

Sunplus Technology Company Limited

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited as of June 30, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As disclosed in Note 9 to the financial statements, the carrying values of equity-method investments as of June 30, 2009 and 2008 were NT\$6,059,723 thousand and NT\$5,501,129 thousand, respectively. As of June 30, 2009, there was a credit balance of NT\$514,602 thousand on the carrying value of these investments. For the six months ended June 30, 2009 and 2008, the related investment losses were NT\$307,547 thousand and NT\$466,115 thousand, respectively. These investment amounts and other investee information disclosed in Note 27 to the financial statements were based on the investees' unaudited financial statements for the same reporting periods as those of the Company.

In our opinion, except for any adjustments that might have been required had the equity-method investees' financial statements mentioned in the preceding paragraph been audited, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of June 30, 2009 and 2008 and the results of its operations and its cash flows for the six months then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 10 - "Inventories" beginning January 1, 2009. In addition, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The Company also adopted the newly released SFAS No. 39 - "Share-based Payment" to account for employee stock options.

We have also reviewed the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of for the six months ended June 30, 2009 and 2008 on which we issued qualified review reports dated July 20, 2009 and July 21, 2008, respectively.

July 20, 2009

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS

JUNE 30, 2009 AND 2008

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

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 1,911,177	13	\$ 868,477	6	Short-term loans (Note 14)	\$ 30,000	-	\$ 285,196	2
Financial assets at fair value through profit or loss (Notes 2 and 5)	-	-	1,949	-	Accounts payable	926,697	6	719,169	5
Available-for-sale financial assets (Notes 2 and 6)	963,651	7	689,474	5	Income tax payable (Notes 2 and 20)	381,682	3	274,111	2
Notes and accounts receivable, net (Notes 2, 7 and 23)	929,177	6	1,556,342	11	Dividends payable and remunerations payable to directors and supervisors (Note 17)	-	-	1,426,734	10
Other receivables (Note 23)	363,594	3	379,252	2	Long-term bank loans - current portion (Notes 15 and 24)	392,500	3	-	-
Inventories (Notes 2 and 8)	801,733	5	861,182	6	Deferred royalty income (Notes 2, 12 and 23)	10,333	-	12,931	-
Deferred income tax assets (Notes 2 and 20)	49,208	-	100,277	1	Deferred intercompany gain (Note 2)	-	-	736	-
Other current assets	46,977	-	53,294	-	Other current liabilities (Notes 2, 9 and 23)	655,513	4	475,423	3
Total current assets	5,065,517	34	4,510,247	31	Total current liabilities	2,396,725	16	3,194,300	22
LONG-TERM INVESTMENTS					LONG-TERM DEBT, NET OF CURRENT PORTION (Notes 15 and 24)	1,607,500	11	-	-
Equity-method investments (Notes 2, 9 and 24)	7,246,848	48	6,688,034	46	OTHER LIABILITIES				
Prepayments for investments	200,000	2	-	-	Deferred income (Notes 2, 12 and 23)	33,012	-	944	-
Financial assets at fair value through profit or loss (Notes 2 and 5)	-	-	137,216	1	Accrued pension liability (Notes 2 and 16)	58,691	-	61,599	1
Available-for-sale financial assets (Notes 2 and 6)	192,939	1	223,766	2	Guarantee deposits	140,963	1	168,441	1
Financial assets carried at cost (Notes 2 and 10)	35,556	-	35,556	-	Total other liabilities	232,666	1	230,984	2
Total long-term investments	7,675,343	51	7,084,572	49	Total liabilities	4,236,891	28	3,425,284	24
PROPERTIES (Notes 2, 11 and 24)					SHAREHOLDERS' EQUITY (Notes 2, 17 and 18)				
Cost					Capital stock - NTS\$10.00 par value				
Buildings	724,275	5	688,983	5	Authorized - 1,200,000 thousand shares				
Auxiliary equipment	184,497	1	181,620	1	Issued - 596,910 thousand shares in 2009 and 556,929 thousand shares in 2008	5,969,099	40	5,569,299	38
Machinery and equipment	416,891	3	412,473	3	Capital stock for issuance	-	-	412,729	3
Testing equipment	368,944	2	354,142	2	Capital surplus				
Transportation equipment	2,463	-	2,463	-	Additional paid-in capital - share issuance in excess of par	709,215	5	710,751	5
Furniture and fixtures	103,406	1	125,201	1	Treasury stock transactions	15,040	-	60,171	-
Leasehold improvements	175	-	459	-	Merger and others	772,432	5	806,513	6
Total cost	1,800,651	12	1,765,341	12	Retained earnings				
Less: Accumulated depreciation	988,530	7	884,591	6	Legal reserve	2,334,480	15	2,333,642	16
Prepayments	3,229	-	13	-	Special reserve	428,914	3	-	-
Net properties	815,350	5	880,763	6	Unappropriated earnings	741,235	5	1,660,762	11
INTANGIBLE ASSETS, NET (Notes 2 and 12)	426,734	3	678,297	5	Other				
OTHER ASSETS					Cumulative translation adjustments	170,032	1	(4,153)	-
Rental assets - net (Notes 2 and 23)	217,703	2	253,928	2	Unrealized loss on financial assets	(289,815)	(2)	(329,214)	(2)
Deferred charges and others (Notes 2 and 13)	193,184	1	237,070	1	Treasury stock (at cost) - 3,560 thousand shares in 2009 and 4,683 thousand shares in 2008	(63,401)	-	(131,471)	(1)
Deferred income tax assets (Notes 2 and 20)	630,291	4	869,436	6	Total shareholders' equity	10,787,231	72	11,089,029	76
Total other assets	1,041,178	7	1,360,434	9	TOTAL	\$ 15,024,122	100	\$ 14,514,313	100
TOTAL	\$ 15,024,122	100	\$ 14,514,313	100					

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

(With Deloitte & Touche audit report dated July 20, 2009)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
GROSS SALES	\$ 2,796,366		\$ 3,541,575	
SALES RETURNS AND ALLOWANCES	<u>138,660</u>		<u>108,752</u>	
NET SALES (Notes 2, 12 and 23)	2,657,706	100	3,432,823	100
COST OF SALES (Note 19)	1,879,129	70	2,198,097	64
REALIZED INTERCOMPANY GAIN, NET (Note 2)	<u>5,350</u>	<u>-</u>	<u>550</u>	<u>-</u>
GROSS PROFIT	<u>783,927</u>	<u>30</u>	<u>1,235,276</u>	<u>36</u>
OPERATING EXPENSES (Notes 19 and 23)				
Marketing	95,508	4	86,957	3
General and administrative	112,801	4	147,110	4
Research and development	<u>610,816</u>	<u>23</u>	<u>873,423</u>	<u>25</u>
Total operating expenses	<u>819,125</u>	<u>31</u>	<u>1,107,490</u>	<u>32</u>
OPERATING INCOME (LOSS)	<u>(35,198)</u>	<u>(1)</u>	<u>127,786</u>	<u>4</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	80,421	3	168,398	5
Administrative and support service revenue (Note 23)	46,534	2	66,462	2
Rental revenue (Note 23)	14,114	-	19,194	1
Valuation gain on financial assets (Notes 2 and 5)	6,528	-	1,628	-
Interest income	4,339	-	9,622	-
Guarantee deposit default	1,069	-	63,047	2
Reconciliation compensation (Note 26)	-	-	65,651	2
Others (Notes 2 and 23)	<u>16,081</u>	<u>1</u>	<u>47,426</u>	<u>1</u>
Total nonoperating income and gains	<u>169,086</u>	<u>6</u>	<u>441,428</u>	<u>13</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 9)	239,358	9	405,490	12
Foreign exchange loss, net (Note 2)	33,785	1	48,051	2
Interest expense	14,951	1	10,422	-
Others (Note 2)	<u>6,003</u>	<u>-</u>	<u>6,475</u>	<u>-</u>
Total nonoperating expenses and losses	<u>294,097</u>	<u>11</u>	<u>470,438</u>	<u>14</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
INCOME (LOSS) BEFORE INCOME TAX	\$ (160,209)	(6)	\$ 98,776	3
INCOME TAX EXPENSE (Notes 2 and 20)	<u>259,796</u>	<u>10</u>	<u>20,623</u>	<u>1</u>
NET INCOME (LOSS)	<u>\$ (420,005)</u>	<u>(16)</u>	<u>\$ 78,153</u>	<u>2</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (Note 21)				
Basic	<u>\$ (0.27)</u>	<u>\$ (0.71)</u>	<u>\$ 0.17</u>	<u>\$ 0.13</u>
Diluted	<u>\$ (0.27)</u>	<u>\$ (0.71)</u>	<u>\$ 0.17</u>	<u>\$ 0.13</u>

The pro forma net income (loss) 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 18):

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME (LOSS)	<u>\$ (160,209)</u>	<u>\$ (420,005)</u>	<u>\$ 98,776</u>	<u>\$ 78,153</u>
BASIC EPS				
Based on weighted-average shares outstanding - 596,910 thousand shares in 2009 and 596,966 thousand shares in 2008	<u>\$ (0.27)</u>	<u>\$ (0.70)</u>	<u>\$ 0.17</u>	<u>\$ 0.13</u>
DILUTED EPS				
Based on weighted-average shares outstanding - 596,910 thousand shares in 2009 and 597,003 thousand shares in 2008	<u>\$ (0.27)</u>	<u>\$ (0.70)</u>	<u>\$ 0.17</u>	<u>\$ 0.13</u>

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

(With Deloitte & Touche audit report dated July 20, 2009)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Amounts Per Share)**

	Capital Stock Issued and Outstanding (Note 17)		Capital Stock for Issuance (Note 17)	Capital Surplus (Notes 2 and 17)					Retained Earnings (Notes 2 and 17)				Other (Notes 2, 17 and 18)			Total Shareholders' Equity
	Shares (Thousands)	Amount		Additional Paid-in Capital-Share Issuance in Excess of Par	Treasury Stock Transactions	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Assets	Treasury Stock	
BALANCE, JANUARY 1, 2009	598,203	\$ 5,982,028	\$ -	\$ 710,751	\$ 68,645	\$ 650,739	\$ 157,423	\$ 1,587,558	\$ 2,333,642	\$ -	\$ 1,590,992	\$ 3,924,634	\$ 149,639	\$ (561,966)	\$ (131,471)	\$ 10,950,422
Retirement of treasury stock	(1,293)	(12,929)	-	(1,536)	(53,605)	-	-	(55,141)	-	-	-	-	-	-	68,070	-
Appropriation of prior year's earnings:																
Legal reserve	-	-	-	-	-	-	-	-	838	-	(838)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	428,914	(428,914)	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	-	(25,957)	-	(25,957)	-	-	-	-	-	-	-	(25,957)
Adjustment of capital surplus	-	-	-	-	-	(9,773)	-	(9,773)	-	-	-	-	-	-	-	(9,773)
Net loss for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	-	-	(420,005)	(420,005)	-	-	-	(420,005)
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	20,393	-	-	20,393
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	236,217	-	236,217
Valuation gain on available for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	35,934	-	35,934
BALANCE, JUNE 30, 2009	596,910	\$ 5,969,099	\$ -	\$ 709,215	\$ 15,040	\$ 615,009	\$ 157,423	\$ 1,496,687	\$ 2,334,480	\$ 428,914	\$ 741,235	\$ 3,504,629	\$ 170,032	\$ (289,815)	\$ (63,401)	\$ 10,787,231
BALANCE, JANUARY 1, 2008	556,750	\$ 5,567,505	\$ -	\$ 817,768	\$ 60,171	\$ 518,555	\$ 157,423	\$ 1,553,917	\$ 2,127,492	\$ 17,260	\$ 3,499,870	\$ 5,644,622	\$ 63,135	\$ 185,415	\$ (131,471)	\$ 12,883,123
Appropriation of prior year's earnings:																
Legal reserve	-	-	-	-	-	-	-	-	206,150	-	(206,150)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	(17,260)	17,260	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	(23,090)	(23,090)	-	-	-	(23,090)
Stock dividends - NT\$0.3 per share	-	-	166,637	-	-	-	-	-	-	-	(166,637)	(166,637)	-	-	-	-
Cash dividends - NT\$2.5 per share	-	-	-	-	-	-	-	-	-	-	(1,388,644)	(1,388,644)	-	-	-	(1,388,644)
Capital stock transferred from capital surplus	-	-	111,092	(111,092)	-	-	-	(111,092)	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	179	1,794	-	4,075	-	-	-	4,075	-	-	-	-	-	-	-	5,869
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	-	130,535	-	130,535	-	-	-	-	-	-	-	130,535
Net income for the six months ended June 30, 2008	-	-	-	-	-	-	-	-	-	-	78,153	78,153	-	-	-	78,153
Change in translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(67,288)	-	-	(67,288)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	-	(303,998)	-	(303,998)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(210,631)	-	(210,631)
BALANCE, JUNE 30, 2008	556,929	\$ 5,569,299	\$ 412,729	\$ 710,751	\$ 60,171	\$ 649,090	\$ 157,423	\$ 1,577,435	\$ 2,333,642	\$ -	\$ 1,660,762	\$ 3,994,404	\$ (4,153)	\$ (329,214)	\$ (131,471)	\$ 11,089,029

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

(With Deloitte & Touche audit report dated July 20, 2009)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (420,005)	\$ 78,153
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	295,304	394,678
Gain on disposal of investments, net	(80,421)	(168,398)
Investment loss recognized by the equity-method, net	239,358	405,490
Valuation loss (gain) on financial assets	(6,528)	322
Realized intercompany gain, net	(5,350)	(550)
Realized royalty income	(1,728)	(11,085)
Loss (gain) on disposal of properties and deferred charges	770	(428)
Deferred income tax	243,567	22,073
Accrued pension liability	(1,704)	(1,350)
Net changes in operating assets and liabilities		
Held-for-trading financial assets	-	(4,171)
Notes and accounts receivable	(452,890)	(42,890)
Other receivables	(42,373)	21,808
Inventories	95,016	242,819
Other current assets	(6,121)	16,826
Accounts payable	619,487	(235,715)
Income tax payable	16,228	(88,870)
Other current liabilities	(97,563)	(57,029)
Net cash provided by operating activities	<u>395,047</u>	<u>571,683</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of:		
Financial assets at fair value through profit or loss	168,650	30,840
Available-for-sale financial assets	179,134	1,584,542
Equity-method investments	101,138	-
Properties and deferred charges	86	1,309
Return of capital by investee	8,511	-
Acquisition of:		
Prepayments for investments	(200,000)	-
Equity-method investments	-	(159,180)
Available-for-sale financial assets	(951,000)	(1,430,000)
Properties	(27,284)	(45,886)
Increase in intangible assets	(7,276)	(31,372)
Increase in deferred charges and others	(42,196)	(47,227)
Net cash used in investing activities	<u>(770,237)</u>	<u>(96,974)</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	\$ (617,600)	\$ (214,804)
Decrease in guarantee deposits	(10,090)	(78,582)
Increase in long-term debt	2,000,000	-
Proceeds of the exercise of stock options	<u>-</u>	<u>5,869</u>
Net cash provided by (used in) financing activities	<u>1,372,310</u>	<u>(287,517)</u>
NET INCREASE IN CASH	997,120	187,192
CASH, BEGINNING OF PERIOD	<u>914,057</u>	<u>681,285</u>
CASH, END OF PERIOD	<u>\$ 1,911,177</u>	<u>\$ 868,477</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$ -</u>	<u>\$ 61,137</u>
Interest paid	<u>\$ 16,428</u>	<u>\$ 10,422</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of credit balance on carrying value of long-term investments into other current liabilities	<u>\$ 373,491</u>	<u>\$ -</u>
Reclassification of rental assets into properties	<u>\$ 30,843</u>	<u>\$ -</u>
Current portion of long-term debt	<u>\$ 392,500</u>	<u>\$ -</u>
Reclassification of properties into deferred charges and others	<u>\$ -</u>	<u>\$ 37,968</u>
Reclassification of other current liabilities into long-term investments	<u>\$ -</u>	<u>\$ 103,081</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$ (8,220)	\$ (52,481)
Increase (decrease) in payables to contractors and equipment suppliers	<u>(19,064)</u>	<u>6,595</u>
Cash paid	<u>\$ (27,284)</u>	<u>\$ (45,886)</u>
Disposal of equity-method investments	\$ 117,607	\$ -
Increase in receivables from disposal of equity-method investments	<u>(16,469)</u>	<u>-</u>
	<u>\$ 101,138</u>	<u>\$ -</u>

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

(With Deloitte & Touche audit report dated July 20, 2009)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2009 AND 2008

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

1. ORGANIZATION AND OPERATIONS

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

The Company’s shares have been listed on the Taiwan Stock Exchange since January 2000. Some of the Company’s shares have been issued in the form of Global Depository Receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 17).

As of June 30, 2009 and 2008, the Company had 561 and 571 employees, respectively.

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, law and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for sales returns and discounts, allowance for inventory devaluation, property depreciation, amortization of intangible assets and deferred charges, impairment loss on assets, pension expenses and the bonus to employees, directors and supervisors. 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 inconsistencies arise between the English version and the original Chinese version or if differences arise in the interpretation between the two versions, the Chinese version of financial statements shall prevail.

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

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly as gain or loss in the year in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized as gain or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

The fair values of those instruments without quoted market prices in an active market are 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.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and listed stocks. Investments classified as available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

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

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized as gain or loss.

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

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

Revenue Recognition

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

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

Allowance for Doubtful Accounts and Allowance for Sales Returns and Discounts

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

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

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise. Before January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value meant replacement cost for raw materials, and net realizable value for work in process and finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

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

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

Equity-method Investments

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

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

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

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

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

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

Properties and Rental Assets

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

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

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

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

Intangible Assets

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

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

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

Deferred Charges

Deferred charges are mainly costs of software and system design, which are booked at the installation or acquisition cost. The amounts are amortized over 1 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

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

Stock-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for under SFAS No. 39, "Accounting for Share-based Payment." Under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation (ARDF). The Company adopted the intrinsic value method, under which compensation cost was recognized on a straight-line basis over the vesting period. The Company didn't grant or revise stock-options for the six months ended 2009.

Bonuses to Employees, Directors and Supervisors

The ARDF issued Interpretation 2007-052 that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings.

Treasury Stock

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

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

Income Tax

The Company applies the intra-period and inter-period tax allocation methods. Under these methods, deferred income taxes are recognized for the tax effects of deductible temporary differences and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax asset will not be realized. A deferred income tax asset or liability is classified as current or noncurrent according to the classification of the related asset or liability. If a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the basis of the expected realization date.

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

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

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

The Company adopt consolidation income tax filing with Sunplus mMobile Inc. The income taxes payable differences between consolidated and the sum of individual are adjusted in the Company's account receivable or account payable.

Foreign-currency Transactions

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

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

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

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

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

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

The above prevailing exchange rates are based on the average of bid and ask rates of major banks.

Reclassifications

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

3. ACCOUNTING CHANGES

- a. Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation (ARDF) of the R.O.C. issued Interpretation 2007-052 that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The accounting changes had no impact on the Company's net income for the six months ended June 30, 2008.

- b. Accounting for Employee Stock Options

On January 1, 2008, the Company adopted the newly released SFAS No. 39 - "Accounting for Share-based Payment" to account for employee stock options. The accounting changes had no impact on the Company's net income and basic and diluted earnings per share for the six months ended June 30, 2008.

- c. Accounting for Inventories

Effective January 1, 2009, the Company adopted the newly revised SFAS No. 10 - "Accounting for Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as cost of sales in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. The adoption resulted in increase of NT\$25,943 thousand in net loss and increase of NT\$0.04 in net loss per share for the six months ended June 30, 2009. The Company also reclassified the non-operating loss and income of \$60,000 thousand and \$8,182 thousand, respectively, to the cost of goods sold for the six months ended June 30, 2008.

4. CASH

	<u>June 30</u>	
	2009	2008
Saving accounts	\$ 164,006	\$ 164,059
Time deposits	1,744,952	702,026
Checking accounts	934	1,215
Cash on hand	<u>1,285</u>	<u>1,177</u>
	<u>\$ 1,911,177</u>	<u>\$ 868,477</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2008
Forward exchange contracts	<u>\$ 1,949</u>

The Company didn't enter into derivative contracts during the six months ended June 30, 2009. The Company entered into derivative contracts during the six months ended June 30, 2008 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.

As of June 30, 2008, outstanding forward exchange contracts were as follows:

June 30, 2008	Currency	Maturity	Contract Amount (in Thousands)
Sell forward exchange contracts	US\$ to NT\$	May 9, 2008 - July 30, 2008	US\$ 8,000

Net gains arising from financial instruments held for trading were \$4,171 thousand for the six months ended June 30, 2008.

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

<u>June 30, 2008</u>	Principal Amount (in Thousands)	Carrying Amount	Maturity
Inverse floaters: Time deposits with floating interest rates indexed to LIBOR rates	<u>\$ 5,000</u>	<u>\$ 137,216</u>	April 2014 (Note)

Note: In April 2009, the Company had met the criteria to redeemed the time deposits with floating interest rates indexed to LIBOR rates.

Net gains arising from financial assets designate at fair value through profit or loss were \$6,528 thousand and \$380 thousand, respectively, for the six months ended June 30, 2009 and 2008, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Open-end funds	\$ 963,651	\$ 689,474
Domestic quoted stocks	<u>192,939</u>	<u>223,766</u>
	1,156,590	913,240
Deduct: Current portion	<u>963,651</u>	<u>689,474</u>
	<u>\$ 192,939</u>	<u>\$ 223,766</u>

7. NOTES AND ACCOUNTS RECEIVABLE

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Notes receivable	\$ -	\$ 8,073
Accounts receivable - other	996,200	1,574,453
Accounts receivable - related parties	<u>24,889</u>	<u>52,009</u>
	1,021,089	1,634,535
Deduct: Allowance for doubtful accounts	56,912	78,193
Deduct: Allowance for sales returns and discounts	<u>35,000</u>	<u>-</u>
	<u>\$ 929,177</u>	<u>\$ 1,556,342</u>

8. INVENTORIES

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Finished goods and merchandise	\$ 266,073	\$ 289,950
Work-in-process	453,598	337,509
Raw materials	<u>82,062</u>	<u>233,723</u>
	<u>\$ 801,733</u>	<u>\$ 861,182</u>

As of June 30, 2009 and 2008, the allowances for inventory devaluation were \$189,324 thousand and \$162,222 thousand, respectively.

As of June 30, 2009 and 2008, the cost of inventories recognized as cost of goods sold were \$1,879,129 thousand and \$2,198,097 thousand, respectively. For the six month ended June 30, 2009 and 2008, these inventory costs included inventory write-downs amounting to \$90,000 thousand and \$60,000 thousand, respectively; income from scrap sales of \$5,435 thousand and \$8,182 thousand, respectively; and compensation income of \$15,196 thousand and \$0 thousand, respectively.

9. EQUITY-METHOD INVESTMENTS

	June 30			
	2009		2008	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Giantplus Technology Co., Ltd.	\$ 1,765,943	21	\$ 1,826,369	21
Orise Technology Co., Ltd.	1,187,125	52	1,186,905	56
Lin Shih Investment Co., Ltd.	753,238	100	648,583	100
Sunplus Venture Capital Co., Ltd.	728,528	100	676,904	100
Ventureplus Group Inc.	524,686	100	456,169	100
Sunplus mMedia Inc.	506,253	78	-	-
Sunext Technology Co., Ltd.	496,443	79	59,461	72
Generalplus Technology Corp.	449,107	39	425,148	41
Russell Holdings Limited	396,624	100	587,778	100
Sunplus Innovation Technology Inc.	393,397	81	364,722	88
Waveplus Technology Co., Ltd.	20,504	41	23,999	41
Global Techplus Capital Inc.	7,855	100	7,330	100
Wei-Young Investment Inc.	7,335	100	6,912	100
Sunplus Technology (H.K.) Co., Ltd.	5,650	100	4,199	100
Sunplus Management Consulting Inc.	4,160	100	4,197	100
Sunplus mMobile Inc.	-	-	374,037	91
Sunplus Core Technology Co., Ltd.	-	-	13,460	47
Goldkey Technology Corp.	-	-	<u>21,861</u>	12
	<u>7,246,848</u>		<u>6,688,034</u>	
Prepayments for investments				
HT mMobile Inc.	<u>200,000</u>		<u>-</u>	
	<u>\$ 7,446,848</u>		<u>\$ 6,688,034</u>	
Credit balance on carrying value of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 481,542	91	\$ -	
Sunplus Core Technology Co., Ltd.	22,163	57	-	
HT mMobile Inc.	<u>10,897</u>	91	<u>-</u>	
	<u>\$ 514,602</u>		<u>\$ -</u>	

As of June 30, 2008, the Company and its subsidiaries collectively owned 25% of Goldkey Technology Corp. Thus, the investments were accounted for by the equity method. In March 2009, the Company and its subsidiaries sold the shares of Goldkey Technology Corp.

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the six months ended June 30, 2009 were as follows:

	June 30, 2009		
	Balance, Beginning of Period	Increase	Balance, End of Period
Goodwill	<u>\$ 155,506</u>	<u>\$ -</u>	<u>\$ 155,506</u>

The Company obtained shares of Sunplus mMedia Inc. in November 2008 in which Sunplus mMobile Inc. had invested by equity method.

In their meeting on March 10, 2009, the shareholder's meeting of Sunplus mMobile (SmM) approved the spin-off of its communication business unit (BU) by decreasing SmM's capital to establish HT mMobile Inc. ("HT mMobile"). The carrying value of this BU was \$189,867 thousand. SmM's shareholders of Sunplus mMobile will own HT mMobile in the same proportion of their ownership of SmM. Thus, the Company obtained 91% of HT mMobile on June 30, 2009.

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income or losses were all unaudited, except for the financial statements of Orise Technology Co., Ltd. for the six months ended June 30, 2009 and 2008. The investment incomes (losses) of investees were as follows:

	Six Months Ended	
	June 30	
	2009	2008
Giantplus Technology Co., Ltd.	\$ (127,192)	\$ 69,386
Orise Technology Co., Ltd.	68,189	60,625
Lin Shih Investment Co., Ltd.	41,703	5,385
Sunplus Venture Capital Co., Ltd.	6,284	77,332
Ventureplus Group Inc.	98,494	(46,429)
Sunplus mMedia Inc.	(202,254)	-
Sunext Technology Co., Ltd.	252,338	7,393
Generalplus Technology Corp.	27,358	28,063
Russell Holdings Limited	(32,021)	(13,385)
Sunplus Innovation Technology Inc.	14,184	40,708
Waveplus Technology Co., Ltd.	3,762	3,155
Global Techplus Capital Inc.	1	1,528
Wei-Young Investment Inc.	(11)	(13)
Sunplus Technology (H.K.) Co., Ltd.	846	8,459
Sunplus Management Consulting Inc.	(34)	(27)
Sunplus mMobile Inc.	(167,795)	(615,948)
Sunplus Core Technology Co., Ltd.	(40,020)	(33,845)
HT mMobile Inc.	(183,502)	-
Goldkey Technology Corp.	<u>312</u>	<u>2,123</u>
	<u>\$ (239,358)</u>	<u>\$ (405,490)</u>

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

	June 30	
	2009	2008
Orise Technology Co., Ltd.	\$ 3,647,962	\$ 4,412,939
Giantplus Technology Co., Ltd.	<u>1,261,313</u>	<u>1,992,046</u>
	<u>\$ 4,909,275</u>	<u>\$ 6,404,985</u>

10. FINANCIAL ASSETS CARRIED AT COST

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Domestic unquoted stock	\$ 35,556	\$ 35,556

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

11. PROPERTIES

	<u>Six Months Ended June 30, 2009</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>Prepayments</u>	<u>Total</u>
<u>Cost</u>									
Balance, beginning of period	\$ 688,983	\$ 184,963	\$ 414,508	\$ 373,482	\$ 2,463	\$ 123,058	\$ 459	\$ -	\$ 1,787,916
Increase	-	-	2,400	1,606	-	985	-	3,229	8,220
Decrease	-	466	17	6,144	-	20,637	284	-	27,548
Reclassification	35,292	-	-	-	-	-	-	-	35,292
Balance, end of period	<u>724,275</u>	<u>184,497</u>	<u>416,891</u>	<u>368,944</u>	<u>2,463</u>	<u>103,406</u>	<u>175</u>	<u>3,229</u>	<u>1,803,880</u>
<u>Accumulated depreciation</u>									
Balance, beginning of period	113,447	141,393	316,522	276,980	2,186	100,636	426	-	951,590
Depreciation	7,507	4,554	20,464	21,395	69	5,188	6	-	59,183
Decrease	-	457	16	5,832	-	20,123	264	-	26,692
Reclassification	4,449	-	-	-	-	-	-	-	4,449
Balance, end of period	<u>125,403</u>	<u>145,490</u>	<u>336,970</u>	<u>292,543</u>	<u>2,255</u>	<u>85,701</u>	<u>168</u>	<u>-</u>	<u>988,530</u>
Balance, end of period, net	<u>\$ 598,872</u>	<u>\$ 39,007</u>	<u>\$ 79,921</u>	<u>\$ 76,401</u>	<u>\$ 208</u>	<u>\$ 17,705</u>	<u>\$ 7</u>	<u>\$ 3,229</u>	<u>\$ 815,350</u>
	<u>Six Months Ended June 30, 2008</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>Prepayments</u>	<u>Total</u>
<u>Cost</u>									
Balance, beginning of period	\$ 688,983	\$ 179,140	\$ 378,667	\$ 402,639	\$ 5,573	\$ 128,706	\$ 459	\$ -	\$ 1,784,167
Increase	-	2,480	33,914	14,957	-	1,117	-	13	52,481
Decrease	-	-	108	2,886	3,110	1,412	-	-	7,516
Reclassification	-	-	-	(60,568)	-	(3,210)	-	-	(63,778)
Balance, end of period	<u>688,983</u>	<u>181,620</u>	<u>412,473</u>	<u>354,142</u>	<u>2,463</u>	<u>125,201</u>	<u>459</u>	<u>13</u>	<u>1,765,354</u>
<u>Accumulated depreciation</u>									
Balance, beginning of period	104,528	127,925	262,980	249,336	5,101	93,769	394	-	844,033
Depreciation	10,080	7,731	25,303	23,344	98	6,460	16	-	73,032
Decrease	-	-	103	2,053	3,110	1,397	-	-	6,663
Reclassification	(8,432)	-	-	(16,189)	-	(1,190)	-	-	(25,811)
Balance, end of period	<u>106,176</u>	<u>135,656</u>	<u>288,180</u>	<u>254,438</u>	<u>2,089</u>	<u>97,642</u>	<u>410</u>	<u>-</u>	<u>884,591</u>
Balance, end of period, net	<u>\$ 582,807</u>	<u>\$ 45,964</u>	<u>\$ 124,293</u>	<u>\$ 99,704</u>	<u>\$ 374</u>	<u>\$ 27,559</u>	<u>\$ 49</u>	<u>\$ 13</u>	<u>\$ 880,763</u>

Note: For the assets mortgaged or pledged, please refer to Note 24.

12. INTANGIBLE ASSETS, NET

	<u>Six Months Ended June 30, 2009</u>		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of period	\$ 2,629,091	\$ 97,849	\$ 2,726,940
Increase	<u>7,276</u>	<u>-</u>	<u>7,276</u>
Balance, end of period	<u>2,636,367</u>	<u>97,849</u>	<u>2,734,216</u>
<u>Accumulated amortization</u>			
Balance, beginning of period	2,143,411	31,742	2,175,153
Amortization expense	<u>129,607</u>	<u>2,722</u>	<u>132,329</u>
Balance, end of period	<u>2,273,018</u>	<u>34,464</u>	<u>2,307,482</u>
Balance, end of period, net	<u>\$ 363,349</u>	<u>\$ 63,385</u>	<u>\$ 426,734</u>

	<u>Six Months Ended June 30, 2008</u>		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of period	\$ 2,576,007	\$ 97,849	\$ 2,673,856
Increase	<u>31,372</u>	<u>-</u>	<u>31,372</u>
Balance, end of period	<u>2,607,379</u>	<u>97,849</u>	<u>2,705,228</u>
<u>Accumulated amortization</u>			
Balance, beginning of period	1,805,759	26,198	1,831,957
Amortization expense	<u>192,202</u>	<u>2,772</u>	<u>194,974</u>
Balance, end of period	<u>1,997,961</u>	<u>28,970</u>	<u>2,026,931</u>
Balance, end of period, net	<u>\$ 609,418</u>	<u>\$ 68,879</u>	<u>\$ 678,297</u>

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

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” on the balance sheets.)

13. DEFERRED CHARGES AND OTHERS

	<u>June 30</u>	
	2009	2008
Software and system design, net	\$ 183,943	\$ 227,799
Golf club membership fees	7,800	7,800
Refundable deposits	<u>1,441</u>	<u>1,471</u>
	<u>\$ 193,184</u>	<u>\$ 237,070</u>

14. SHORT-TERM LOANS

	<u>June 30</u>	
	<u>2009</u>	<u>2008</u>
Working capital loans - 1.50% annual interest rate in 2009; US\$9,400 thousand, 3.01%-3.54% annual interest rate in 2008	\$ 30,000	\$ 285,196

15. LONG-TERM DEBT

	<u>June 30, 2009</u>
Medium- to long-term credit bank loans:	
Repayable quarterly from February 2010 to February 2012 in installments; annual floating-rate interest - 1.997% in 2009	\$ 820,000
Repayable semi-annually from February 2009 to February 2012 in installments; annual floating-rate interest - 2.11% in 2009	150,000
Repayable quarterly from April 2010 to April 2012 in installments; annual floating-rate interest 2.00% in 2009	30,000
Medium- to long-term secured loans:	
Repayable semi-annually from March 2010 to March 2014 in installments; annual floating-rate interest - 1.805% in 2009	700,000
Repayable semi-annually from February 2009 to February 2012 in installments; annual floating-rate interest - 2.11% in 2009	150,000
Repayable within 6 months, contracts valid from February 2009 to February 2012; annual floating-rate interest - 1.805% in 2009	<u>150,000</u>
	2,000,000
Deduct: Current portion	<u>392,500</u>
	<u>\$ 1,607,500</u>

Based on the loan contracts, the Company provided buildings and shares of Giantplus Technology Co. Ltd. and Orise Technology Co. Ltd. as collaterals for the above loans (Note 24). The loan contracts contain financial covenants which require the Company to maintain certain financial ratios (debt ratio, current ratio, times interest-earned ratio and financing provided) on the basis of semi-annual and annual consolidated financial statements. However, the violation of the limitation on the ratios is not deemed to be the violation of the contracts. The financial ratios of consolidated financial statements for the six months ended June 30, 2009 had met the requirements of the loan contracts.

16. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were \$14,807 thousand and \$14,986 thousand for the six months ended June 30, 2009 and 2008, 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 Bank of Taiwan as the survivor entity. The Company recognized pension costs of \$1,128 thousand and \$1,822 thousand for the six months ended June 30, 2009 and 2008, respectively.

Defined benefit pension fund balances were \$108,932 thousand and \$100,784 thousand as of June 30, 2009 and 2008, respectively.

17. SHAREHOLDERS' EQUITY

a. Employee Stock Option Plan

On March 6, 2003 (2003 option plan) and September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan. The plan provides for the grant of 30,000 thousand options and 25,000 thousand options in 2003 and 2007 plan, respectively, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 55,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of June 30, 2009.

Outstanding option rights were as follows:

Six Months Ended June 30	2003 Option Plan			
	2009		2008	
	Unit (in Thousands)	Weighted-average Price (NT\$)	Unit (in Thousands)	Weighted-average Price (NT\$)
Beginning outstanding balance	5,082	\$40.31	5,154	\$47.07
Options exercised	-	-	(179)	32.70
Options canceled	<u>(2,408)</u>	-	<u>(84)</u>	-
Ending outstanding balance	<u>2,674</u>		<u>4,891</u>	

Six Months Ended June 30	2007 Option Plan			
	2009		2008	
	Unit (in Thousands)	Weighted-average Price (NT\$)	Unit (in Thousands)	Weighted-average Price (NT\$)
Beginning outstanding balance	24,646	\$40.52	25,000	\$47.58
Options canceled	<u>(842)</u>	-	<u>-</u>	-
Ending outstanding balance	<u>23,804</u>		<u>25,000</u>	

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

As of June 30, 2009, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2003 Option Plan				
	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT\$)
\$48.30	2,674	0.16	48.30	2,674	48.30

Exercise Price (NT\$)	2007 Option Plan				
	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT\$)
\$40.40	17,504	4.37	\$40.40	-	\$40.40
40.90	6,300	4.49	40.90	-	40.90

The pro forma information for the six months ended June 30, 2009 and 2008 assuming employee stock options granted before December 31, 2007 were accounted for under Statement of Financial Accounting Standards No. 39 - "Share-Based Payment" is as follows:

	June 30	
	2009	2008
Net income (loss)		
Net income (loss) as reported	\$ (420,005)	\$ 78,153
Pro forma net loss	\$ (528,242)	\$ (61,729)
Earnings (loss) per share (E/LPS; in New Taiwan dollars)		
Basic E/LPS as reported	\$ (0.71)	\$ 0.13
Pro forma basic E/LPS	\$ (0.89)	\$ (0.10)
Diluted E/LPS as reported	\$ (0.71)	\$ 0.13
Pro forma diluted E/LPS	\$ (0.89)	\$ (0.10)

b. Global Depositary Receipts (GDRs)

In March 2001, the Company issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of June 30, 2009, the outstanding 279 thousand units of GDRs represented 559 thousand common shares.

c. Capital Surplus

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

d. Appropriation of Earnings and Dividends

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

The current year's net income less all the foregoing appropriations and distributions plus the unappropriated prior years' earnings may be distributed as additional dividends. 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.

For the six months ended June 30, 2009 and 2008, the bonus to employees and remuneration to directors and supervisors, representing 25% and 1.5%, respectively, of net income had to be accrued on the basis of past experiences. However, the Company had a net loss for the six months ended June 30, 2009. And for the six months ended June 30, 2008, based on the Company's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, the Company did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the current year. If the actual amounts approved by the shareholders differ from the board of directors' proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

Under 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.

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 2008 and 2007 earnings were approved at the shareholders' meetings on April 30, 2009 and June 13, 2008, respectively. The appropriations, including dividends, were as follows:

	<u>For Fiscal Year 2008</u>		<u>For Fiscal Year 2007</u>	
	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 838		\$ 206,150	
Special reserve	428,914		(17,260)	
Bonus to employees - stock	-		135,000	
Bonus to employees - cash	-		15,000	
Remuneration of directors and supervisors	-		23,090	
Stock dividends	-	\$-	166,637	\$0.29990
Cash dividends	-	-	<u>1,388,644</u>	<u>2.49920</u>
	<u>\$ 429,752</u>		<u>\$ 1,917,261</u>	

The appropriation of earnings can be accessed online through the Market Observation Post System on the website of the Taiwan Stock Exchange.

Unrealized Gain or Loss on Financial Instruments

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

	Available- for-sale Financial Assets	Equity- method Investments	Total
<u>Six months ended June 30, 2009</u>			
Balance, beginning of period	\$ (438,577)	\$ (123,389)	\$ (561,966)
Recognized in shareholders' equity	<u>35,934</u>	<u>236,217</u>	<u>272,151</u>
Balance, end of period	<u>\$ (402,643)</u>	<u>\$ 112,828</u>	<u>\$ 289,815</u>
<u>Six months ended June 30, 2008</u>			
Balance, beginning of period	\$ (160,003)	\$ 345,418	\$ 185,415
Sales for the period	(122,842)	-	(122,842)
Recognized in shareholders' equity	<u>(87,789)</u>	<u>(303,998)</u>	<u>(391,787)</u>
Balance, end of period	<u>\$ (370,634)</u>	<u>\$ 41,420</u>	<u>\$ (329,214)</u>

18. TREASURY STOCK

(Units: Shares in Thousands)

Purpose of Purchase	Beginning Shares	Decrease (Capital Reduction)	Ending Shares
<u>Six months ended June 30, 2009</u>			
Company stocks held by subsidiaries	3,560	-	3,560
For subsequent transfer to employees	<u>1,293</u>	<u>(1,293)</u>	<u>-</u>
	<u>4,853</u>	<u>(1,293)</u>	<u>3,560</u>
<u>Six months ended June 30, 2008</u>			
Company stocks held by subsidiaries	3,390	-	3,390
For subsequent transfer to employees	<u>1,293</u>	<u>-</u>	<u>1,293</u>
	<u>4,683</u>	<u>-</u>	<u>4,683</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, 2009 and 2008, the book values of these stocks were \$63,401 thousand and \$63,401 thousand, and the market values of these stocks were \$56,604 thousand and \$99,681 thousand, respectively.

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The Company had retired all the treasury stock on February 19, 2009 and had completed the related registration of the change in the number of its issued shares. On June 25, 2009, the Board of Directors approve a share buyback plan to repurchase the Company's common shares up to 20,000 thousand shares between June 26, 2009 and August 25, 2009, with the buyback price ranging from NT\$11.50 to NT\$17.50. As of June 30, 2009 the Company had not bought back any of its common shares. The subsidiaries holding treasury stock; however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

19. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Six Months Ended June 30					
	2009			2008		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 24,711	\$ 270,190	\$ 294,901	\$ 29,198	\$ 348,729	\$ 377,927
Labor/health insurance	2,337	17,605	19,942	2,296	17,376	19,672
Pension	1,703	14,232	15,935	1,837	14,971	16,808
Welfare benefit	837	5,526	6,363	1,196	7,347	8,543
Meal	<u>809</u>	<u>5,016</u>	<u>5,825</u>	<u>863</u>	<u>5,319</u>	<u>6,182</u>
	<u>\$ 30,397</u>	<u>\$ 312,569</u>	<u>\$ 342,966</u>	<u>\$ 35,390</u>	<u>\$ 393,742</u>	<u>\$ 429,132</u>
Depreciation	\$ 22,293	\$ 36,890	\$ 59,183	\$ 27,437	\$ 42,783	\$ 70,220
Amortization	<u>\$ 1,039</u>	<u>\$ 232,510</u>	<u>\$ 233,549</u>	<u>\$ 3,553</u>	<u>\$ 318,093</u>	<u>\$ 321,646</u>

20. INCOME TAX

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

	Six Months Ended June 30	
	2009	2008
Income (loss) before income tax at statutory rate (25%)	\$ (40,052)	\$ 24,684
Tax effects of adjustments:		
Permanent differences	39,735	47,223
Temporary differences	<u>20,257</u>	<u>8,321</u>
Income tax expense before tax credits	<u>\$ 19,940</u>	<u>\$ 80,228</u>

- b. Income tax expense consisted of the following:

Income tax expense before tax credits	\$ 19,940	\$ 80,228
Additional tax at 10% on unappropriated earnings	-	12,698
Investment tax credits	(3,884)	(44,192)
Net change in deferred income tax assets	243,567	22,073
Adjustment of prior years' income tax expense	<u>173</u>	<u>(50,184)</u>
Income tax expense	<u>\$ 259,796</u>	<u>\$ 20,623</u>

- c. Deferred income tax assets were as follows:

	June 30	
	2009	2008
Current:		
Investment tax credits	\$ 295,309	\$ 80,730
Temporary differences	4,981	19,547
Deduct: Valuation allowance	<u>251,082</u>	<u>-</u>
	<u>\$ 49,208</u>	<u>\$ 100,277</u>
Noncurrent:		
Investment tax credits	\$ 1,005,940	\$ 1,060,067
Temporary differences	9,733	9,183
Deduct: Valuation allowances	<u>385,382</u>	<u>199,814</u>
	<u>\$ 630,291</u>	<u>\$ 869,436</u>

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

As of June 30, 2009, investment tax credits (recorded as deferred income tax assets) were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 3,606	\$ 3,606	2009
		<u>1,005</u>	<u>1,005</u>	2011
		<u>\$ 4,611</u>	<u>\$ 4,611</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 295,587	\$ 291,703	2009
		415,235	415,235	2010
		257,859	257,859	2011
		264,711	264,711	2012
		<u>67,130</u>	<u>67,130</u>	2013
		<u>\$ 1,300,522</u>	<u>\$ 1,296,638</u>	

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

<u>Project</u>	<u>Tax Exemption Period</u>
Sixth expansion	January 1, 2006 to December 31, 2009
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012

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

- e. Integrated income tax information is as follows:

	<u>June 30</u>	
	2009	2008
Shareholders' imputation credit account	<u>\$ 48,037</u>	<u>\$ 111,180</u>
Unappropriated earnings until 1997	<u>\$ 452,310</u>	<u>\$ 452,310</u>

The actual creditable tax ratio for distribution of earnings of 2008 and 2007 was 6.77% and 4.41%, respectively.

21. EARNINGS (LOSS) PER SHARE

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

	<u>Amounts (Numerator)</u>		<u>Share (Denominator) (in Thousands)</u>	<u>E/LPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Six months ended June 30, 2009</u>					
Net loss	\$ (160,209)	\$ (420,005)			
Basic and diluted loss per share					
Loss of common share holders	\$ (160,209)	\$ (420,005)	593,350	\$ (0.27)	\$ (0.71)
<u>Six months ended June 30, 2008</u>					
Net income	\$ 98,776	\$ 78,153			
Basic EPS					
Income of common shareholders	\$ 98,776	\$ 78,153	593,406	\$ 0.17	\$ 0.13
Effect of dilutive securities					
Stock options	-	-	37		
Diluted EPS					
Income of common and potential common shareholders	\$ 98,776	\$ 78,153	593,443	\$ 0.17	\$ 0.13

The weighted-average number of shares outstanding for EPS calculation has been retroactively adjusted for stock dividends and stock bonuses issued subsequently (see Note 17). As a result of this adjustment, the basic EPS and diluted EPS after income tax of six months ended June 30, 2008 decreased from NT\$0.14 to NT\$0.13.

The employee stock option stated in Note 17 represents potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share". The test showed the stock options were anti-dilutive for the six months ended June 30, 2009. As a result, the potential common shares were excluded from the calculation of diluted EPS.

22. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	<u>June 30</u>			
	<u>2009</u>		<u>2008</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Nonderivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss (current and noncurrent)	\$ -	\$ -	\$ 137,216	\$ 137,216
Available-for-sale financial assets (current and noncurrent)	1,156,590	1,156,590	913,240	913,240
Financial assets carried at cost	35,556	-	35,556	-

(Continued)

	June 30			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Liabilities				
Long term debt (including current portion)	\$ 2,000,000	\$ 2,000,000	\$ -	\$ -
<u>Derivative instruments</u>				
Assets				
Financial assets for trading	-	-	1,949	1,949 (Concluded)

- 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 receivable, other receivables, short-term loans, and accounts payable, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
 - 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For those instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
 - 3) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
 - 4) Fair value of long-term debt is estimated using the present value of future cash flows discounted by the interest rates, the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term debt with floating interest rates are equivalent to their carrying values.
- c. Gains recognized for the changes in fair value of financial assets using valuation techniques for the six months ended June 30, 2009 and 2008 were \$6,528 thousand and \$4,551 thousand, respectively.
- d. As of June 30, 2009 and 2008, financial assets exposed to cash flow interest rate risk amounted to \$164,006 thousand and \$301,275 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,744,952 thousand and \$702,026 thousand, respectively. As of June 30, 2009 and 2008, financial liabilities exposed to fair value interest rate risk was \$30,000 thousand and \$273,060 thousand, respectively. As of June 30, 2009 and 2008, financial liabilities exposed to cash flow interest rate risk were \$2,000,000 thousand and \$12,136 thousand, respectively.
- e. Interest revenues on financial instruments other than the financial assets at fair value through profit or loss for the six months ended June 30, 2009 and 2008 were \$1,586 thousand and \$5,221 thousand, respectively; Interest expenses resulting from the for financial instruments other than the financial assets at fair value through profit or loss for the six months ended June 30, 2009 and 2008 were \$14,951 thousand and \$10,422 thousand, respectively.

f. Financial risks

- 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks.
- 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties 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 at the balance sheet date are evaluated for credit risk. As of June 30, 2008, financial instrument with positive fair values at the balance sheet date are evaluated for credit risk, were as follows:

	June 30, 2008	
	Carrying Amount	Credit Risk
<u>Held-for-trading financial assets</u>		
Forward exchange contracts	\$ 1,949	\$ 1,949

- 3) Liquidity risk. Investments in 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. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
- 4) Interest rate risk. As of June 30, 2009, the interest rates of long term debt are floating, which would fluctuate with market interest rates.

23. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Giantplus Technology Co., Ltd. ("Giantplus") - equity-method investee
- b. Waveplus Technology Co., Ltd. ("Waveplus") - equity-method investee
- c. Sunext Technology Co., Ltd. ("Sunext") - 79% subsidiary
- d. Generalplus Technology Inc. ("Generalplus") - equity-method investee
- e. Coolsand Technologies SARL ("Coolsand") - equity-method investee of Russell Holding Ltd.
- f. Lin Shin Technology Co., Ltd. ("Lin Shin") - equity-method investee of Russell Holding Ltd.
- g. Sunplus Core Technology Inc. ("Sunplus Core") - 57% subsidiary
- h. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 81% subsidiary
- i. Sunplus mMobile Inc. ("Sunplus mMobile") - 91% subsidiary
- j. Orise Technology Co., Ltd. ("Orise") - 52% subsidiary
- k. HT mMobile Inc. Ltd. ("HT mMobile") - 91% subsidiary

- l. Sunplus mMedia Inc. (“Sunplus mMedia”) - 78% subsidiary
- m. Sunplus Technology (H.K.) Co., Ltd. (“Sunplus H.K.”) - 100% subsidiary
- n. Sunplus Technology (Shanghai) Co., Ltd. (“Sunplus Shanghai”) - 99% indirect subsidiary
- o. Sunplus Prof-tek (Shenzhen) Co., Ltd. (“Sunplus Prof-tek”) - 100% indirect subsidiary
- p. Sun Media Technology Co., Ltd. (“Sun Media”) - 100% indirect subsidiary
- q. Sunplus mMobile Limited - 100% indirect subsidiary
- r. Others - please refer to Note 27 for related parties that did not have business transactions with the Company in the current period.

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

	Six Months Ended June 30			
	2009		2008	
	Amount	%	Amount	%
Sales				
Sunplus mMedia	\$ 26,236	2	\$ 28,755	1
Orise	17,113	1	40,255	1
Generalplus	8,080	-	15,262	1
Sunplus Core	6,443	-	1,250	-
Waveplus	6,090	-	-	-
HT mMobile	5,855	-	-	-
Sunplus Innovation	4,827	-	7,280	-
Sunplus mMobile	3,325	-	7,851	-
Sunext	3,086	-	12,605	-
Lin Shin	430	-	3,150	-
Coolsand	-	-	20,972	1
	<u>81,485</u>	<u>3</u>	<u>\$ 137,380</u>	<u>4</u>

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

	Six Months Ended June 30			
	2009		2008	
	Amount	%	Amount	%
Operating expense				
Sunplus Prof-tek	\$ 29,063	4	\$ 29,591	3
Sunplus Media	15,593	2	1,366	-
Sunplus Shanghai	9,755	1	10,248	1
Sunplus Core	2,607	-	5,891	1
Other	306	-	340	-
	<u>57,324</u>	<u>7</u>	<u>\$ 47,436</u>	<u>5</u>

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

	Six Months Ended June 30			
	2009		2008	
	Amount	%	Amount	%
Nonoperating income and gains				
Sunplus mMedia	\$ 27,379	16	\$ 45,056	10
HT mMobile	14,399	8	-	-
Sunplus mMobile	11,315	6	29,405	7
Sunplus Core	4,539	3	4,846	1
Sunplus Innovation	2,098	1	4,177	1
Generaplus	1,315	1	1,833	-
Orise	994	1	2,347	-
Sunext	881	1	6,593	2
Lin Shin	108	-	130	-
Waveplus	1	-	117	-
	<u>\$ 63,029</u>	<u>37</u>	<u>\$ 94,504</u>	<u>21</u>

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

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

	June 30			
	2009		2008	
	Amount	%	Amount	%
Notes and accounts receivable				
Sunplus mMedia	\$ 5,943	1	\$ 7,249	1
Orise	5,900	1	14,183	1
HT mMobile	4,499	-	-	-
Generalplus	3,498	-	6,258	-
Waveplus	3,293	-	-	-
Sunplus Innovation	967	-	1,624	-
Sunext	534	-	445	-
Sunplus Core	219	-	219	-
Lin Shin	36	-	1,101	-
Coolsand	-	-	19,483	1
Sunplus mMobile	-	-	1,447	-
	<u>\$ 24,889</u>	<u>2</u>	<u>\$ 52,009</u>	<u>3</u>
Other receivables				
Orise	\$ 83,955	23	\$ 86,960	23
Generalplus	56,071	16	23,602	6
Sunplus Innovation	14,042	4	14,201	4
HT mMobile	13,049	4	-	-
Sunplus mMedia	4,884	1	6,747	2
Sunplus Core	852	-	781	-

	June 30			
	2009		2008	
	Amount	%	Amount	%
Sunext	\$ 659	-	\$ 6,286	2
Sunplus mMobile	659	-	5,333	1
Lin Shin	22	-	46	-
Waveplus	1	-	123	-
Giantplus	-	-	114,668	30
Sunplus mMobile Limited	-	-	754	-
	<u>\$ 174,194</u>	<u>48</u>	<u>\$ 259,501</u>	<u>68</u>

Dividend receivables (recorded as other receivables) as of June 30, 2009 and 2008 were \$152,861 thousand and \$235,209, respectively.

	June 30			
	2009		2008	
	Amount	%	Amount	%
Prepaid other expensive				
Sunplus H.K.	\$ 2,379	1	\$ 1,517	3
Sunplus Shanghai	-	-	61	-
	<u>\$ 2,379</u>	<u>1</u>	<u>\$ 1,578</u>	<u>3</u>

Other current liabilities				
Sunplus Core	\$ 263	-	\$ 400	-
Sun Media	-	-	1,365	-
Sunplus Prof-tek	-	-	29,582	6
Sunplus Shanghai	-	-	10,240	2
Other	24	-	13	-
	<u>\$ 287</u>	<u>-</u>	<u>\$ 41,600</u>	<u>8</u>

Deferred royalty income (including current and noncurrent)				
Sunplus Core	\$ 42,400	98	\$ -	-
Orise	733	1	1,832	14
Sunext	-	-	11,831	85
	<u>\$ 43,133</u>	<u>99</u>	<u>\$ 13,663</u>	<u>99</u>

	June 30	
	2009	2008
Endorsement/guarantee provided		
Sunplus mMobile	\$ 870,000	\$ 168,255
Sunplus Core	240,000	60,000
Sunplus Shanghai	219,000	319,075
Sunext	130,000	660,000
Waveplus	20,000	20,000
Lin Shin	10,000	10,000
Sunplus mMedia	-	447,180
Sunplus Innovation	-	323,550
	<u>\$ 1,489,000</u>	<u>\$ 2,008,060</u>

24. MORTGAGED OR PLEDGED ASSETS

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

	June 30, 2009
Giantplus stocks	\$ 834,450
Orise stocks	256,270
Buildings, net (including assets leased to others)	<u>802,066</u>
	<u><u>\$ 1,892,786</u></u>

25. 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 December 2021, with annual rentals aggregating \$7,862 thousand.

Future annual minimum rentals under the leases are as follows:

Period/Year	Amount
2009 (3rd to 4th quarter)	\$ 3,931
2010	7,862
2011	7,862
2012	7,862
2013	7,862
2014 and thereafter	<u>40,557</u>
	<u><u>\$ 75,936</u></u>

26. 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.

27. 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: Table 5 (attached)
- f. Acquisition of long-term investments at cost of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- g. Names, locations, and related information of investees on which the Company exercises significant influences: Table 7 (attached)
- h. Forward exchange contracts of investee company: Table 8 (attached)
- i. Investment in Mainland China: Table 9 (attached)

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

SIX MONTHS ENDED JUNE 30, 2009

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	91% subsidiary	\$ 1,078,723 (Note 1)	\$ 870,000	\$ 870,000	\$ -	8.07%	\$ 2,157,446 (Note 2)
		Sunplus Core Technology Co., Ltd.	57% subsidiary	1,078,723 (Note 1)	240,000	240,000	-	2.22%	2,157,446 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	1,078,723 (Note 1)	319,800	219,000	-	2.03%	2,157,446 (Note 2)
		Sunext Technology Co., Ltd.	79% subsidiary	1,078,723 (Note 1)	630,000	130,000	-	1.21%	2,157,446 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,078,723 (Note 1)	20,000	20,000	-	0.19%	2,157,446 (Note 2)
		Lin shih Technology Co., Ltd	Indirect equity-method investee	1,078,723 (Note 1)	10,000	10,000	-	0.09%	2,157,446 (Note 2)
		Sunplus mMedia Inc.	78% subsidiary	1,078,723 (Note 1)	227,000	-	-	-	2,157,446 (Note 2)
		Sunplus Innovation Technology Inc.	81% subsidiary	1,078,723 (Note 1)	130,000	-	-	-	2,157,446 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,078,723 (Note 1)	30,000	-	-	-	2,157,446 (Note 2)

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

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

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

SIX MONTHS ENDED JUNE 30, 2009

(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, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	69,485	\$ 1,187,125	52	\$ 1,187,150	Notes 7 and 10
	Giantplus Technology Co., Ltd	Equity-method investee	Equity-method investments	84,652	1,765,943	21	1,765,943	Note 1
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	728,528	100	728,528	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	753,238	100	753,238	Notes 1 and 4
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	369,624	100	400,373	Notes 1 and 9
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	24,700	524,686	100	524,686	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	7,335	100	7,335	Note 1
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	29,095	449,107	39	449,107	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	78,995	496,443	79	355,337	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	20,504	41	20,504	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	7,855	100	7,855	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,160	100	4,160	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	5,650	100	5,650	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	102,739	(481,542)	91	(473,875)	Notes 1 and 6
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	64,500	506,253	78	670,131	Notes 1 and 8
	HT mMobile Inc.	Equity-method investee	Equity-method investments	17,261	(10,897)	91	(10,152)	Notes 1 and 6
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	23,389	393,397	81	393,397	Note 1
	Sunplus Core Technology Co., Ltd	Equity-method investee	Equity-method investments	8,898	(22,163)	57	(16,999)	Notes 1 and 6
	RITEK Corp.	-	Available-for-sale financial assets	5,000	41,046	-	41,046	Note 3
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	130,249	12	130,249	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,967	21,644	-	21,644	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
	<u>Fund</u>							
	Manulife Bond Fund	-	Available-for-sale financial assets	1,060	14,008	-	14,008	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	14,433	218,226	-	218,226	Note 5
	ING Taiwan Bond Fund	-	Available-for-sale financial assets	3,209	50,018	-	50,018	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	10,711	156,229	-	156,229	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	177	30,103	-	30,103	Note 5
	FSITC Global High Yield Bond Fund	-	Available-for-sale financial assets	2,000	19,960	-	19,960	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	19,205	265,018	-	265,018	Note 5
	Polaris De-Bao Fund	-	Available-for-sale financial assets	7,846	90,004	-	90,004	Note 5
IBT 1699 Bond Fund	-	Available-for-sale financial assets	2,718	35,003	-	35,003	Note 5	
IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	739	10,004	-	10,004	Note 5	
Taishin Lucky Fund	-	Available-for-sale financial assets	7,071	75,078	-	75,078	Note 5	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Orise Technology Co. Ltd.	Jih Sun Bond	-	Available-for-sale financial assets	21,658	\$ 305,348	-	\$ 305,348	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	12,355	180,211	-	180,211	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	8,324	125,857	-	125,857	Note 5
	Capital Income Fund	-	Available-for-sale financial assets	4,285	66,011	-	66,011	Note 5
	Polaris De-Bao Fund	-	Available-for-sale financial assets	8,467	97,131	-	97,131	Note 5
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	500	5,528	1	5,528	Note 1
	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	(5,220)	100	(5,220)	Notes 1 and 6
	Sunplus mMobile Limited	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	1,710	1,860	100	1,860	Note 1
	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(1,012)	100	(1,012)	Notes 1 and 6
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	1,604	23,171	-	23,171	Note 5
	Ta Chong bond	-	Available-for-sale financial assets	1	7	-	7	Note 5
Sunplus mMedia Inc.	Prudential Financial Bond Fund	-	Available-for-sale financial assets	2,651	40,034	-	40,034	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	3,329	48,115	-	48,115	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	6,174	90,000	-	90,000	Note 5
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	777	10,000	-	10,000	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	294	50,000	-	50,000	Note 5
	Polaris De-Li Fund	-	Available-for-sale financial assets	3,094	48,080	-	48,080	Note 5
Lin Shih Investment Co., Ltd.	<u>Stock</u>							
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	747	10,790	23	10,790	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	6,499	29,262	6	29,262	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	12,653	227,678	17	227,678	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	(3,822)	13	(3,822)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	2,616	3,737	2	(12,056)	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	439	(258)	2	(258)	Notes 1 and 6
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	2,604	31,234	3	31,234	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	450	7,009	2	8,212	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	56,604	1	56,604	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,120	205,840	1	205,840	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	6,841	-	6,841	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	467	6,323	1	6,323	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	136	1,848	-	1,848	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	1,933	49,570	8	49,570	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	79,643	7	79,643	Note 2
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	831	10,685	6	10,685	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	63	537	-	537	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
Glokie Technology Corp.	-	Financial assets carried at cost	2,300	23,000	14	23,000	Note 2	
Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	13	6,000	Note 2	
Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	<u>Stock</u> Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$ (350) thousand	44	US\$ (350) thousand	Notes 1 and 6
	Synerchip Co., Ltd.	Equity-method investee	Equity-method investments	4,236	US\$ (88) thousand	25	US\$ (88) thousand	Notes 1 and 6
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	855	US\$ 2,205 thousand	1	US\$ 116 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$ 1,009 thousand	-	US\$ 1,009 thousand	Note 3
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
	OZ Optics Ltd.	-	Financial assets carried at cost	1,000	US\$ 250 thousand	8	US\$ 250 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\$ - thousand	-	US\$ - thousand	Note 2
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US\$ - thousand	3	US\$ - thousand	Note 2
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$ 2,590 thousand	5	US\$ 2,590 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 thousand	1	US\$ 500 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 1,400 thousand	-	US\$ 1,400 thousand	Note 2
	Innobrige International Inc.	-	Financial assets carried at cost	400	US\$ 800 thousand	15	US\$ 800 thousand	Note 2
	VisualOn Inc.	-	Financial assets carried at cost	377	US\$ 200 thousand	3	US\$ 200 thousand	Note 2
	Azalea Networks Inc.	-	Financial assets carried at cost	850	US\$ 1,150 thousand	2	US\$ 1,150 thousand	Note 2
Sunplus Venture Capital Co., Ltd.	<u>Stock</u> Joing Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,400	-	39	-	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	387	6,091	12	6,091	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,571	38,550	9	38,550	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,780	70	1,780	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	2,920	52,549	4	52,549	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,358	1	15,358	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	(3,822)	13	(3,822)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	122	1,710	-	(551)	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	20	(12)	-	(12)	Notes 1 and 6
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	10,000	103,650	12	103,650	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,435	25,077	-	25,077	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	10,875	1	10,875	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,674	147,686	1	147,686	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	742	19,030	3	19,030	Note 3
Elite Advanced Laser Corp.	-	Available-for-sale financial assets	116	1,577	-	1,577	Note 3	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	VenGlobal International Fund	-	Financial assets carried at cost	1	\$ -	3	\$ -	Note 2
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2
	Softchina Venture Capital Corp.	-	Financial assets carried at cost	407	-	8	-	Note 2
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 2
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	19,000	10	19,000	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,170	13,691	18	13,691	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	2,035	24,237	5	24,237	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	1	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	-	7	-	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	2	9,450	Note 2
	VISCO Inc.	-	Financial assets carried at cost	518	5,435	3	5,435	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	369	3,163	1	3,163	Note 2
	Azalea Networks Inc	-	Financial assets carried at cost	280	12,923	1	12,923	Note 2
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	4,390	10,945	100	10,945	Note 1
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	25,174	299,500	-	299,500	Note 5
	Capital Income Fund	-	Available-for-sale financial assets	2,047	31,517	-	31,517	Note 5
	The Forever Fund	-	Available-for-sale financial assets	1,342	20,000	-	20,000	Note 5
	IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	11,861	160,000	-	160,000	Note 5
	PCA Wall Pool Fund	-	Available-for-sale financial assets	1,776	23,000	-	23,000	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	4,390	US\$ 333 thousand	100	US\$ 333 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	-	US\$ 278 thousand	100	US\$ 278 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	-	US\$ 55 thousand	100	US\$ 55 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,750	36,402	100	36,402	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	-	5,215	100	5,215	Note 1
	<u>Fund</u> FSITC Bond Fund	-	Available-for-sale financial assets	515	87,505	-	87,505	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	7,278	110,000	-	110,000	Note 5

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 105 thousand	100	US\$ 105 thousand	Note 1
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai)	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$ 105 thousand	100	US\$ 105 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Holding Ltd.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	(51)	100	(51)	Notes 1 and 6
Waveplus Holding Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Holding Ltd.	Equity-method investments	1,000	US\$ - thousand	100	US\$ - thousand	Note 1
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	24,700	US\$ 15,996 thousand	100	US\$ 15,996 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	24,700	US\$ 16,000 thousand	100	US\$ 16,000 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 9,384 thousand	99	US\$ 9,384 thousand	Note 1
	Sunplus Pro-tek Technology (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 2,828 thousand	100	US\$ 2,828 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 156 thousand	80	US\$ 156 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 3,619 thousand	100	US\$ 3,619 Thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> UNIWILL Co., Ltd.	-	Available-for-sale financial assets	508	5,231	-	5,231	Note 3
Sunplus mMobile Holding Inc.	<u>Stock</u> Bright Sunplus mMobile Inc.	Subsidiary of Sunplus mMobile Holding Inc.	Equity-method investments	2,580	US\$ - thousand	100	US\$ - thousand	Note 1
Global Techplus Capital Inc.	<u>Stock</u> Techplus Capital Samoa Inc.	Subsidiary of Global Techplus Capital Inc.	Equity-method investments	-	US\$ (-) thousand	100	US\$ (-) thousand	Notes 1 and 6

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	<u>Fund</u>							
	Prudential Financial Bound Fund	-	Available-for-sale financial assets	4,636	\$ 70,031	-	\$ 70,031	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	12,867	187,503	-	187,503	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	176	30,000	-	30,000	Note 5
Sunplus Core Technology Co., Ltd.	Prudential Financial Bound Fund	-	Available-for-sale financial assets	198	3,000	-	3,000	Note 5

Note 1: The net asset value was based on unaudited financial data as of June 30, 2009.

Note 2: The market value is based on carrying value as of June 30, 2009.

Note 3: The market value is based on the closing price as of June 30, 2009.

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

Note 5: The market value was based on the net asset value of fund as of June 30, 2009.

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

Note 7: Includes deferred credits \$25 thousand.

Note 8: Includes deferred credit \$163,878 thousand.

Note 9: Includes deferred credit \$3,749 thousand.

Note 10: The net asset value was based on audited financial data as of June 30, 2009.

Note 11: As of June 30, 2009, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. of the shares of Sunplus Technology Company Limited, with a market value \$53,813 thousand and the holdings of Sunplus Technology Limited Company of the shares of Giantplus Technology Company Limited and Orise Technology Company Limited, with carrying values of \$834,450 thousand and \$256,270 thousand respectively, had not been pledged or mortgaged.

(Concluded)

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, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Prudential Financial Bond Fund	Available-for-sale financial assets	-	\$ -	14,433	\$ 218,000	-	\$ -	\$ -	\$ -	14,433	\$ 218,226
	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	10,711	156,000	-	-	-	-	10,711	156,229
	Polaris De-Bao Fund	Available-for-sale financial assets	2,273	26,026 (Note 2)	9,417	108,000	3,844	44,051	44,000	51	7,846	90,004
	Fuh-Hwa Bond Fund	Available-for-sale financial assets	-	-	19,205	265,000	-	-	-	-	19,205	265,018
	Yuanta Commercial Bank Money Market Common Trust Fund	Available-for-sale financial assets	13,114	135,036 (Note 2)	-	-	13,114	135,083	135,000	83	-	-
Orise Technology Co. Ltd	Equity-method Investments	72,090	1,245,799 (Note 3)	-	-	2,605	111,667	45,767	69,320 (Note 4)	69,485	1,187,125 (Note 5)	
Orise Technology Co. Ltd.	Jih Sun Bond	Available-for-sale financial assets	3,052	42,904	51,352	723,438	32,746	461,438	460,940	498	21,658	305,348
	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	33,089	482,299	20,734	302,299	302,092	207	12,355	180,211
	Prudential Financial Bond Fund	Available-for-sale financial assets	3,823	57,673	18,832	284,625	14,331	216,625	216,273	352	8,324	125,857
	Manulife Bond Fund	Available-for-sale financial assets	-	-	11,354	150,000	11,354	150,035	150,000	35	-	-
	Polaris De-Bao Fund	Available-for-sale financial assets	-	-	36,825	422,210	28,358	352,210	325,080	130	8,467	97,131
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	8,216	128,000	8,216	128,016	128,000	16	-	-
Sunplus Innovation Technology Inc.	Capital Income Fund	Available-for-sale financial assets	-	-	8,570	132,010	4,285	66,010	66,000	10	4,285	66,011
Sunplus Innovation Technology Inc.	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	13,175	192,000	308	4,500	4,497	3	12,867	187,503
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	7,281	110,000	2,645	40,000	39,969	31	4,636	70,031
Sunext Technology Co., Ltd	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	7,278	110,000	-	-	-	-	7,278	110,000
Generalplus Technology Inc.	Capital Income Fund	Available-for-sale financial assets	-	-	13,087	201,400	11,040	170,000	169,883	117	2,047	31,517
	Mega Diamond Bond Fund	Available-for-sale financial assets	-	-	25,174	299,500	-	-	-	-	25,174	299,500
	IBT Ta Chong Bond Fund	Available-for-sale financial assets	-	-	11,861	160,000	-	-	-	-	11,861	160,000

Note 1: Includes the valuation gains on financial assets.

Note 2: Excludes the valuation gains on financial assets.

Note 3: The carrying value of the equity-method investment as of December 31, 2008.

Note 4: Includes an investment gain classified under capital surplus.

Note 5: The carrying value of the equity-method investment as of June 30, 2009.

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, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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	\$ 364,105	20	Net 120 days from monthly closing dates in principle	Note	Note	\$ 307,536	29	-
	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Subsidiary of Giantplus Technology Co., Ltd.	Sale	103,478	5	Net 45 days from monthly closing dates in principle.	Note	Note	49,157	5	-

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

SIX MONTHS ENDED JUNE 30, 2009

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

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.	\$ 307,536	3.27	\$ -	-	\$ 43,180	\$ -

SUNPLUS TECHNOLOGY COMPANY LIMITED

ACQUISITION OF LONG-TERM INVESTMENTS AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2009

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

Company Name	Types of Property	Transaction Date	Transaction Amount	(Payment)/Sale Term	Counter-party	Nature of Relationships	Prior Transaction of Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	HT mMobile Inc.	2009.03	\$ 172,605	\$ 172,605 (Note)	Sunplus mMobile Inc.	Equity-method investee	-	-	-	\$ -	Note	Equity-method investee	-
	Sunplus mMobile Inc.	2009.03	172,605	(172,605) (Note)	HT mMobile Inc.	Equity-method investee	-	-	-	-	Note	Equity-method investee	-

Note: It was based on the net book value on spun-off date, Sunplus mMobile decrease its capital to establish HT mMobile Inc. in March 2009.

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2009	December 31, 2008	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	\$ 881,314	\$ 881,314	84,652	21	\$ 1,765,943	\$ (610,559)	\$ (127,192)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,507,395	1,680,000	102,739	91	(481,541)	(171,959)	(167,795)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	308,000	308,000	23,389	81	393,397	17,008	14,184	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	105,470	8,898	57	(22,163)	(61,110)	(40,020)	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	728,528	6,284	6,284	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	753,238	41,703	41,703	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 14,760 thousand	14,760	100	396,624	(32,021)	(32,021)	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$ 24,700 thousand	US\$ 24,700 thousand	24,700	100	524,686	98,494	98,494	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	14,000	14,000	1,400	100	7,335	(11)	(11)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	146,000	146,000	29,095	39	449,107	67,739	27,358	Subsidiary
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	-	25,541	-	-	-	-	312	Investee
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	20,504	9,243	3,762	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	946,705	946,705	78,995	79	496,443	319,456	252,338	Subsidiary
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	787,177	816,719	69,485	52	1,187,125	126,932	68,189	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200 thousand	US\$ 200 thousand	200	100	7,855	1	1	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,160	(34)	(34)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	5,650	846	846	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	172,605	-	17,261	91	(10,897)	(201,034)	(183,502)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	752,579	752,579	64,500	78	506,253	(51,110)	(202,254)	Subsidiary
	Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	-	18,402	-	-	-	-	315
Sunext Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	6,499	6	29,262	319,456	20,763	Subsidiary
Waveplus Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	93,976	91,726	747	23	10,790	9,243	1,831	Subsidiary
Sunplus Core Technology Co., Ltd.		Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	(3,822)	(61,110)	(7,835)	Subsidiary
Sunplus mMobile Inc.		Hsinchu, Taiwan	Design of ICs	38,376	42,770	2,616	2	3,737	(171,959)	(3,980)	Subsidiary
Sunplus mMedia Inc.		Hsinchu, Taiwan	Design of ICs	36,092	34,755	2,604	3	31,234	(51,110)	(1,560)	Subsidiary
HT mMobile Inc.		Hsinchu, Taiwan	Design of ICs	4,394	-	439	2	(258)	(201,034)	(4,653)	Subsidiary
Sunplus Innovation Technology Inc.		Hsinchu, Taiwan	Design of ICs	6,292	6,234	450	2	7,009	17,008	336	Subsidiary
Generalplus Technology Inc.		Hsinchu, Taiwan	Design of ICs	65,000	65,000	12,653	17	227,678	67,739	12,468	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	385,709	385,709	8,571	9	38,550	319,456	27,380	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	76,016	76,016	387	12	6,091	9,243	1,118	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,358	126,932	880	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	(3,822)	(61,110)	(7,835)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,000	15,000	2,920	4	52,549	67,739	2,877	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,988	122	-	1,710	(171,959)	(185)	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	204	-	20	-	(12)	(201,034)	(216)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	116,679	116,679	10,000	12	103,650	(51,110)	(6,195)	Subsidiary
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$ 6,050 thousand	US\$ 6,050 thousand	4,794	44	US\$ (350) thousand	US\$ 17 thousand	US\$ - thousand	Investee
	Synerchip Co., Ltd.	Mauritius	Investment	US\$ 3,070 thousand	US\$ 3,070 thousand	4,236	25	US\$ (88) thousand	US\$ (3,022) thousand	US\$ (756) thousand	Investee

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunext Technology Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119 thousand	US\$ 2,119 thousand	855	1	US\$ 2,205 thousand	\$ 319,456	US\$ 81 thousand	Subsidiary
	Great Sun Corp.	SAMOA	Investment	US\$ 1,750 thousand	US\$ 1,750 thousand	1,750	100	36,402	(450)	(450)	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$ 380 thousand	US\$ - thousand	-	100	5,215	(7,434)	(7,434)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 105 thousand	US\$ (13) thousand	US\$ (13) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$ 750 thousand	US\$ 750 thousand	-	100	US\$ 105 thousand	US\$ (13) thousand	US\$ (13) thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 24,700 thousand	US\$ 24,700 thousand	24,700	100	US\$ 15,996 thousand	US\$ 2,937 thousand	US\$ 2,937 thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 24,700 thousand	US\$ 24,700 thousand	24,700	100	US\$ 16,000 thousand	US\$ 2,937 thousand	US\$ 2,937 thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology (Shanghai) Co., Ltd.	Shanghai, China	Manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 9,384 thousand	US\$ 510 thousand	US\$ 505 thousand	Subsidiary
	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$ 4,250 thousand	US\$ 4,250 thousand	-	100	US\$ 2,828 thousand	US\$ 564 thousand	US\$ 564 thousand	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 3,000 thousand	US\$ 3,000 thousand	-	100	US\$ 3,619 thousand	US\$ 2,075 thousand	US\$ 2,075 thousand	Subsidiary
	Sunplus App Technology Co., Ltd	Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 450 thousand	US\$ 450 thousand	-	80	US\$ 156 thousand	US\$ (259) thousand	US\$ (207) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Holding Ltd.	Mauritius	Investment	US\$ 500 thousand	US\$ 500 thousand	1,000	100	(51)	-	-	Subsidiary
Waveplus Holding Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$ 500 thousand	US\$ 500 thousand	1,000	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	SAMOA	Investment	US\$ 4,390 thousand	US\$ 3,090 thousand	4,390	100	10,945	(44,033)	(44,033)	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 4,390 thousand	US\$ 3,090 thousand	4,390	100	US\$ 333 thousand	US\$ (1,307) thousand	US\$ (1,307) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 4,000 thousand	US\$ 2,700 thousand	-	100	US\$ 278 thousand	US\$ (1,285) thousand	US\$ (1,285) thousand	Subsidiary
	Genralplus Technology (Hong Kong) Inc.	Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	-	100	US\$ 55 thousand	US\$ (22) thousand	US\$ (22) thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	7,000	7,000	500	1	5,528	(51,110)	-	Subsidiary
	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(5,220)	(16,538)	(16,538)	Subsidiary
	Sunplus mMobile Limited	U.K.	Design of ICs	GBP 1,710 thousand	GBP 500 thousand	1,710	100	1,860	(559)	(559)	Subsidiary
	Sunplus mMobile Holding Inc.	SAMOA	Investment	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	(1,012)	(3,168)	(3,168)	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of intellectual property rights	US\$ 2,580 thousand	US\$ 2,515 thousand	2,580	100	US\$ (-) thousand	US\$ (66) thousand	US\$ (66) thousand	Subsidiary
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	SAMOA	Investment	US\$ - thousand	US\$ - thousand	-	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

FORWARD EXCHANGE CONTRACTS OF INVESTEE COMPANY

Orise Technology used derivative contracts for the six months ended June 30, 2009 to hedge the effect of exchange rate fluctuations on net foreign currency, Orise Technology didn't have outstanding forward exchange contracts during the six months ended June 30, 2009.

Net loss arising from financial assets designated at fair value through profit or losses was \$10,012 thousand for the six months ended June 30, 2009.

SUNPLUS TECHNOLOGY COMPANY LIMITED

INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2009

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2009	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of June 30, 2009	Accumulated Inward Remittance of Earnings as of June 30, 2009
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$ 17,200 thousand	Note 1	US\$ 17,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 17,000 thousand	99	US\$ 505 thousand	US\$ 9,384 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software. Service of System Integration	US\$ 4,250 thousand	Note 1	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100	US\$ 564 thousand	US\$ 2,828 Thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration	US\$ 3,000 thousand	Note 1	US\$ 3,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 3,000 thousand	100	US\$ 2,075 thousand	US\$ 3,619 Thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration and information management education	RMB 3,750 thousand	Note 1	US\$ 450 thousand	US\$ - thousand	US\$ - thousand	US\$ 450 thousand	80	US\$ (207) thousand	US\$ 156 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of June 30, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$24,700 thousand	US\$52,800 thousand	\$6,472,339

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

Note 2: Significant direct or indirect transactions with investees, price, terms of payment, unrealized gain or loss and other information which is useful to understand the impacts on financial statements from investments in Mainland China: Refer to Note 24.