global Fund	-	Financial assets carried at cost	600	6,000	7	6,000	Note 3
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	356	3,556	11	3,556	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	$ 254,157	14	$ 254,907	Note 2
	S2-TEK INC.	Equity-method investee	Equity-method investments	9,591	58,529	24	58,529	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	15,366	5	15,366	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,075	15,358	2	15,358	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,505	2	9,505	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	579	7,887	4	8,069	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-	31	-	(8,181)	Note 1
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	141,871	1	141,871	Note 4
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,397	98,749	7	98,749	Note 4
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	37,024	1	37,024	Note 4
	RITEK Technology Co., Ltd.	-	Available-for-sale financial assets	833	4,716	-	4,716	Note 4
	Aiptek International Inc.	-	Available-for-sale financial assets	60	-	-	-	Note 4
	Frankin Templetion Sinoa	-	Available-for-sale financial assets	1,994	20,033	-	20,033	Note 4
	UPAMC JAMES BOND MONEY	-	Available-for-sale financial assets	431	7,019	-	7,019	Note 4
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	20	3,120	-	3,120	Note 4
	Wistron Corp.	-	Available-for-sale financial assets	85	2,571	-	2,571	Note 4
	Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets	45	3,360	-	3,360	Note 4
	Pou Chen Corp.	-	Available-for-sale financial assets	50	1,423	-	1,423	Note 4
	TAIFLES CORP.	-	Available-for-sale financial assets	13	524	-	524	Note 4
	Zhen Ding Tech.	-	Available-for-sale financial assets	10	684	-	684	Note 4
	Apex International Co.,Ltd.	-	Available-for-sale financial asset	20	1,368		1,368	Note 4
	Flexium Interconnect, Inc.	-	Available-for-sale financial assets	7	721	-	721	Note 4
	PRIMAX CORP.	-	Available-for-sale financial assets	22	562	-	562	Note 4
	NAN YA PRINTED CIRCUIT BOARD CORP.	-	Available-for-sale financial assets	45	1,762	-	1,762	Note 4
	Compal Electronic, INC	-	Available-for-sale financial assets	90	1,517	-	1,517	Note 4
	Yulon Corp.	-	Available-for-sale financial assets	57	2,736	-	2,736	Note 4
	CHILISIN ELECTRONICS CORP.	-	Available-for-sale financial assets	113	1,859	-	1,859	Note 4
	Inventec Corp.	-	Available-for-sale financial assets	20	334	-	334	Note 4
	F-YEONGGVAN CORP.	-	Available-for-sale financial assets	35	1,379	-	1,379	Note 4
	JTOVCH CORP.	-	Available-for-sale financial assets	60	1,971	-	1,971	Note 4
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 3
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	4,136	2	4,136	Note 3
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	3,676	5	3,676	Note 3
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 3
	Socle Technology Corp.	-	Financial assets carried at cost	250	2,121	-	2,121	Note 3
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	373	1,764	6	1,764	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 3
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	-	-	-	Note 3
	Les Enphants-CB	-	Financial assets at fair value through profit or loss -Current	90	8,991	-	8,991	Note 4
	Ubright Optright Corporation-CB	-	Financial assets at fair value through profit or loss -Current	20	2,010	-	2,010	Note 4
	CHINA ELECTRIC MFG.CO.,LTD.-CB	-	Financial assets at fair value through profit or loss -Current	30	3,000	-	3,000	Note 4

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2013					Note
				Shares or Units (Thousands)	Carrying Value		Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	Stock								
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US$	67 thousand	1	US$ 67 thousand	Note 1
	Aruba Networks, Inc.	-	Available-for-sale financial assets	10	US$	35 thousand	-	US$ 35 thousand	Note 4
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US$	1,721 thousand	-	US$ 1,721 thousand	Note 3
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US$	456 thousand	5	US$ 456 thousand	Note 3
	Aicent, Inc.	-	Financial assets carried at cost	500	US$	250 thousand	1	US$ 250 thousand	Note 3
	VisualOn Inc.	-	Financial assets carried at cost	377	US$	131 thousand	3	US$ 131 thousand	Note 3
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US$	87 thousand	15	US$ 87 thousand	Note 3
	Synerchip Co., Ltd.	-	Financial assets carried at cost	6,452	US$	- thousand	12	US$ - thousand	Note 3
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US$	- thousand	-	US$ - thousand	Note 3
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US$	- thousand	1	US$ - thousand	Note 3
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US$	- thousand	8	US$ - thousand	Note 3
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US$	- thousand	3	US$ - thousand	Note 3
Sunplus Venture Capital Co., Ltd.	Stock								
	Security	-	Investment in debt security with no activity Market	1	$	14,520	-	$ 14,520	Note 12
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	4,301		86,446	4	87,345	Note 1
	S2-TEK INC.	Equity-method investee	Equity-method investments	10,001		65,996	25	65,996	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	2,797		46,617	6	46,617	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182		31,356	6	31,356	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431		20,205	7	20,205	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865		17,023	1	17,023	Note 2
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	1,909		8,903	13	9,364	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420		1,780	70	1,780	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-		3	-	(663)	Note 1
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784		101,789	1	101,789	Note 4
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441		53,940	-	53,940	Note 4
	Aruba Networks, Inc.	-	Available-for-sale financial assets	4		1,715	-	1,715	Note 4
	Aiptek International Inc.	-	Available-for-sale financial assets	351		-	1	-	Note 4
	FSITC Money Market		Available-for-sale financial assets	290		50,428	-	50,428	Note 6
	Franklin Templeton Sinoam Money Market		Available-for-sale financial assets	4,999		50,227	-	50,227	Note 6
	Earocharm Holding Co.	-	Financial assets carried at cost	600		30,000	1	30,000	Note 3
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,811		20,734	4	20,734	Note 3
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303		14,025	9	14,025	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2013 Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
Sunplus Venture Capital Co., Ltd.	Cyberon Corporation	-	Financial assets carried at cost	1,521	$ 13,691	18	$ 13,691	Note 3
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	6,243	2	6,243	Note 3
	Socle Technology Corp.	-	Financial assets carried at cost	550	4,666	1	4,666	Note 3
	Genius Vision Digital	-	Financial assets carried at cost	750	15,000	6	15,000	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 3
	Simple Act Inc.	-	Financial assets carried at cost	1,990	-	10	-	Note 3
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 3
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 3
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 3
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 3
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	-	-	Note 3
Ventureplus Group Inc.	Stock							
	Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	45,650	1,007,099	100	1,007,099	Note 1
Ventureplus Mauritius Inc.	Stock							
	Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	45,650	1,007,219	100	1,007,219	Note 1
Ventureplus Cayman Inc.	Stock							
	Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	488,768	99	488,768	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	55,874	100	55,874	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	417,954	100	417,954	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	8,597	80	8,597	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	34,609	73	34,609	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Subsidiary of Sunplus Technology (Shanghai) Co., Ltd.	Equity-method investments	-	RMB 1,006 thousand	100	RMB 1,006 thousand	Note 1
	GF Money Market Fund class B shares	-	Available-for-sale financial assets	6,140	RMB 6,373 thousand		RMB 6,373 thousand	Note 6
Wei-Young Investment Inc.	Stock							
	Elitergroup Computer Systems	-	Available-for-sale financial assets	508	6,018	-	6,018	Note 4
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,759	-	1,759	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	82	-	22	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus Technology Inc.	Stock							
	Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	7,590	$ 131,301	100	$ 131,301	Note 1
	Fund							
	Union Money Market	-	Available-for-sale financial assets	4,297	55,297	-	55,297	Note 6
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,761	85,049	-	85,049	Note 6
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	3,486	35,022	-	35,022	Note 6
	Jih Sun Money Market	-	Available-for-sale financial assets	706	10,169	-	10,169	Note 6
	Allianz Golbal Investors Taiwan Money Market Fund	-	Available-for-sale financial assets	412	5,028	-	5,028	Note 6
Generalplus International (Samoa) Inc.	Stock							
	Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	131,276	100	131,276	Note 1
Generalplus (Mauritius) Inc.	Stock							
	Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	7,200	121,822	100	121,822	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	9,454	100	9,454	Note 1
Ytrip Technology Co., Ltd.	Stock							
	1 Culture Communication Co., Ltd.	Subsidiary of Ytrip Technology Co., Ltd.	Equity-method investments	-	RMB 1,434 thousand	100	RMB 1,434 thousand	
Sunext Technology	Stock							
	Great Sun Corp.	Subsidiary of Sunext Technology	Equity-method investments	725	-	100	-	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology	Equity-method investments	1,962	-	100	-	Note 1
	Fund							
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	1,898	25,000	-	25,000	Note 6
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	1,964	29,000	-	29,000	Note 6
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,343	20,000	-	20,000	Note 6
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	1,921	22,500	-	22,500	Note 6
	ING Taiwan Money Market	-	Available-for-sale financial assets	377	6,000	-	6,000	Note 6
	Prudential Financial Money Market Fund	-	Available-for-sale financial assets	519	8,000	-	8,000	Note 6
Great Sun Corp.	Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	725	-	100	-	Note 1
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	(8,188)	100	(8,188)	Note 1
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	7,985	80,079	-	80,079	Note 6

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	7,426	$ 90,572	-	$ 90,572	Note 6
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,451	80,478	-	80,478	Note 6
	Stock							
	Advanced Silicon SA	-	Financial assets carried at cost	2,000	15,993	9	15,993	Note 3
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	1,000	15,391	12	15,391	Note 3

Note 1: The net asset value was based on not reviewed financial data as of June 30, 2013.

Note 2: The net asset value was based on reviewed financial data as of June 30, 2013.

Note 3: The market value was based on carrying value as of June 30, 2013.

Note 4: The Market value was based on the closing price as of June 30, 2013.

Note 5: The investment carrying value excluded the carrying value of $63,401 thousand of the shares of Sunplus Technology Company Limited held by its subsidiary.

Note 6: The market value was based on the net asset value of fund as of June 30, 2013.

Note 7: The credit balance on the carrying value of the equity-method investment is reported under other current liabilities.

Note 8: Includes the deferred credit of $159 thousand.

Note 9: Includes the deferred credit of $18,220 thousand.

Note 10: Includes the deferred credit of $3,839 thousand.

Note 11: As of June 30, 2013, 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 $35,198 thousand and the holding of Sunlus Technology Company Limited of the shares of Orise Technology Co., Ltd. with a market value $ 460,553 thousand had not been pledged or mortgaged.

Note 12: The value was based on amortization cost as of June 30, 2013.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

TABLE 4

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counter-part	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Unit (Thousands)	Amount	Unit (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Equity-method investments	CHUNGHWA PICTURE TUBES,LTD.	-	84,652	$ 725,158 (Note 1)	-	$ -	70,838	$ 646,256 (Note 4)	$ 507,995	$ 54,011 (Note 3)	13,814	$ 138,140 (Note 2)
Sunplus Venture Capital Co., Ltd.	S2-TEK INC.	Equity-method investments	S2-TEK INC.	Equity-method investee	12	(18,616) (Note 1)	10,000	100,000	-	-	-	-	10,001 (Note 5)	65,996 (Note 6)

Note 1: The amount was the carrying value of investments accounted for under the equity-method as of December 31, 2012.

Note 2: The ending balance includes the valuation gains on financial assets. Due to loss of significant influence over Giantplus,Giantplus company’s shares held by Sunplus Company has been reclassified to non-current available-for-sale finacial assets.

Note 3: Includes capital surplus and cumulative translation adjustments of gain on disposal.

Note 4: Includes cash 319,447 thousand and $ 326,809 thousand Datong stock.

Note 5: Shares after reducing the capital to offset a deficit.

Note 6: The amount was the carrying value of investments accounted for the equity-method as of December 31, 2013.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
JUNE 30, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Miaoli, Taiwan	LED	$ -	$ 881,315	-	-	$ -	$ -	$ (38,204)	-
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	989,979	308,027	104,729	Investee (Note1)
	Ventureplus Group Inc.	Belize	Investment	US$ 45,650 thousand	US$ 44,175 thousand	45,650	100	1,006,877	(57,580)	(57,580)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	$ 699,988	$ 699,988	70,000	100	730,710	5,779	5,779	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	676,390	(11,309)	(11,309)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	632,700	178,813	61,333	Subsidiary (Note1)
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	63	513,989	(40,515)	(25,489)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US$ 14,760 thousand	US$ 14,760 thousand	14,760	100	271,315	(6,147)	(6,147)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	$ 924,730	$ 924,730	38,836	61	177,155	(76,578)	(46,828)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	200,949	23,175	8,737	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,441	83	57,672	(15,047)	5,740	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	10,154	144	144	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US$ 200 thousand	US$ 200 thousand	200	100	6,796	218	218	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	$ 5,000	$ 5,000	500	100	4,124	(27)	(27)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK$ 11,075 thousand	HK$ 11,075 thousand	11,075	100	3,444	(732)	(732)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US$ 6,110	US$ 6,000	6,110	100	1,800	(1,493)	(1,493)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,196,392	2,196,392	48,999	99	(371,831)	(4,728)	(4,728)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	40,192	(74,563)	(10,133)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	254,157	178,812	24,472	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	15,366	(76,578)	(4,051)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,358	(40,515)	(871)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,505	23,175	406	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	7,887	(15,047)	(581)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,778	36,889	9,591	24	58,529	(74,563)	(14,760)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	-	-	31	(4,728)	-	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	86,446	178,812	7,068	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	55,442	54,028	2,797	6	46,617	(40,515)	(2,204)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	6	31,356	23,175	1,341	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	20,205	(76,578)	(5,342)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	17,023	308,027	1,918	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	8,903	(15,047)	(1,915)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	33,846	10,001	25	65,996	(74,563)	(15,389)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	3	(4,728)	-	Subsidiary
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US$ 2,119 thousand	US$ 2,119 thousand	442	1	US$ 67 thousand	(76,578)	US$ (18) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	$ 1,800	$ 1,800	108	-	$ 1,759	$ 178,813	$ 177	Subsidiary
	Sunext Technolgoy Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	82	(76,578)	(22)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US$ 45,650 thousand	US$ 44,175 thousand	45,650	100	1,007,099	(57,573)	(57,573)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US$ 45,650 thousand	US$ 44,175 thousand	45,650	100	1,007,219	(57,570)	(57,570)	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology Technology (Shanghai) Co., Ltd.	Shanghai, China	Research, development, manufacture and sale of ICs.	US$ 17,000 thousand	US$ 17,000 thousand	-	99	488,768	8,070	7,976	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	55,874	(7,498)	(7,498)	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US$ 20,000 thousand	US$ 20,000 thousand	-	100	417,954	(33,963)	(33,963)	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US$ 586 thousand	US$ 586 thousand	-	80	8,597	(3,862)	(3,089)	Subsidiary
	Ytrip Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US$ 3,750 thousand	US$ 2,275 thousand	-	73	34,609	(27,192)	(20,998)	Subsidiary (Note2)
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US$ 725 thousand	US$ 750 thousand	-	-	-	17	17	Subsidiary (Note3)
	Great Prosperous Corp.	Mauritius	Investment	US$ 1,962 thousand	US$ 1,962 thousand	1,962	100	-	-	-	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US$ 750 thousand	US$ 750 thousand	750	100	-	-	-	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US$ 7,590 thousand	US$ 7,590 thousand	7,590	100	131,301	4,963	4,963	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US$ 7,590 thousand	US$ 7,590 thousand	7,590	100	131,276	4,963	4,963	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	121,822	3,073	3,073	Subsidiary
	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US$ 390 thousand	US$ 390 thousand	390	100	9,454	1,890	1,890	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(8,188)	-	(8,188)	Subsidiary
Sunplus Technology Co., Ltd. (Shanghai)	ShenZhen Suntop Technology Co, Ltd.	Shenzhen, China	Design of software and hardware	RMB 8,000 thousand	RMB 8,000 thousand	-	100	RMB 1,006 thousand	RMB (178) thousand	RMB (178) thousand	Subsidiary
Ytrip Technology Co., Ltd.	1 Culture Communication Co., Ltd.	Chengdu, China	Business development	RMB 2,000 thousand	RMB - thousand	-	100	RMB 1,434 thousand	RMB (566) thousand	RMB (566) thousand	Subsidiary

Note 1: Except for Orise Technology and Generalplus Technology Inc., Co., Ltd, the finacial statements of other companies come from have not been reveiwed.

Note 2: Current capital registration has not been completed.

Note 3: On Mach 2013, Great Sun Corp. has completed the procedure of liquidation

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED JUNE 30, 2013
(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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2013	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of June 30, 2013	Accumulated Inward Remittance of Earnings as of June 30, 2013
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US$ 17,200 thousand	Note 1	US$ 17,000 thousand	US$ - thousand	US$ - thousand	US$ 17,000 thousand	99%	$ 7,976	$ 488,768	US$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	US$ 4,250 thousand	Note 1	US$ 4,250 thousand	US$ - thousand	US$ - thousand	US$ 4,250 thousand	100%	(7,498)	55,874	US$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	US$ 20,000 thousand	Note 1	US$ 20,000 thousand	US$ - thousand	US$ - thousand	US$ 20,000 thousand	100%	(33,963)	417,954	US$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 5,000 thousand	Note 1	US$ 586 thousand	US$ - thousand	US$ - thousand	US$ 586 thousand	80%	(3,089)	8,597	US$ - thousand
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	US$ 20,000 thousand	Note 1	US$ 2,275 thousand	US$ 1,475 thousand	US$ - thousand	US$ 3,750 thousand	73%	(20,998)	34,609	US$ - thousand

Accumulated Investment in Mainland China as of June 30, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
US$45,586 thousand	US$46,105 thousand	$5,259,690

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
YEAR ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Generalplus Shenzhen	Data processing service	US$ 7,200 thousand	Note 1	US$ 7,200 thousand	US$ - thousand	$ - thousand	US$ 7,200 thousand	100%	$ 3,073	$ 121,822	US$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
US$7,200 thousand	US$18,700 thousand	$1,126,061

Note 1: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a third country.

Note 2: Based on the investee company in the same period unreviewed financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEARS ENDED June 30, 2013 and 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Three Months ended June 30, 2013

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd.	Generalplus Technology Corp.	1	Sales	$ 4,786	Note 1	0.12%
			Nonoperating income and gains	1,318	Note 2	0.03%
			Notes and accounts receivables	2,099	Note 1	0.01%
			Other receivables	37,338	Note 3	0.25%
			Other payable	16	Note 3	-
			Research and development	15	Note 2	-
	Sunext Technology Co., Ltd.	1	Sales	766	Note 1	0.02%
			Nonoperating income and gains	2,989	Note 2 and 4	0.07%
			Notes and accounts receivables	269	Note 1	-
			Other receivables	1,371	Note 3	0.01%
	Sunplus mMobile	1	Nonoperating income and gains	2,491	Note 2	0.06%
			Other receivables	316,312	Note 3	2.15%
	Sunplus Innovation Technology Inc.	1	Sales	403	Note 1	0.01%
			Nonoperating income and gains	3,088	Note 2	0.08%
			Notes and accounts receivables	74	Note 1	-
			Other receivables	13,559	Note 3	0.09%
			Other payable	105	Note 3	-
			Research and development	100	Note 2	-
	iCatch Technology, Inc.	1	Sales	1,314	Note 2	0.03%
			Nonoperating income and gains	5,131	Notes 2 and 4	0.12%
			Notes and accounts receivables	654	Note 1	-
			Other receivables	1,736	Note 3	0.01%
	Sunplus Technology Co., Ltd. (Shanghai)	1	Nonoperating income and gains	9	Note 2	-
Sunext Technology Co., Ltd.	iCatch Technology, Inc.	3	Accrued expense	4	Note 3	-
			Research and development	1,150	Note 2	0.03%
Sunplus Innovation Technology Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	417	Note 2	0.01%
			Accrued expense	417	Note 3	-
	Sunplus App Technology Co., Ltd.	3	Sales	159	Note 1	-
Generalplus Technology Corp.	Sunplus Innovation Technology Inc.	2	Marketing expenses	1,755	Note 2	0.04%
			Intangible assets	7,313	Note 2	0.05%
	Sunplus mMedia Inc.	2	Research and development	18,220	Note 2	0.44%
			Intangible assets	18,220	Note 2	0.12%
			Accrued expenses	1,432	Note 3	0.01%
	Genralplus Technology (Hong Kong) Co., Ltd.	2	Marketing expenses	9,174	Note 2	0.22%
			Other payable	6,545	Note 3	0.05%
	Generalplus Technology (Shenzhen) Co., Ltd.	2	Research and development	54,615	Note 2	1.33%
			Other payable	28,626	Note 3	0.19%

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Marketing expenses	$ 11,729	Note 2	0.28%
			Accrued expenses	5,937	Note 3	0.04%
	SunMedia Technology Co., Ltd.	2	Marketing expenses	8,110	Note 2	0.20%
			Accrued expenses	3,669	Note 3	0.02%
Lin Shih Investment Co., Ltd.	Generalplus Technology Corp.	2	Other receivables	14,892	Note 3	0.10%
	Sunplus Innovation Technology Inc.		Other receivables	430	Note 3	-
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Corp.	2	Other receivables	4,301	Note 3	-
	Sunplus Innovation Technology Inc.		Other receivables	1,228	Note 3	-
Wei-Young Investment Inc	Generalplus Technology Corp.	2	Other receivables	108	Note 3	-
Sunplus Technology Co., Ltd. (Shanghai)	Generalplus Technology (Shenzhen) Corp.	2	Sales	4,657	Note 1	0.11%
	Ytrip Technology Co., Ltd.	2	Nonoperating income and gain	8,798	Note 3	0.21%

Note 1: The transactions were based on normal commercial prices and terms.

Note 2: The prices were based on negotiations and but the payment period and related terms were not comparable to market terms.

Note 3: The transaction payment terms were at normal commercial terms.

Note 4: Lease transaction terms were based on negotiations and were thus not comparable to market terms. The transactions between the Company and counter-party were at normal terms.

Note 5: 1 - From parent company to subsidiary.
2 - Between subsidiaries.