

# **Sunplus Technology Company Limited**

**Financial Statements for the  
Years Ended December 31, 2011 and 2010 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited (the "Company") as of December 31, 2011 and 2010, and the related statements of income, changes in shareholders' equity and cash flows for the years 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.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of and for the years ended December 31, 2011 and 2010 and have issued an unqualified opinion thereon in our reports dated March 21, 2012 and January 31, 2011, respectively.

March 21, 2012

### Notice to Readers

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### BALANCE SHEETS

DECEMBER 31, 2011 AND 2010

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

ASSETS	2011		2010		LIABILITIES AND SHAREHOLDERS' EQUITY	2011		2010	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash (Note 4)	\$ 1,805,704	16	\$ 2,097,829	13	Short-term bank loans (Note 13)	\$ 381,100	3	\$ 174,780	1
Available-for-sale financial assets - current (Notes 2 and 5)	362,947	3	757,094	5	Accounts payable	347,378	3	541,346	3
Accounts receivable, net (Notes 2, 3, 6 and 22)	539,669	5	880,611	6	Income tax payable (Notes 2 and 19)	382,634	4	262,708	2
Other receivables	99,556	1	127,303	1	Accrued expenses	207,185	2	356,052	2
Other receivables - related parties (Notes 8 and 22)	32,969	-	270,516	2	Long-term bank loans - current portion (Notes 14 and 23)	208,000	2	545,000	4
Inventories (Notes 2 and 7)	534,610	5	1,355,359	9	Deferred royalty income (Notes 2 and 22)	2,048	-	11,772	-
Deferred income tax assets (Notes 2 and 19)	6,471	-	80,880	-	Other current liabilities (Notes 2, 8 and 22)	484,054	4	656,266	4
Other current assets	40,568	-	39,778	-					
Total current assets	<u>3,422,494</u>	<u>30</u>	<u>5,609,370</u>	<u>36</u>	Total current liabilities	<u>2,012,399</u>	<u>18</u>	<u>2,547,924</u>	<u>16</u>
<b>LONG-TERM INVESTMENTS</b>					<b>LONG-TERM BANK LOANS, NET OF CURRENT PORTION</b>				
Equity-method investments (Notes 2 and 8)	5,566,800	49	6,572,644	42	(Notes 14 and 23)	-	-	75,500	1
Available-for-sale financial assets (Notes 2, 5 and 8)	860,009	8	1,951,217	13					
Financial assets carried at cost (Notes 2 and 9)	18,889	-	21,111	-	<b>OTHER LIABILITIES</b>				
Total long-term investments	<u>6,445,698</u>	<u>57</u>	<u>8,544,972</u>	<u>55</u>	Deferred income (Notes 2 and 22)	2,509	-	20,060	-
<b>PROPERTIES (Notes 2, 10 and 23)</b>					Accrued pension liability (Notes 2 and 15)	52,029	1	54,419	-
Cost					Guarantee deposits	138,005	1	137,620	1
Buildings	806,908	7	795,683	5	Total other liabilities	<u>192,543</u>	<u>2</u>	<u>212,099</u>	<u>1</u>
Auxiliary equipment	62,458	1	190,696	1	Total liabilities	<u>2,204,942</u>	<u>20</u>	<u>2,835,523</u>	<u>18</u>
Machinery and equipment	153,192	1	381,524	2	<b>SHAREHOLDERS' EQUITY (Notes 2, 16 and 17)</b>				
Testing equipment	95,930	1	338,129	2	Capital stock - NT\$10.00 par value				
Transportation equipment	-	-	1,209	-	Authorized - 1,200,000 thousand shares				
Furniture and fixtures	12,987	-	80,811	1	Issued and outstanding - 596,910 thousand shares	5,969,099	53	5,969,099	38
Leasehold improvements	-	-	89	-	Capital surplus				
Total cost	1,131,475	10	1,788,141	11	Additional paid-in capital - share issuance in excess of par	709,215	6	709,215	5
Less: Accumulated depreciation	409,782	3	1,003,319	6	Treasury stock transactions	71,228	1	68,357	-
Net properties	<u>721,693</u>	<u>7</u>	<u>784,822</u>	<u>5</u>	Merger and others	950,022	8	1,192,023	8
<b>INTANGIBLE ASSETS, NET (Notes 2 and 11)</b>					Retained earnings				
	269,542	2	216,747	1	Legal reserve	2,450,003	22	2,372,631	15
<b>OTHER ASSETS</b>					Special reserve	191,229	1	-	-
Rental assets, net (Notes 2, 22 and 23)	136,693	1	150,483	1	Unappropriated earnings (deficit)	(23,822)	-	2,707,229	18
Deferred charges and others (Notes 2 and 12)	84,729	1	102,781	1	Others				
Deferred income tax assets (Notes 2 and 19)	180,021	2	190,272	1	Cumulative translation adjustments	90,505	1	(18,662)	-
Restricted assets (Notes 4, 23 and 24)	6,000	-	-	-	Unrealized loss on financial assets	(1,190,315)	(11)	(172,567)	(1)
Total other assets	<u>407,443</u>	<u>4</u>	<u>443,536</u>	<u>3</u>	Treasury stock (at cost) - 8,475 thousand shares in 2011 and 3,560 thousand shares in 2010	(155,236)	(1)	(63,401)	(1)
<b>TOTAL</b>	<u>\$ 11,266,870</u>	<u>100</u>	<u>\$ 15,599,447</u>	<u>100</u>	Total shareholders' equity	<u>9,061,928</u>	<u>80</u>	<u>12,763,924</u>	<u>82</u>
					<b>TOTAL</b>	<u>\$ 11,266,870</u>	<u>100</u>	<u>\$ 15,599,447</u>	<u>100</u>

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
GROSS SALES	\$ 3,734,610		\$ 6,269,635	
SALES RETURNS AND ALLOWANCES	<u>134,863</u>		<u>140,051</u>	
NET SALES (Notes 2 and 22)	3,599,747	100	6,129,584	100
COST OF SALES (Notes 2, 7 and 18)	2,669,673	74	3,884,048	63
REALIZED INTERCOMPANY GAIN, NET (Note 2)	<u>28,000</u>	<u>1</u>	<u>9,783</u>	<u>-</u>
GROSS PROFIT	<u>958,074</u>	<u>27</u>	<u>2,255,319</u>	<u>37</u>
OPERATING EXPENSES (Notes 18 and 22)				
Marketing	157,230	5	203,883	3
General and administrative	119,943	3	261,998	4
Research and development	<u>1,235,882</u>	<u>34</u>	<u>1,453,022</u>	<u>24</u>
Total operating expenses	<u>1,513,055</u>	<u>42</u>	<u>1,918,903</u>	<u>31</u>
OPERATING (LOSS) INCOME	<u>(554,981)</u>	<u>(15)</u>	<u>336,416</u>	<u>6</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	223,364	6	564,868	9
Administrative and support service revenue (Note 22)	33,356	1	45,287	1
Interest income	19,971	1	10,563	-
Rental revenue (Note 22)	16,411	-	17,078	-
Foreign exchange gain, net (Note 2)	12,828	-	-	-
Dividend income (Note 2)	9,122	-	5,073	-
Gain on disposal of fixed assets (Note 2)	1,251	-	7,262	-
Investment income recognized by the equity-method, net (Notes 2 and 8)	-	-	149,813	3
Others (Notes 2 and 22)	<u>27,027</u>	<u>1</u>	<u>49,872</u>	<u>1</u>
Total nonoperating income and gains	<u>343,330</u>	<u>9</u>	<u>849,816</u>	<u>14</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 8)	839,722	23	-	-
Impairment loss (Notes 2, 5, 8 and 9)	703,585	20	12,452	-
Interest expense	10,775	-	18,994	1
Loss on disposal of fixed assets (Note 2)	244	-	1,630	-

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

	2011		2010	
	Amount	%	Amount	%
Foreign exchange loss, net (Note 2)	\$ -	-	\$ 3,557	-
Others (Note 2)	<u>3,398</u>	-	<u>3,526</u>	-
Total nonoperating expenses and losses	<u>1,557,724</u>	<u>43</u>	<u>40,159</u>	<u>1</u>
(LOSS) INCOME BEFORE INCOME TAX	(1,769,375)	(49)	1,146,073	19
INCOME TAX EXPENSE (Notes 2 and 19)	<u>215,547</u>	<u>6</u>	<u>372,362</u>	<u>6</u>
NET (LOSS) INCOME	<u>\$ (1,984,922)</u>	<u>(55)</u>	<u>\$ 773,711</u>	<u>13</u>
	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
(LOSS) EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 20)				
Basic	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>	<u>\$ 1.93</u>	<u>\$ 1.30</u>
Diluted	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>	<u>\$ 1.92</u>	<u>\$ 1.29</u>

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

	2011		2010	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME (LOSS)	<u>\$(1,766,504)</u>	<u>\$(1,982,051)</u>	<u>\$ 1,146,073</u>	<u>\$ 773,711</u>
BASIC EPS (LPS)				
Based on weighted-average shares				
Outstanding - 593,387 thousand shares in 2011 and 596,910 thousand shares in 2010	<u>\$(2.98)</u>	<u>\$(3.34)</u>	<u>\$1.92</u>	<u>\$1.30</u>
DILUTED EPS (LPS)				
Based on weighted-average shares				
Outstanding - 593,387 thousand shares in 2011 and 601,466 thousand shares in 2010	<u>\$(2.98)</u>	<u>\$(3.34)</u>	<u>\$1.91</u>	<u>\$1.29</u>

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 YEARS ENDED DECEMBER 31, 2011 AND 2010  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)					Retained Earnings (Notes 2 and 16)				Others (Notes 2, 16 and 17)			Shareholders' Equity
	Shares (Thousands)	Amount	Additional Paid-in Capital in Excess of Par	Treasury Stock	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total	Cumulative Translation Adjustments	Unrealized Valuation (Loss) Gain on Financial Assets	Treasury Stock	
BALANCE, JANUARY 1, 2010	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 936,306	\$ 157,423	\$ 1,871,301	\$ 2,334,480	\$ 428,914	\$ 1,542,755	\$ 4,306,149	\$ 110,973	\$ 116,449	\$ (63,401)	\$ 12,310,570
Appropriation of prior year's earnings															
Legal reserve	-	-	-	-	-	-	-	38,151	-	(38,151)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(428,914)	428,914	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	88,965	-	88,965	-	-	-	-	-	-	-	88,965
Adjustment of capital surplus - others	-	-	-	-	9,329	-	9,329	-	-	-	-	-	-	-	9,329
Net income in 2010	-	-	-	-	-	-	-	-	-	773,711	773,711	-	-	-	773,711
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(129,635)	-	-	(129,635)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(161,875)	-	(161,875)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(127,141)	-	(127,141)
BALANCE, DECEMBER 31, 2010	596,910	5,969,099	709,215	68,357	1,034,600	157,423	1,969,595	2,372,631	-	2,707,229	5,079,860	(18,662)	(172,567)	(63,401)	12,763,924
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,835)	(91,835)
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	77,372	-	(77,372)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	191,229	(191,229)	-	-	-	-	-
Cash dividends NTS0.8 per share	-	-	-	-	-	-	-	-	-	(477,528)	(477,528)	-	-	-	(477,528)
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(198,021)	-	(198,021)	-	-	-	-	-	-	-	(198,021)
Adjustment of capital surplus - others	-	-	-	-	(43,980)	-	(43,980)	-	-	-	-	-	-	-	(43,980)
Net loss in 2011	-	-	-	-	-	-	-	-	-	(1,984,922)	(1,984,922)	-	-	-	(1,984,922)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	109,167	-	-	109,167
Cash dividends received by subsidiaries from parent company	-	-	-	2,871	-	-	2,871	-	-	-	-	-	-	-	2,871
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(210,304)	-	(210,304)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(807,444)	-	(807,444)
BALANCE, DECEMBER 31, 2011	596,910	\$ 5,969,099	\$ 709,215	\$ 71,228	\$ 792,599	\$ 157,423	\$ 1,730,465	\$ 2,450,003	\$ 191,229	\$ (23,822)	\$ 2,617,410	\$ 90,505	\$ (1,190,315)	\$ (155,236)	\$ 9,061,928

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (1,984,922)	\$ 773,711
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	325,887	416,446
Gain on disposal of investments, net	(223,364)	(564,868)
Impairment loss	703,585	12,452
Investment (income) loss recognized by the equity-method, net	839,722	(149,813)
Realized intercompany gain, net	(28,000)	(9,783)
Realized royalty income	(2,172)	(2,173)
Unrealized royalty income	2,897	-
Gain on disposal of properties, net	(1,007)	(5,632)
Loss on disposal of intangible assets, net	-	528
Cash dividends received from equity-method investees	298,381	203,777
Deferred income tax	84,660	335,939
Accrued pension liability	(2,390)	(2,782)
Net changes in operating assets and liabilities		
Accounts receivable	340,942	623,170
Other receivables	27,747	6,388
Other receivables - related parties	(5,065)	8,963
Inventories	820,749	(578,514)
Other current assets	(790)	(2,232)
Accounts payable	(193,968)	(326,402)
Income tax payable	119,926	18,211
Accrued expenses	(148,867)	87,995
Other current liabilities	7,109	(2,517)
Net cash provided by operating activities	<u>981,060</u>	<u>842,864</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds of the disposal of:		
Available-for-sale financial assets	856,694	1,688,888
Equity-method investments	283,602	830,966
Return of capital on investments accounted for by the equity method	11,172	-
Return of capital on financial assets carried at cost	2,222	1,993
Properties	1,252	14,630
Acquisition of:		
Available-for-sale financial assets	(459,641)	(425,133)
Equity-method investments	(243,350)	(1,026,326)
Properties	(35,311)	(39,722)
Increase in intangible assets	(171,326)	(55,349)
Increase in deferred charges and others	(85,341)	(104,787)
Other receivable - related parties	(652,000)	(202,000)
Increase in restricted assets	(6,000)	-
Net cash (used in) provided by investing activities	<u>(498,027)</u>	<u>683,160</u>

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# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2011 AND 2010 (In Thousands of New Taiwan Dollars)

	2011	2010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	\$ 206,320	\$ 174,780
Increase (decrease) in guarantee deposits	385	(13,300)
Repayments of long-term bank loans	(412,500)	(1,169,500)
Cash dividends	(477,528)	-
Cash paid for the acquisition of treasury stock	<u>(91,835)</u>	<u>-</u>
Net cash used in financing activities	<u>(775,158)</u>	<u>(1,008,020)</u>
NET (DECREASE) INCREASE IN CASH	(292,125)	518,004
CASH, BEGINNING OF YEAR	<u>2,097,829</u>	<u>1,579,825</u>
CASH, END OF YEAR	<u>\$ 1,805,704</u>	<u>\$ 2,097,829</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Income tax paid	<u>\$ 10,961</u>	<u>\$ 18,211</u>
Interest paid	<u>\$ 12,064</u>	<u>\$ 20,728</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Reclassifications of rental assets to properties	<u>\$ 10,392</u>	<u>\$ -</u>
Reclassifications of long-term investment to available-for-sale financial assets	<u>\$ -</u>	<u>\$ 1,797,346</u>
Reclassification of credit balance on carrying value of long-term investments to other current liabilities	<u>\$ 171,299</u>	<u>\$ 12,137</u>
Reclassifications of other receivable - related parties to long-term investment	<u>\$ 489,000</u>	<u>\$ -</u>
Current portion of long-term bank loans	<u>\$ 208,000</u>	<u>\$ 545,000</u>
<b>PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Acquisition of properties	\$ (27,289)	\$ (42,961)
Increase (decrease) in payables to contractors and equipment suppliers	<u>(8,022)</u>	<u>3,239</u>
Cash paid	<u>\$ (35,311)</u>	<u>\$ (39,722)</u>
Disposal of equity-method investments	\$ 283,602	\$ 800,871
Decrease in receivables from disposal of equity-method investments	<u>-</u>	<u>30,095</u>
Cash received	<u>\$ 283,602</u>	<u>\$ 830,966</u>

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

(Concluded)



# SUNPLUS TECHNOLOGY COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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### 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 processors. These technologies are used to develop hundreds of products including various ICs: Liquid crystal display, microcontroller, multimedia and application-specific.

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

As of December 31, 2011 and 2010, the Company had 611 and 634 employees, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

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

#### Foreign-currency Transactions

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

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

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

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

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

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

## **Accounting Estimates**

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

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

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

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

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

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

The Company recognizes a financial asset in its balance sheet when the Company becomes a party to the contractual provisions of the financial instruments. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset.

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

The fair values of open-end mutual funds are based on their net asset value as of the balance sheet date, and those of domestic listed stocks, the closing prices as of the balance sheet date.

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

## **Impairment of Accounts Receivable**

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company makes this review through an aging analysis of the outstanding receivables and assessing the value of the collaterals provided by customers.

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

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

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

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

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

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

#### **Allowance for Sales Returns and Discounts**

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

#### **Inventories**

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

#### **Financial Assets Carried at Cost**

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

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

#### **Equity-method Investments**

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

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

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

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

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

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

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

### **Properties and Rental Assets**

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

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

Depreciation is provided on a straight-line basis over useful lives estimated 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 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.

### **Pension Costs**

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

### **Income Tax**

The Company applies the inter-period tax allocation method. Under this method, deferred income taxes are recognized for the tax effects of deductible temporary differences, loss carryforwards and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred income tax asset or liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent on the basis of the expected length of time before it is realized or settled.

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

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

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

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

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

### **Stock-based Compensation**

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

### **Treasury Stock**

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

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

### **Revenue Recognition**

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

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

### **Reclassifications**

Certain accounts in the financial statements as of and for the year ended December 31, 2010 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2011.

### 3. ACCOUNTING CHANGE

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

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - “Financial Instruments: Recognition and Measurement.” The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change had no effect on the financial statement for the year ended December 31, 2011.

#### **SFAS No. 41 - “Operating Segments”**

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

### 4. CASH CHANGES

	<u>December 31</u>	
	<b>2011</b>	<b>2010</b>
Savings accounts	\$ 563,661	\$ 195,184
Time deposits	1,247,100	1,900,954
Checking accounts	260	889
Cash on hand	<u>683</u>	<u>802</u>
	1,811,704	2,097,829
Deduct: Restricted assets (Note 23)	<u>6,000</u>	<u>-</u>
	<u>\$ 1,805,704</u>	<u>\$ 2,097,829</u>

### 5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<b>2011</b>	<b>2010</b>
Open-end funds	\$ 362,947	\$ 757,094
Domestic listed stocks	<u>860,009</u>	<u>1,951,217</u>
	1,222,956	2,708,311
Deduct: Current portion	<u>362,947</u>	<u>757,094</u>
	<u>\$ 860,009</u>	<u>\$ 1,951,217</u>

Some of the domestic listed shares held by the Company are private-placement shares, on which there is a legally enforceable restriction that prevents their being traded within a specified period. As of December 31, 2011 and 2010, the effects of restriction could be reliably measured and were consistent with those of other market participants, so those shares previously as financial assets carried at cost were transferred to available-for-sale financial assets, resulting in unrealized losses of \$70,292 thousand and \$28,855 thousand, respectively.

As of December 31, 2011, the Company had recognized \$283,573 thousand as impairment loss on its available-for-sale financial assets.

## 6. ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<b>2011</b>	<b>2010</b>
Accounts receivable - other	\$ 542,406	\$ 947,779
Accounts receivable - related parties	<u>6,038</u>	<u>14,744</u>
	548,444	962,523
Deduct: Allowance for doubtful accounts	160	56,912
Deduct: Allowance for sales returns and discounts	<u>8,615</u>	<u>25,000</u>
	<u>\$ 539,669</u>	<u>\$ 880,611</u>

Movements of the allowance for doubtful accounts were as follows:

	<u>Years Ended December 31</u>	
	<b>2011</b>	<b>2010</b>
Balance, beginning of year	\$ 56,912	\$ 56,912
Add: Amount recovered	160	-
Deduct: Reversal of the allowance for doubtful accounts	<u>56,912</u>	<u>-</u>
Balance, end of year	<u>\$ 160</u>	<u>\$ 56,912</u>

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

	<u>Years Ended December 31</u>	
	<b>2011</b>	<b>2010</b>
Balance, beginning of year	\$ 25,000	\$ 25,000
Deduct: Reversal of allowance for sales returns and discounts	<u>16,385</u>	<u>-</u>
Balance, end of year	<u>\$ 8,615</u>	<u>\$ 25,000</u>

## 7. INVENTORIES

	<u>December 31</u>	
	<b>2011</b>	<b>2010</b>
Finished goods and merchandise	\$ 270,511	\$ 319,344
Work-in-process	250,974	388,069
Raw materials	<u>13,125</u>	<u>647,946</u>
	<u>\$ 534,610</u>	<u>\$ 1,355,359</u>



As of December 31, 2011 and 2010, the allowance for inventory devaluation was \$330,290 thousand and \$162,549 thousand, respectively.

The costs of inventories recognized as costs of goods sold were \$2,669,673 thousand in 2011 and \$3,884,048 thousand in 2010, and these inventory costs included the following:

	<b>Years Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
Inventory write-downs	\$ 195,127	\$ 90,033
Income from scrap sales	<u>(12,379)</u>	<u>(20,602)</u>
	<u>\$ 182,748</u>	<u>\$ 69,431</u>

## 8. EQUITY-METHOD INVESTMENTS

	<b>December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>% of Owner- ship</b>	<b>Amount</b>	<b>% of Owner- ship</b>
Ventureplus Group Inc.	\$ 1,046,788	100	\$ 1,000,643	100
Orise Technology Co., Ltd.	870,358	34	1,034,446	38
Generalplus Technology Inc.	659,141	34	712,981	40
Lin Shih Investment Co., Ltd.	654,033	100	899,619	100
Sunplus Venture Capital Co., Ltd.	652,884	100	917,265	100
Sunplus Innovation Technology Inc.	576,004	64	594,687	66
Sunext Technology Co., Ltd.	432,445	61	540,772	61
Russell Holdings Limited	409,664	100	392,649	100
iCatch Technology, Inc.	185,251	38	222,071	38
Magic Sky Limited	-	100	174,780	100
Sunplus mMedia Inc.	58,910	83	17,139	83
Global Techplus Capital Inc.	6,882	100	6,698	100
Wei-Young Investment Inc.	6,184	100	8,601	100
Sunplus Management Consulting Inc.	4,165	100	4,112	100
Sunplus Technology (H.K.) Co., Ltd.	4,091	100	3,998	100
HT mMobile Inc.	-	32	29,790	25
Waveplus Technology Co., Ltd.	<u>-</u>	-	<u>12,393</u>	41
	<u>\$ 5,566,800</u>		<u>\$ 6,572,644</u>	
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 333,455	99	\$ 591,839	99
Sunplus Core technology Co., Ltd.	<u>138,357</u>	70	<u>51,272</u>	70
	<u>\$ 471,812</u>		<u>\$ 643,111</u>	

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the years ended December 31, 2011 and 2010 were as follows:

	<b>Year Ended December 31, 2011</b>		
	<b>Balance, Beginning of Year</b>	<b>Decrease</b>	<b>Balance, End of Year</b>
Goodwill	<u>\$ 161,257</u>	<u>\$ 14,400</u>	<u>\$ 146,857</u>
	<b>Year Ended December 31, 2010</b>		
	<b>Balance, Beginning of Year</b>	<b>Decrease</b>	<b>Balance, End of Year</b>
Goodwill	<u>\$ 168,162</u>	<u>\$ 6,905</u>	<u>\$ 161,257</u>

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

As of Dec. 31, 2011, the Company assessed the carrying amount of the goodwill of Sunplus mMobile Inc. against its recoverable amount and recognized an impairment loss of \$14,400 thousand.

On February 29, 2012, HT mMobile Inc.'s (HT) board of directors approved a downsizing and reduction of its operations because of (a) the termination of merger negotiations with another company and (b) the resignation of high-level employees of the research and development (R&D) department, which have hampered product R&D. On the basis of a resolution passed in a meeting of HT's board of directors, the Company recognized an investment loss on HT, as well as the reduction of the carrying value of this to zero. The Company also recognized an impairment loss of \$405,612 thousand on other receivable from HT mMobile Inc.

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

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

The consolidated financial statements as of and for the years ended December 31, 2011 and 2010 had included all the above subsidiaries.

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income and losses in 2011 and 2010 had all been audited, except those of Global Techplus Inc. and Sunplus Management Consulting Inc. The Company's management believed that had the financial statements of these two investees been audited, there would have been no material effect on the Company's financial statements. The investment incomes (losses) of investees were as follows:

	<b>Years Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
Ventureplus Group Inc.	\$ (71,179)	\$ 15,727
Orise Technology Co., Ltd.	48,323	199,879
Generalplus Technology Inc.	64,925	137,713
Lin Shih Investment Co., Ltd.	(116,107)	(31,654)
Sunplus Venture Capital Co., Ltd.	(64,945)	111,404
Sunplus Innovation Technology Inc.	31,392	86,922
Sunext Technology Co., Ltd.	(108,779)	12,311
Russell Holdings Limited	4,111	22,618

(Continued)

	<b>Years Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
iCatch Technology, Inc.	\$ (36,820)	\$ (8,266)
Magic Sky Limited	(176,344)	-
Sunplus mMedia Inc.	41,771	24,529
Global Techplus Capital Inc.	(77)	(26)
Wei-Young Investment Inc.	35	566
Sunplus Management Consulting Inc.	53	(33)
Sunplus Technology (H.K.) Co., Ltd.	(64)	(221)
Waveplus Technology Co., Ltd.	-	(5,913)
Giantplus Technology Co., Ltd.	-	7,764
HT mMobile Inc.	(118,347)	(243,802)
Sunplus Core Technology Co., Ltd.	(87,085)	(50,108)
Sunplus mMobile Inc.	<u>(250,585)</u>	<u>(129,597)</u>
	<u>\$ (839,722)</u>	<u>\$ 149,813</u> (Concluded)

Fair values of listed equity-method investments calculated at their closing prices as of December 31, 2011 and 2010 were as follows:

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
Orise Technology Co., Ltd.	\$ 1,321,755	\$ 3,256,914
Generalplus Technology Inc.	<u>733,423</u>	<u>-</u>
	<u>\$ 2,055,178</u>	<u>\$ 3,256,914</u>

## 9. FINANCIAL ASSETS CARRIED AT COST

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
Domestic unlisted stocks	<u>\$ 18,889</u>	<u>\$ 21,111</u>

The Company recognized an impairment loss of \$12,452 thousand on its investment in Technology Partners Venture Capital Corp. and recorded this loss under nonoperating expenses and losses - impairment loss.

This above investment, which had no quoted price in an active market and had a fair value that could not be reliably measured, was carried at cost.

## 10. PROPERTIES

	Year Ended December 31, 2011							Total
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	
<u>Cost</u>								
Balance, beginning of year	\$ 795,683	\$ 190,696	\$ 381,524	\$ 338,129	\$ 1,209	\$ 80,811	\$ 89	\$ 1,788,141
Increase	-	3,827	2,106	16,380	-	4,976	-	27,289
Decrease	1,320	132,065	230,438	258,579	1,209	72,800	89	696,500
Reclassification	12,545	-	-	-	-	-	-	12,545
Balance, end of year	<u>806,908</u>	<u>62,458</u>	<u>153,192</u>	<u>95,930</u>	<u>-</u>	<u>12,987</u>	<u>-</u>	<u>1,131,475</u>
<u>Accumulated depreciation</u>								
Balance, beginning of year	159,835	154,325	329,260	287,416	1,139	71,256	88	1,003,319
Depreciation	16,762	8,035	35,197	33,429	70	7,071	1	100,565
Decrease	1,320	132,065	230,428	258,538	1,209	72,606	89	696,255
Reclassification	2,153	-	-	-	-	-	-	2,153
Balance, end of year	<u>177,430</u>	<u>30,295</u>	<u>134,029</u>	<u>62,307</u>	<u>-</u>	<u>5,721</u>	<u>-</u>	<u>409,782</u>
Balance, end of year, net	<u>\$ 629,478</u>	<u>\$ 32,163</u>	<u>\$ 19,163</u>	<u>\$ 33,623</u>	<u>\$ -</u>	<u>\$ 7,266</u>	<u>\$ -</u>	<u>\$ 721,693</u>
<u>Year Ended December 31, 2010</u>								
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>								
Balance, beginning of year	\$ 795,683	\$ 186,364	\$ 430,326	\$ 368,458	\$ 2,463	\$ 99,928	\$ 89	\$ 1,883,311
Increase	-	7,970	9,383	22,066	-	3,542	-	42,961
Decrease	-	3,638	58,185	52,395	1,254	22,659	-	138,131
Balance, end of year	<u>795,683</u>	<u>190,696</u>	<u>381,524</u>	<u>338,129</u>	<u>1,209</u>	<u>80,811</u>	<u>89</u>	<u>1,788,141</u>
<u>Accumulated depreciation</u>								
Balance, beginning of year	143,201	149,037	350,203	307,553	2,324	87,278	88	1,039,684
Depreciation	16,634	7,821	34,439	27,770	69	6,035	-	92,768
Decrease	-	2,533	55,382	47,907	1,254	22,057	-	129,133
Balance, end of year	<u>159,835</u>	<u>154,325</u>	<u>329,260</u>	<u>287,416</u>	<u>1,139</u>	<u>71,256</u>	<u>88</u>	<u>1,003,319</u>
Balance, end of year, net	<u>\$ 635,848</u>	<u>\$ 36,371</u>	<u>\$ 52,264</u>	<u>\$ 50,713</u>	<u>\$ 70</u>	<u>\$ 9,555</u>	<u>\$ 1</u>	<u>\$ 784,822</u>

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

## 11. INTANGIBLE ASSETS

	Year Ended December 31, 2011		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$ 2,696,304	\$ 97,849	\$ 2,794,153
Increase	171,326	-	171,326
Decrease	<u>2,332,625</u>	<u>750</u>	<u>2,333,375</u>
Balance, end of year	<u>535,005</u>	<u>97,099</u>	<u>632,104</u>
<u>Accumulated amortization</u>			
Balance, beginning of year	2,534,851	42,555	2,577,406
Amortization expense	113,136	5,395	118,531
Decrease	<u>2,332,625</u>	<u>750</u>	<u>2,333,375</u>
Balance, end of year	<u>315,362</u>	<u>47,200</u>	<u>362,562</u>
	<u>\$ 219,643</u>	<u>\$ 49,899</u>	<u>\$ 269,542</u>

	<b>Year Ended December 31, 2010</b>		
	<b>Technology License Fee</b>	<b>Patents</b>	<b>Total</b>
<u>Cost</u>			
Balance, beginning of year	\$ 2,648,034	\$ 97,849	\$ 2,745,883
Increase	55,349	-	55,379
Decrease	<u>7,079</u>	<u>-</u>	<u>7,079</u>
Balance, end of year	<u>2,696,304</u>	<u>97,849</u>	<u>2,794,153</u>
<u>Accumulated amortization</u>			
Balance, beginning of year	2,389,966	37,161	2,427,127
Amortization expense	151,436	5,394	156,830
Decrease	<u>6,551</u>	<u>-</u>	<u>6,551</u>
Balance, end of year	<u>2,534,851</u>	<u>42,555</u>	<u>2,577,406</u>
	<u>\$ 161,453</u>	<u>\$ 55,294</u>	<u>\$ 216,747</u>

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

## 12. DEFERRED CHARGES AND OTHERS

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
Software and system design, net	\$ 75,212	\$ 94,452
Certificate of golf club membership	7,800	7,800
Refundable deposits	<u>1,717</u>	<u>529</u>
	<u>\$ 84,729</u>	<u>\$ 102,781</u>

## 13. SHORT-TERM BANK LOANS

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
Working capital loans - \$260,000 thousand; annual interest rate from 1.2%-1.475% in 2011	\$ 260,000	\$ -
Working capital loans - US\$4,000 thousand; annual interest rate from 0.98% in 2011 and US\$6,000 thousand; annual interest rate from 0.94%-0.99% in 2010	<u>121,100</u>	<u>174,780</u>
	<u>\$ 381,100</u>	<u>\$ 174,780</u>

#### 14. LONG-TERM BANK LOANS

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
Medium- to long-term credit bank loans:		
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest - 1.7725% in 2011 and 1.5225% in 2010	\$ 102,500	\$ 330,000
Repayable semiannually from March 2010 to March 2014; annual floating-rate interest - 2.12% in 2011 and 1.9% in 2010; Expected to repay early in 2012	75,500	230,500
Medium- to long-term secured loans:		
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 2.17% in 2011 and 1.94% in 2010	<u>30,000</u>	<u>60,000</u>
	208,000	620,500
Deduct: Current portion	<u>208,000</u>	<u>545,000</u>
	<u>\$ -</u>	<u>\$ 75,500</u>

Under the loan contracts, the Company provided buildings as collaterals for the above loans (Note 23). The loan contracts require the Company to maintain certain financial ratios (debt ratio, current ratio, times interest-earned ratio and financing provided) on the basis of semiannual and annual consolidated financial statements. However, the Company's not being able to meet these ratio requirements is not deemed to be a violation of the contacts. Except times interest-earned ratio and financing provided, the others were maintained under the restrictions as December 31th of 2011. The required ratios were all maintained as December 31th of 2010. As of December 31, 2011 and 2010, the Company was in compliance with these ratio requirements.

#### 15. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Related costs were \$32,815 thousand in 2011 and \$32,148 thousand in 2010.

Before the promulgation of the LPA, 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 benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. 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. The Company recognized pension costs of \$2,441 thousand for 2011 and \$2,291 thousand for 2010.

Defined benefit pension fund balances were \$123,348 thousand and \$118,408 thousand as of December 31, 2011 and 2010, respectively.

Other information on the defined benefit pension plan is as follows:

a. Components of net pension costs

	<b>Years Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
Service costs	\$ 1,288	\$ 1,806
Interest costs	3,158	2,879
Projected return on plan assets	(2,435)	(2,296)
Amortization	<u>430</u>	<u>(98)</u>
Net pension costs	<u>\$ 2,441</u>	<u>\$ 2,291</u>

b. Reconciliation of the fund status of the plan and accrued pension costs

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
Benefit obligation		
Vested benefit obligation	\$ -	\$ -
Non-vested benefit obligation	<u>67,318</u>	<u>63,336</u>
Accumulated benefit obligation	67,318	63,336
Additional benefits based on future salaries	<u>96,954</u>	<u>94,565</u>
Projected benefit obligation	164,272	157,901
Fair value of plan assets	<u>(124,384)</u>	<u>(119,182)</u>
Funded status	39,888	38,719
Unrecognized net transition obligation	(875)	(1,365)
Unrecognized net gain	<u>13,016</u>	<u>17,065</u>
Accrued pension liability	<u>\$ 52,029</u>	<u>\$ 54,419</u>
Vested benefit	<u>\$ -</u>	<u>\$ -</u>

c. Actuarial assumptions

	<b>Years Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
Discount rate used in determining present values	2.00%	2.00%
Future salary increase rate	5.75%	5.50%
Expected rate of return on plan assets	2.00%	2.00%

	<b>Years Ended December 31</b>	
	<b>2011</b>	<b>2010</b>
d. Contributions to the fund	<u>\$ 4,831</u>	<u>\$ 5,073</u>
e. Payments from the fund	<u>\$ -</u>	<u>\$ -</u>

## 16. SHAREHOLDERS' EQUITY

### a. Employee stock option plan

On September 11, 2007, the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan ("2007 plan"). The 2007 plan provides for the grant of 25,000 thousand options, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 25,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of December 31, 2011.

Outstanding option rights were as follows:

	<b>2007 Option Plan</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Unit (In Thousands)</b>	<b>Weighted- average Price (NT\$)</b>	<b>Unit (In Thousands)</b>	<b>Weighted- average Price (NT\$)</b>
Beginning outstanding balance	21,433	\$ 38.03	22,858	\$ 40.52
Options canceled	<u>(1,586)</u>	-	<u>(1,425)</u>	-
Ending outstanding balance	<u>19,847</u>		<u>21,433</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 2007 plans.

As of December 31, 2011, the outstanding and exercisable options were as follows:

	<b>2007 Option Plan</b>				
	<b>Options Outstanding</b>			<b>Options Exercisable</b>	
<b>Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Remaining Contractual Life (Years)</b>	<b>Weighted- average Exercise Price (NT\$)</b>	<b>Number of Options (In Thousands)</b>	<b>Weighted- average Exercise Price (NT\$)</b>
\$ 37.9	13,547	1.87	\$ 37.9	13,547	\$ 37.9
38.3	6,300	1.99	38.3	6,300	38.3

No compensation costs were recognized under the intrinsic value for 2011 and 2010. Had the Company used the fair value method to evaluate the options in accordance with Statement of Financial Accounting Standards No. 39 - "Share-Based Payment," the pro forma net income (loss) and basic earnings (loss) per share are the same with those reported in the income statements due to the expiration of valid period.

### b. Global Depositary Receipts

In March 2001, the Company issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of



US\$9.57 per unit. As of December 31, 2011, the outstanding 275 thousand units of GDRs represented 550 thousand common shares.

c. Capital surplus

Under the Company Law, capital surplus may be used to offset a deficit. 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 capitalized within a certain percentage of the Company's paid-in capital. Under the revised Company Law issued on January 4, 2012, the foregoing capital surplus may also be distributed in cash. However, 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.

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

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

In 2010, the Company's accrued bonus to employees represented a certain percentage of net income, which was estimated at \$96,579 thousand, and remuneration to directors and supervisors, at \$2,204 thousand, were together 1.5% of net income less the legal reserve, special reserve and dividends. However, the Company had a net loss in 2011. Thus, the Company did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the year of the proposal. If the actual amounts approved by the shareholders differ from the board of directors' proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

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

Under the ROC Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. Under the revised Company Law issued on January 4, 2012, when the legal reserve exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the Integrated Income Tax System, which took effect on January 1, 1998, ROC resident shareholders are allowed to have tax credits for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident shareholder. The maximum credit

available for allocation to each resident shareholder cannot exceed the ICA balance on the dividend distribution date.

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

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

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

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

#### Unrealized gain or loss on financial instruments

In 2011 and 2010, the movements of unrealized gain or loss on financial instruments were as follows:

	<b>Available-for-sale Financial Assets</b>	<b>Equity- method Investments</b>	<b>Total</b>
<u>Year ended December 31, 2011</u>			
Balance, beginning of year	\$ (440,213)	\$ 267,646	\$ (172,567)
Recognized in shareholders' equity	(1,091,017)	(210,304)	(1,301,321)
Transferred to profit	<u>283,573</u>	<u>-</u>	<u>283,573</u>
Balance, end of year	<u>\$(1,247,657)</u>	<u>\$ 57,342</u>	<u>\$(1,190,315)</u>
<u>Year ended December 31, 2010</u>			
Balance, beginning of year	\$ (313,072)	\$ 429,521	\$ 116,449
Recognized in shareholders' equity	<u>(127,141)</u>	<u>(161,875)</u>	<u>(289,016)</u>
Balance, end of year	<u>\$ (440,213)</u>	<u>\$ 267,646</u>	<u>\$ (172,567)</u>

## 17. TREASURY STOCK

(Units: Shares in Thousands)

Status/Purpose of Purchase	Beginning Shares	Increase	Decrease	Ending Shares
<u>Year ended December 31, 2011</u>				
Company stocks held by a subsidiary	3,560	-	-	3,560
For subsequent transfer to employees	<u>-</u>	<u>4,915</u>	<u>-</u>	<u>4,915</u>
	<u>3,560</u>	<u>4,915</u>	<u>-</u>	<u>8,475</u>
<u>Year ended December 31, 2010</u>				
Company stocks held by a subsidiary	<u>3,560</u>	<u>-</u>	<u>-</u>	<u>3,560</u>

Since January 2002, the Company has accounted for its issued shares amounting to \$95,605 thousand and held by a subsidiary, Lin Shih Investment Co., Ltd., as treasury stock. As of December 31, 2011, these treasury shares had a book value of \$63,401 thousand and a market value of \$35,493 thousand. As of December 31, 2010, the these these treasury shares had a book value of \$63,401 thousand and a market value of \$75,472 thousand.

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. On March 1, 2011, the Board of Directors approved a plan to repurchase up to 10,000 thousand Company shares between March 1, 2011 and April 30, 2011, with the buyback price ranging from NT\$16.00 to NT\$22.00. As of December 31, 2011, the Company had bought back 4,915 thousand shares for \$91,835 thousand. The subsidiary holding treasury shares retains shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Years Ended December 31					
	2011			2010		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 65,503	\$ 712,130	\$ 777,633	\$ 83,382	\$ 824,785	\$ 908,167
Labor/health insurance	5,047	43,910	48,957	4,905	40,995	45,900
Pension	3,509	31,747	35,256	3,498	30,941	34,439
Welfare benefit	1,191	9,362	10,553	2,211	15,435	17,646
Meal	<u>1,510</u>	<u>11,109</u>	<u>12,619</u>	<u>1,627</u>	<u>11,290</u>	<u>12,917</u>
	<u>\$ 76,760</u>	<u>\$ 808,258</u>	<u>\$ 885,018</u>	<u>\$ 95,623</u>	<u>\$ 923,446</u>	<u>\$1,019,069</u>
Depreciation	<u>\$ 38,457</u>	<u>\$ 62,108</u>	<u>\$ 100,565</u>	<u>\$ 37,839</u>	<u>\$ 54,929</u>	<u>\$ 92,768</u>
Amortization	<u>\$ 607</u>	<u>\$ 221,317</u>	<u>\$ 221,924</u>	<u>\$ 1,020</u>	<u>\$ 319,131</u>	<u>\$ 320,151</u>

## 19. INCOME TAX

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

	<u>Years Ended December 31</u>	
	2011	2010
Income (loss) before income tax at statutory rate	\$ (300,794)	\$ 194,832
Tax effects of adjustments:		
Permanent differences	69,067	(290,706)
Temporary differences	136,267	(2,352)
Tax effects of consolidation income tax filing	<u>(19,959)</u>	<u>(23,315)</u>
Income tax expense before tax credits	<u>\$ (115,419)</u>	<u>\$ (121,541)</u>

- b. Income tax expense consisted of the following:

	<u>Years Ended December 31</u>	
	2011	2010
Income tax expense before tax credits	\$ -	\$ -
Additional tax at 10% on unappropriated earnings	2,758	77,228
Investment tax credits	(2,758)	(77,228)
Net change in deferred income tax assets	84,660	335,939
Adjustment of prior years' income tax expense	<u>130,887</u>	<u>36,423</u>
Income tax expense	<u>\$ 215,547</u>	<u>\$ 372,362</u>

- c. Deferred income tax assets were as follows:

	<u>December 31</u>	
	2011	2010
Current:		
Investment tax credits	\$ 243,496	\$ 258,817
Loss carryforwards	-	67,149
Temporary differences	6,471	(1,452)
Deduct: Valuation allowance	<u>243,496</u>	<u>243,634</u>
	<u>\$ 6,471</u>	<u>\$ 80,880</u>
Noncurrent:		
Investment tax credits	\$ 258,063	\$ 522,345
Loss carryforwards	280,548	196,455
Temporary differences	71,793	16,847
Deduct: Valuation allowance	<u>430,383</u>	<u>545,375</u>
	<u>\$ 180,021</u>	<u>\$ 190,272</u>

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

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

As of December 31, 2011, investment tax credits (recorded as deferred tax assets) were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ <u>1,035</u>	\$ <u>1,035</u>	2013
Statute for Upgrading Industries	Research and development expenditures	\$ 243,496	\$ 243,496	2012
		<u>241,935</u>	<u>241,935</u>	2013
		<u>\$ 485,431</u>	<u>\$ 485,431</u>	
Income Tax Law	Loss carryforwards	\$ 77,151	\$ 77,151	2019
		87,978	87,978	2020
		<u>115,419</u>	<u>115,419</u>	2021
		<u>\$ 280,548</u>	<u>\$ 280,548</u>	
Statute for Upgrading Industries	Investment in important Technology-based enterprise	\$ <u>15,093</u>	\$ <u>15,093</u>	2013

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

Project	Tax Exemption Period
Eighth expansion	January 1, 2010 to December 31, 2014
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2013 to December 31, 2017

The tax returns through 2008 have been assessed by the tax authorities. However, the Company disagreed with the tax authorities' assessment of its 2004 and 2005 tax returns and thus applied for administrative remedy on these returns. The Company also applied for the correction of the tax authorities' assessment of its 2006 and 2007 tax returns. Nevertheless, the Company has made a provision for the income tax assessed by the tax authorities for conservatism purposes.

- e. Integrated income tax information is as follows:

	December 31	
	2011	2010
Shareholders' imputation credit account	\$ <u>201,494</u>	\$ <u>254,802</u>
Unappropriated earnings until 1997	\$ -	\$ <u>452,310</u>

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

## 20. EARNINGS PER (LOSS) 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>Year Ended December 31, 2011</u>					
Net loss	<u>\$(1,769,375)</u>	<u>\$(1,984,922)</u>			
Basic loss per share					
Loss of common shareholders	<u>\$(1,769,375)</u>	<u>\$(1,984,922)</u>	<u>589,827</u>	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>
<u>Year Ended December 31, 2010</u>					
Net income	<u>\$ 1,146,073</u>	<u>\$ 773,711</u>			
Basic income per share					
Income of common shareholders	<u>\$1,146,073</u>	<u>\$ 773,711</u>	<u>593,350</u>	<u>\$ 1.93</u>	<u>\$ 1.30</u>
Effect of dilutive securities					
Stock options	<u>-</u>	<u>-</u>	<u>4,556</u>		
Diluted EPS					
Income of common and potential common shareholders	<u>\$ 1,146,073</u>	<u>\$ 773,711</u>	<u>597,906</u>	<u>\$ 1.92</u>	<u>\$ 1.29</u>

The employee stock options stated in Note 16 represent 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 2011 and 2010. As a result, the potential common shares were excluded from the calculation of diluted E/LPS.

The Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company decides to settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and, if the resulting potential shares have a dilutive effect, these shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 21. FINANCIAL INSTRUMENTS

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

	December 31			
	2011		2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Available-for-sale financial assets (including current and noncurrent portions)	\$ 1,222,956	\$ 1,222,956	\$ 2,708,311	\$ 2,708,311
Financial assets carried at cost	18,889	-	21,111	-
Liability				
Long-term bank loans (including current portion)	208,000	208,000	620,500	620,500

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:
- 1) For cash, accounts receivable, other receivables, short-term bank 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 and derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.
  - 3) Financial assets carried at cost 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) The fair values of long-term bank loans are estimated using the present value of future cash flows discounted at interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loans with floating interest rates are equivalent to their carrying values.
- c. The Company did not use derivative contracts in 2011 and 2010.
- d. As of December 31, 2011 and 2010, financial assets exposed to cash flow interest rate risk amounted to \$563,661 thousand and \$195,184 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,247,100 thousand and \$1,900,954 thousand, respectively. As of December 31, 2011 and 2010, financial liabilities exposed to fair value interest rate risk amounted to \$381,100 thousand and \$174,780 thousand, respectively. As of December 31, 2011 and 2010, financial liabilities exposed to cash flow interest rate risk amounted to \$208,000 thousand and \$620,500 thousand, respectively.
- e. In 2011 and 2010, on financial assets other than financial assets at fair value through profit or loss, interest revenues were \$19,971 thousand and \$10,563 thousand, respectively, and interest expenses were \$10,775 thousand and \$18,994 thousand, respectively.

f. Financial risks

- 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks. Fair values of available-for-sale security investments are affected by fluctuations of quoted prices.
- 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing contracts are reputable financial institutions and business organizations. Management believes that the Company's exposure to default by those parties is low.
- 3) Liquidity risk. Available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
- 4) Interest rate risk. As of December 31, 2011 and 2010, the interest rates for long-term bank loans were floating, i.e., these rates fluctuated as market interest rates changed.

## 22. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Waveplus Technology Co., Ltd. ("Waveplus") - equity-method investee
- b. Sunext Technology Co., Ltd. ("Sunext") - 61% subsidiary
- c. Sunplus Core Technology Co., Ltd. ("Sunplus Core") - 70% subsidiary
- d. Generalplus Technology Inc. ("Generalplus") - 34% subsidiary
- e. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 64% subsidiary
- f. Sunplus mMobile Inc. ("Sunplus mMobile") - 99% subsidiary
- g. HT mMobile Inc. ("HT mMobile") - equity-method investee
- h. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- i. Orise Technology Co., Ltd. ("Orise") - equity-method investee
- j. Sunplus mMedia Inc. ("Sunplus mMedia") - 83% subsidiary
- k. iCatch Technology, Inc. ("iCatch") - 38% subsidiary
- l. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- m. Giantplus Technology Co., Ltd. - same board chairman as the Company's
- n. Global View Co., Ltd. - a director of the Company
- O. Others - please refer to Note 26 for related parties that did not have business transactions with the Company in the current period.



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

	<b>Years Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Sales				
Sunplus Core	\$ 28,152	1	\$ 10,161	-
Orise	17,315	1	35,121	1
Generalplus	15,736	-	24,074	1
iCatch	9,323	-	12,932	-
Sunext	3,197	-	1,626	-
HT mMobile	3,099	-	5,225	-
Sunplus Innovation	<u>1,181</u>	<u>-</u>	<u>8,112</u>	<u>-</u>
	<u>\$ 78,003</u>	<u>2</u>	<u>\$ 97,251</u>	<u>2</u>

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

	<b>Years Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Operating expenses				
Sunplus H.K.	\$ 1,839	-	\$ 2,164	-
Sunplus Core	792	-	15,228	1
Other	<u>51</u>	<u>-</u>	<u>451</u>	<u>-</u>
	<u>\$ 2,682</u>	<u>-</u>	<u>\$ 17,843</u>	<u>1</u>

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

	<b>Years Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Nonoperating income and gains				
HT mMobile	\$ 24,945	7	\$ 28,977	3
iCatch	12,408	4	15,021	2
Sunplus mMobile	7,995	2	7,159	1
Generalplus	7,273	2	8,176	1
Sunplus Innovation	6,709	2	4,969	1
Sunplus Core	5,051	1	8,354	1
Orise	2,842	1	2,399	-
Sunext	1,738	1	1,348	-
Sunplus mMedia	90	-	127	-
Global View	-	-	4,102	1
Waveplus	-	-	118	-
Giantplus	<u>-</u>	<u>-</u>	<u>168</u>	<u>-</u>
	<u>\$ 69,051</u>	<u>20</u>	<u>\$ 80,918</u>	<u>10</u>

Nonoperating income and gains included rental income and support transaction prices that were negotiated and thus not comparable with those in the market. The Company leased sections to Sunplus mMobile, Sunplus mMedia, Sunplus Core, HT mMobile and iCatch and transferred the book value of these leased sections of building 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.

	<b>December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Accounts receivable:</b>				
Generalplus	\$ 2,070	1	\$ 3,871	1
Orise	2,066	-	6,484	1
iCatch	885	-	2,593	-
HT mMobile	549	-	836	-
Sunext	424	-	54	-
Sunplus Innovation	44	-	856	-
Sunplus Core	<u>-</u>	<u>-</u>	<u>50</u>	<u>-</u>
	6,038		14,744	2
Less: Allowance for doubtful accounts	<u>160</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,878</u>	<u>1</u>	<u>\$ 14,744</u>	<u>2</u>
<b>Other receivables</b>				
Sunplus mMobile	\$ 25,490	77	\$ 262,857	97
iCatch	3,124	10	1,054	1
Orise	1,322	4	25	-
HT mMobile	1,054	3	4,046	2
Sunplus Innovation	979	3	612	-
Generalplus	608	2	533	-
Sunext	383	1	543	-
Sunplus mMedia	9	-	29	-
Sunplus Core	-	-	643	-
Giantplus	<u>-</u>	<u>-</u>	<u>174</u>	<u>-</u>
	<u>\$ 32,969</u>	<u>100</u>	<u>\$ 270,516</u>	<u>100</u>

The Company provided financing to Sunplus mMobile in 2011 and 2010, as follows:

	<b>Year Ended December 31, 2011</b>			
	<b>Maximum Balance</b>	<b>Ending Balance</b>	<b>Interest Rate</b>	<b>Interest Income</b>
Sunplus mMobile	<u>\$ 546,000</u>	<u>\$ 64,000</u> (Note 1)	1.475%-1.655%	<u>\$ 5,684</u>
HT mMobile	<u>\$ 400,000</u>	<u>\$ 400,000</u> (Note 2)	1.475%-1.655%	<u>\$ 1,497</u>
	<b>Year Ended December 31, 2010</b>			
	<b>Maximum Balance</b>	<b>Ending Balance</b>	<b>Interest Rate</b>	<b>Interest Income</b>
Sunplus mMobile	<u>\$ 399,000</u>	<u>\$ 262,000</u> (Note 3)	0.9%-1.6%	<u>\$ 3,431</u>

Note 1: Actual provided was \$25,000 thousand.

Note 2: Actual provided was \$400,000 thousand. The Company and recognized impairment loss of \$400,000 thousand.

Note 3: Actual provided was \$262,000 thousand.

	<b>December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Accrued expenses				
Sunplus Core	<u>\$ 340</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Other current liability				
Sunplus Core	<u>\$ 142</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Deferred royalty income (including current and noncurrent)				
Orise	\$ 2,897	64	\$ -	-
Generalplus	1,448	32	3,621	11
Sunplus Core	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>88</u>
	<u>\$ 4,345</u>	<u>96</u>	<u>\$ 31,621</u>	<u>99</u>

	<b>December 31</b>	
	<b>2011</b>	<b>2010</b>
Endorsement/guarantee provided		
Sunplus mMobile	\$ 620,000	\$ 820,000
Sunplus Core	250,000	290,000
Sunplus Shanghai	203,350	224,280
Sunext	80,000	32,230
HT mMobile	30,000	30,000
Generalplus	-	10,938
Sunplus Innovation	-	5,985
Orise	-	5,096
iCatch	<u>-</u>	<u>5,007</u>
	<u>\$ 1,183,350</u>	<u>\$ 1,423,536</u>

	<b>Years Ended December 31</b>			
	<b>2011</b>		<b>2010</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Proceeds of the disposal of properties:				
Orise	\$ 1,201	96	\$ 8,500	58
Generalplus Technology	50	4	-	-
HT mMobile	-	-	3,643	25
iCatch	<u>-</u>	<u>-</u>	<u>1,344</u>	<u>9</u>
	<u>\$ 1,251</u>	<u>100</u>	<u>\$ 13,487</u>	<u>92</u>
Acquisition of properties				
Sunplus Core Technology	\$ 135	-	\$ -	-
Sunplus shanghai	<u>-</u>	<u>-</u>	<u>679</u>	<u>2</u>
	<u>\$ 135</u>	<u>-</u>	<u>\$ 679</u>	<u>2</u>

	<u>Years Ended December 31</u>	
	<b>2011</b>	<b>2010</b>
Compensation of directors, supervisors and management personnel:		
Salaries and incentives	\$ 32,944	\$ 28,455
Bonus	<u>          -</u>	<u>      2,204</u>
	<u>\$ 32,944</u>	<u>\$ 30,659</u>

### 23. MORTGAGED OR PLEDGED ASSETS

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

	<u>December 31</u>	
	<b>2011</b>	<b>2010</b>
Buildings, net (including rental assets)	\$ 752,516	\$ 772,336
Pledged time deposit	<u>      6,000</u>	<u>          -</u>
	<u>\$ 758,516</u>	<u>\$ 772,336</u>

### 24. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company leases land from the Science-Based Industrial Park Administration under renewable agreements expiring in July 2015, December 2020 and December 2021, with annual rentals aggregating \$7,929 thousand. The Company had pledged a time deposit of \$6,000 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

<b>Year</b>	<b>Amount</b>
2012	\$ 7,929
2013	7,929
2014	7,929
2015	6,578
2016	4,686
2017 and thereafter	<u>21,462</u>
	<u>\$ 56,513</u>

## 25. OTHER

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

	2011		2010	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 30,687	30.28	\$ 41,580	29.13
EUR	2	39.18	6	38.92
JPY	381	0.391	295	0.358
RMB	22	4.807	46	4.441
GBP	10	46.73	45	45.19
HKD	12	3.897	23	3.748
Equity-method investments				
USD	48,462	30.28	54,060	29.13
HKD	1,050	3.897	1,067	3.748
<u>Financial liabilities</u>				
Monetary items				
USD	15,797	30.28	26,231	29.13
RMB	167	4.807	381	4.441
GBP	5	46.73	-	-
EUR	2	39.18	-	-

## 26. 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. Financings provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of long-term investments at costs of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- f. Names, locations, and related information of investees on which the Company exercises significant influence: Table 6 (attached)
- g. Information on investment in Mainland China: Table 7 (attached)

## **27. OPERATING SEGMENT FINANCIAL INFORMATION**

The chief operating decision-maker reviews information of the Company as one segment. The information of the operating segment, i.e., revenue, operating results, and assets by subsegment, is the same as that presented in the consolidated financial statements as of and for the years ended December 31, 2011 and 2010.

**TABLE 1**

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**ENDORSEMENT/GUARANTEE PROVIDED**

**YEAR ENDED DECEMBER 31, 2011**

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	99% subsidiary	\$ 906,193 (Note 1)	\$ 820,000	\$ 620,000	\$ -	6.84%	\$ 1,812,386 (Note 2)
		Sunplus Core Technology Co., Ltd.	70% subsidiary	906,193 (Note 1)	290,000	250,000	-	2.76%	1,812,386 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	906,193 (Note 1)	224,280	203,350	-	2.24%	1,812,386 (Note 2)
		Sunext Technology Co., Ltd.	61% subsidiary	906,193 (Note 1)	80,000	80,000	-	0.88%	1,812,386 (Note 2)
		HT mMobile Inc.	Equity-method investee	906,193 (Note 1)	30,000	30,000	-	0.33%	1,812,386 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	906,193 (Note 1)	10,938	-	-	-	1,812,386 (Note 2)
		Sunplus Innovation Technology Inc.	64% subsidiary	906,193 (Note 1)	5,985	-	-	-	1,812,386 (Note 2)
		iCatch Technology Inc.	Equity-method investee	906,193 (Note 1)	5,007	-	-	-	1,812,386 (Note 2)
		Orise Technology Co., Ltd.	Equity-method investee	906,193 (Note 1)	5,096	-	-	-	1,812,386 (Note 2)

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## FINANCINGS PROVIDED

YEAR ENDED DECEMBER 31, 2011

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Year	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	Sunplus Technology Company Limited (the "Company")	Sunplus mMobile Inc.	Other receivables	\$ 546,000	\$ 64,000 (Note 6)	1.475%-1.655%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 453,096 (Note 4)	\$ 906,193 (Note 5)
		HT mMobile Inc.	Other receivables	400,000	400,000 (Note 7)	1.475%-1.655%	Note 1	-	Note 3	400,000	Note 8	400,000	453,096 (Note 4)	916,193 (Note 5)

Note 1: Short-term financing.

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

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

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

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

Note 6: Actual provided is \$25,000 thousand.

Note 7: Actual provided is \$400,000 thousand.

Note 8: Self-developed technology.



TABLE 3

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2011

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	<u>Stock</u>							
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	42,985	\$ 1,046,788	100	\$ 1,046,788	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	47,290	870,358	34	870,358	Note 1
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	652,884	100	652,884	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	654,033	100	654,033	Notes 1 and 4
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	37,324	659,141	34	659,141	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	30,986	576,004	64	577,182	Notes 1 and 7
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	432,445	61	298,250	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	409,664	100	413,503	Notes 1 and 9
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	185,251	38	185,251	Note 1
	Magic Sky Limited	Equity-method investee	Equity-method investments	6,000	-	100	-	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	12,441	58,910	83	119,126	Notes 1 and 8
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	6,882	100	6,882	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	6,184	100	6,184	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,091	100	4,091	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,165	100	4,165	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	48,999	(333,455)	99	(315,562)	Notes 1 and 6
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	11,206	(138,357)	70	(110,499)	Notes 1 and 6
	HT mMobile Inc.	Equity-method investee	Equity-method investments	56,448	-	32	-	Note 1
	Giantplus Technology Co., Ltd.	The same chairman of the board	Available-for-sale financial assets	84,652	637,150	19	637,150	Notes 3 and 11
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	175,022	13	175,022	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	24,989	-	24,989	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	22,848	-	22,848	Note 3
	<u>Fund</u>							
	Taishin Lucky Fund	-	Available-for-sale financial assets	12,852	137,962	-	137,962	Note 5
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	8,326	100,453	-	100,453	Note 5
	Asian Total Return Bond	-	Available-for-sale financial assets	3,000	30,372	-	30,372	Note 5
Emerging Markets Debt Fund	-	Available-for-sale financial assets	3,000	30,130	-	30,130	Note 5	
JF Taiwan Growth Fund	-	Available-for-sale financial assets	2,033	29,799	-	29,799	Note 5	
TLG SOLOMON Money Market Fund	-	Available-for-sale financial assets	1,652	20,118	-	20,118	Note 5	
Manulife Wan Li Bond Fund	-	Available-for-sale financial assets	1,060	14,113	-	14,113	Note 5	
Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2	
Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	556	5,556	11	5,556	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	\$ 25,842	5	\$ 25,842	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	262,364	14	261,949	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,308	(22,570)	15	(26,041)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	8	32	-	(53,092)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	579	10,487	4	6,402	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,059	17,240	2	19,449	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	4,695	-	3	-	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	8,618	2	8,618	Note 1
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	35,493	1	35,493	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	137,125	1	137,125	Note 3
	RITEK Technology Co., Ltd.	-	Available-for-sale financial assets	833	3,808	-	3,808	Note 3
	Aiptek International Inc.	-	Available-for-sale financial assets	136	386	-	386	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,378	41,733	8	41,733	Note 3
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	35	4,918	-	4,918	Note 3
	TPK Holding Co., Ltd.	-	Available-for-sale financial assets	6	2,367	-	2,367	Note 3
	Largen Precision Co., Ltd.	-	Available-for-sale financial assets	4	2,264	-	2,264	Note 3
	ASE Inc.	-	Available-for-sale financial assets	87	2,259	-	2,259	Note 3
	King Silde Works Co., Ltd.	-	Available-for-sale financial assets	15	2,160	-	2,160	Note 3
	China Synthetic Rubber Corp.	-	Available-for-sale financial assets	60	1,710	-	1,710	Note 3
	E long Holdings Inc.	-	Available-for-sale financial assets	40	1,580	-	1,580	Note 3
	Quanta Computer Inc.	-	Available-for-sale financial assets	20	1,274	-	1,274	Note 3
	Cheng Shin Rubber Ind., Co., Ltd.	-	Available-for-sale financial assets	15	983	-	983	Note 3
	Taichong Commercial Bank Co., Ltd.	-	Available-for-sale financial assets	58	501	-	501	Note 3
	Young Tek Electronics Corp.	-	Financial assets at fair value through profit or loss	200	19,940	-	19,940	Note 3
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	72	-	72	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	353	4,007	6	4,007	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	4,136	2	4,136	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	-	14	-	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	9	6,000	Note 2
Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2	
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$ (350) thousand	44	US\$ (350) thousand	Note 6
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$ 2,202 thousand	1	US\$ 113 thousand	Note 1
	King Yuan ECB	-	Available-for-sale financial assets	8	US\$ 816 thousand	-	US\$ 816 thousand	Note 3
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US\$ - thousand	8	US\$ - thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	500	US\$ 250 thousand	1	US\$ 250 thousand	Note 2
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US\$ - thousand	-	US\$ - thousand	Note 2
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US\$ - thousand	3	US\$ - thousand	Note 2
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$ 693 thousand	5	US\$ 693 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 thousand	1	US\$ 500 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 2,000 thousand	-	US\$ 2,000 thousand	Note 2
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US\$ 400 thousand	15	US\$ 400 thousand	Note 2
	VisualOn Inc.	-	Financial assets carried at cost	377	US\$ 200 thousand	3	US\$ 200 thousand	Note 2
	Aruba Networks, Inc.	-	Financial assets carried at cost	10	US\$ 230 thousand	-	US\$ 230 thousand	Note 2
	Synerchip Co., Ltd.	-	Financial assets carried at cost	5,524	US\$ 900 thousand	11	US\$ 900 thousand	Note 2
Sunplus Venture Capital Co., Ltd.	<u>Stock</u>							
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	34,020	7	34,020	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,780	70	1,780	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	4,301	88,302	4	75,045	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,423	1	15,423	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,855	(18,538)	12	(18,538)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-	3	-	(2,258)	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	9,111	-	5	-	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	1,909	17,481	13	17,222	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	2,622	48,903	5	48,903	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	28,428	6	28,428	Note 1
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	98,384	1	98,384	Note 3
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	24,651	-	24,651	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	913	16,021	3	16,021	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	2,271	1	2,271	Note 3
	UED Corp.	-	Financial assets carried at cost	500	30,000	-	30,000	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,811	20,734	4	20,734	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	13,750	1	13,750	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	6,242	2	6,242	Note 2
	Aruba Networks, Inc.	-	Financial assets carried at cost	4	2,585	-	2,585	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	422	-	422	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	Note 2
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	WayTech Development Inc.	-	Financial assets carried at cost	1,000	\$ -	4	\$ -	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
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 2
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	42,985	US\$ 34,583 thousand	100	US\$ 34,583 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	42,985	US\$ 34,587 thousand	100	US\$ 34,587 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 14,565 thousand	99	US\$ 14,565 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 1,372 thousand	100	US\$ 1,372 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 17,736 thousand	100	US\$ 17,736 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 318 thousand	80	US\$ 318 thousand	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 55 thousand	78	US\$ 55 thousand	Note 1
Global Techplus Capital Inc.	<u>Stock</u> Techplus Capital Samoa Inc.	Subsidiary of Global Techplus Capital Inc.	Equity-method investments	-	US\$ - thousand	100	US\$ - thousand	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Subsidiary of Sunplus Technology (Shanghai) Co., Ltd.	Equity-method investments	-	RMB (320) thousand	100	RMB (320) thousand	Note 1
	GF Money Market Fund class B shares	-	Available-for-sale financial assets	13,950	RMB 14,105 thousand	-	RMB 14,105 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> Elitergroup Computer Systems	-	Available-for-sale financial assets	508	3,225	-	3,225	Note 3
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	304	-	138	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,820	-	1,901	Note 1
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	7,590	110,095	100	110,095	Note 1
	<u>Fund</u> ING Taiwan Money Market	-	Available-for-sale financial assets	4,570	54,044	-	54,044	Note 5
	Fuh Hwa Mouey Market Fund	-	Available-for-sale financial assets	2,740	43,080	-	43,080	Note 5
	Prudential Emerging Markets Fund	-	Available-for-sale financial assets	4,993	48,462	-	48,462	Note 5
	Polaris De-Li Money Market	-	Available-for-sale financial assets	1,983	31,187	-	31,187	Note 5

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2011				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	US\$ 3,636 thousand	100	US\$ 3,636 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	7,200	US\$ 3,483 thousand	100	US\$ 3,482 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$ 153 thousand	100	US\$ 153 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	\$ 12,871	100	12,871	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,800	3,355	100	3,355	Note 1
	<u>Fund</u> Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	5,203	76,000	-	76,000	Note 5
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,990	52,000	-	52,000	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	3,393	50,000	-	50,000	Note 5
	ING Taiwan Money Market	-	Available-for-sale financial assets	3,177	50,000	-	50,000	Note 5
	Polaris De-Bao Money Market	-	Available-for-sale financial assets	3,452	40,000	-	40,000	Note 5
	Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 25 thousand	100	US\$ 25 thousand
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai)	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$ 25 thousand	100	US\$ 25 thousand	Note 1
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	(16,886)	100	(16,886)	Note 1
	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(3)	100	(3)	Notes 1 and 6
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Subsidiary of Sunplus mMobile Holding Inc.	Equity-method investments	2,580	US\$ - thousand	100	US\$ - thousand	Note 1
Sunplus Innovation Technology Inc.	<u>Fund</u> Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,636	\$ 70,760	-	70,760	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	6,023	88,767	-	88,767	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	14	200	-	200	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	1,000	26,979	12	26,979	Note 2
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	15,993	9	15,993	Note 2

(Continued)

Note 1: The net asset value was based on audited financial data as of December 31, 2011.

Note 2: The market value is based on carrying value as of December 31, 2011.

Note 3: The market value is based on the closing price as of December 31, 2011.

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

Note 5: The market value was based on the net asset value of fund as of December 31, 2011.

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

Note 7: Includes the deferred credit of \$1,178 thousand.

Note 8: Includes the deferred credit of \$72,878 thousand.

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

Note 10: As of December 31, 2011, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. of the shares of Sunplus Technology Company Limited with a market value \$33,743 thousand, had not been pledged or mortgaged.

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

(Concluded)

TABLE 4

## SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL  
 YEAR ENDED DECEMBER 31, 2011  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal			Ending Balance		
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	Equity-method investments	51,290	\$ 870,358	-	\$ -	4,000	\$ 252,740	\$ 82,467	\$ 176,171	47,290	\$ 870,358
	HT mMobile Inc.	Equity-method investments	37,261	29,790 (Note 3)	19,187	211,060	-	-	-	-	56,448	-
	Sunplus mMobile Inc.	Equity-method investments	20,090	(591,839) (Note 3)	48,900	489,000	-	-	-	-	48,999	(333,455)
	Taishin Bond Fund	Available-for-sale financial assets	12,383	132,086 (Note 2)	9,363	100,000	8,894	95,000	94,487	513	12,852	137,962
	FSITC Bond Fund	Available-for-sale financial assets	1,170	200,000 (Note 2)	-	-	1,170	200,272	200,000	272	-	-
	Mega Diamond	Available-for-sale financial assets	15,096	180,888 (Note 2)	12,493	150,000	19,263	231,071	230,000	1,071	8,326	100,453
	Cathay Bond Fund	Available-for-sale financial assets	4,182	50,130 (Note 2)	8,332	100,000	12,514	150,646	150,000	646	-	-
Generalplus Technology Inc.	Polaris De-Li Market	Available-for-sale financial assets	-	-	11,479	180,000	9,496	149,000	148,910	90	1,983	31,187
	PCA Wea Poll Bond Fund	Available-for-sale financial assets	-	-	12,861	168,000	12,861	168,106	168,000	106	-	-
	Yuanta Wn Tai Money Market	Available-for-sale financial assets	-	-	11,887	173,000	11,887	173,084	173,000	84	-	-
	Euh-Hwa Bond Fund	Available-for-sale financial assets	-	-	8,056	112,000	8,056	112,114	112,000	114	-	-
	ING Taiwan Money Market	Available-for-sale financial assets	3,516	55,001	4,014	63,000	7,530	118,162	118,000	162	-	-
	Polaris Bond Fund	Available-for-sale financial assets	-	-	10,492	121,000	10,492	121,139	121,000	139	-	-
Sunext Technology Company Limited	Yugnta Wan Tai Bond Fund	Available-for-sale financial assets	4,551	66,051	11,113	162,000	10,461	152,517	152,000	517	5,203	76,000
	IBT 1699 Bond Fund	Available-for-sale financial assets	3,093	40,027	7,990	104,000	7,093	92,263	92,000	263	3,990	52,000
	FSITC Taiwan Bond Fund	Available-for-sale financial assets	3,414	50,000	6,797	100,000	6,818	100,313	100,000	313	3,393	50,000
	ING Taiwan Money Market	Available-for-sale financial assets	-	-	6,362	100,000	3,185	50,115	50,000	115	3,177	50,000
	Prudential Financial Bond Fund	Available-for-sale financial assets	4,613	70,024	3,286	50,000	7,899	120,306	120,000	306	-	-
	Cathay Bond Fund	Available-for-sale financial assets	4,175	50,036	4,162	50,000	8,337	100,296	100,000	296	-	-
iCash Technology Inc.	Allianz Global Investors Money Market fund	Available-for-sale financial assets	-	-	8,317	100,000	8,317	100,205	100,000	205	-	-

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

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

Note 3: The amount was the carrying value of the equity-method investment as of December 31, 2011.

Note 4: The amount includes an investment gain classified under capital surplus.

Note 5: The amount was the carrying value of the equity-method investment as of December 31, 2011.

Note 6: Shares after reducing the capital to offset a deficit.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2011

(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 Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Generalplus Technology Inc.	Building Inc.	2011.07.28	\$ 258,000	\$ 258,000	AIPTEK International Inc.	-	-	-	-	\$ -	Appraisal	Operating purposes	-



## SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES  
DECEMBER 31, 2011

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2011	December 31, 2010	Shares (Thousands)	Percentage of Ownership	Carrying Value				
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	\$ 499,529	\$ 581,661	47,290	34	\$ 870,358	\$ 136,389	\$ 48,323	Investee	
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,441	83	58,910	6,429	41,771	Subsidiary	
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	652,884	(64,945)	(64,945)	Subsidiary	
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	654,033	(113,235)	(116,107)	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,377	305,050	37,324	34	659,141	166,863	64,925	Subsidiary	
	Ventureplus Group Inc.	Belize	Investment	US\$ 42,985	US\$ 41,900	42,985	100	1,046,788	(71,179)	(71,179)	Subsidiary	
					thousand	thousand						
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760	US\$ 14,760	14,760	100	409,664	4,111	4,111	4,111	Subsidiary
					thousand	thousand						
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	\$ 414,663	\$ 414,663	30,986	64	576,004	46,647	31,392	Subsidiary	
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,836	61	432,445	(177,886)	(108,779)	Subsidiary	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	195,285	195,285	11,206	70	(138,357)	(117,574)	(87,085)	Subsidiary	
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200	US\$ 200	200	100	6,882	(77)	(77)	Subsidiary	
					thousand	thousand						
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	6,184	35	35	35	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075	HK\$ 11,075	11,075	100	4,091	(64)	(64)	(64)	Subsidiary
					thousand	thousand						
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	\$ 5,000	\$ 5,000	500	100	4,165	53	53	53	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	583,668	372,608	56,448	32	-	(868,177)	(118,347)	(118,347)	Investee
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	185,251	(98,067)	(36,820)	(36,820)	Subsidiary
Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,196,392	1,707,392	49,000	99	(333,455)	(250,585)	(250,585)	Subsidiary		
Magic Sky Limited	Samoa	Investment	US\$ 6,000	US\$ 6,000	6,000	100	-	(176,344)	(176,344)	(176,344)	Subsidiary	
Lin Shih Investment Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	\$ 369,316	\$ 369,316	3,360	5	25,842	(177,886)	(9,411)	Subsidiary	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	36,773	36,800	2,308	15	(22,570)	(117,574)	(16,553)	Subsidiary	
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	8	-	32	(250,674)	(87)	Subsidiary	
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	10,487	6,429	248	Subsidiary	
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	14,073	1,059	2	17,240	46,647	932	Subsidiary	
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	46,948	46,948	4,695	3	-	(868,177)	(24,626)	Investee	
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	8,618	(98,067)	(1,713)	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	262,364	166,863	25,315	Subsidiary	
	Sunplus Venture Capital Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	34,020	(177,886)	(12,410)	Subsidiary
Han Young Technology Co., Ltd.		Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary	
Sunplus Innovation Technology Inc.		Hsinchu, Taiwan	Design of ICs	52,952	45,597	2,622	5	48,903	46,647	2,167	Subsidiary	
HT mMobile Inc.		Hsinchu, Taiwan	Design of ICs	100,204	204	9,111	5	-	(868,177)	(7,532)	Investee	
iCatch Technology, Inc.		Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	6	28,428	(98,067)	(5,650)	Subsidiary	
Orise Technology Co, Ltd.		Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,423	136,389	856	Investee	
Sunplus Core Technology Co., Ltd.		Hsinchu, Taiwan	Design of ICs	33,846	33,846	1,885	12	(18,583)	(117,574)	(13,936)	Subsidiary	
Generalplus Technology Inc.		Hsinchu, Taiwan	Design of ICs	56,050	44,606	4,301	4	88,302	166,863	6,795	Subsidiary	
Sunplus mMobile Inc.		Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	3	(250,674)	-	Subsidiary	
Sunplus mMedia Inc.		Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	17,481	6,429	818	Subsidiary	
Russell Holdings Limited		Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$ 6,050	US\$ 6,050	4,794	44	US\$ (350)	US\$ -	US\$ -	Investee
				thousand	thousand			thousand	thousand	thousand		
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119	US\$ 2,119	442	1	US\$ 2,202	\$ (177,886)	US\$ (42)	Subsidiary	
				thousand	thousand			Thousand	Thousand	Thousand		

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2011			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2011	December 31, 2010	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Samoa	Investment	US\$ - thousand	US\$ - thousand	-	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Wei-Young Investment Inc.	Generalplus Technology Inc. Sunext Technolgy Co., Ltd.	Hsinchu, Taiwan	Design of ICs	1,800	1,800	108	-	1,820	166,863	185	Subsidiary
		Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	304	(177,886)	(51)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 42,985 thousand	US\$ 41,900 thousand	42,985	100	US\$ 34,583 thousand	US\$ (2,422) thousand	US\$ (2,422) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 42,985 thousand	US\$ 41,900 thousand	42,985	100	US\$ 34,587 thousand	US\$ (2,422) thousand	US\$ (2,422) thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology Technology (Shanghai) Co., Ltd. Sunplus Prof-tek Technology (Shenzhen) Co., Ltd. SunMedia Technology Co., Ltd. Sunplus App Technology Co., Ltd. Ytrip Technology Co., Ltd.	Shanghai, China	Research, development, manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 14,565 thousand	US\$ 1,255 thousand	US\$ 1,210 thousand	Subsidiary
		ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$ 4,250 thousand	US\$ 4,250 thousand	-	100	US\$ 1,372 thousand	US\$ (1,467) thousand	US\$ (1,467) thousand	Subsidiary
		Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 20,000 thousand	US\$ 20,000 thousand	-	100	US\$ 17,736 thousand	US\$ (1,637) thousand	US\$ (1,637) thousand	Subsidiary
		Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 586 thousand	US\$ 586 thousand	-	80	US\$ 318 thousand	US\$ 44 thousand	US\$ 35 thousand	Subsidiary
		Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 1,085 thousand	US\$ - thousand	-	78	US\$ 55 thousand	US\$ (795) thousand	US\$ (577) thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp. Great Prosperous Corp.	Samoa	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	12,871	2,117	2,117	Subsidiary
		Mauritius	Investment	US\$ 1,800 thousand	US\$ 1,500 thousand	1,800	100	3,355	(15,747)	(15,747)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 25 thousand	US\$ (85) thousand	US\$ (85) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$ 750 thousand	US\$ 750 thousand	-	100	US\$ 25 thousand	US\$ (85) thousand	US\$ (85) thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	110,095	7,646	7,646	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	US\$ 3,636 thousand	US\$ 260 thousand	US\$ 260 thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd. Genralplus Technology (Hong Kong) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 7,200 thousand	US\$ 7,200 thousand	7,200	100	US\$ 3,482 thousand	US\$ 337 thousand	US\$ 337 thousand	Subsidiary
		Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	390	100	US\$ 153 thousand	US\$ (77) thousand	US\$ (77) thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS Sunplus mMobile Holding Inc.	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(16,886)	4,357	4,357	Subsidiary
		Samoa	Investment	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	(3)	US\$ - thousand	US\$ - thousand	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of intellectual property rights	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Sunplus Technology Co., Ltd. (Shanghai)	ShenZhen Suntop Technology Co.Ltd.	Shenzheu, China	Design of software and hardware	RMB 2,000 thousand	RMB - thousand	-	100	US\$ (320) thousand	RMB (2,320) thousand	RMB (2,320) thousand	Subsidiary

(Concluded)

TABLE 7

## SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
 YEAR ENDED DECEMBER 31, 2011  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2011	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2011	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2010	Accumulated Inward Remittance of Earnings as of December 31, 2010
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$ 17,200 thousand	Note	US\$ 17,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 17,000 thousand	99%	US\$ 1,210 thousand	US\$ 14,565 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	US\$ 4,250 thousand	Note	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100%	US\$ (1,467) thousand	US\$ 1,372 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	US\$ 20,000 thousand	Note	US\$ 20,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 20,000 thousand	100%	US\$ (1,637) thousand	US\$ 17,736 thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 5,000 thousand	Note	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80%	US\$ 35 thousand	US\$ 318 thousand	US\$ - thousand
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	US\$ 4,844 thousand	Note	US\$ - thousand	US\$ 1,085 thousand	US\$ - thousand	US\$ 1,085 thousand	78%	US\$ (557) thousand	US\$ 55 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of December 31, 2011	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$42,921 thousand	US\$56,550 thousand	\$5,437,157

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