

# **Sunplus Technology Company Limited**

**Financial Statements for the  
Six Months Ended June 30, 2007 and 2006 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company as of June 30, 2007 and 2006, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As stated in Note 6 to the financial statements, the carrying values of equity-method investments as of June 30, 2007 and 2006 were NT\$6,315,733 thousand and NT\$4,472,764 thousand, respectively. The credit balance on the carrying values of these investments as of June 30, 2007 and 2006 were NT\$51,602 thousand and NT\$2,862 thousand, respectively, and the net investment loss and income in the six months ended June 30, 2007 and 2006, respectively, were NT\$412,044 thousand and NT\$29,772 thousand, respectively. These investment-related amounts and other investee information disclosed in Note 24 to the financial statements were based on the investees' unaudited financial statements for the same reporting periods as those of the Company.

In our opinion, except for any adjustments that might have been required had the equity-method investees' financial statements mentioned in the preceding paragraph been audited, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the six months then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards and accounting principles generally accepted in the Republic of China.

On March 31, 2006, Sunplus Technology Company Limited spun off the business, assets and liabilities of the LCD driver and control IC department to establish a subsidiary, ORISE Technology Co., Ltd. The income statements mentioned in the first paragraph include the operating results before the spin-off and the related pro forma information, excluding that of the unit spun off.

On December 1, 2006, Sunplus Technology Company Limited spun off the business, assets and liabilities of two business units - control peripheral and personal entertainment and advanced - to establish subsidiaries, Sunplus Innovation Technology Inc. and Sunplus mMobile Inc., respectively. The income statements mentioned in the first paragraph include the operating results before the spin-off and disclosed the related pro forma information, excluding that of the unit spun off.

As stated in Note 3 to the accompanying financial statements, effective January 1, 2006, the Company adopted the recently released Statements of Financial Accounting Standards (“Statements”) No. 34 - “Accounting for Financial Instruments” and No. 36 - “Disclosure and Presentation of Financial Instruments” and related revisions of previously released Statements.

We have also audited the consolidated financial statements of Sunplus Technology Company and subsidiaries as of and for the six months ended June 30, 2006 and 2005 and have expressed an unqualified opinion on these statements in our report dated July 17, 2007.

July 17, 2007

Notice to Readers

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

*For the convenience of readers, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.*

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### BALANCE SHEETS

JUNE 30, 2007 AND 2006

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

ASSETS	2007		2006		LIABILITIES AND SHAREHOLDERS' EQUITY	2007		2006	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash	\$ 1,452,824	9	\$ 4,805,238	22	Bank loans (Note 12)	\$ -	-	\$ 258,960	1
Financial assets at fair value through profit or loss - current (Notes 2, 3 and 4)	194,540	1	1,395,681	6	Accounts and notes payable	1,069,493	7	2,235,876	10
Available-for-sale financial assets - current (Notes 2 and 7)	1,058,395	6	-	-	Income taxes payable (Notes 2 and 17)	159,993	1	130,839	1
Notes and accounts receivable					Dividend payable and bonus payable to directors and supervisors (Note 14)	2,102,985	13	1,941,812	9
Third parties, net of allowance for doubtful accounts of \$66,193 thousand in 2007 and \$42,489 thousand in 2006 (Note 2)	1,597,323	10	3,191,276	15	Deferred intercompany profit (Note 2)	14,913	-	10,196	-
Related parties (Notes 2 and 20)	42,226	-	69,035	-	Deferred royalty income - current (Notes 2, 10 and 20)	23,270	-	22,171	-
Other receivables (Note 20)	230,497	1	233,114	1	Other current liabilities (Notes 2 and 6)	553,049	3	429,529	2
Inventories, net (Notes 2 and 5)	1,412,971	9	2,801,442	13	Total current liabilities	3,923,703	24	5,029,383	23
Deferred income taxes - current (Notes 2 and 17)	117,403	1	241,088	1	<b>OTHER LIABILITIES</b>				
Other current assets	76,981	1	131,973	1	Deferred income - noncurrent (Notes 2, 10 and 20)	54,936	-	34,002	-
Total current assets	6,183,160	38	12,868,847	59	Accrued pension liability (Notes 2 and 13)	65,773	1	142,617	1
<b>LONG-TERM INVESTMENTS</b>					Guarantee deposits (Note 20)	340,745	2	365,897	2
Equity-method investments (Notes 2 and 6)	6,315,733	38	4,472,764	21	Total other liabilities	461,454	3	542,516	3
Financial assets at fair value through profit or loss - noncurrent (Notes 2, 3 and 4)	144,593	1	531,494	2	Total liabilities	4,385,157	27	5,571,899	26
Available-for-sale financial assets - noncurrent (Notes 2 and 7)	626,719	4	405,323	2	<b>SHAREHOLDERS' EQUITY (Notes 2, 3, 14 and 15)</b>				
Financial assets carried at cost (Notes 2 and 8)	46,204	-	117,826	1	Capital stock - NTS\$10.00 par value				
Total long-term investments	7,133,249	43	5,527,407	26	Authorized - 1,200,000 thousand shares in 2007 and 1,050,000 thousand shares in 2006				
<b>PROPERTIES (Notes 2 and 9)</b>					Issued and outstanding - 515,136 thousand shares in 2007 and 951,550 thousand shares in 2006	5,151,362	31	9,515,503	44
Cost					Capital stock for issuance	391,037	3	698,074	3
Buildings	892,061	6	947,310	4	Capital surplus				
Auxiliary equipment	172,216	1	161,987	1	Additional paid-in capital	744,851	5	741,122	4
Machinery and equipment	545,036	3	517,971	2	Merger and others	551,560	3	690,252	3
Testing equipment	335,392	2	448,023	2	Treasury stock transactions	47,328	-	35,084	-
Transportation equipment	5,573	-	8,400	-	Retained earnings				
Furniture and fixtures	123,996	1	112,171	1	Legal reserve	2,127,492	13	1,830,223	8
Leasehold improvements	459	-	459	-	Special reserve	17,260	-	294,860	1
Total cost	2,074,733	13	2,196,321	10	Unappropriated earnings	2,634,734	16	2,720,794	13
Less: Accumulated depreciation	978,531	6	896,393	4	Other				
Advance payments and construction-in-progress	21,969	-	45,863	-	Cumulative translation adjustments	47,960	-	(21,376)	-
Net properties	1,118,171	7	1,345,791	6	Unrealized gain (loss) on long-term investments	460,124	3	(232,858)	(1)
<b>INTANGIBLE ASSETS, NET (Notes 2 and 10)</b>					Treasury stock (at cost) - 4,523 thousand shares in 2007 and 8,726 thousand shares in 2006	(131,471)	(1)	(176,566)	(1)
	863,137	5	1,105,662	5	Total shareholders' equity	12,042,237	73	16,095,112	74
<b>OTHER ASSETS</b>					<b>TOTAL</b>	<b>\$ 16,427,394</b>	<b>100</b>	<b>\$ 21,667,011</b>	<b>100</b>
Rental assets (Note 2)	76,272	1	26,053	-					
Deferred charges and others (Notes 2 and 17)	331,116	2	285,629	1					
Deferred income taxes - noncurrent (Notes 2 and 11)	722,289	4	507,622	3					
Total other assets	1,129,677	7	819,304	4					
<b>TOTAL</b>	<b>\$ 16,427,394</b>	<b>100</b>	<b>\$ 21,667,011</b>	<b>100</b>					

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

(With Deloitte & Touche audit report dated July 17, 2007)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
GROSS SALES	\$ 5,116,135		\$ 9,623,079	
SALES RETURNS AND ALLOWANCES	<u>52,841</u>		<u>183,054</u>	
NET SALES (Notes 2, 10 and 20)	5,063,294	100	9,440,025	100
COST OF SALES (Note 16)	2,801,040	55	6,351,971	67
REALIZED INTERCOMPANY PROFIT, NET (Note 2)	<u>620</u>	-	<u>1,904</u>	-
GROSS PROFIT	<u>2,262,874</u>	<u>45</u>	<u>3,089,958</u>	<u>33</u>
OPERATING EXPENSES (Notes 16 and 20)				
Marketing	67,802	1	326,140	4
General and administrative	172,806	4	215,081	2
Research and development	<u>806,696</u>	<u>16</u>	<u>1,285,379</u>	<u>14</u>
Total operating expenses	<u>1,047,304</u>	<u>21</u>	<u>1,826,600</u>	<u>20</u>
OPERATING INCOME	<u>1,215,570</u>	<u>24</u>	<u>1,263,358</u>	<u>13</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	316,962	6	18,662	-
Income from administrative and support service revenue (Note 20)	146,406	3	-	-
Reconciliation compensation (Note 22)	69,027	1	806,032	9
Interest	18,474	1	34,500	1
Foreign exchange gain, net (Note 2)	1,876	-	-	-
Subsidies (Note 2)	5,946	-	13,710	-
Investment income recognized by equity-method investees, net (Notes 2 and 6)	-	-	29,772	-
Others (Note 20)	<u>24,206</u>	<u>1</u>	<u>17,798</u>	-
Total nonoperating income and gains	<u>582,897</u>	<u>12</u>	<u>920,474</u>	<u>10</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by equity-method investees, net (Notes 2 and 6)	412,044	8	-	-
Loss on inventory (Note 2)	60,000	1	105,000	1
Valuation loss on financial assets, net (Note 2)	4,019	-	30,053	1

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

	2007		2006	
	Amount	%	Amount	%
Interest	\$ 11,285	1	\$ 6,291	-
Foreign exchange loss, net (Note 2)	-	-	29,673	-
Others	<u>2,196</u>	<u>-</u>	<u>2,151</u>	<u>-</u>
Total nonoperating expenses and losses	<u>489,544</u>	<u>10</u>	<u>173,168</u>	<u>2</u>
INCOME BEFORE INCOME TAX	1,308,923	26	2,010,664	21
INCOME TAX EXPENSE (Notes 2 and 17)	<u>112,557</u>	<u>2</u>	<u>134,210</u>	<u>1</u>
NET INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	1,196,366	24	1,876,454	20
CUMULATIVE EFFECT OF ACCOUNTING CHANGES (NET OF TAX BENEFIT OF \$12,438 THOUSAND) (Note 3)	<u>-</u>	<u>-</u>	<u>(32,609)</u>	<u>-</u>
NET INCOME	<u>\$ 1,196,366</u>	<u>24</u>	<u>\$ 1,843,845</u>	<u>20</u>
	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 18)				
Basic	\$ <u>2.26</u>	\$ <u>2.07</u>	\$ <u>1.96</u>	\$ <u>1.82</u>
Diluted	\$ <u>2.25</u>	\$ <u>2.06</u>	\$ <u>1.94</u>	\$ <u>1.81</u>

The pro forma information is based on the assumption that Sunplus Technology Company Limited spun off the business, assets and liabilities of its LCD driver and control IC department and of two business units - control peripheral and personal entertainment and advanced - to establish subsidiaries, ORISE Technology Co., Ltd., Sunplus Innovation Technology Inc., and Sunplus mMobile Inc., respectively, on January 1, 2006 (Notes 1, 2 and 23):

	2006
Net sales	\$ 5,713,091
Cost of sales	<u>(3,734,705)</u>
Gross profit	<u>\$ 1,978,386</u>
Operating income	<u>\$ 1,105,167</u>
Net income	<u>\$ 1,843,845</u>

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

---

The pro forma net income and earnings per share (EPS) on the assumption that the stock of parent company held by its subsidiary is treated as an investment and not as treasury stock are as follows (Note 15):

	2007		2006	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME	<u>\$ 1,308,923</u>	<u>\$ 1,196,366</u>	<u>\$ 1,978,055</u>	<u>\$ 1,843,845</u>
BASIC EPS				
Based on weighted-average shares Outstanding - 582,704 thousand shares in 2007 and 1,017,170 thousand shares in 2006	<u>\$ 2.25</u>	<u>\$ 2.05</u>	<u>\$ 1.94</u>	<u>\$ 1.81</u>
DILUTED EPS				
Based on weighted-average shares Outstanding - 584,665 thousand shares in 2007 and 1,023,656 thousand shares in 2006	<u>\$ 2.24</u>	<u>\$ 2.05</u>	<u>\$ 1.93</u>	<u>\$ 1.80</u>

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

(With Deloitte & Touche audit report dated July 17, 2007)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
SIX MONTHS ENDED JUNE 30, 2007 AND 2006  
(In Thousands of New Taiwan Dollars, Except Per Share)

	Capital Stock Issued (Note 14)		Capital Stock For Issuance (Note 14)	Capital Surplus (Notes 2 and 14)					Retain Earnings (Note 2 and 14)				Others (Notes 2, 3 and 15)				Total Shareholders' Equity
	Shares (Thousands)	Amount		Additional Paid-in Capital	From Long-term Investments	From Merger	From Treasury Stock	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Loss on Long-term Investments	Unrealized Gain (Loss) on Financial Assets	Treasury Stock	
BALANCE, JANUARY 1, 2007	1,023,648	\$ 10,236,476	\$ -	\$ 768,390	\$ 393,555	\$ 157,423	\$ 47,328	\$ 1,366,696	\$ 1,830,223	\$ 294,860	\$ 3,849,644	\$ 5,974,727	\$ 17,206	\$ -	\$ (34,466)	\$ (176,566)	\$ 17,384,073
Capital reduction	(511,436)	(5,114,357)	-	-	-	-	-	-	-	-	-	-	-	-	-	45,095	(5,069,262)
Appropriation of prior year's earnings:																	
Legal reserve	-	-	-	-	-	-	-	-	297,269	-	(297,269)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	(277,600)	277,600	-	-	-	-	-	-
Bonus to employees - stock	-	-	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	-	(39,688)	(39,688)	-	-	-	-	(39,688)
Stock dividends - NT\$0.3 per share	-	-	153,622	-	-	-	-	-	-	-	(153,622)	(153,622)	-	-	-	-	-
Cash dividends - NT\$4.0 per share	-	-	-	-	-	-	-	-	-	-	(2,048,297)	(2,048,297)	-	-	-	-	(2,048,297)
Capital stock transferred from capital surplus	-	-	102,415	(102,415)	-	-	-	(102,415)	-	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	2,924	29,243	-	78,876	-	-	-	78,876	-	-	-	-	-	-	-	-	108,119
Net income in the six months ended June 30, 2007	-	-	-	-	-	-	-	-	-	-	1,196,366	1,196,366	-	-	-	-	1,196,366
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	30,754	-	-	-	30,754
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	582	-	-	582	-	-	-	-	-	-	-	-	582
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	387,550	-	387,550
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	107,040	-	107,040
<b>BALANCE, JUNE 30, 2007</b>	<u>515,136</u>	<u>\$ 5,151,362</u>	<u>\$ 391,037</u>	<u>\$ 744,851</u>	<u>\$ 394,137</u>	<u>\$ 157,423</u>	<u>\$ 47,328</u>	<u>\$ 1,343,739</u>	<u>\$ 2,127,492</u>	<u>\$ 17,260</u>	<u>\$ 2,634,734</u>	<u>\$ 4,779,486</u>	<u>\$ 47,960</u>	<u>\$ -</u>	<u>\$ 460,124</u>	<u>\$ (131,471)</u>	<u>\$ 12,042,237</u>
BALANCE, JANUARY 1, 2006	948,730	\$ 9,487,296	\$ -	\$ 890,447	\$ 437,507	\$ 157,423	\$ 35,084	\$ 1,520,461	\$ 1,590,387	\$ 338,488	\$ 3,523,813	\$ 5,452,688	\$ (9,775)	\$ (285,085)	\$ -	\$ (176,566)	\$ 15,989,019
Effect of Accounting changes														259,339	(217,733)	-	41,606
Appropriation of prior year's earnings:																	
Legal reserve	-	-	-	-	-	-	-	-	239,836	-	(239,836)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	(43,628)	43,628	-	-	-	-	-	-
Bonus to employees - stock	-	-	225,000	-	-	-	-	-	-	-	(225,000)	(225,000)	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	-	(25,000)	(25,000)	-	-	-	-	(25,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	-	(24,517)	(24,517)	-	-	-	-	(24,517)
Stock dividends - NT\$0.3 per share	-	-	283,844	-	-	-	-	-	-	-	(283,844)	(283,844)	-	-	-	-	-
Cash dividends - NT\$2.0 per share	-	-	-	-	-	-	-	-	-	-	(1,892,295)	(1,892,295)	-	-	-	-	(1,892,295)
Capital stock transferred from capital surplus	-	-	189,230	(189,230)	-	-	-	(189,230)	-	-	-	-	-	-	-	-	-
Issuance of share upon exercise of employee stock options	2,820	28,207	-	39,905	-	-	-	39,905	-	-	-	-	-	-	-	-	68,112
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	94,899	-	-	94,899	-	-	-	-	-	-	-	-	94,899
Adjustment of capital surplus	-	-	-	-	423	-	-	423	-	-	-	-	-	-	-	-	423
Net income in the six months ended June 30, 2006	-	-	-	-	-	-	-	-	-	-	1,843,845	1,843,845	-	-	-	-	1,843,845
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(11,601)	-	-	-	(11,601)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	25,746	30,418	-	56,164
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(45,543)	-	(45,543)
<b>BALANCE, JUNE 30, 2006</b>	<u>951,550</u>	<u>\$ 9,515,503</u>	<u>\$ 698,074</u>	<u>\$ 741,122</u>	<u>\$ 532,829</u>	<u>\$ 157,423</u>	<u>\$ 35,084</u>	<u>\$ 1,466,458</u>	<u>\$ 1,830,223</u>	<u>\$ 294,860</u>	<u>\$ 2,720,794</u>	<u>\$ 4,845,877</u>	<u>\$ (21,376)</u>	<u>\$ -</u>	<u>\$ (232,858)</u>	<u>\$ (176,566)</u>	<u>\$ 16,095,112</u>

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

(With Deloitte & Touche audit report dated July 17, 2007)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,196,366	\$ 1,843,845
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	379,108	414,794
Gain on sale of investments, net	(318,499)	(20,478)
Other investment loss	1,537	1,816
Investment loss (gain) recognized by the equity method	412,044	(29,772)
Valuation loss on financial assets	4,019	30,053
Realized intercompany profit, net	(620)	(1,904)
Realized royalty income	(11,087)	(11,086)
Loss on disposal of properties	-	98
Write-off of property	2,031	-
Dividends received from equity method investees	41,613	-
Deferred income taxes	(93,022)	(8,435)
Accrued pension liabilities	(3,656)	1,143
Net changes in operating assets and liabilities		
Held-for-trading financial assets	-	(272,376)
Notes and accounts receivable		
Third parties	(147,442)	(223,849)
Related parties	(18,840)	(709)
Other receivables	63,085	(65,775)
Inventories	102,734	(858,667)
Other current assets	58,032	(36,379)
Accounts payable	(220,224)	(321,777)
Income tax payable	59,532	67,080
Other current liabilities	(372,694)	(98,269)
Net cash provided by operating activities	<u>1,134,017</u>	<u>409,353</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in financial assets at fair value through profit or loss	-	72,831
Net cash payments for department spin-off	-	(100,000)
Proceeds of the disposal of:		
Equity-method investment	-	27,398
Return of capital by investee	-	169,843
Available-for-sale financial assets	6,970,185	-
Financial assets carried at cost	323,147	16,684
Capital reduction by financial assets carried at cost	27,742	-
Properties	1,248	1,141

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

	2007	2006
Acquisition of:		
Equity-method investments	\$ (4,246)	\$ -
Available-for-sale financial assets	(4,837,400)	-
Financial assets carried at cost	-	(32,993)
Properties	(129,173)	(240,151)
Increase in intangible assets	(89,109)	(320,409)
Decrease (increase) in other financial assets - noncurrent	<u>(47,071)</u>	<u>84</u>
Net cash provided by (used in) investing activities	<u>2,215,323</u>	<u>(405,572)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in bank loans	(277,057)	258,960
Capital reduction	(5,101,466)	-
Proceeds of the exercise of stock options	108,119	68,112
Decrease in guarantee deposits	<u>(20,458)</u>	<u>(40,034)</u>
Net cash provided by (used in) financing activities	<u>(5,290,862)</u>	<u>287,038</u>
NET INCREASE IN CASH	(1,941,522)	290,819
CASH, BEGINNING OF PERIOD	<u>3,394,346</u>	<u>4,514,419</u>
CASH, END OF PERIOD	<u>\$ 1,452,824</u>	<u>\$ 4,805,238</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Income tax paid	\$ 83,112	\$ 63,128
Interest paid	<u>\$ 11,285</u>	<u>\$ 6,291</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Reclassification of credit balance of long-term investment into other current liabilities	<u>\$ 51,602</u>	<u>\$ 2,862</u>
Reclassification of assets leased to others into properties	<u>\$ 119,179</u>	<u>\$ -</u>
Reclassification of properties into deferred charges	<u>\$ 276,534</u>	<u>\$ 268,768</u>
<b>PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Acquisition of properties	\$ 112,292	\$ 213,766
Decrease in payables to contractors and equipment suppliers	<u>16,881</u>	<u>26,385</u>
Cash paid	<u>\$ 129,173</u>	<u>\$ 240,151</u>

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2007 AND 2006 (In Thousands of New Taiwan Dollars)

---

### SUPPLEMENTARY DISCLOSURE THE SPIN-OFF:

On March 31, 2006, Sunplus Technology Company Limited spun off the LCD driver and control IC department to establish a subsidiary, ORISE Technology Co., Ltd. The assets and liabilities of the department spun off were as follows:

Accounts receivable, net	\$ 509,109
Inventories	1,066,813
Properties, net	7,360
Accounts payable	(478,844)
Other current liabilities	(63,452)
Accrued pension liabilities	(41,089)
Guarantee deposits	<u>(97)</u>
Net assets	999,800
Acquisition of equity method investment	<u>(1,099,800)</u>
Cash paid	<u>\$ (100,000)</u>

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

(With Deloitte & Touche review report dated July 17, 2007)

(Concluded)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

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

---

### 1. ORGANIZATION AND OPERATIONS

Sunplus Technology Company Limited (the “Company”), established in August 1990, started its operations in October 1991 and moved into the Hsinchu Science-Based Industrial Park in October 1993. It researches, develops, designs, tests, and sells high-quality, high value-added consumer integrated circuits (ICs). Its products are based on core technology in such areas as multimedia audio/video, single-chip microcontroller and digital signal processor. These technologies are used to develop hundreds of products, including various ICs: Liquid crystal display (LCD), microcontroller, multimedia and application-specific. The Company’s shares have been listed on the Taiwan Stock Exchange since January 2000. Some of the Company’s shares have been issued in the form of global depository receipts, which have been listed on the London Stock Exchange since March 2001 (refer to Note 14).

As of June 30, 2007 and 2006, the Company had 654 and 1,102 employees, respectively.

To increase its competitiveness and performance through organization restructuring and streamlining of operations, the Company spun off on March 31, 2006 its LCD driver and control IC department (the “department”) to establish a subsidiary, Orise Technology Co. Ltd. (“Orise”) and also spun off on December 1, 2006 the control peripheral business unit (CPBU) to establish a subsidiary, Sunplus Innovation Technology Inc. (“Sunplus Innovation”), and the personal entertainment and advanced BU (PEABU) to establish a subsidiary, Sunplus mMobile Inc. (“Sunplus mMobile”), in accordance with the Law of Enterprise Purchase. The carrying values of the department, CPBU and PEABU were \$1,099,800 thousand, \$308,000 thousand and \$1,680,000 thousand, respectively, and the Company exchanged the department and units for 90,000 thousand of Orise’s newly issued shares at NT\$12.22 per share, for 22,000 thousand of Sunplus Innovation’s newly issued shares at NT\$10.00 per share, and 120,000 thousand of Sunplus mMobile’s newly issued shares at NT\$14.00 per share. The Company, which wholly owns Orise, Sunplus Innovation and Sunplus mMobile, accounted for these investments at the book value of the net assets on the spin-off date.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China (ROC). Under these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for inventory devaluation, property depreciation, amortization of intangible assets, impairment loss on assets and pension expenses. Actual results could differ from these estimates.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language financial statements shall prevail.

The Company's significant accounting policies are summarized as follows:

### **Current/Noncurrent Assets and Liabilities**

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

### **Financial Assets/Liabilities at Fair Value Through Profit or Loss**

Financial instruments at fair value through profit or loss have two categories: (1) held for trading and (2) designated on initial recognition as at fair value through profit or loss. These financial instruments, except derivatives, are initially recognized at fair value plus transaction costs that are directly attributable to the instrument acquisition; others are initially recognized at fair value, with transaction cost expenses as incurred. When fair value is subsequently measured, the changes in fair value at profit or loss are recognized as earnings. Cash dividends received, including the amount received in the same year that the related investments are acquired, are recognized as income. A regular way purchase or sale of financial assets is recognized and de-recognized using trade date accounting.

Derivatives that do not meet the criteria for hedge accounting are treated as financial assets or liabilities held for trading. If the fair value is a positive amount, the derivative is treated as a financial asset; when the fair value is a negative amount, otherwise, the derivative is treated as a financial liability.

The fair values of open-end mutual funds are based on their net asset value at as of the balance sheet date. For those instruments without quoted market prices in an active market, the fair value is based on valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

Hybrid instruments are designated at fair value through profit or loss.

### **Revenue Recognition and Allowance for Doubtful Accounts**

Sales are recognized when titles and risks of ownerships are transferred to customers, primarily upon shipment, since the earning process is substantially completed and revenue is realized or realizable. The Company does not recognize sales upon delivery of materials to subcontractors because the ownership over the materials is not transferred.

Sales are determined at fair market value, taking into account related sales discounts agreed to by the Company and its customers. Since the receivables from sales are collectible within one year and sales transactions are frequent, the fair value of receivables equals to the nominal amount of cash to be received.

Allowance for doubtful accounts is provided on the basis of a periodic review of the collectibility of receivables, taking into account the age of receivables and the financial condition of the debtors.

### **Inventories**

Inventories consist of raw materials, work-in-process and finished goods and merchandise, which are stated at the lower of cost or market value. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost at the end of the period. Market value is based on the replacement cost of raw materials and net realizable value of work-in-process, finished goods and merchandise. Scrap and slow-moving items are recognized as allowance for losses.

## **Available-for-sale Financial Assets**

Investments designated as available-for-sale financial assets include open-end mutual funds and listed stock. Investments classified as available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributed to investment acquisition. When subsequently measured at fair value, the changes in fair value are reported as a separate component of shareholders' equity. The accumulated gains or losses are recognized when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting.

Cash dividends are recognized as investment income upon resolution of the shareholders of an investee but are accounted for as reductions of the original investment cost if these dividends are declared on the earnings of the investees attributable to periods before the purchase of the investments. Stock dividends received are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of shares after the receipt of stock dividends.

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

If there is objective evidence that a financial asset is impaired as of the balance sheet date, a loss is recognized. If the impairment loss decreases, the impairment loss is reversed to the extent of the decrease and recorded as an adjustment to shareholders' equity.

## **Financial Assets Carried at Cost**

Investments without quoted market prices in an active market and with fair value that cannot be reliably measured, such as nonpublicly traded stocks, are carried at their original cost. The accounting treatment for cash and stock dividends arising from financial assets carried at cost is the same as that for available-for-sale financial assets.

If there is objective evidence of financial asset impairment, a loss is recognized. This impairment loss is irreversible.

## **Equity-method Investments**

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

If the recognized carrying value of the investment plus any advances to the investee are reduced to zero, the Company will discontinue recognizing its investment loss. But if the Company (a) guarantees the investee's obligations of an investee or commits to provide financial support to an investee or (b) if the investee's losses are temporary and evidence sufficiently shows imminent return to profitability, the Company will continue to recognize its investment loss. This credit balance on the carrying value of a long-term investment and advances are credited to other current liabilities in the balance sheets.

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

Gains or losses on sales to equity-method investees in which the Company owns less than a controlling interest are deferred in proportion to the Company's percentage of investee ownership. However, the entire gains or losses on the Company's sales to subsidiaries are deferred. Gains or losses from sales by investees to the Company are deferred in proportion to the Company's percentage of investee ownership. All of these deferred gains and losses are realized upon resale of products to third parties.

### **Properties and Rental Assets**

Properties and rental assets are stated at cost less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed in the period incurred.

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

Depreciation is computed using the straight-line method over service lives initially estimated as follows: buildings - 7 to 55 years; auxiliary equipment - 3 to 10 years; machinery and equipment - 3 to 5 years; testing equipment - 3 to 5 years; transportation equipment - 3 to 5 years; furniture and fixtures - 3 to 10 years; leasehold improvements - 3 years; and rental assets - 7 to 55 years.

Properties and rental assets still in use beyond their initially estimated service lives are depreciated over their newly estimated service lives. Upon the sale or disposal of properties, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to current income.

### **Intangible Assets**

Intangible assets consist of technology license fees and patents, which are booked at the acquisition cost and amortized using the straight-line method over 2 to 5 years and 5 to 18 years, respectively.

Pursuant to the statement of Financial Accounting Standards No. 37 "Intangible Assets" Expenditures arising from research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

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

### **Deferred Charges**

Deferred charges are mainly costs of software and system design, which are booked at the installation or acquisition cost. The amounts are amortized over 2 to 5 years, using the straight-line method.

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

## **Government Subsidies**

Amounts received by the Company from the government for the sponsorship of the development of certain products are recognized as subsidy income when realized or as deferred income when unrealized.

## **Pension Costs**

The Company has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plans, the related net periodic pension costs are recorded on the basis of actuarial calculations. For employees Under the defined contribution pension plans, the related net periodic pension costs are recorded on the basis of the Corporation's actual Company's required monthly contributions to employees' personal pension accounts over the employees' service periods.

## **Treasury Stock**

The reacquisition of issued stock is accounted for by the cost method. Under this method, the reacquisition cost is debited to the treasury stock account. Treasury stock is shown as a deduction to arrive at shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury stocks is based on the carrying value of the investments as shown in the subsidiaries' book. The resulting gain on investment from cash dividends appropriated to subsidiaries is credited to capital surplus.

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

## **Income Tax**

The Company applies the intra-period and inter-period tax allocations method. Under these methods, deferred income taxes are recognized for the tax effects of deductible temporary differences and unused tax credits. A valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be realized. A deferred tax asset or liability is classified as current or noncurrent according to the classification of the related asset or liability. If a deferred tax asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent based on the basis of the expected realization date.

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

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

Income tax (10%) on unappropriated earnings generated annually since 1998 is recorded as expense in the year when the shareholders approve the retention of earnings.

## **Foreign-currency Transactions**

Foreign-currency transactions, except derivative transactions, are recorded in New Taiwan Dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses from foreign-currency transactions on monetary assets and liabilities denominated in foreign currencies are recognized as current income. On the balance sheet date, the balances of nonmonetary assets and liabilities, except those carried at cost and to be valued at the historical rate of the trade date, are restated at prevailing exchange rates, and the resulting differences are recorded as follows:

- a. Financial instruments at fair value through shareholders' equity - as an adjustment component under shareholders' equity;
- b. Financial instruments at fair value through profit or loss - as credits or charges to current income; and
- c. Long-term investments accounted for by the equity method - as cumulative translation adjustments under shareholders' equity.

## **Spin-off**

The Company spun off some of its assets, liabilities and operations from a subsidiary and then acquired all of the subsidiary's newly issued shares. The cost of share acquisition is the book value of the spun-off assets minus the relative spun-off liabilities without recognizing any exchange gain or loss.

## **3. ACCOUNTING CHANGES**

- a. Statement of Financial Accounting Standards ("Statement" or SFAS) NO.37 - "Accounting for Intangible Assets"

The Company adopted the recently released SFAS No. 37 - "Accounting for Intangible Assets" and the related revised revisions of previously released Statements. Thus, the Company re-evaluate the useful lives and the amortization method applied to intangible assets.

The accounting changes had no impact on the Company's net income and basic and diluted earnings per share in the six months ended June 30, 2007.

- b. SFAS No. 34 and 36 and related revisions of other previously released statements

Upon adopting SFAS Nos. 34 and 36, the Company recategorized its financial assets. The adjustments made to the carrying amounts of the financial instruments categorized as financial instruments at fair value through profit or loss were included in the cumulative effect of accounting changes. On the other hand, the adjustments made to the carrying amounts of those categorized as available-for-sale financial assets were recognized as adjustments to shareholders' equity.

The adjustments based on the accounting are summarized as follows:

	<b>Recognized as Cumulative Effect of Changes in Accounting Principles (Net of Tax)</b>	<b>Recognized as a Separate Component of Shareholders' Equity</b>
Financial assets at fair value through profit or loss	\$ (32,609)	\$ -
Available-for-sale financial assets	<u>-</u>	<u>41,606</u>
	<u>\$ (32,609)</u>	<u>\$ 41,606</u>

The accounting changes resulted in decreases of \$12,755 thousand in net income before cumulative effect of accounting changes, \$45,364 thousand in net income, and NT\$0.05 in basic earnings per share (after income tax) in the six months ended June 30, 2006.

- c. SFAS No. 1 “Conceptual Framework for Financial Accounting and Preparation of Financial Statements,” SFAS No. 5 - “Long-term Investments in Equity Securities” and SFAS No. 25 - “Business Combination”.

Effective January 1, 2006, the Company adopted the recently revised SFAS No. 1 - “Conceptual Framework for Financial Accounting and Preparation of Financial Statements,” SFAS No. 5 - “Long-term Investment in Equity Securities” and SFAS No. 25 - “Business Combinations - Accounting Treatment under Purchase Method.” Based on these amended Statements, investment premiums, representing goodwill based on analysis of the acquisition costs, should be assessed for impairment instead of being amortized. This accounting change had no impact on net income in the six months ended June 30, 2006.

#### 4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Open-end funds	\$ -	\$ 1,335,577
Forward exchange contracts	<u>945</u>	<u>-</u>
	<u>\$ 945</u>	<u>\$ 1,335,577</u>

The Company entered into derivative contracts during the six months ended June 30, 2007 to hedge the effect of exchange rate fluctuations on net foreign currency-denominated assets and liabilities. The strategy is to hedge most of the market price risks to which the Company is exposed.

The company doesn't have derivative contracts during the six months ended June 30, 2006.

As of June 30, 2007, outstanding forward exchange contracts were as follows:

<b>June 30, 2007</b>	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (in Thousand)</b>
Sell forward exchange contracts	US\$ to NT\$	June 12, 2007 - July 20, 2007	US\$ 2,000
Sell forward exchange contracts	US\$ to NT\$	June 12, 2007 - July 20, 2007	US\$ 2,000

Net losses arising from financial assets held for trading were \$426 thousand and \$7,705 thousand for the years ended June 30, 2007 and 2006, respectively.

Financial instruments designated at fair value through profit or loss were as follows:

	<u>June 30, 2007</u>		<u>June 30, 2006</u>	
	<u>Amount</u>	<u>Noncurrent</u>	<u>Amount</u>	<u>Noncurrent</u>
Financial assets				
Credit-linked notes	\$ 193,595	\$ -	\$ 60,104	\$ 394,511
Inverse floaters: Time deposits with floating interest rates indexed to LIBOR rates	-	144,593	-	136,983
	<u>\$ 193,595</u>	<u>\$ 144,593</u>	<u>\$ 60,104</u>	<u>\$ 531,494</u>

Net gains and net losses arising from financial assets designated at fair value through profit or loss were \$4,445 thousand and \$13,116 thousand for the years ended June 30, 2007 and 2006, respectively.

Other information on the financial instruments designated at fair value through profit or loss is as follows:

	<b>Principal Amount</b> (in Thousands)	<b>Carrying Amount</b>	<b>Maturity</b>
<u>June 30, 2007</u>			
Inverse floaters: Time deposits with floating interest rate indexed to LIBOR rates	<u>\$ 6,000</u>	\$ 144,593	September 2010 - April 2014
Credit - linked notes			
Issuer			
Industrial Bank of Taiwan		<u>193,595</u>	August 2007
		<u>\$ 338,188</u>	
<u>June 30, 2006</u>			
Inverse floaters: Time deposits with floating interest rate indexed to LIBOR rates	<u>\$ 6,000</u>	\$ 136,983	September 2010 - April 2014
Credit - linked notes			
Issuer			
Citi Bank		260,940	August 2006 - August 2007
Industrial Bank of Taiwan		<u>193,675</u>	August 2007
		<u>\$ 591,598</u>	

As a holder of the above products, the company will lose part of the principals if it breaks the related contracts before maturity, as stipulated in the principal and profit guarantee terms of the contracts.

## 5. INVENTORIES, NET

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Finished goods and merchandise	\$ 994,322	\$ 1,570,832
Work-in-process	594,396	1,149,302
Raw materials	<u>103,758</u>	<u>382,496</u>
	1,692,476	3,102,630
Less: Allowance for losses	<u>279,505</u>	<u>301,188</u>
	<u>\$ 1,412,971</u>	<u>\$ 2,801,442</u>

Allowance for losses movement:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Balance, beginning of the period	\$ 339,073	\$ 300,225
Increase	60,000	105,000
Decrease	<u>119,568</u>	<u>104,037</u>
	279,505	301,188
Balance, end of the period	<u>\$ 279,505</u>	<u>\$ 301,188</u>

## 6. EQUITY-METHOD INVESTMENTS

	<b>June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>% of Owner- ship</b>	<b>Amount</b>	<b>% of Owner- Ship</b>
Sunplus mMobile Inc.	\$ 1,305,609	100	\$ -	-
Giantplus Technology Co., Ltd.	1,034,393	32	995,678	35
ORISE Company	955,817	66	1,137,865	100
Sunplus Venture Capital Co., Ltd.	781,815	100	725,931	100
Lin Shih Investment Co., Ltd.	688,930	100	446,772	100
Russell Holdings Limited	460,734	100	449,022	100
Generalplus Technology Corp.	405,829	48	270,315	53
Ventureplus Group Inc.	280,076	100	348,497	100
Sunplus Innovation Technology Inc.	261,101	100	-	-
Synerchip Co., Ltd.	81,552	22	-	-
Goldkey Technology Corp.	25,188	15	47,034	15
Waveplus Technology Co., Ltd.	13,404	43	-	-
Wei-Young Investment Inc.	10,619	100	15,040	100
Global Techplus Inc.	6,392	100	6,399	100
Sunplus Management Consulting Inc.	4,274	100	4,364	100
Sunext Technology Co., Ltd.	-	-	20,698	16
Sunplus Technology (H.K.) Co., Ltd.	-	-	<u>5,149</u>	100
	<u>\$ 6,315,733</u>		<u>\$ 4,472,764</u>	

(Continued)

	<b>June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>% of Owner- ship</b>	<b>Amount</b>	<b>% of Owner- Ship</b>
Credit balance on carrying value of long-term investments (recorded as other current liabilities)				
Sunext Technology Co., Ltd.	\$ 48,312	16	\$ -	
Sunplus Technology (H.K.) Co., Ltd.	3,290	100	-	
Waveplus Technology Co., Ltd.	<u>-</u>	-	<u>2,862</u>	10
	<u>\$ 51,602</u>		<u>\$ 2,862</u>	

(Concluded)

As of June 30, 2007 and 2006, the Company and its subsidiaries collectively owned 32% of Goldkey Technology Corp., Ltd. 57% and 45% of Sunext Technology Co., Ltd. and 74% and 43% of Wareplus Technology Co., Ltd., respectively. Thus, these investments were accounted for by the equity method.

The carrying value of the investments accounted for by the equity method and the related investment incomes (losses) were based on the investees' unaudited financial statements for the same reporting periods as those of the Company. The investment incomes (losses) of investees were as follows:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Sunplus mMobile Inc.	\$ (343,290)	\$ -
Giantplus Technology Co., Ltd.	77,216	101,809
ORISE Company	50,576	37,065
Sunplus Venture Capital Co., Ltd.	(65,856)	(27,265)
Lin Shih Investment Co., Ltd.	(29,820)	(39,044)
Russell Holdings Limited	(50,621)	(21,104)
Generalplus Technology Corp.	97,797	67,455
Ventureplus Group Inc.	(52,717)	(44,264)
Sunplus Innovation Technology Inc.	(34,757)	-
Synerchip Co., Ltd.	(5,760)	-
Goldkey Technology Corp.	748	(2,872)
Waveplus Technology Co., Ltd.	(427)	(3,726)
Wei-Young Investment Inc.	(2)	1,040
Global Techplus Inc.	20	(91)
Sunplus Management Consulting Inc.	(43)	(54)
Sunext Technology Co., Ltd.	(50,471)	(42,882)
Sunplus Technology (H.K.) Co., Ltd.	<u>(4,637)</u>	<u>3,705</u>
	<u>\$ 412,044</u>	<u>\$ 29,772</u>

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Open-end funds	\$ 1,058,395	\$ -
Domestic listed stocks	<u>626,719</u>	<u>405,323</u>
	1,685,114	405,323
Current portion	<u>1,058,395</u>	<u>-</u>
	<u>\$ 626,719</u>	<u>\$ 405,323</u>

## 8. FINANCIAL ASSETS CARRIED AT COST

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Domestic unlisted stock	<u>\$ 46,204</u>	<u>\$ 117,826</u>

The above investments did not have quoted prices in an active market and their fair value could not be reliably measured. Thus, they were carried at original cost.

## 9. PROPERTIES

	<u>Six Months Ended June 30, 2007</u>								
	<u>Buildings</u>	<u>Auxiliary Equipment</u>	<u>Machinery and Equipment</u>	<u>Testing Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixtures</u>	<u>Leasehold Improvements</u>	<u>Advance Payments and Construction- in-progress</u>	<u>Total</u>
<u>Cost</u>									
Balance, beginning of the period	\$ 758,822	\$ 165,573	\$ 549,878	\$ 1,032,437	\$ 5,573	\$ 152,842	\$ 459	\$ 328	\$ 2,665,912
Increase	-	6,643	189	75,228	-	8,591	-	21,641	112,292
Decrease	-	-	5,031	4,566	-	1,518	-	-	11,115
Reclassification	<u>133,239</u>	-	-	<u>(767,707)</u>	-	<u>(35,919)</u>	-	-	<u>(670,387)</u>
Balance, end of the period	<u>892,061</u>	<u>172,216</u>	<u>545,036</u>	<u>335,392</u>	<u>5,573</u>	<u>123,996</u>	<u>459</u>	<u>21,969</u>	<u>2,096,702</u>
<u>Accumulated depreciation</u>									
Balance, beginning of the period	87,297	110,190	405,767	648,514	4,813	101,225	329	-	1,358,135
Depreciation	10,080	8,683	27,286	24,744	154	7,834	32	-	78,813
Decrease	-	-	3,328	3,282	-	1,226	-	-	7,836
Reclassification	<u>14,060</u>	-	-	<u>(446,286)</u>	-	<u>(18,355)</u>	-	-	<u>(450,581)</u>
Balance, end of the period	<u>111,437</u>	<u>118,873</u>	<u>429,725</u>	<u>223,690</u>	<u>4,967</u>	<u>89,478</u>	<u>361</u>	<u>-</u>	<u>978,531</u>
Balance, end of the period, net	<u>\$ 780,624</u>	<u>\$ 53,343</u>	<u>\$ 115,311</u>	<u>\$ 111,702</u>	<u>\$ 606</u>	<u>\$ 34,518</u>	<u>\$ 98</u>	<u>\$ 21,969</u>	<u>\$ 1,118,171</u>

**Six Months Ended June 30, 2006**

	<b>Buildings</b>	<b>Auxiliary Equipment</b>	<b>Machinery and Equipment</b>	<b>Testing Equipment</b>	<b>Transportation Equipment</b>	<b>Furniture and Fixtures</b>	<b>Leasehold Improvements</b>	<b>Advance Payments and Construction- in-progress</b>	<b>Total</b>
<u>Cost</u>									
Balance, beginning of the period	\$ 974,935	\$ 146,868	\$ 491,535	\$ 986,409	\$ 8,400	\$ 143,065	\$ 459	\$ 9,874	\$ 2,761,545
Increase	590	15,119	28,308	127,264	-	6,496	-	35,989	213,766
Decrease	228	-	1,872	16,481	-	6,388	-	-	24,969
Reclassification	(27,987)	-	-	(649,169)	-	(31,002)	-	-	(708,158)
Balance, end of the period	<u>947,310</u>	<u>161,987</u>	<u>517,971</u>	<u>448,023</u>	<u>8,400</u>	<u>112,171</u>	<u>459</u>	<u>45,863</u>	<u>2,242,184</u>
<u>Accumulated depreciation</u>									
Balance, beginning of the period	88,336	92,641	350,493	549,588	5,613	87,190	230	-	1,174,091
Depreciation	10,018	8,432	29,972	91,687	646	11,204	49	-	152,008
Decrease	114	-	1,476	8,962	-	5,817	-	-	16,369
Reclassification	(1,934)	-	-	(396,754)	-	(14,649)	-	-	(413,337)
Balance, end of the period	<u>96,306</u>	<u>101,073</u>	<u>378,989</u>	<u>235,559</u>	<u>6,259</u>	<u>77,928</u>	<u>279</u>	<u>-</u>	<u>896,393</u>
Balance, end of the period, net	<u>\$ 851,004</u>	<u>\$ 60,914</u>	<u>\$ 138,982</u>	<u>\$ 212,464</u>	<u>\$ 2,141</u>	<u>\$ 34,243</u>	<u>\$ 180</u>	<u>\$ 45,863</u>	<u>\$ 1,345,791</u>

**10. INTANGIBLE ASSETS, NET**

**Six Months Ended June 30, 2007**

	<b>Patents</b>	<b>Technology License Fee</b>	<b>Total</b>
<u>Cost</u>			
Balance, beginning of the period	\$ 77,195	\$ 926,863	\$ 1,004,058
Increase	-	89,109	89,109
Balance, end of the period	<u>77,195</u>	<u>1,015,972</u>	<u>1,093,167</u>
<u>Accumulated</u>			
Amortization expense	<u>2,772</u>	<u>227,258</u>	<u>230,030</u>
Balance, end of the period	<u>2,772</u>	<u>227,258</u>	<u>230,030</u>
Balance, end of the period, net	<u>\$ 74,423</u>	<u>\$ 788,714</u>	<u>\$ 863,137</u>

**Six Months Ended June 30, 2006**

	<b>Patents</b>	<b>Technology License Fee</b>	<b>Total</b>
<u>Cost</u>			
Balance, beginning of the period	\$ 82,739	\$ 962,045	\$ 1,044,784
Increase	-	320,409	320,409
Balance, end of the period	<u>82,739</u>	<u>1,282,454</u>	<u>1,365,193</u>
<u>Accumulated</u>			
Amortization expense	<u>2,772</u>	<u>256,759</u>	<u>259,531</u>
Balance, end of the period	<u>2,772</u>	<u>256,759</u>	<u>259,531</u>
Balance, end of the period, net	<u>\$ 79,967</u>	<u>\$ 1,025,695</u>	<u>\$ 1,105,662</u>

Intangible assets consisted of fees paid to Oak Technology (“Oak”) for the Company to use Oak’s technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players.

The Company also authorized Sunext Technology (equity-method investee) to research, design and manufacture products using Oak’s technology in exchange for royalty income (shown under “gross sales” in the income statements and as “deferred royalty income” in the balance sheets).

## 11. DEFERRED CHARGES AND OTHERS

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Software and system design	\$ 315,610	\$ 275,102
Golf membership	7,800	7,800
Refundable deposits on the use of business space and employees’ dormitory	<u>7,706</u>	<u>2,727</u>
	<u>\$ 331,116</u>	<u>\$ 285,629</u>

## 12. SHORT-TERM BANK LOANS

	<b>June 30, 2006</b>
Unsecured revolving fund loans - US\$8,000 thousand; maturity in November 2006; 6.004%-6.080% annual interest rate	<u>\$ 258,960</u>

## 13. PENSION PLAN

The Labor Pension (the “Act”) took effect on July 1, 2005. The employees subject to the Labor Standards Law before July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Act or to continue being subject to the pension mechanism under the Labor Standards Law. For Company employees who switched to the Act, their service years as of July 1, 2005 were retained. Those hired on or after July 1, 2005 are automatically subject to the Act. Based on the Act, the Company’s monthly contributions to the employees’ individual pension accounts starting on July 1, 2005 is at 6% of salaries and wages. Thus, the pension cost based on the Act for the six months ended June 30, 2007 and 2006 were \$14,897 and 23,348 thousand respectively..

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

The service periods of employees of the departments spun off by the Company will be included in their periods of service to Orise Technology Co., Ltd., Sunplus Innovation Technology Inc. and Sunplus mMobile Inc. The related pension costs will be paid by the Company, Orise Technology Co., Ltd., Sunplus Innovation Technology Inc. and Sunplus mMobile Inc. (collectively, the “four companies”) in proportion to the employees’ periods of service to the four companies.

Defined benefit pension fund balances were \$90,841 thousand and \$78,921 thousand as of June 30, 2007 and 2006, respectively.

The changes in the defined benefit pension liabilities were as follows:

	<u>Six Months Ended June 30</u>	
	<u>2007</u>	<u>2006</u>
Balance, beginning of period	\$ 69,429	\$ 182,563
Accruals	810	8,393
Contributions	4,466	7,250
Transfer to ORISE Company	<u>-</u>	<u>41,089</u>
Balance, end of period	<u>\$ 65,773</u>	<u>\$ 142,617</u>

#### 14. SHAREHOLDERS' EQUITY

##### a. Capital Stock

The shareholders' approved a capital reduction by canceling 511,436 thousand issued and outstanding shares, amounting to 5,114,357 thousand, on December 8, 2006. All related actions, including the decrease in the number of issued and outstanding shares and capital return, were completed in March, 2007. The effective date of capital reduction was January 25, 2007. The share was returned at about NT\$5.00; thus, the capital reduction ratio was about 50% of share par value.

##### b. Employee Stock Option Plan

On March 7, 2003, the Securities and Futures Bureau (SFB; known as "Securities and Futures Commission" before July 1, 2004) approved the Company's adoption of an employee stock option plan. The plan provides for the grant of 30,000 thousand options, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 30,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. All options had been granted or canceled as of June 30, 2007.

Outstanding option rights were as follows:

	<u>June 30</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Unit (in Thousands)</u>	<u>Weighted- average Price (NT\$)</u>	<u>Unit (in Thousands)</u>	<u>Weighted- average Price (NT\$)</u>
Beginning outstanding balance	18,399	\$27.12	25,196	\$29.79
Options exercised	(2,924)	36.97	(2,820)	24.15
Options canceled	<u>(8,090)</u>		<u>(1,039)</u>	
Ending outstanding balance	<u>7,385</u>		<u>21,337</u>	

Note: The number of outstanding options and exercise prices had been adjusted to reflect the appropriations of dividends, stock bonuses, issuance of capital stock and capital reduction specified under the plan.

As of June 30, 2007, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT\$)
\$ 37.34	4,057	1.85	\$37.34	4,057	\$37.34
64.77	3,328	2.16	64.77	2,496	64.77

c. Global Depositary Receipts (GDRs)

In March 2001, the Company issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting of newly and previously issued and 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, 2007, the GDRs have been redeemed into 88,128 thousand of common shares amounting to US\$227,344 thousand. The outstanding GDRs, representing 536 thousand common shares, are accounted for 0.10% of outstanding common stock.

d. Capital Surplus

Under ROC regulations, capital surplus may be used to offset deficit, and only the capital surplus from donations (donated capital) and the issue of stock in excess of par value (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be transferred to capital as stock dividend; this transfer is restricted to a certain percentage based on shareholders' ownership. However, capital surplus resulting from long-term investments should not be transferred.

e. Appropriation of Earnings and Dividends

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

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

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be made from unappropriated retained earnings. The special reserve is allowed to be appropriated to the extent that the debit balance of such accounts is reversed.

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

The appropriation of earnings should be approved by the shareholders in, and given effect to in the financial statements of, the year following the year of earnings generation.

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

The appropriations of the earnings of the 2006 and 2005 earnings were approved at the shareholders' meetings on June 15, 2007 and June 9, 2006, respectively. The appropriations, including dividends, were as follows:

	<u>For Fiscal Year 2006</u>		<u>For Fiscal Year 2005</u>	
	<u>Appropriation of Earnings</u>	<u>Dividend Per Share (NT\$)</u>	<u>Appropriation of Earnings</u>	<u>Dividend Per Share (NT\$)</u>
Legal reserve	\$ 297,269		\$ 239,836	
Special reserve	(277,600)		(43,628)	
Bonus to employees - stock	135,000		225,000	
Bonus to employees - cash	15,000		25,000	
Remuneration of directors and supervisors	39,688		24,517	
Stock dividends	153,622	\$ 0.3	283,844	\$ 0.3
Cash dividends	<u>2,048,297</u>	4.0	<u>1,892,295</u>	2.0
	<u>\$ 2,411,276</u>		<u>\$ 2,646,864</u>	

In their meeting on June 15, 2007, the stockholders also approved the conversion of the employees' stock bonuses and stock dividends, both totaling \$288,622 thousand, and capital surplus of \$102,415 thousand into new shares. The shares planned for issuance will amount to \$5,542,399 thousand. The Company's application for the approval of these appropriations and conversion of capital surplus into new shares was under review by the Securities and Futures Bureau as of June 30, 2007.

## 15. TREASURY STOCK (COMMON STOCK)

(Units: Shares in Thousands)

<b>Purpose of Purchase</b>	<b>Beginning Shares</b>	<b>Decrease (Capital Reduction)</b>	<b>Ending Shares</b>
<u>Six months ended June 30, 2007</u>			
Company stocks held by subsidiaries	6,450	3,220	3,230
For subsequent transfer to employees	<u>2,582</u>	<u>1,289</u>	<u>1,293</u>
	<u>9,032</u>	<u>4,509</u>	<u>4,523</u>
<u>Six months ended June 30, 2006</u>			
Company stocks held by subsidiaries	6,144	-	6,144
For subsequent transfer to employees	<u>2,582</u>	<u>-</u>	<u>2,582</u>
	<u>8,726</u>	<u>-</u>	<u>8,726</u>

Starting in January 2002, the Company accounted for its issued shares amounting to \$95,605 thousand held by a subsidiary, Lin Shin Investment Co., Ltd. as treasury stock. As of June 30, 2007 and 2006, the book values of these stocks were \$63,401 thousand and \$95,605 thousand, and the market values of these stocks were \$264,536 thousand \$220,273 thousand, respectively.

Under the regulation of the Securities and Futures Bureau, the Company should acquire no more than 10% of all its issued shares. It should not pledge treasury shares and should not exercise shareholders' rights on these shares before their transfer. In addition, the aggregate reacquisition cost should not exceed the combined balance of the retained earnings and certain capital surplus. However, the subsidiaries holding the Company's issued shares retain shareholders' rights and privileges on these shares, except for the right to participate in the Company's capital increase. Further, under the revised Company Law, the subsidiaries holding the Company's issued shares will no longer be entitled, effective June 24, 2005, to the voting right.

## 16. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<u>Six Months Ended June 30, 2007</u>			<u>Six Months Ended June 30, 2006</u>		
	<u>Classified as Cost of Sales</u>	<u>Classified as Operating Expense</u>	<u>Total</u>	<u>Classified as Cost of Sales</u>	<u>Classified as Operating Expense</u>	<u>Total</u>
Personnel Expenses						
Salary	\$ 49,313	\$ 263,165	\$ 312,478	\$ 56,564	\$ 571,914	\$ 628,478
Labor/health insurance	3,408	17,004	20,412	3,308	28,964	32,272
Pension	2,358	13,349	15,707	3,102	28,639	31,741
Welfare benefit	1,830	7,386	9,216	1,835	13,632	15,467
Meal	1,339	5,599	6,938	1,437	10,509	11,946
	<u>\$ 58,248</u>	<u>\$ 306,503</u>	<u>\$ 364,751</u>	<u>\$ 66,246</u>	<u>\$ 653,658</u>	<u>\$ 719,904</u>
Depreciation	\$ 32,570	\$ 44,045	\$ 76,615	\$ 34,731	\$ 117,004	\$ 151,735
Amortization	\$ 1,011	\$ 299,284	\$ 300,295	\$ 855	\$ 261,930	\$ 262,785

## 17. INCOME TAX

- a. A reconciliation of income tax expense on income before income tax at statutory rate and current income tax expense before tax credits is shown below:

	<u>Six Months Ended June 30</u>	
	<u>2007</u>	<u>2006</u>
Income tax expense on income before income tax at statutory rate (25%)	\$ 327,221	\$ 502,666
Tax effects of adjustments:		
Tax-exempt income	(177,318)	(215,153)
Permanent difference	23,386	(10,612)
Temporary difference	<u>25,411</u>	<u>47,125</u>
Income tax expense before tax credits	<u>\$ 198,700</u>	<u>\$ 324,026</u>

b. Income tax expense consisted of the following:

	<b>Six Months Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
Income tax expense before tax credits	\$ 198,700	\$ 324,026
Cumulative effect of changes in accounting principles	-	12,438
Additional tax at 10% on unappropriated earnings	28,382	-
Investment tax credits	(115,948)	(193,188)
Net change in deferred income taxes	(93,022)	(8,435)
Nondeductible tax credits - income from overseas		
Adjustment of prior years' income tax expense	<u>94,445</u>	<u>(631)</u>
Income tax expense (benefit)	<u>\$ 112,557</u>	<u>\$ 134,210</u>

c. Deferred income tax assets were as follows:

	<b>June 30</b>	
	<b>2007</b>	<b>2006</b>
Current:		
Investment tax credits	\$ 76,120	\$ 189,636
Temporary difference	<u>41,283</u>	<u>51,452</u>
	<u>\$ 117,403</u>	<u>\$ 241,088</u>
Noncurrent:		
Investment tax credits	\$ 1,228,098	\$ 798,854
Temporary difference	9,183	29,655
Valuation allowances	<u>514,992</u>	<u>320,887</u>
	<u>\$ 722,289</u>	<u>\$ 507,622</u>

As of June 30, 2007, investment tax credits were as follows:

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Creditable Amounts</b>	<b>Remaining Creditable Amounts</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 2,432	\$ 2,432	2007
		10,376	10,376	2008
		<u>3,606</u>	<u>3,606</u>	2009
		<u>\$ 16,414</u>	<u>\$ 16,414</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 189,636	\$ 73,688	2007
		243,780	243,780	2008
		467,720	467,720	2009
		415,235	415,235	2010
		<u>87,381</u>	<u>87,381</u>	2011
		<u>\$ 1,403,752</u>	<u>\$ 1,287,804</u>	

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

<u>Project</u>	<u>Tax Exemption Period</u>
Fifth expansion	January 1, 2003 to December 31, 2006
Sixth expansion	January 1, 2006 to December 31, 2009

The income tax returns through 2004 except 2003 had been examined and cleared by the tax authorities.

d. Integrated income tax information is as follows:

	<u>June 30</u>	
	<u>2007</u>	<u>2006</u>
Shareholders' imputation credit account	<u>\$ 106,440</u>	<u>\$ 90,684</u>
Unappropriated earnings until 1997	<u>\$ 452,310</u>	<u>\$ 452,310</u>

The expected and actual creditable tax ratios for the 2007 and 2006 earnings, respectively, were 3.13% and 2.95%, respectively.

The expected creditable ratio for the distribution of the 2006 earnings may be adjusted when the allocation of the imputation credits is made.

e. Under the Alternative Minimum Tax (AMT) system, which took effect on January 1, 2006, the Company should pay annually at least the minimum income tax calculated in accordance with the AMT. This change has already been taken into consideration in the evaluation of whether the unused deferred tax assets could be realized.

## 18. EARNINGS PER SHARE

	<u>Six Months Ended June 30</u>			
	<u>2007</u>		<u>2006</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
Basic earnings per share (EPS; NT\$)				
Income before cumulative effect of changes in accounting principles	\$ 2.26	\$ 2.07	\$ 1.99	\$ 1.85
Cumulative effect of changes in accounting principles	-	-	(0.03)	(0.03)
Income for the period	<u>\$ 2.26</u>	<u>\$ 2.07</u>	<u>\$ 1.96</u>	<u>\$ 1.82</u>
Diluted EPS (NT\$)				
Income before cumulative effect of change in accounting principles	\$ 2.25	\$ 2.06	\$ 1.97	\$ 1.84
Cumulative effect of changes in accounting principles	-	-	(0.03)	(0.03)
Income for the period	<u>\$ 2.25</u>	<u>\$ 2.06</u>	<u>\$ 1.94</u>	<u>\$ 1.81</u>

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

	<u>Amounts (Numerator)</u>		<u>Share (Denominator) (In Thousands)</u>	<u>EPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Six months ended June 30, 2007</u>					
Net income	<u>\$ 1,308,923</u>	<u>\$ 1,196,366</u>			
Basic EPS					
Income of common shareholders	<u>\$ 1,308,923</u>	<u>\$ 1,196,366</u>	<u>579,029</u>	<u>\$ 2.26</u>	<u>\$ 2.07</u>
The pro-forma adjusted EPS for stock dividends with ex-dividend date after the issuance of the financial statements	<u>\$ 1,308,923</u>	<u>\$ 1,196,366</u>	<u>621,631</u>	<u>\$ 2.11</u>	<u>\$ 1.92</u>
Income of common shareholders	\$ 1,308,923	\$ 1,196,366	579,029		
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>1,961</u>		
Diluted EPS					
Income of common shareholders	<u>\$ 1,308,923</u>	<u>\$ 1,196,366</u>	<u>580,990</u>	<u>\$ 2.25</u>	<u>\$ 2.06</u>
The pro-forma adjusted EPS for stock dividends with ex-dividend date after the issuance of the financial statements	<u>\$ 1,308,923</u>	<u>\$ 1,196,366</u>	<u>623,691</u>	<u>\$ 2.10</u>	<u>\$ 1.92</u>
<u>Six months ended June 30, 2006</u>					
Net income	<u>\$ 1,978,055</u>	<u>\$ 1,843,845</u>			
Basic EPS					
Income of common shareholders	<u>\$ 1,978,055</u>	<u>\$ 1,843,845</u>	<u>1,010,719</u>	<u>\$ 1.96</u>	<u>\$ 1.82</u>
The pro-forma adjusted EPS for stock dividends with ex-dividend date after the issuance of the financial statements	<u>\$ 1,978,055</u>	<u>\$ 1,843,845</u>	<u>1,074,710</u>	<u>\$ 1.84</u>	<u>\$ 1.72</u>
Income of common shareholders	\$ 1,978,055	\$ 1,843,845	1,010,719		
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>6,486</u>		
Diluted EPS					
Income of common shareholders	<u>\$ 1,978,055</u>	<u>\$ 1,843,845</u>	<u>1,017,205</u>	<u>\$ 1.94</u>	<u>\$ 1.81</u>
The pro-forma adjusted EPS for stock dividends with ex-dividend date after the issuance of the financial statements	<u>\$ 1,978,055</u>	<u>\$ 1,843,845</u>	<u>1,081,519</u>	<u>\$ 1.83</u>	<u>\$ 1.70</u>

The weighted-average number of shares outstanding for EPS calculation was adjusted retroactively for stock dividends and stock bonuses issued subsequently (see Note 14). As a result of this adjustment, the basic EPS and diluted EPS after income tax in 2006 decreased from NT\$1.96 to NT\$1.82 and from NT\$1.95 to NT\$1.81, respectively.

## 19. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments were as follows:

	June 30			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss - current	\$ 338,188	\$ 338,188	\$ 1,927,175	\$ 1,927,175
Available-for-sale financial assets - noncurrent	1,685,114	1,685,114	405,323	405,323
Financial assets carried at cost	46,204	-	117,826	-

Effective January 1, 2006, the Corporation adopted Statement of Financial Accounting Standards No. 34. - "Accounting for Financial Instruments." Before this change, certain derivative instruments were not recognized in the financial statements. The effect of this accounting change is disclosed in Note 3.

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:
- 1) For cash, notes and accounts and notes receivable, other receivables, bank loan, accounts and notes payable, carrying amounts on the balance sheets approximate their fair values because of their short maturities.
  - 2) Fair values of financial instruments at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For derivative instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.
  - 3) Financial assets carried at cost had no quoted prices in an active market and their fair value could not be reliably measured.
- c. Loss recognized for the changes in fair value of financial instruments using valuation techniques was \$4,019 and 14,567 thousand in the six months ended June 30, 2007 and 2006, respectively.
- d. As of June 30, 2007 and 2006, financial assets exposed to cash flow interest rate risk amounted to \$580,185 thousand and \$978,341 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,014,237 thousand and \$3,960,000 thousand, respectively; financial liability exposed to cash outflow interest rate risk amounted to \$258,960 thousand as of June 30, 2006.

Cash flow risk of interest rate: The interest rates on the Corporation's Company's bank loans are floating; thus, the prevailing interest rate fluctuations could result in cash outflows.

- e. Interest revenues on financial instruments other than the financial assets at fair value through profit or loss in the six months ended June 30, 2007 and 2006 were \$16,000 thousand and \$26,728 thousand, respectively; Interest expenses resulting from the for financial instruments other than the financial assets at fair value through profit or loss in the six months ended June 30, 2007 and 2006 were \$11,285 thousand and \$6,291 thousand, respectively. The Company recognized an unrealized gain of \$107,040 and losses of \$45,543 thousand, respectively in shareholders' equity for the changes in fair value of available-for-sale financial assets in the six months ended June 30, 2007 and 2006.

f. Financial risks

- 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks.

Interest rates on credit-linked deposits were already in determined. Thus, interest rate fluctuations would result in changes in fair values of these financial instruments.

Fair values of inverse floaters are influenced by exchange rate fluctuations.

Fair values of available-for-sale and held-for-trading security investments are affected by fluctuations of quoted prices.

- 2) Credit risk. The Company will incur a loss if the counter-parties or other parties (e.g., credit guarantors) breach the contracts, which are affected by such factors as the concentrations of counter-parties, components of financial instruments, contract amounts, and the receivables on the contracts. Thus, contracts with positive fair values on the balance sheet date are evaluated for credit risk. As of June 30, 2007 and 2006, credit risks on the financial assets, except those approximating their carrying values, were as follows:

	<b>June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Carrying Amount</b>	<b>Credit Risk</b>	<b>Carrying Amount</b>	<b>Credit Risk</b>
<u>Held-for-trading financial assets</u>				
Forward exchange contracts	\$ 945	\$ 945	\$ -	\$ -
<u>Financial assets designated at fair value through profit or loss</u>				
Credit-linked notes (CLNs)	<u>193,595</u>	<u>196,595</u>	<u>454,615</u>	<u>454,615</u>
	<u>\$ 194,540</u>	<u>\$ 194,540</u>	<u>\$ 454,615</u>	<u>\$ 454,615</u>

- 3) Liquidity risk. Investments in CLNs, inverse floaters and financial assets carried at cost do not have an active market. Thus, the liquidity risk of these investments is material. On the other hand, held-for-trading and available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets.

## 20. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Global View Co., Ltd. ("Global View") - the Company's supervisor
- b. Giantplus Technology Co., Ltd. ("Giantplus") - equity-method investee
- c. Waveplus Technology Co., Ltd. ("Waveplus") - equity-method investee
- d. Sunext Technology Co., Ltd. ("Sunext") - equity-method investee
- e. Generalplus Technology Inc. ("Generalplus") - equity-method investee

- f. Coolsand Technologies SARL (“C”) - equity-method investee of Russell Holding Ltd.
- g. Lin Shin Technology Co., Ltd. (“Lin Shin”) - equity - subsidiary of Synerchip Co., Ltd.
- h. Sunplus Innovation Technology Inc. (“Sunplus Innovation”) - 100% subsidiary
- i. Sunplus mMobile Inc. (“Sunplus mMobile”) - 100% subsidiary
- j. Sunplus Technology (H.K.) Co., Ltd. (“Sunplus H.K.”) - 100% subsidiary
- k. Orise Technology Co., Ltd. (“Orise”) - 67% subsidiary
- l. Sunplus mMedia Inc. (“Sunplus mMedia”) - 100% indirect subsidiary.
- m. Sunplus Technology (Shanghai) Co., Ltd. (“Sunplus Shanghai”) - 99% indirect subsidiary
- n. Kunshan Giantplus Optoelectronics Technology Co., Ltd. (“Kunshan Giantplus”) - 100% indirect Subsidiary of Ceneralplus
- o. Others - please refer to Note 25 for related parties that did not have business transactions with the Company in the current period.

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

	<b>Six Months Ended June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<u>For the year</u>				
Sales:				
Coolsand	\$ 47,992	1	\$ -	-
Orise	28,445	1	8,257	-
Sunplus Innovation	17,837	-	-	-
Generalplus	15,922	-	74,793	1
Sunext	11,085	-	11,085	-
Sunplus mMedia	9,728	-	-	-
Sunplus mMobile	7,938	-	-	-
Waveplus	2,229	-	4,937	-
Lin Shin	1,917	-	-	-
Giantplus	-	-	29,134	-
Kunshan Giantplus	-	-	18,249	-
Golbal View	-	-	5,127	-
	<u>\$ 143,093</u>	<u>2</u>	<u>\$ 151,582</u>	<u>1</u>

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

	<b>Six Months Ended June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Market services expense				
Sunplus H.K.	\$ -	-	\$ 8,265	-
Nonoperating income and gains				
Sunplus mMobile	\$ 84,558	15	\$ -	-
Sunplus mMedia	49,396	8	-	-
Sunplus Innovation	11,879	2	-	-
Orise	6,848	1	-	-
Generaplus	4,393	1	-	-
Sunext	2,603	-	2,400	-
Lin Shin	264	-	-	-
	<u>\$ 159,941</u>	<u>27</u>	<u>\$ 2,400</u>	<u>-</u>

The above lease transaction prices were negotiated and thus not comparable with those in the market. The transactions between the Company and the above related parties were at normal terms.

	<b>June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Notes and accounts receivable:				
Coolsand	\$ 16,430	1	\$ -	-
Generalplus	8,836	1	57,255	2
Orise	8,081	1	8,800	-
Sunplus mMedia	4,472	-	-	-
Sunplus Innovation	2,113	-	-	-
Waveplus	1,340	-	2,964	-
Lin Shin	954	-	-	-
Sunext	-	-	13	-
Giantplus	-	-	3	-
	<u>\$ 42,226</u>	<u>3</u>	<u>\$ 69,035</u>	<u>2</u>
Other receivables				
Sunplus mMedia	\$ 15,759	7	\$ -	-
Sunplus mMobile	9,538	4	-	-
Generalplus	2,551	1	-	-
Orise	2,407	1	-	-
Sunext	954	-	-	-
Sunplus Innovation	137	-	-	-
Lin Shin	113	-	-	-
	<u>\$ 31,459</u>	<u>13</u>	<u>\$ -</u>	<u>-</u>
Guarantee deposits				
Giantplus	\$ 156	-	\$ 156	-
Global View	-	-	327	-
	<u>\$ 156</u>	<u>-</u>	<u>\$ 483</u>	<u>-</u>

	<b>June 30</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Deferred royalty income (including current and noncurrent)				
Sunext	\$ 34,002	43	\$ 56,173	100
Orise	<u>2,931</u>	<u>4</u>	<u>-</u>	<u>-</u>
	<u>\$ 36,933</u>	<u>47</u>	<u>\$ 56,173</u>	<u>100</u>
Endorsement/guarantee provided:				
Sunext	\$ 580,000		\$ 804,311	
Sunplus mMedia	479,443		-	
Sunplus Shanghai	164,950		164,950	
Sunplus Innovation	147,510		-	
Sunplus mMobile	81,950		-	
Waveplus	20,000		70,000	
Generalplus	<u>-</u>		<u>62,995</u>	
	<u>\$ 1,473,853</u>		<u>\$ 1,102,256</u>	

## 21. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company leases land from the Science-Based Industrial Park Administration under renewable agreements expiring in July 2015, December 2020 and 2021, with annual rentals aggregating \$7,862 thousand.

Future annual minimum rentals under the leases are as follows:

<b>Period/Year</b>	<b>Amount</b>
2007 (3rd to 4th quarter)	\$ 3,931
2008	7,862
2009	7,862
2010	7,862
2011	7,862
2012 and thereafter	<u>56,281</u>
	<u>\$ 91,660</u>

## 22. GAIN ON SETTLEMENT COMPENSATION

In February 2003, the Company bought optoelectronic storage department of Oak Technology, Inc. (Oak Technology Inc. merged with Zoran Company) and acquired its related patent. Therefore, in the settlement of the patent authorization between Mediatek and Zoran, the Company and its subsidiary, Sunext, are able to use Mediatek Inc.'s patents of PC optoelectronic storage, Mediatek authorizing this using right of the patent to Zoran, and can obtain part of solatium.

### 23. SPIN-OFF OF DEPARTMENTS

To increase its competitiveness and performance through organization restructuring and streamlining of operations, the Company spun off on March 31, 2006 its LCD driver and control IC department (the “department”) to establish a subsidiary, Orise Technology Co. Ltd. (“Orise”) and also spun off on December 1, 2006 the control peripheral business unit (CPBU) to establish a subsidiary, Sunplus Innovation Technology Inc. (“Sunplus Innovation”), and the personal entertainment and advanced BU (PEABU) to establish a subsidiary, Sunplus mMobile Inc. (“Sunplus mMobile”), in accordance with the Law of Enterprise Purchase. The department, CPBU and PEABU had book values of \$1,099,800 thousand, \$308,000 thousand and \$1,680,000 thousand, respectively.

The spun-off assets and liabilities amounted to \$4,269,952 thousand and \$1,182,152 thousand, respectively. The details are as follows:

	Orise	Sunplus Innovation	Sunplus mMobile	Total Amount
<u>Assets</u>				
Cash	\$ 100,000	\$ 60,000	\$ 150,000	\$ 310,000
Accounts receivable, net	509,109	179,330	594,472	1,282,911
Inventories	1,066,813	246,189	1,018,172	2,331,174
Other current assets	-	-	1,173	1,173
Properties, net	7,360	14,366	158,664	180,390
Intangible assets, net	-	17,328	146,976	164,304
	<u>1,683,282</u>	<u>517,213</u>	<u>2,069,457</u>	<u>4,269,952</u>
<u>Liabilities</u>				
Accounts payable	478,844	148,712	298,226	925,782
Other current liabilities	63,452	35,134	40,460	139,046
Accrued pension liability	41,089	25,367	50,771	117,227
Guarantee deposits	97	-	-	97
	<u>583,482</u>	<u>209,213</u>	<u>389,457</u>	<u>1,182,152</u>
Net assets	<u>\$ 1,099,800</u>	<u>\$ 308,000</u>	<u>\$ 1,680,000</u>	<u>\$ 3,087,800</u>

The sales, cost of sales, gross profit, operating income, net income and earnings per share of the spun-off department in the periods ended June 30, 2006 as follows:

	Orise	Sunplus Innovation	Sunplus mMobile	Total Amount
Net sales	\$ 942,343	\$ 907,795	\$ 1,878,700	\$ 3,728,838
Cost of sales	<u>(721,152)</u>	<u>(661,575)</u>	<u>(1,234,539)</u>	<u>(2,617,266)</u>
Gross profit	<u>\$ 221,191</u>	<u>\$ 246,220</u>	<u>\$ 644,161</u>	<u>\$ 1,111,572</u>
Operating income	<u>\$ 117,852</u>	<u>\$ 21,671</u>	<u>\$ 18,668</u>	<u>\$ 158,191</u>
Net income	<u>\$ 100,566</u>	<u>\$ 8,765</u>	<u>\$ (8,042)</u>	<u>\$ (101,289)</u>
Basic earnings per share (EPS)	<u>\$ 0.10</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ 0.1</u>

In April 2007, Sunplus mMobile spun off its personal entertainment BU to establish a subsidiary, Sunplus mMedia Inc. (“Sunplus mMedia”). The carrying value of this department was \$1,050,000 thousand, and Sunplus mMobile exchanged this department for 75,000 thousand of Sunplus mMedia’s newly issued shares at NT\$14.00 per share. The Company, which wholly owns Sunplus mMobile and Sunplus mMedia, accounted for these investments at the book value of the net assets on the spin-off date.

## 24. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Marketable securities held: Table 2 (attached)
- c. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- d. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 (attached)
- f. Names, locations, and related information of investees on which the Company exercises significant influences: Table 6 (attached)
- g. Forward exchange contracts of investee company: Table 7 (attached)
- h. Investment in Mainland China: Table 8 (attached)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED  
SIX MONTHS ENDED JUNE 30, 2007  
(In Thousands of New Taiwan Dollars)

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Subsidiary	\$ 1,204,224 (Note 1)	\$ 622,820	\$ 81,950	\$ -	0.68%	\$ 2,408,448 (Note 2)
		Sunext Technology Co., Ltd.	Equity-method investee	1,204,224 (Note 1)	588,103	580,000	-	4.81%	2,408,448 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	Indirect subsidiary	1,204,224 (Note 1)	164,950	164,950	-	1.37%	2,408,448 (Note 2)
		Sunplus Innovation Technology Inc.	Subsidiary	1,204,224 (Note 1)	147,510	147,510	-	1.22%	2,408,448 (Note 2)
		Sunplus mMedia Inc.	Indirect subsidiary	1,204,224 (Note 1)	479,443	479,443	-	3.98%	2,408,448 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,204,224 (Note 1)	20,000	20,000	-	0.17%	2,408,448 (Note 2)
		Orise Technology Co., Ltd.	Subsidiary	1,204,224 (Note 1)	684,910	-	-	-	2,408,448 (Note 2)

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## MARKETABLE SECURITIES HELD

JUNE 30, 2007

(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, 2007				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investment	71,436	\$ 955,817	66	\$ 955,817	Note 1
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investment	69,450	1,034,393	32	1,034,393	Note 1
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investment	100,000	781,815	100	781,815	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investment	70,000	688,930	100	688,930	Notes 1 and 5
	Russell Holdings Limited	Equity-method investee	Equity-method investment	19,260	460,734	100	460,734	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investment	17,000	280,076	100	280,076	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investment	1,400	10,619	100	10,619	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investment	17,911	405,829	48	405,829	Note 1
	Goldkey Technology Corp.	Equity-method investee	Equity-method investment	2,433	25,188	15	25,188	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Other current liabilities	12,600	(48,312)	16	(48,312)	Notes 1 and 4
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investment	434	13,404	43	13,404	Note 1
	Global Techplus Capital Inc. (Techplus Capital Niue Inc.)	Equity-method investee	Equity-method investment	200	6,392	100	6,392	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investment	500	4,274	100	4,274	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Other current liabilities	11,075	(3,290)	100	(3,290)	Notes 1 and 4
	Sunplus mMobile Inc.	Equity-method investee	Subsidiary	120,000	1,305,609	100	1,305,609	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investment	22,000	261,101	100	261,101	Note 1
	Synerchip Co., Ltd.	Equity-method investee	Equity-method investment	3,500	81,552	22	81,552	Note 1
	RITEK Corp.	The Company's director	Available-for-sale financial assets	5,000	48,896	-	48,896	Note 3
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	286,277	10	286,277	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	2,701	53,611	-	53,611	Note 3
	Harvatek Corp.	-	Available-for-sale financial assets	4,533	209,421	3	209,421	Note 3
	WPG Holding Limited	-	Available-for-sale financial assets	1,076	28,514	-	28,514	Note 3
	Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	2,222	22,223	11	22,223	Note 2
	Alpha Imaging Technology Corporation	-	Financial assets carried at cost	858	10,648	2	10,648	Note 2
	Quality Test System Inc.	-	Financial assets carried at cost	648	-	2	-	Note 2
Inverse floaters issued by Citi Bank	-	Financial assets at fair value through profit or loss	-	144,593	-	144,593		
Credit-link note issued by the Industrial Bank of Taiwan	-	Financial assets at fair value through profit or loss	-	193,595	-	193,595		

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	<u>Fund</u> INGCHB Taiwan bond	-	Available-for-sale financial assets	1,982	\$ 30,093	-	\$ 30,093	Note 6
	Jan-Ho Taiwan Bond Fund	-	Available-for-sale financial assets	8,675	123,149	-	123,149	Note 6
	Tasihin Lucky Fund	-	Available-for-sale financial assets	15,845	163,732	-	163,732	Note 6
	Ta Chong Bond	-	Available-for-sale financial assets	9,787	128,420	-	128,420	Note 6
	Sheng Hua Bond Fund	-	Available-for-sale financial assets	4,005	50,049	-	50,049	Note 6
	JF (Taiwan) Bond fund	-	Available-for-sale financial assets	4,427	68,049	-	68,049	Note 6
	Jih Sun Bond	-	Available-for-sale financial assets	9,481	130,235	-	130,235	Note 6
	NITC Bond	-	Available-for-sale financial assets	1,764	292,418	-	292,418	Note 6
	Fun Hwa Bond	-	Available-for-sale financial assets	5,379	72,250	-	72,250	Note 6
Orise Technology Co. Ltd.	Cathay Soaring Eagle Bond Fund	-	Available-for-sale financial assets	8,800	96,015	-	96,015	Note 6
	Cathay Bond	-	Available-for-sale financial assets	2,412	28,005	-	28,005	Note 6
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,890	72,007	-	72,007	Note 6
	Fubon Ju-I	-	Available-for-sale financial assets	3,246	40,004	-	40,004	Note 6
	Tasihin Lucky Fund	-	Available-for-sale financial assets	6,485	67,014	-	67,014	Note 6
	NITC Bond	-	Available-for-sale financial assets	4,086	58,009	-	58,009	Note 6
	President James Bond	-	Available-for-sale financial assets	5,471	85,018	-	85,018	Note 6
	Jih Sun Bond	-	Available-for-sale financial assets	6,553	90,014	-	90,014	Note 6
	Ta Chong Bond	-	Available-for-sale financial assets	1,449	19,010	-	19,010	Note 6
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets	459	76,008	-	76,008	Note 6
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investee	Equity-method investment	75,000	1,135,703	100	1,135,703	Note 1
Sunplus mMedia Inc.	Ta Chong bond	-	Available-for-sale financial assets	3,607	47,302	-	47,302	Note 6
Lin Shih Investment Co., Ltd.	<u>Stock</u> Goldkey Technology Corp.	Equity-method investee	Equity-method investment	2,666	27,618	17	27,618	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investment	174	5,738	17	5,738	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Sunext Technology Co., Ltd.	Equity-method investee	Other current liabilities	17,332	\$ (66,504)	22	\$ (66,504)	Note 1 and Note 4
	Generalplus Technology Inc.	Equity-method investee	Equity-method investment	8,111	183,758	22	183,758	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,230	264,536	-	264,536	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	4,687	267,179	1	267,179	Note 3
	Taiwan Cellular Corp.	-	Available-for-sale financial assets	275	11,059	-	11,059	Note 3
	WPG Holding Limited	-	Available-for-sale financial assets	240	6,359	-	6,359	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	8,149	-	8,149	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	1,907	84,281	2	84,281	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	313	5,129	-	5,129	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	79,643	7	79,643	Note 2
	Taiwan Nano Electro-Optical Technology Co., Ltd.	-	Available-for-sale financial assets	907	45,465	1	45,465	Note 3
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	831	10,685	6	10,685	Note 2
	MaxEmil Photonics Corporation	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	15,000	5	15,000	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Radiant Innovation Inc.	-	Financial assets carried at cost	1,200	13,903	10	13,903	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	23,000	16	23,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	19	6,000	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investment	4,794	US\$ (17) thousand	44	US\$ (17) thousand	Note 1
	Synerchip Co., Ltd.	Equity-method investee	Equity-method investment	3,395	US\$ 1,371 thousand	22	US\$ 1,371 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$ 866 thousand	-	US\$ 866 thousand	Note 3
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	1,488	US\$ 1,139 thousand	-	US\$ 1,139 thousand	Note 2
	OZ Optics Ltd.	-	Financial assets carried at cost	1,000	US\$ 500 Thousand	8	US\$ 500 Thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	1,000	US\$ 500 thousand	2	US\$ 500 thousand	Note 2
	Ortega InfoSystem, Inc.	-	Financial assets carried at cost	2,557	US\$ 1,000 Thousand	-	US\$ 1,000 Thousand	Note 2
	Asia B2B on line Inc.	-	Financial assets carried at cost	1,000	-	3	-	Note 2
	Asia Tech Taiwan Venture Fund	-	Financial assets carried at cost	-	US\$ 3,000 Thousand	5	US\$ 3,000 Thousand	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 Thousand	3	US\$ 500 Thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 1,200 thousand	-	US\$ 1,200 thousand	Note 2
	Azalea Networks Inc.	-	Financial assets carried at cost	250	US\$ 250 thousand	1	US\$ 250 thousand	Note 2
	<u>Stock</u>							
	Joing Technology Co., Ltd.	Equity-method investee	Equity-method investment	3,400	\$ -	39	\$ -	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investment	129	4,265	13	4,265	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Other current liabilities	16,000	(61,394)	20	(61,394)	Notes 1 and 4
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investment	420	1,780	70	1,780	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investment	1,872	42,402	5	42,402	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investment	824	11,385	1	11,385	Note 1
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2
	Softchina Venture Capital Corp.	-	Financial assets carried at cost	407	-	8	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	19,000	10	19,000	Note 2
	Taiwan Nano Electro-Optical Technology Co., Ltd.	-	Available-for-sale financial assets	3,915	196,154	2	196,154	Note 3
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,108	59,244	-	59,244	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	1,841	30,188	1	30,188	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,363	191,695	1	191,695	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	381	16,856	-	16,856	Note 3
	VenGlobal International Fund	-	Financial assets carried at cost	500	-	3	-	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	780	13,691	19	13,691	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	10,000	4	10,000	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	3,950	51,750	14	51,750	Note 2
	Radiant Innovation Inc.	-	Financial assets carried at cost	573	11,460	5	11,460	Note 2
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	5,000	50,000	5	50,000	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	13,750	2	13,750	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	12,485	2	12,485	Note 2
Smec Media & Entertainment Corp.	-	Financial assets carried at cost	2,000	20,000	7	20,000	Note 2	
Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	75,000	8	75,000	Note 2	
Capella Micro System, Inc.	-	Financial assets carried at cost	630	9,450	3	9,450	Note 2	
Generalplus Technology Inc.	<u>Stock</u>							
Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investment	1,090	14,312	100	14,312	Note 1	
Generalplus International (Samoa) Inc.	<u>Stock</u>							
Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investment	1,090	US\$ 436 thousand	100	US\$ 436 thousand	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investment	700	US\$ 164 thousand	100	US\$ 164 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investment	390	US\$ 272 thousand	100	US\$ 272 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investment	1,600	32,768	100	32,768	Note 1
Great Sun Corp.	<u>Stock</u> Sunext Design Inc.	Subsidiary of Great Sun Corp.	Equity-method investment	-	US\$ 920 thousand	100	US\$ 920 thousand	Note 1
	Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investment	-	US\$ 77 thousand	100	US\$ 77 thousand	Note 1
Sunext Mauritius Inc.	<u>Stock</u> Sunext Technology (Shanghai) Co., Ltd.	Subsidiary of Sunext Mauritius Inc.	Equity-method investment	-	US\$ 77 thousand	100	US\$ 77 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Holding Ltd.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investment	-	2,067	100	2,067	Note 1
Waveplus Holding Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Holding Ltd.	Equity-method investment	-	US\$ 65 Thousand	100	US\$ 65 Thousand	Note 1
Global Techplus Capital Inc.	<u>Stock</u> Techplus Capital Samoa Inc.	Subsidiary of Global Techplus Capital Inc.	Equity-method investment	-	US\$ 146 thousand	100	US\$ 146 thousand	Note 1
Techplus Samoa Inc.	Techplus Belize Inc.	-	Financial assets carried at cost	-	US\$ 150 thousand	4	US\$ 150 thousand	Note 1
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investment	-	US\$ 8,532 thousand	100	US\$ 8,532 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investment	-	US\$ 8,536 thousand	100	US\$ 8,536 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investment	-	US\$ 8,517 thousand	99	US\$ 8,517 thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2007				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology (Shanghai) Co., Ltd.	Cmfchina Fund	-	Available-for-sale financial assets	1,646	RMB 1,646 thousand	-	RMB 1,646 thousand	Note 6
Wei-Young Investment Inc.	UNIWILL Co., Ltd.	-	Available-for-sale financial assets	500	8,575	-	8,575	Note 3
Synerchip Co., Ltd.	Lin Shin Technology Co., Ltd.	Subsidiary of Synerchip Co., Ltd.	Equity-method investment	6,100	US\$ 673 thousand	100	US\$ 673 thousand	Note 1
	BCF Semiconductor Inc.	Subsidiary of Synerchip Co., Ltd.	Equity-method investment	1	US\$ (25) thousand	100	US\$ (25) thousand	Note 1
	Synerchip Inc.	Subsidiary of Synerchip Co., Ltd.	Equity-method investment	590	US\$ 567 thousand	100	US\$ 567 thousand	Note 1

Note 1: The net asset value was based on unaudit financial data.

Note 2: The market value is based on carrying value as of June 30, 2007.

Note 3: The market value is based on the closing price as of June 30, 2007.

Note 4: The credit balance on the carrying value of the equity-method investment is reported as other current liabilities.

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, 2007.

Note 7: As of June 30, 2007, the above marketable securities, except the carrying value \$246,064 of the Sunplus Technology Company Limited holding by Lin Shih Investment Co., Ltd., had not been pledged or mortgaged.

(Concluded)

TABLE 3

## SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 2007  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal			Ending Balance		
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount (Note)
Sunplus Technology Company Limited	Fuhwa APEX Bond Fund	Available-for-sale financial assets	-	\$ -	34,946	\$ 413,000	34,946	\$ 413,213	\$ 413,000	\$ 213	-	\$ -
	Prudential Financial Bond Fund	Available-for-sale financial assets	10,948	160,000	26,557	389,000	37,505	550,249	549,000	1,249	-	-
	Jan-Ho Taiwan Bond Fund	Available-for-sale financial assets	32,366	456,000	15,754	223,000	39,445	557,583	556,000	1,583	8,675	123,149
	Tasihin Lucky Fund	Available-for-sale financial assets	12,188	125,000	100,869	1,038,000	97,212	1,001,177	999,488	1,689	15,845	163,732
	Alpha Imaging Technology Corporation	Financial assets carried at cost	2,658	32,993	-	-	1,800	323,148	22,345	300,803	858	10,648
	President James Bond	Available-for-sale financial assets	10,371	160,000	67,423	1,043,000	77,794	1,205,170	1,203,000	2,170	-	-
	Ta Chong Bond	Available-for-sale financial assets	40,236	524,000	31,972	418,400	62,421	816,718	814,000	2,718	9,787	128,420
	Truswell Bond Fund	Available-for-sale financial assets	20,799	265,000	1,568	20,000	22,367	285,627	285,000	627	-	-
	ABN AMRO Tainan Bond Fund	Available-for-sale financial assets	37,626	567,000	-	-	37,626	568,893	567,000	1,893	-	-
	TLAM Solomon Bond Fund	Available-for-sale financial assets	19,895	232,000	8,993	105,000	28,888	337,932	337,000	932	-	-
	Cathay Bond	Available-for-sale financial assets	46,226	533,000	37,305	431,000	83,531	965,413	964,000	1,413	-	-
	NITC Bond	Available-for-sale financial assets	-	-	1,764	292,000	-	-	-	-	1,764	292,418
	Jin Sun Bond Fund	Available-for-sale financial assets	-	-	9,481	130,000	-	-	-	-	9,481	130,235
	Orise Technology Co. Ltd.	Cathay Soaring Eagle Bond Fund	Available-for-sale financial assets	3,694	40,000	22,782	248,000	17,676	192,517	192,000	517	8,800
Prudential Financial Bond Fund		Available-for-sale financial assets	2,191	32,000	15,604	229,000	12,905	189,584	189,000	584	4,890	72,007
Fubon Lucky Fund		Available-for-sale financial assets	-	-	13,024	190,000	13,024	190,474	190,000	474	-	-
Jih Sun Bond		Available-for-sale financial assets	-	-	19,718	270,000	13,165	180,501	180,000	501	6,553	90,014
NITC Taiwan Bond Fund		Available-for-sale financial assets	-	-	20,144	285,000	16,058	227,558	227,000	558	4,086	58,009
President Bond Fund		Available-for-sale financial assets	-	-	10,962	170,000	5,491	85,317	85,000	317	5,471	85,018
Tasihin Bond		Available-for-sale financial assets	-	-	12,986	134,000	6,501	67,162	67,000	162	6,485	67,014
Cathay Bond		Available-for-sale financial assets	2,604	30,000	9,769	113,000	9,961	115,183	115,000	183	2,412	28,005
NITC Bond		Available-for-sale financial assets	243	40,000	1,186	196,000	969	160,295	160,000	295	459	76,008
Generalplus Technology Inc.	President James Bond	Available-for-sale financial assets	-	-	9,064	140,000	9,064	140,804	140,000	804	-	-
	IIT Wan Pao	Available-for-sale financial assets	-	-	8,593	136,000	8,593	136,776	136,000	776	-	-
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investee	-	-	75,000	1,050,000	-	-	-	-	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	21,333	313,000	21,333	313,812	313,000	182	-	-
	TaChong Bond	Available-for-sale financial assets	-	-	12,254	160,000	12,254	160,323	160,000	323	-	-
	ING Bond Fund	Available-for-sale financial assets	-	-	10,069	152,000	10,069	152,189	152,000	189	-	-
Sunplus mMedia Inc.	Ta Chong Bond	Available-for-sale financial assets	-	-	11,535	151,000	7,928	103,800	103,698	102	3,607	47,302

Note: Includes the equity-method investment income, cumulative translation adjustments and the valuation gains (losses) on financial assets.

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 2007  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note/Account Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Orise Technology Co., Ltd.	AU Optronics (Labuan) Corporation	Subsidiary of AU Optronics Corp.	Sale	\$ 452,392	28%	Net 120 days from monthly closing dates in principle.	Note	Note	\$ 386,834	41	-
	Au Optronics Corporation	An equity-method investor of Orise Technology Co., Ltd.	Sale	211,521	13%	Net 120 days from monthly closing dates in principle.	Note	Note	181,320	19	-
	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Subsidiary of Giantplus Technology Co., Ltd.	Sale	103,727	6%	Net 45 days from monthly closing dates in principle.	Note	Note	68,749	7	-

Note: The price and collection terms for products sold to related parties were similar to those for third parties.

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**JUNE 30, 2007**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts and Sales Discounts
					Amount	Action Taken		
Orise Technology Co. Ltd.	AU Optronics (Labuan) Corporation	Subsidiary of AU Optronics Corp.	\$ 386,833	1.77	\$ 19,393	-	\$ 52,528	\$ 127
	AU Optronics Corporation	An equity - method investor of Orise Technology Co., Ltd.	181,320	2.75	5	-	-	-

## SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES  
SIX MONTHS ENDED JUNE 30, 2007  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Tofen Chen, Miaoli, Taiwan	Manufacture of TN/STN LCDs and LCD modules	\$ 645,334	\$ 645,334	69,450	32	\$ 1,034,393	\$ 247,026	\$ 77,216	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,680,000	1,680,000	120,000	100	1,305,609	(343,290)	(343,290)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	308,000	308,000	22,000	100	261,101	(34,757)	(34,757)	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	781,815	(65,856)	(65,856)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	688,930	(29,820)	(29,820)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	646,610	646,610	19,260	100	460,734	(50,621)	(50,621)	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	570,808	570,808	17,000	100	280,076	(52,717)	(52,717)	Subsidiary
	Wei-Young Investment Inc.	Taipei, Taiwan	Investment	14,000	14,000	1,400	100	10,619	(2)	(2)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	146,000	146,000	17,911	48	405,829	202,228	97,797	Subsidiary
	Goldkey Technology Corp.	Hsinchu, Taiwan	Design of ICs	32,836	32,836	2,432	15	25,188	4,867	748	Investee
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	31,272	434	43	13,404	(4,154)	(427)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	126,000	126,000	12,600	16	(48,312)	(320,469)	(50,471)	Subsidiary
	ORISE Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	852,046	852,046	71,436	66	955,817	76,849	50,576	Subsidiary
	Global Techplus Capital Inc. (Techplus Capital Niue Inc.)	Seychelles	Investment	6,896	6,896	200	100	6,392	20	20	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Investment	5,000	5,000	500	100	4,274	(43)	(43)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	41,616	41,616	11,075	100	(3,290)	(4,637)	(4,637)	Subsidiary
	Synerchip Co., Ltd.	Mauritius	Investment	57,295	-	3,500	22	81,552	(50,754)	(5,760)	Subsidiary
Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Hsinchu, Taiwan	Design of ICs	26,400	26,400	2,666	17	27,618	4,867	820	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	17,332	22	(66,504)	(320,469)	(69,428)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	91,726	90,178	174	17	5,738	(4,154)	(793)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	65,000	65,000	8,111	22	183,758	202,228	44,283	Subsidiary
Sunplus Venture Capital Co., Ltd.	Joining Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	39	-	-	-	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	360,000	360,000	16,000	20	(61,394)	(320,469)	(64,094)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	77,164	74,869	129	13	4,265	(4,154)	(590)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,320	10,800	824	1	11,385	76,849	595	Subsidiary
Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,000	15,000	1,872	5	42,402	202,228	10,219	Subsidiary	
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$ 6,050 thousand	US\$ 6,050 thousand	4,794	44	US\$ (17) thousand	US\$ (503) thousand	US\$ (221) thousand	Investee
	Synerchip Co., Ltd.	Mauritius	Investment	US\$ 2,750 thousand	US\$ 2,050 thousand	3,395	22	US\$ 1,371 thousand	US\$ (1,539) thousand	US\$ (381) thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	SAMOA	Investment	\$ 54,449	\$ 54,449	1,600	100	\$ 32,768	\$ 248	\$ 248	Subsidiary
Great Sun Corp.	Sunext Design, Inc.	U.S.A.	Design of ICs	US\$ 1,000 thousand	US\$ 1,000 thousand	-	100	US\$ 920 thousand	US\$ 128 thousand	US\$ 128 thousand	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 600 thousand	US\$ 600 thousand	-	100	US\$ 77 thousand	US\$ (120) thousand	US\$ (120) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$ 600 thousand	US\$ 600 thousand	-	100	US\$ 77 thousand	US\$ (120) thousand	US\$ (120) thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 17,000 thousand	US\$ 17,000 thousand	-	100	US\$ 8,532 thousand	US\$ (1,594) thousand	US\$ (1,594) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2007			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2007	December 31, 2006	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 17,000 thousand	US\$ 17,000 thousand	-	100	US\$ 8,536 thousand	US\$ (1,593) thousand	US\$ (1,593) thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology (Shanghai) Co., Ltd.	Shanghai, China	Research, development, manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 8,517 thousand	US\$ (1,584) thousand	US\$ (1,584) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Holding Ltd.	Mauritius	Investment	17,205	17,205	-	100	2,067	-	-	Subsidiary
Waveplus Holding Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	17,205	17,205	-	100	US\$ 65 thousand	-	-	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	SAMOA	Investment	US\$ 1,090 thousand	US\$ 700 thousand	1,090	100	14,312	(2,053)	(2,053)	Subsidiary
Generalplus International (SAMOA) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Research and development	US\$ 1,090 thousand	US\$ 700 thousand	1,090	100	US\$ 436 thousand	US\$ (62) thousand	US\$ (62) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 700 thousand	US\$ 700 thousand	700	100	US\$ 164 thousand	US\$ 55 thousand	US\$ 55 thousand	Subsidiary
	Genralplsu Technology (Hong Kong) Inc.	Hong Kong	Sales	US\$ 390 thousand	-	390	100	US\$ 272 thousand	US\$ (117) thousand	US\$ (117) thousand	Subsidiary
Global Techplus Capital Inc. (Techplus Capital Niue Inc.)	Techplus Capital Samoa Inc.	SAMOA	Investment	US\$ 150 thousand	US\$ 150 thousand	-	100	US\$ 146 thousand	-	-	Subsidiary
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	1,050,000	-	75,000	100	1,135,703	85,703	85,703	Subsidiary
Synerchip Co., Ltd.	Lin Shin Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	US\$ 1,879 thousand	US\$ 1,879 thousand	6,100	100	US\$ 673 thousand	US\$ (486) thousand	US\$ (486) thousand	Subsidiary
	BCF Semiconductor Inc.	U.S.A	Design of ICs	US\$ 540 thousand	US\$ 540 thousand	1	100	US\$ (25) thousand	US\$ (415) thousand	US\$ (415) thousand	Subsidiary
	Synerchip Inc.	Korea	Design of ICs	US\$ 1,631 thousand	US\$ 1,631 thousand	590	100	US\$ 567 thousand	US\$ (444) thousand	US\$ (444) thousand	Subsidiary

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**FORWARD EXCHANGE CONTRACTS OF INVESTEE COMPANY**

The information of Orise Technology used derivative contracts for the six months ended June 30, 2007 to hedge the effect of exchange rate fluctuations on net foreign currency as followings.

<b>Financial Liabilities at Fair Value Through Profit or Loss</b>	<b>June 30, 2007</b>
Forward exchange contracts	\$856

As of June 30, 2007, outstanding forward exchange contracts of oriste Technology Co., Ltd. were as follows:

<b>June 30, 2007</b>	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (in Thousand)</b>
Sell forward exchange contracts	US\$ to NT\$	April 26, 2007-July 11, 2007	US\$ 1,000
Sell forward exchange contracts	US\$ to NT\$	June 11, 2007-July 27, 2007	US\$ 1,000
Sell forward exchange contracts	US\$ to NT\$	June 12, 2007-Auguset 31, 2007	US\$ 1,000
Sell forward exchange contracts	US\$ to NT\$	June 29, 2007-Augutst 31, 2007	US\$ 1,000

Net losses arising from financial assets designated at fair value through profit or losses was \$856 for the six months ended June 30, 2007.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

INVESTMENT IN MAINLAND CHINA  
SIX MONTHS ENDED JUNE 30, 2007

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

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, 2007	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2007	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of June 30, 2007	Accumulated Inward Remittance of Earnings as of June 30, 2007
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Research, development, manufacturing and sale of consumer ICs	US\$ 17,000 thousand	Indirect	US\$ 17,000 thousand	-	\$ -	US\$ 17,000 thousand	99%	US\$ (1,584) thousand	US\$ 8,517 thousand	\$ -
Sunplus Technology (ShenZhen) Co., Ltd. (temporary name)	Research and sale of computer software	US\$ - thousand	Indirect	US\$ - thousand	-	-	US\$ - thousand	-	US\$ - thousand	US\$ - thousand	-

Accumulated Investment in Mainland China as of June 30, 2007	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$17,000 thousand	US\$32,000 thousand	\$3,908,448 thousand