

Sunplus Technology Company Limited

**Financial Statements for the
Six Months Ended June 30, 2010 and 2009 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited as of June 30, 2010 and 2009, and the related statements of income, changes in shareholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As disclosed in Note 9 to the financial statements, the carrying values of equity-method investments as of June 30, 2010 and 2009 were NT\$7,232,062 thousand and NT\$6,059,723 thousand, respectively. As of June 30, 2010 and 2009, there were credit balances of NT\$765,541 thousand and NT\$514,602 thousand, respectively on the carrying value of these investments. For the six months ended June 30, 2010 and 2009, the net related investment incomes and losses were NT\$82,963 thousand and NT\$307,547 thousand, respectively. These investment amounts and other investee information disclosed in Note 27 to the financial statements were based on the investees' unaudited financial statements for the same reporting periods as those of the Company.

In our opinion, except for any adjustments that might have been required had the equity-method investees' financial statements mentioned in the preceding paragraph been audited, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of June 30, 2010 and 2009 and the results of its operations and its cash flows for the six months then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Company adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories" on January 1, 2009.

We have also reviewed the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of for the six months ended June 30, 2010 and 2009 on which we issued qualified review reports dated July 21, 2010 and July 20, 2009, respectively.

July 21, 2010

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS
JUNE 30, 2010 AND 2009

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

ASSETS	2010		2009		LIABILITIES AND SHAREHOLDERS' EQUITY	2010		2009	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 1,755,334	11	\$ 1,911,177	13	Short-term bank loans (Note 14)	\$ -	-	\$ 30,000	-
Available-for-sale financial assets (Notes 2 and 6)	1,296,967	8	963,651	7	Accounts payable	664,741	4	926,697	6
Accounts receivable, net (Notes 2, 7 and 23)	1,195,963	8	929,177	6	Income tax payable (Notes 2 and 20)	303,729	2	381,682	3
Other receivables (Note 23)	122,885	1	189,400	1	Accrued expenses (Note 23)	298,376	2	135,691	1
Other receivables - related parties (Note 23)	430,983	3	174,194	1	Long-term bank loans - current portion (Notes 15 and 24)	625,000	4	392,500	3
Inventories (Notes 2, 3 and 8)	861,175	5	801,733	6	Deferred royalty income (Notes 2, 12 and 23)	11,772	-	10,333	-
Deferred income tax assets (Notes 2 and 20)	30,911	-	49,208	-	Other current liabilities (Notes 2 and 9)	771,151	5	519,822	3
Other current assets (Note 23)	42,991	-	46,977	-					
Total current assets	5,737,209	36	5,065,517	34	Total current liabilities	2,674,769	17	2,396,725	16
LONG-TERM INVESTMENTS					LONG-TERM BANK LOANS, NET OF CURRENT PORTION				
Equity-method investments (Notes 2 and 9)	8,289,534	52	7,246,848	48	(Notes 15 and 24)	403,000	3	1,607,500	11
Prepayments for investments (Note 9)	-	-	200,000	2	OTHER LIABILITIES				
Available-for-sale financial assets (Notes 2 and 6)	234,157	1	192,939	1	Deferred income (Notes 2, 12 and 23)	25,946	-	33,012	-
Financial assets carried at cost (Notes 2 and 10)	35,556	-	35,556	-	Accrued pension liability (Notes 2 and 16)	55,796	-	58,691	-
Total long-term investments	8,559,247	53	7,675,343	51	Guarantee deposits	151,664	1	140,963	1
PROPERTIES (Notes 2, 11 and 24)					Total other liabilities	233,406	1	232,666	1
Cost					Total liabilities	3,311,175	21	4,236,891	28
Buildings	795,683	5	724,275	5	SHAREHOLDERS' EQUITY (Notes 2, 17 and 18)				
Auxiliary equipment	186,542	1	184,497	1	Capital stock - NT\$10.00 par value				
Machinery and equipment	425,271	3	416,891	3	Authorized - 1,200,000 thousand shares				
Testing equipment	346,936	2	368,944	2	Issued and outstanding - 596,910 thousand shares	5,969,099	37	5,969,099	40
Transportation equipment	1,209	-	2,463	-	Capital surplus				
Furniture and fixtures	94,514	1	103,406	1	Additional paid-in capital - share issuance in excess of par	709,215	4	709,215	5
Leasehold improvements	89	-	175	-	Treasury stock transactions	68,357	1	15,040	-
Total cost	1,850,244	12	1,800,651	12	Merger and others	1,112,387	7	772,432	5
Less: Accumulated depreciation	1,041,061	7	988,530	7	Retained earnings				
Construction in progress and prepayments for equipment	-	-	3,229	-	Legal reserve	2,372,631	15	2,334,480	15
Net properties	809,183	5	815,350	5	Special reserve	-	-	428,914	3
INTANGIBLE ASSETS, NET (Notes 2 and 12)					Unappropriated earnings	2,493,748	15	741,235	5
	246,833	2	426,734	3	Other				
OTHER ASSETS					Cumulative translation adjustments	118,841	1	170,032	1
Rental assets, net (Notes 2, 23 and 24)	152,247	1	217,703	2	Unrealized loss on financial assets	(54,648)	-	(289,815)	(2)
Deferred charges and others (Notes 2 and 13)	143,232	1	193,184	1	Treasury stock (at cost) - 3,560 thousand shares	(63,401)	(1)	(63,401)	-
Deferred income tax assets (Notes 2 and 20)	389,453	2	630,291	4	Total shareholders' equity	12,726,229	79	10,787,231	72
Total other assets	684,932	4	1,041,178	7	TOTAL	\$ 16,037,404	100	\$ 15,024,122	100
TOTAL	\$ 16,037,404	100	\$ 15,024,122	100					

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

(With Deloitte & Touche audit report dated July 21, 2010)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
GROSS SALES	\$ 3,491,143		\$ 2,796,366	
SALES RETURNS AND ALLOWANCES	<u>65,318</u>		<u>138,660</u>	
NET SALES (Notes 2, 12 and 23)	3,425,825	100	2,657,706	100
COST OF SALES (Notes 2, 3, 8 and 19)	2,145,228	63	1,879,129	70
REALIZED INTERCOMPANY GAIN, NET (Note 2)	<u>4,983</u>	<u>-</u>	<u>5,350</u>	<u>-</u>
GROSS PROFIT	<u>1,285,580</u>	<u>37</u>	<u>783,927</u>	<u>30</u>
OPERATING EXPENSES (Notes 19 and 23)				
Marketing	116,169	3	95,508	4
General and administrative	139,933	4	112,801	4
Research and development	<u>711,689</u>	<u>21</u>	<u>610,816</u>	<u>23</u>
Total operating expenses	<u>967,791</u>	<u>28</u>	<u>819,125</u>	<u>31</u>
OPERATING INCOME (LOSS)	<u>317,789</u>	<u>9</u>	<u>(35,198)</u>	<u>(1)</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	225,280	7	80,421	3
Investment gain recognized by the equity-method, net (Notes 2 and 9)	191,874	6	-	-
Administrative and support service revenue (Note 23)	25,241	1	46,534	2
Foreign exchange gain, net (Note 2)	15,300	-	-	-
Rental revenue (Note 23)	8,502	-	14,114	-
Interest income (Note 23)	3,333	-	4,339	-
Gain on disposal of fixed assets (Note 2)	1,462	-	19	-
Valuation gain on financial assets (Notes 2 and 5)	-	-	6,528	-
Guarantee deposit default	-	-	1,069	-
Others (Note 23)	<u>31,813</u>	<u>1</u>	<u>16,062</u>	<u>1</u>
Total nonoperating income and gains	<u>502,805</u>	<u>15</u>	<u>169,086</u>	<u>6</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense	11,368	1	14,951	1
Loss on disposal of fixed assets (Note 2)	1,275	-	788	-
Investment loss recognized by the equity-method, net (Notes 2 and 9)	-	-	239,358	9

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

	2010		2009	
	Amount	%	Amount	%
Foreign exchange loss, net (Note 2)	\$ -	-	\$ 33,785	1
Others	<u>1,762</u>	-	<u>5,215</u>	-
Total nonoperating expenses and losses	<u>14,405</u>	<u>1</u>	<u>294,097</u>	<u>11</u>
INCOME (LOSS) BEFORE INCOME TAX	806,189	23	(160,209)	(6)
INCOME TAX EXPENSE (Notes 2 and 20)	<u>245,959</u>	<u>7</u>	<u>259,796</u>	<u>10</u>
NET INCOME (LOSS)	<u>\$ 560,230</u>	<u>16</u>	<u>\$ (420,005)</u>	<u>(16)</u>
	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS (LOSS) PER SHARE (NEW TAIWAN DOLLARS; Note 21)				
Basic	<u>\$ 1.36</u>	<u>\$ 0.94</u>	<u>\$ (0.27)</u>	<u>\$ (0.71)</u>
Diluted	<u>\$ 1.35</u>	<u>\$ 0.94</u>	<u>\$ (0.27)</u>	<u>\$ (0.71)</u>

The pro forma net income (loss) and earnings per share (EPS) 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 18):

	2010		2009	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME (LOSS)	<u>\$ 806,189</u>	<u>\$ 560,230</u>	<u>\$ (160,209)</u>	<u>\$ (420,005)</u>
BASIC EPS (NEW TAIWAN DOLLARS)				
Based on weighted-average shares				
Outstanding - 596,910 thousand shares	<u>\$ 1.35</u>	<u>\$ 0.94</u>	<u>\$ (0.27)</u>	<u>\$ (0.70)</u>
DILUTED EPS (NEW TAIWAN DOLLARS)				
Based on weighted-average shares				
Outstanding - 600,007 thousand shares in 2010 and 596,910 thousand shares in 2009	<u>\$ 1.34</u>	<u>\$ 0.93</u>	<u>\$ (0.27)</u>	<u>\$ (0.70)</u>

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

(With Deloitte & Touche audit report dated July 21, 2010)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(In Thousands of New Taiwan Dollars)

	Capita Stock Issued and Outstanding (Note 17)		Capital Surplus (Notes 2 and 17)					Retained Earnings (Notes 2 and 17)				Others (Notes 2, 17 and 18)			Total Shareholders' Equity
			Additional Paid-in Capital-Share Issuance in Excess of Par	Treasury Stock	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Assets	Treasury Stock	
BALANCE, JANUARY 1, 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	-	-	-	-	4,915	-	4,915	-	-	-	-	-	-	-	4,915
Adjustment of capital surplus - others	-	-	-	-	13,743	-	13,743	-	-	-	-	-	-	-	13,743
Net income for the six months ended June 30, 2010	-	-	-	-	-	-	-	-	-	560,230	560,230	-	-	-	560,230
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	7,868	-	-	7,868
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(125,101)	-	(125,101)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(45,996)	-	(45,996)
BALANCE, JUNE 30, 2010	<u>596,910</u>	<u>\$ 5,969,099</u>	<u>\$ 709,215</u>	<u>\$ 68,357</u>	<u>\$ 954,964</u>	<u>\$ 157,423</u>	<u>\$ 1,889,959</u>	<u>\$ 2,372,631</u>	<u>\$ -</u>	<u>\$ 2,493,748</u>	<u>\$ 4,866,379</u>	<u>\$ 118,841</u>	<u>\$ (54,648)</u>	<u>\$ (63,401)</u>	<u>\$ 12,726,229</u>
BALANCE, JANUARY 1, 2009	598,203	\$ 5,982,028	\$ 710,751	\$ 68,645	\$ 650,739	\$ 157,423	\$ 1,587,558	\$ 2,333,642	\$ -	\$ 1,590,992	\$ 3,924,634	\$ 149,639	\$ (561,966)	\$ (131,471)	\$ 10,950,422
Retirement of treasury stock	(1,293)	(12,929)	(1,536)	(53,605)	-	-	(55,141)	-	-	-	-	-	-	68,070	-
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	838	-	(838)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	428,914	(428,914)	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(25,957)	-	(25,957)	-	-	-	-	-	-	-	(25,957)
Adjustment of capital surplus - others	-	-	-	-	(9,773)	-	(9,773)	-	-	-	-	-	-	-	(9,773)
Net loss for the six months ended June 30, 2009	-	-	-	-	-	-	-	-	-	(420,005)	(420,005)	-	-	-	(420,005)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	20,393	-	-	20,393
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	236,217	-	236,217
Valuation gain on available for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	35,934	-	35,934
BALANCE, JUNE 30, 2009	<u>596,910</u>	<u>\$ 5,969,099</u>	<u>\$ 709,215</u>	<u>\$ 15,040</u>	<u>\$ 615,009</u>	<u>\$ 157,423</u>	<u>\$ 1,496,687</u>	<u>\$ 2,334,480</u>	<u>\$ 428,914</u>	<u>\$ 741,235</u>	<u>\$ 3,504,629</u>	<u>\$ 170,032</u>	<u>\$ (289,815)</u>	<u>\$ (63,401)</u>	<u>\$ 10,787,231</u>

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

(With Deloitte & Touche audit report dated July 21, 2010)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 560,230	\$ (420,005)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	207,896	295,304
Gain on disposal of investments, net	(225,280)	(80,421)
Cash dividends received from equity method investees	75,544	-
Investment gain (loss) recognized by the equity-method, net	(191,874)	239,358
Valuation gain on financial assets	-	(6,528)
Realized intercompany gain, net	(4,983)	(5,350)
Realized royalty income	(1,087)	(1,728)
Loss (gain) on disposal of properties and intangible assets	(1,147)	770
Deferred income tax	186,727	243,567
Accrued pension liability	(1,405)	(1,704)
Net changes in operating assets and liabilities		
Accounts receivable	307,818	(452,890)
Other receivables	40,901	119,310
Other receivables - related parties	7,434	(161,683)
Inventories	(84,330)	95,016
Other current assets	(5,445)	(6,121)
Accounts payable	(203,007)	619,487
Income tax payable	59,232	16,228
Accrued expenses	30,319	(96,534)
Other current liabilities	(2,849)	(1,029)
Net cash provided by operating activities	<u>754,694</u>	<u>395,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of:		
Financial assets at fair value through profit or loss	-	168,650
Available-for-sale financial assets	775,211	179,134
Equity-method investments	328,940	101,138
Properties and intangible assets	7,617	86
Return of capital by investee	-	8,511
Acquisition of:		
Available-for-sale financial assets	(55,000)	(951,000)
Equity-method investments	(547,570)	-
Prepayments for investments	-	(200,000)
Properties	(21,265)	(27,284)
Increase in intangible assets	(17,437)	(7,276)
Increase in deferred charges and others	(53,425)	(42,196)
Other receivables - related parties	<u>(235,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>182,071</u>	<u>(770,237)</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (In Thousands of New Taiwan Dollars)

	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	\$ -	\$ (617,600)
Proceeds from long-term bank loans	-	2,050,000
Repayments of long-term bank loans	(762,000)	(50,000)
Increase (decrease) in guarantee deposits	<u>744</u>	<u>(10,090)</u>
Net cash provided by (used in) financing activities	<u>(761,256)</u>	<u>1,372,310</u>
NET INCREASE IN CASH	175,509	997,120
CASH, BEGINNING OF PERIOD	<u>1,579,825</u>	<u>914,057</u>
CASH, END OF PERIOD	<u>\$ 1,755,334</u>	<u>\$ 1,911,177</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 13,664</u>	<u>\$ 16,428</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of credit balance on carrying value of long-term investments into other current liabilities	<u>\$ 110,293</u>	<u>\$ 373,491</u>
Reclassification of rental assets into properties	<u>\$ -</u>	<u>\$ 30,843</u>
Current portion of long-term bank loans	<u>\$ 625,000</u>	<u>\$ 392,500</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$ (17,291)	\$ (8,220)
Decrease in payables to contractors and equipment suppliers	<u>(3,974)</u>	<u>(19,064)</u>
Cash paid	<u>\$ (21,265)</u>	<u>\$ (27,284)</u>
Disposal of equity-method investments	\$ 328,940	\$ 117,607
Increase in receivables from disposal of equity-method investments	<u>-</u>	<u>(16,469)</u>
	<u>\$ 328,940</u>	<u>\$ 101,138</u>

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

(With Deloitte & Touche audit report dated July 21, 2010)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

1. ORGANIZATION AND OPERATIONS

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

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

As of June 30, 2010 and 2009, the Company had 604 and 561 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If inconsistencies arise between the English version and the original Chinese version or if differences arise in the interpretation between the two versions, the Chinese version of financial statements shall prevail.

Significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

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

Financial Assets/Liabilities at Fair Value Through Profit or Loss

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

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

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

The fair values of those instruments without quoted market prices in an active market are based on valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

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

Available-for-sale Financial Assets

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

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

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

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

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

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

Revenue Recognition

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

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

Allowance for Doubtful Accounts and Allowance for Sales Returns and Discounts

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

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

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise. Effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, 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 necessary selling costs. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost at the end of the period.

Financial Assets Carried at Cost

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

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

Equity-method Investments

Investments in which the Company holds 20% or more of the investees voting shares or exercises significant influence over the operating and financial policy decisions are accounted for by the equity method. Pursuant to the revised Statement of Financial Accounting Standards No. 5- "Investments under the Equity Method," the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually.

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

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

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

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

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

Properties and Rental Assets

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

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

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

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

Intangible Assets

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

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

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

Deferred Charges

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

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.

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 carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax asset will not be realized. A deferred income tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

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 share holders approve to retain the earnings.

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

Foreign-currency Transactions

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

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

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

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

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

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

Reclassifications

Certain accounts in the financial statements as of and for the six months ended June 30, 2009 have been reclassified to conform to the presentation of the financial statements as of and for the six months ended June 30, 2010.

3. ACCOUNTING CHANGE

Accounting for Inventories

On January 1, 2009, the Company adopted the newly revised Statement of Financial Accounting Standards No. 10 - "Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value by item, except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as cost of sales in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. This accounting change resulted in increases of NT\$25,943 thousand in net loss and NT\$0.04 in net loss per share for the six months ended June 30, 2009.

4. CASH

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Savings accounts	\$ 403,853	\$ 164,006
Time deposits	1,349,675	1,744,952
Checking accounts	961	934
Cash on hand	<u>845</u>	<u>1,285</u>
	<u>\$ 1,755,334</u>	<u>\$ 1,911,177</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company did not enter into derivative contracts during the six months ended June 30, 2010 and 2009.

Net gain on financial assets designated at fair value through profit or loss was \$6,528 thousand for the six months ended June 30, 2009.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Open-end funds	\$ 1,296,967	\$ 963,651
Domestic listed stocks	<u>234,157</u>	<u>192,939</u>
	1,531,124	1,156,590
Deduct: Current portion	<u>1,296,967</u>	<u>963,651</u>
	<u>\$ 234,157</u>	<u>\$ 192,939</u>

7. ACCOUNTS RECEIVABLE

	June 30	
	2010	2009
Accounts receivable - others	\$ 1,260,418	\$ 996,200
Accounts receivable - related parties	<u>17,457</u>	<u>24,889</u>
	1,277,875	1,021,089
Deduct: Allowance for doubtful accounts	56,912	56,912
Deduct: Allowance for sales returns and discounts	<u>25,000</u>	<u>35,000</u>
	<u>\$ 1,195,963</u>	<u>\$ 929,177</u>

8. INVENTORIES

	June 30	
	2010	2009
Finished goods and merchandise	\$ 258,271	\$ 266,073
Work-in-process	500,565	453,598
Raw materials	<u>102,339</u>	<u>82,062</u>
	<u>\$ 861,175</u>	<u>\$ 801,733</u>

As of June 30, 2010 and 2009, the allowances for losses were \$211,122 thousand and \$189,324 thousand, respectively.

For the six months ended June 30, 2010, the costs of goods sold related to inventories were \$2,145,228 thousand and \$1,879,129 thousand, respectively, which included inventory write-downs of \$60,034 thousand and \$90,000 thousand, respectively; income from scrap sales of \$9,804 thousand and \$5,435 thousand, respectively; and compensation income of \$0 thousand and \$15,196 thousand, respectively.

9. EQUITY-METHOD INVESTMENTS

	June 30			
	2010		2009	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Giantplus Technology Co., Ltd.	\$ 1,788,477	21	\$ 1,765,943	21
Ventureplus Group Inc.	1,073,366	100	524,686	100
Orise Technology Co., Ltd.	1,057,472	42	1,187,125	52
Lin Shih Investment Co., Ltd.	866,818	100	753,238	100
Sunplus Venture Capital Co., Ltd.	855,636	100	728,528	100
Generalplus Technology Corp.	685,111	42	449,107	39
Sunext Technology Co., Ltd.	618,203	61	496,443	79
Sunplus Innovation Technology Inc.	559,730	78	393,397	81
Russell Holdings Limited	430,074	100	396,624	100
iCatch Technology, Inc.	211,544	74	-	-
HT mMobile Inc.	95,203	29	-	-

(Continued)

	June 30			
	2010		2009	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Waveplus Technology Co., Ltd.	\$ 23,316	41	\$ 20,504	41
Wei-Young Investment Inc.	8,154	100	7,335	100
Global Techplus Capital Inc.	7,419	100	7,855	100
Sunplus Technology (H.K.) Co., Ltd.	4,891	100	5,650	100
Sunplus Management Consulting Inc.	4,120	100	4,160	100
Sunplus mMedia Inc.	<u>-</u>	-	<u>506,253</u>	78
	8,289,534		7,246,848	
Prepayments for investments				
HT mMobile Inc.	<u>-</u>		<u>200,000</u>	
	<u>\$ 8,289,534</u>		<u>\$ 7,446,848</u>	
Credit balance on carrying value of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 671,235	91	\$ 481,542	91
Sunplus Core Technology Co., Ltd.	84,327	57	22,163	57
Sunplus mMedia Inc.	9,979	83	-	-
HT mMobile Inc.	<u>-</u>	-	<u>10,897</u>	91
	<u>\$ 765,541</u>		<u>\$ 514,602</u>	

(Concluded)

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the six months ended June 30, 2010 and 2009 were as follows:

	June 30, 2010		
	Balance, Beginning of Period	Decrease	Balance, End of Period
Goodwill	<u>\$ 168,162</u>	<u>\$ 6,905</u>	<u>\$ 161,257</u>
	June 30, 2009		
	Balance, Beginning of Period	Decrease	Balance, End of Period
Goodwill	<u>\$ 155,506</u>	<u>\$ -</u>	<u>\$ 155,506</u>

In their meeting on March 10, 2009, the shareholders of Sunplus mMobile Inc. (SmM) approved the spin-off of its communication business unit (BU) by decreasing SmM's capital to establish HT mMobile Inc. ("HT mMobile"). The carrying value of this BU was \$189,867 thousand. SmM's shareholders of Sunplus mMobile will own HT mMobile in the same proportion of their ownership of SmM. Thus, the Company obtained 91% of HT mMobile on June 30, 2009. As of June 30, 2010, however, the Company owned 29% of HT mMobile.

In their meeting on November 4, 2009, the shareholders of Sunplus mMedia Inc (“mMedia”) approved the spin-off of its PC Cam product line with a carrying value of \$135,352 thousand and product lines of MP3, PMP and DPF with a carrying value of \$218,442 thousand to Sunplus Innovation Technology Inc. and Generalplus Technology Inc., respectively. In addition, mMedia spun off its DCS product line with a carrying value of \$250,000 thousand and also decreased its capital to establish a company, iCatch Technology, Inc. (“iCatch”).

Also on November 4, 2009, the shareholders of mMedia approved a capital reduction, and these shareholders received the shares of Sunplus Innovation Technology Inc. and Generalplus Technology Inc. at the percentage the same as those of their respective percentage of ownership of Sunplus mMedia.

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income or losses were all unaudited, except for the financial statements of Orise Technology Co., Ltd. for the six months ended June 30, 2010 and 2009. The investment incomes (losses) of investees were as follows:

	Six Months Ended June 30	
	2010	2009
Giantplus Technology Co., Ltd.	\$ 19,027	\$ (127,192)
Ventureplus Group Inc.	16,020	98,494
Orise Technology Co., Ltd.	108,911	68,189
Lin Shih Investment Co., Ltd.	11,456	41,703
Sunplus Venture Capital Co., Ltd.	56,289	6,284
Generalplus Technology Corp.	80,832	27,358
Sunext Technology Co., Ltd.	88,706	252,338
Sunplus Innovation Technology Inc.	75,354	14,184
Russell Holdings Limited	(32,167)	(32,021)
iCatch Technology, Inc.	(229)	-
HT mMobile Inc.	(124,919)	(183,502)
Waveplus Technology Co., Ltd.	2,405	3,762
Wei-Young Investment Inc.	248	(11)
Global Techplus Capital Inc.	-	1
Sunplus Technology (H.K.) Co., Ltd.	259	846
Sunplus Management Consulting Inc.	(25)	(34)
Sunplus mMedia Inc.	(2,589)	(202,254)
Sunplus mMobile Inc.	(90,125)	(167,795)
Sunplus Core Technology Co., Ltd.	(17,579)	(40,020)
Goldkey Technology Corp.	<u>-</u>	<u>312</u>
	<u>\$ 191,874</u>	<u>\$ (239,358)</u>

Fair values of listed equity-method investments calculated at their closing prices as of June 30, 2010 and 2009 were as follows:

	June 30	
	2010	2009
Orise Technology Co., Ltd.	\$ 2,698,358	\$ 3,647,962
Giantplus Technology Co., Ltd.	<u>1,290,941</u>	<u>1,261,313</u>
	<u>\$ 3,989,299</u>	<u>\$ 4,909,275</u>

10. FINANCIAL ASSETS CARRIED AT COST

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Domestic unlisted stocks	<u>\$ 35,556</u>	<u>\$ 35,556</u>

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

11. PROPERTIES

	<u>Six Months Ended June 30, 2010</u>								
	<u>Buildings</u>	<u>Auxiliary Equipment</u>	<u>Machinery and Equipment</u>	<u>Testing Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixtures</u>	<u>Leasehold Improvements</u>	<u>Prepayments</u>	<u>Total</u>
<u>Cost</u>									
Balance, beginning of period	\$ 795,683	\$ 186,364	\$ 430,326	\$ 368,458	\$ 2,463	\$ 99,928	\$ 89	\$ -	\$ 1,883,311
Increase	-	3,442	4,636	8,313	-	900	-	-	17,291
Decrease	-	3,264	9,691	29,835	1,254	6,314	-	-	50,358
Balance, end of period	<u>795,683</u>	<u>186,542</u>	<u>425,271</u>	<u>346,936</u>	<u>1,209</u>	<u>94,514</u>	<u>89</u>	<u>-</u>	<u>1,850,244</u>
<u>Accumulated depreciation</u>									
Balance, beginning of period	143,201	149,037	350,203	307,553	2,324	87,278	88	-	1,039,684
Depreciation	8,317	3,882	17,140	13,446	35	2,972	-	-	45,792
Decrease	-	2,159	9,590	25,569	1,254	5,843	-	-	44,415
Balance, end of period	<u>151,518</u>	<u>150,760</u>	<u>357,753</u>	<u>295,430</u>	<u>1,105</u>	<u>84,407</u>	<u>88</u>	<u>-</u>	<u>1,041,061</u>
Balance, end of period, net	<u>\$ 644,165</u>	<u>\$ 35,782</u>	<u>\$ 67,518</u>	<u>\$ 51,506</u>	<u>\$ 104</u>	<u>\$ 10,107</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 809,183</u>
<u>Six Months Ended June 30, 2009</u>									
	<u>Buildings</u>	<u>Auxiliary Equipment</u>	<u>Machinery and Equipment</u>	<u>Testing Equipment</u>	<u>Transportation Equipment</u>	<u>Furniture and Fixtures</u>	<u>Leasehold Improvements</u>	<u>Prepayments</u>	<u>Total</u>
<u>Cost</u>									
Balance, beginning of period	\$ 688,983	\$ 184,963	\$ 414,508	\$ 373,482	\$ 2,463	\$ 123,058	\$ 459	\$ -	\$ 1,787,916
Increase	-	-	2,400	1,606	-	985	-	3,229	8,220
Decrease	-	466	17	6,144	-	20,637	284	-	27,548
Reclassification	35,292	-	-	-	-	-	-	-	35,292
Balance, end of period	<u>724,275</u>	<u>184,497</u>	<u>416,891</u>	<u>368,944</u>	<u>2,463</u>	<u>103,406</u>	<u>175</u>	<u>3,229</u>	<u>1,803,880</u>
<u>Accumulated depreciation</u>									
Balance, beginning of period	113,447	141,393	316,522	276,980	2,186	100,636	426	-	951,590
Depreciation	7,507	4,554	20,464	21,395	69	5,188	6	-	59,183
Decrease	-	457	16	5,832	-	20,123	264	-	26,692
Reclassification	4,449	-	-	-	-	-	-	-	4,449
Balance, end of period	<u>125,403</u>	<u>145,490</u>	<u>336,970</u>	<u>292,543</u>	<u>2,255</u>	<u>85,701</u>	<u>168</u>	<u>-</u>	<u>988,530</u>
Balance, end of period, net	<u>\$ 598,872</u>	<u>\$ 39,007</u>	<u>\$ 79,921</u>	<u>\$ 76,401</u>	<u>\$ 208</u>	<u>\$ 17,705</u>	<u>\$ 7</u>	<u>\$ 3,229</u>	<u>\$ 815,350</u>

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

12. INTANGIBLE ASSETS

	<u>Six Months Ended June 30, 2010</u>		
	<u>Technology License Fee</u>	<u>Patents</u>	<u>Total</u>
<u>Cost</u>			
Balance, beginning of period	\$ 2,648,034	\$ 97,849	\$ 2,745,883
Increase	17,437	-	17,437
Decrease	2,375	-	2,375
Balance, end of period	<u>2,663,096</u>	<u>97,849</u>	<u>2,760,945</u>

(Continued)

Six Months Ended June 30, 2010

	Technology License Fee	Patents	Total
<u>Accumulated amortization</u>			
Balance, beginning of period	\$ 2,389,966	\$ 37,161	\$ 2,427,127
Amortization expense	86,135	2,698	88,833
Decrease	<u>1,848</u>	<u>-</u>	<u>1,848</u>
Balance, end of period	<u>2,474,253</u>	<u>39,859</u>	<u>2,514,112</u>
Balance, end of period, net	<u>\$ 188,843</u>	<u>\$ 57,990</u>	<u>\$ 246,833</u>

(Concluded)

Six Months Ended June 30, 2009

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

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

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

13. DEFERRED CHARGES AND OTHERS

	June 30	
	2010	2009
Software and system design, net	\$ 134,566	\$ 183,943
Certificate of golf club membership	7,800	7,800
Refundable deposits	<u>866</u>	<u>1,441</u>
	<u>\$ 143,232</u>	<u>\$ 193,184</u>

14. SHORT-TERM BANK LOANS

June 30, 2009

Working capital loans - 1.50% annual interest rate in 2009 \$ 30,000

15. LONG-TERM BANK LOANS

	<u>June 30</u>	
	<u>2010</u>	<u>2009</u>
Medium- to long-term credit bank loans:		
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest - 1.4385% in 2010 and 1.997% in 2009	\$ 570,000	\$ 820,000
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 1.70% in 2010 and 2.11% in 2009	75,000	150,000
Repayable quarterly from April 2010 to April 2012; annual floating-rate interest 2.00% in 2009	-	30,000
Medium- to long-term secured loans:		
Repayable semiannually from March 2010 to March 2014; annual floating-rate interest - 1.805% in 2010 and 2009	308,000	700,000
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 1.70% in 2010 and 2.11% in 2009	75,000	150,000
Repayable within 6 months, contracts valid from February 2009 to February 2012; annual floating-rate interest - 1.805% in 2009	<u>-</u>	<u>150,000</u>
	1,028,000	2,000,000
Deduct: Current portion	<u>625,000</u>	<u>392,500</u>
	<u>\$ 403,000</u>	<u>\$ 1,607,500</u>

Under the loan contracts, the Company provided buildings and shares of Giantplus Technology Co. Ltd. and Orise Technology Co. Ltd. as collaterals for the above loans (Note 24). The loan contracts contain financial covenants which require the Company to maintain certain financial ratios (debt ratio, current ratio, times interest-earned ratio and financing provided) on the basis of semiannual and annual consolidated financial statements. However, the Company's not being able to meet these ratio requirements is not deemed to be a violation of the contracts. As of June 30, 2010 and 2009, the Company was in compliance with those financial covenants.

16. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of the Company's monthly contributions to employees' individual pension accounts is at 6% of monthly salaries and wages. Related pension costs were \$15,650 thousand and \$14,807 thousand for the six months ended June 30, 2010 and 2009, respectively.

Before the promulgation of the Act, the Company has had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension plan provides benefits based on the length of service and the average basic salary of the employee's final six months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan. The Company recognized pension costs of \$1,145 thousand and \$1,128 thousand for the six months ended June 30, 2010 and 2009, respectively.

Defined benefit pension fund balances were \$115,885 thousand and \$108,932 thousand as of June 30, 2010 and 2009, respectively.

17. SHAREHOLDERS' EQUITY

a. Employee Stock Option Plan

On March 6, 2003 (2003 option plan) and September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan. The plan provides for the grant of 30,000 thousand options and 25,000 thousand options in 2003 and 2007 plan, respectively, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 55,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of June 30, 2010.

Outstanding option rights were as follows:

	2003 Option Plan			
	2010		2009	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Six Months Ended June 30				
Beginning outstanding balance	-	\$ -	5,082	\$40.31
Options canceled	-	-	<u>(2,408)</u>	-
Ending outstanding balance	<u>-</u>		<u>2,674</u>	
	2007 Option Plan			
	2010		2009	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Six Months Ended June 30				
Beginning outstanding balance	22,858	\$40.52	24,646	\$40.52
Options canceled	<u>(509)</u>	-	<u>(842)</u>	-
Ending outstanding balance	<u>22,349</u>		<u>23,804</u>	

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

As of June 30, 2010, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2007 Option Plan				
	Options Outstanding			Options Exercisable	
	Number of Options (In Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
\$ 40.40	16,049	3.37	\$40.40	16,049	\$40.40
40.90	6,300	3.49	40.90	6,300	40.90

The pro forma information for the six months ended June 30, 2010 and 2009 assuming employee stock options granted before December 31, 2007 were accounted for under Statement of Financial Accounting Standards No. 39 - "Share-Based Payment" is as follows:

	June 30	
	2010	2009
Net income (loss)		
Net income (loss) as reported	<u>\$ 560,230</u>	<u>\$ (420,005)</u>
Pro forma net loss	<u>\$ 560,230</u>	<u>\$ (528,242)</u>
Earnings (loss) per share (E/LPS; in New Taiwan dollars)		
Basic E/LPS as reported	<u>\$0.94</u>	<u>\$(0.71)</u>
Pro forma basic E/LPS	<u>\$0.94</u>	<u>\$(0.89)</u>
Diluted E/LPS as reported	<u>\$0.94</u>	<u>\$(0.71)</u>
Pro forma diluted E/LPS	<u>\$0.94</u>	<u>\$(0.89)</u>

b. Global Depositary Receipts (GDRs)

In March 2001, the Company issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of June 30, 2010, the outstanding 275 thousand units of GDRs represented 550 thousand common shares.

c. Capital Surplus

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

d. Appropriation of Earnings and Dividends

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

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

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

For the six months ended June 30, 2010, the Company's accrued bonus to employees as a charge to earnings of a certain percentage of net income \$69,835 thousand, and remuneration to directors and supervisors, \$2,170 thousand, which was 1.5% of net income less the legal reserve and dividends. However, the Company had a net loss for the six months ended June 30, 2009. Thus, the Company did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the current year. If the actual amounts approved by the shareholders differ from the board of directors' proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

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

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

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

The appropriations of the 2009 and 2008 earnings were approved at the shareholders' meetings on June 14, 2010 and April 30, 2009, respectively. The appropriations, including dividends, were as follows:

	<u>For Fiscal Year 2009</u>		<u>For Fiscal Year 2008</u>	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 38,151	\$ -	\$ 838	\$ -
Special reserve	<u>(428,914)</u>	-	<u>428,914</u>	-
	<u>\$ (390,763)</u>		<u>\$ 429,752</u>	

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

Unrealized gain or loss on financial instruments

For the six months ended June 30, 2010 and 2009, the movements of unrealized gain or loss on financial instrument were as follows:

	Available- for-sale Financial Assets	Equity- method Investments	Total
<u>Six months ended June 30, 2010</u>			
Balance, beginning of period	\$ (313,072)	\$ 429,521	\$ 116,449
Recognized in shareholders' equity	<u>(45,996)</u>	<u>(125,101)</u>	<u>(171,097)</u>
Balance, end of period	<u>\$ (359,068)</u>	<u>\$ 304,420</u>	<u>\$ (54,648)</u>
<u>Six months ended June 30, 2009</u>			
Balance, beginning of period	\$ (438,577)	\$ (123,389)	\$ (561,966)
Recognized in shareholders' equity	<u>35,934</u>	<u>236,217</u>	<u>272,151</u>
Balance, end of period	<u>\$ (402,643)</u>	<u>\$ 112,828</u>	<u>\$ (289,815)</u>

18. TREASURY STOCK

(Units: Shares in Thousands)

Purpose of Purchase	Beginning Shares	Decrease	Ending Shares
<u>Six months ended June 30, 2010</u>			
Company stocks held by subsidiaries	<u>3,560</u>	<u>-</u>	<u>3,560</u>
<u>Six months ended June 30, 2009</u>			
Company stocks held by subsidiaries	3,560	-	3,560
For subsequent transfer to employees	<u>1,293</u>	<u>(1,293)</u>	<u>-</u>
	<u>4,853</u>	<u>(1,293)</u>	<u>3,560</u>

Starting from January 2002, the Company accounted for its issued shares amounting to \$95,605 thousand held by a subsidiary, Lin Shin Investment Co., Ltd., as treasury stock. As of June 30, 2010, the book values and market values of these stocks were \$63,401 thousand and \$80,278 thousand, respectively. As of June 30, 2009, the book values and market values of these stocks were \$63,401 thousand and \$56,604 thousand, respectively.

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The Company had canceled all the treasury stock on February 19, 2009 and had completed the related registration of the change in the number of its issued shares. The subsidiaries holding treasury stock, however, retain shareholders' rights on their holdings, except the rights to participate in any share issuance for cash and to vote.

19. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Six Months Ended June 30					
	2010			2009		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 44,277	\$ 431,087	\$ 475,364	\$ 24,711	\$ 270,190	\$ 294,901
Labor/health insurance	2,400	20,026	22,426	2,337	17,605	19,942
Pension	1,693	15,102	16,795	1,703	14,232	15,935
Welfare benefit	1,171	7,987	9,158	837	5,526	6,363
Meal	<u>809</u>	<u>5,614</u>	<u>6,423</u>	<u>809</u>	<u>5,016</u>	<u>5,825</u>
	<u>\$ 50,350</u>	<u>\$ 479,816</u>	<u>\$ 530,166</u>	<u>\$ 30,397</u>	<u>\$ 312,569</u>	<u>\$ 342,966</u>
Depreciation	<u>\$ 18,866</u>	<u>\$ 26,926</u>	<u>\$ 45,792</u>	<u>\$ 22,293</u>	<u>\$ 36,890</u>	<u>\$ 59,183</u>
Amortization	<u>\$ 775</u>	<u>\$ 159,566</u>	<u>\$ 160,341</u>	<u>\$ 1,039</u>	<u>\$ 232,510</u>	<u>\$ 233,549</u>

20. INCOME TAX

- a. A reconciliation of income tax expense on income (loss) before income tax at statutory rate (17% in 2010 and 25% in 2009) and current income tax expense before tax credits is shown below:

	Six Months Ended June 30	
	2010	2009
Income (loss) before income tax at statutory rate	\$ 137,052	\$ (40,052)
Tax effects of adjustments:		
Tax-exempt income	(7,173)	-
Permanent differences	(70,916)	39,735
Temporary differences	9,409	20,257
Loss carryforwards	(51,714)	-
Tax effects of consolidation income tax filing	<u>(16,658)</u>	<u>-</u>
Income tax expense before tax credits	<u>\$ -</u>	<u>\$ 19,940</u>

- b. Income tax expense consisted of the following:

	Six Months Ended June 30	
	2010	2009
Income tax expense before tax credits	\$ -	\$ 19,940
Additional tax at 10% on unappropriated earnings	77,228	-
Investment tax credits	(77,228)	(3,884)
Net change in deferred income tax assets	186,727	243,567
Additional income tax under Alternative Minimum Tax Act	22,810	-
Adjustment of prior years' income tax expense	<u>36,422</u>	<u>173</u>
Income tax expense	<u>\$ 245,959</u>	<u>\$ 259,796</u>

c. Deferred income tax assets were as follows:

	June 30	
	2010	2009
Current:		
Investment tax credits	\$ 337,699	\$ 295,309
Temporary differences	(1,191)	4,981
Deduct: Valuation allowance	<u>305,597</u>	<u>251,082</u>
	<u>\$ 30,911</u>	<u>\$ 49,208</u>
Noncurrent:		
Investment tax credits	\$ 766,069	\$ 1,005,940
Temporary differences	6,535	9,733
Loss carryforwards	115,420	-
Deduct: Valuation allowances	<u>498,571</u>	<u>385,382</u>
	<u>\$ 389,453</u>	<u>\$ 630,291</u>

During the six months ended June 30, 2010 and 2009, the Legislative Yuan passed the following amendments to tax laws:

- 1) In January 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating loss carryforward period from 5 years to 10 years.
- 2) In May 2009, 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 25% to 20%, effective January 1, 2010.
- 3) 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 took effect from January 1, 2010 and is effective till December 31, 2019.
- 4) In May 2010, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 20% to 17%, effective January 1, 2010.

As of June 30, 2010, investment tax credits (recorded as deferred income tax assets) were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 1,005	\$ 1,005	2011
		<u>1,035</u>	<u>1,035</u>	2012
		<u>\$ 2,040</u>	<u>\$ 2,040</u>	

(Continued)

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Research and development expenditures	\$ 414,927	\$ 337,699	2010
		257,812	257,812	2011
		264,282	264,282	2012
		<u>241,935</u>	<u>241,935</u>	2013
		<u>\$ 1,178,956</u>	<u>\$ 1,101,728</u>	
Income Tax Law	Loss carryforwards	<u>\$ 167,134</u>	<u>\$ 115,420</u>	2019 (Concluded)

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

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

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

- e. Integrated income tax information is as follows:

	June 30	
	2010	2009
Shareholders' imputation credit account	<u>\$ 216,084</u>	<u>\$ 48,037</u>
Unappropriated earnings until 1997	<u>\$ 452,310</u>	<u>\$ 452,310</u>

The expected and actual creditable tax ratios for 2009 and 2008, respectively, were 14.59% and 6.77%, respectively.

21. EARNINGS (LOSS) PER SHARE

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

	Amounts (Numerator)		Share (Denominator) (In Thousands)	E/LPS (Dollars)	
	Before	After		Before	After
	Income Tax	Income Tax		Income Tax	Income Tax
<u>Six months ended June 30, 2010</u>					
Net income	<u>\$ 806,189</u>	<u>\$ 560,230</u>			

(Continued)

	<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>
Basic income per share					
Income of common shareholders	\$ 806,189	\$ 560,230	593,350	<u>\$ 1.36</u>	<u>\$ 0.94</u>
Effect of dilutive potential					
Bonus to employees	<u>-</u>	<u>-</u>	<u>3,097</u>		
Diluted income per share					
Income of common shareholders	<u>\$ 806,189</u>	<u>\$ 560,230</u>	<u>596,447</u>	<u>\$ 1.35</u>	<u>\$ 0.94</u>
<u>Six months ended June 30, 2009</u>					
Net loss	<u>\$ (160,209)</u>	<u>\$ (420,005)</u>			
Basic and diluted loss per share					
Loss of common shareholders	<u>\$ (160,209)</u>	<u>\$ (420,005)</u>	<u>593,350</u>	<u>\$ (0.27)</u>	<u>\$ (0.71)</u>

(Concluded)

The employee stock option stated in Note 17 represents potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share". The test showed the stock options were anti-dilutive for the six months ended June 30, 2010 and 2009. As a result, the potential common shares were excluded from the calculation of diluted EPS.

The ARDF issued Interpretation 2007-052 that 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 may 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 the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. 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. Such 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.

22. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	<u>June 30</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Nonderivative instruments</u>				
Assets				
Available-for-sale financial assets (including current and noncurrent portions)	\$ 1,531,124	\$ 1,531,124	\$ 1,156,590	\$ 1,156,590
Financial assets carried at cost	35,556	-	35,556	-
Liabilities				
Long-term bank loans (including current portion)	1,028,000	1,028,000	2,000,000	2,000,000

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:
- 1) For cash, accounts receivable, other receivables, short-term loans, and accounts payable, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
 - 2) Available-for-sale financial assets is based on their quoted prices in active markets.
 - 3) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
 - 4) Fair value of long-term bank loan is estimated using the present value of future cash flows discounted by the interest rates, the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loan with floating interest rates are equivalent to their carrying values.
- c. The Company did not enter into derivative contracts during the six months ended June 30, 2010 and 2009.
- d. Gains recognized for the changes in fair value of financial assets using valuation techniques for the six months ended June 30, 2010 and 2009 were \$0 and \$6,528 thousand, respectively.
- e. As of June 30, 2010 and 2009, financial assets exposed to cash flow interest rate risk amounted to \$403,853 thousand and \$164,006 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,349,675 thousand and \$1,744,952 thousand, respectively. As of June 30, 2010 and 2009, financial liabilities exposed to fair value interest rate risk was \$0 and \$30,000 thousand, respectively. As of June 30, 2010 and 2009, financial liabilities exposed to cash flow interest rate risk were \$1,028,000 thousand and \$2,000,000 thousand, respectively.
- f. Interest revenues arising from the financial assets other than the financial assets at fair value through profit or loss for the six months ended June 30, 2010 and 2009 were \$2,291 thousand and \$1,586 thousand, respectively; interest expenses arising from financial assets other than the financial assets at fair value through profit or loss for the six months ended June 30, 2010 and 2009 were \$11,368 thousand and \$14,951 thousand, respectively.
- g. 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 the 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. Investments in financial assets carried at cost do not have an active market. Thus, the liquidity risk of these investments is material. On the other hand, available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
- 4) Interest rate risk. As of June 30, 2010 and 2009, the interest rates of long term bank loans were floating, i. e., these rates fluctuated as market interest rates changed.

23. 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 Inc. ("Sunplus Core") - 57% subsidiary
- d. Generalplus Technology Inc. ("Generalplus") - equity-method investee
- e. Synerchip Technology Co., Ltd. ("Synerchip Technology") - represented a financial asset carried at cost of Russell Holding Ltd. (Note)
- f. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 78% subsidiary
- g. Sunplus mMobile Inc. ("Sunplus mMobile") - 91% subsidiary
- h. HT mMobile Inc. Ltd. ("HT mMobile") - equity-method investee
- i. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- j. Orise Technology Co., Ltd. ("Orise") - equity-method investee
- k. Sunplus mMedia Inc. ("Sunplus mMedia") - 83% subsidiary
- l. iCatch Technology, Inc. ("iCatch") - 74% subsidiary
- m. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- n. Sunplus Prof-tek (Shenzhen) Co., Ltd. ("Sunplus Prof-tek") - 100% indirect subsidiary
- o. Sun Media Technology Co., Ltd. ("Sun Media") - 100% indirect subsidiary
- p. Others - please refer to Note 27 for related parties that did not have business transactions with the Company in the current period.

Note: Russell Holding Limited ("Russell") decreased its equity interest in Synerchip Technology in October 2009; thus, Russell treated this investment as a financial asset carried at cost.

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

	Six Months Ended June 30			
	2010		2009	
	Amount	%	Amount	%
Sales				
Orise	\$ 17,989	1	\$ 17,113	1
Generalplus	11,384	-	8,080	-
iCatch	5,819	-	-	-
Sunplus Core	5,077	-	6,443	-
Sunplus Innovation	3,690	-	4,827	-
HT mMobile	2,745	-	5,855	-
Sunext	826	-	3,086	-
Sunplus mMedia	-	-	26,236	2
Sunplus mMobile	-	-	3,325	-
Waveplus	-	-	6,090	-
Lin Shin	-	-	430	-
	<u>\$ 47,530</u>	<u>1</u>	<u>\$ 81,485</u>	<u>3</u>

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

	Six Months Ended June 30			
	2010		2009	
	Amount	%	Amount	%
Operating expense				
Sunplus Core	\$ 11,916	1	\$ 2,607	-
Sunplus H.K.	2,164	-	-	-
Sunplus Prof-tek	-	-	29,063	4
Sunplus Media	-	-	15,593	2
Sunplus Shanghai	-	-	9,755	1
Other	333	-	306	-
	<u>\$ 14,413</u>	<u>1</u>	<u>\$ 57,324</u>	<u>7</u>

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

	Six Months Ended June 30			
	2010		2009	
	Amount	%	Amount	%
Nonoperating income and gains				
HT mMobile	\$ 15,911	3	\$ 14,399	8
iCatch	9,165	2	-	-
Sunplus Core	4,240	1	4,539	3
Sunplus mMobile	3,111	1	11,315	6
Generalplus	3,079	1	1,315	1
Sunplus Innovation	1,821	-	2,098	1
Orise	1,040	-	994	1
Sunext	470	-	881	1
Sunplus mMedia	68	-	27,379	16
Waveplus	11	-	1	-
Lin Shin	-	-	108	-
	<u>\$ 38,916</u>	<u>8</u>	<u>\$ 63,029</u>	<u>37</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 to assets leased to others; this book value was based on the ratio of the area of the leased sections to the total area of the building.

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

	June 30			
	2010		2009	
	Amount	%	Amount	%
Accounts receivable				
Orise	\$ 7,682	1	\$ 5,900	1
Generalplus	5,772	-	3,498	-
Sunplus Innovation	1,414	-	967	-
iCatch	1,375	-	-	-
HT mMobile	842	-	4,499	-
Sunext	322	-	534	-
Sunplus Core	50	-	219	-
Sunplus mMedia	-	-	5,943	1
Waveplus	-	-	3,293	-
Lin Shin	-	-	36	-
	<u>\$ 17,457</u>	<u>1</u>	<u>\$ 24,889</u>	<u>2</u>
Other receivables				
Sunplus mMobile	\$ 295,677	69	\$ 659	-
Orise	108,475	25	83,955	48
Sunplus Innovation	18,178	4	14,042	8
HT mMobile	4,860	1	13,049	8
iCatch	2,608	1	-	-
Sunplus Core	595	-	852	1
Generalplus	387	-	56,071	32
Sunext	165	-	659	-
Sunplus mMedia	33	-	4,884	3
Waveplus	5	-	1	-
Lin Shin	-	-	22	-
	<u>\$ 430,983</u>	<u>100</u>	<u>\$ 174,194</u>	<u>100</u>

Dividend receivables (recorded as other receivables) as of June 30, 2010 and 2009 were \$125,938 thousand and \$152,861 thousand, respectively.

In the six months ended June 30, 2010, the Company provided financing to Sunplus mMobile, as follows:

Financing to Related Party	Six Months Ended June 30, 2010			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
Sunplus mMobile	<u>\$295,000</u>	<u>\$295,000</u>	The highest short-term loan interest rate borrowing from financial institution (1.325% in 2010)	<u>\$ 1,042</u>

	June 30			
	2010		2009	
	Amount	%	Amount	%
Prepaid other expenses				
Sunplus H.K.	\$ <u> -</u>	<u> -</u>	\$ <u> 2,379</u>	<u> 1</u>
Accrued expenses				
Sunplus Core	\$ 3,643	1	\$ 263	-
Sunplus Innovation	13	-	-	-
Sunplus mMobile	<u> -</u>	<u> -</u>	<u> 24</u>	<u> -</u>
	<u>\$ 3,656</u>	<u> 1</u>	<u>\$ 287</u>	<u> -</u>
Deferred royalty income (including current and noncurrent)				
Sunplus Core	\$ 32,800	87	\$ 42,400	98
Generalplus	4,707	12	-	-
Orise	<u> -</u>	<u> -</u>	<u> 733</u>	<u> 1</u>
	<u>\$ 37,507</u>	<u> 99</u>	<u>\$ 43,133</u>	<u> 99</u>

	June 30	
	2010	2009
Endorsement/guarantee provided		
Sunplus mMobile	\$ 820,000	\$ 870,000
Sunplus Core	293,192	240,000
Sunplus Shanghai	228,430	219,000
Sunext	34,459	130,000
HT mMobile	30,000	-
Sunplus mMedia	24,082	-
Waveplus	20,000	20,000
Generalplus	15,614	-
Orise	10,193	-
Sunplus Innovation	9,562	-
Lin Shin	<u> -</u>	<u> 10,000</u>
	<u>\$ 1,485,532</u>	<u>\$ 1,489,000</u>

	June 30			
	2010		2009	
	Amount	%	Amount	%
Proceeds from disposal of properties				
HT mMobile	\$ 3,643	59	\$ -	-
iCatch	<u> 1,344</u>	<u> 22</u>	<u> -</u>	<u> -</u>
	<u>\$ 4,987</u>	<u> 81</u>	<u>\$ -</u>	<u> -</u>
Acquisition of properties				
Sunplus Shanghai	<u>\$ 679</u>	<u> 3</u>	<u>\$ -</u>	<u> -</u>

24. MORTGAGED OR PLEDGED ASSETS

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

	June 30	
	2010	2009
Giantplus stocks	\$ 422,549	\$ 834,450
Orise stocks	276,874	256,270
Buildings, net (including rental assets)	<u>782,246</u>	<u>802,066</u>
	<u>\$ 1,481,669</u>	<u>\$ 1,892,786</u>

25. SIGNIFICANT LONG-TERM OPERATING LEASES

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

Future annual minimum rentals under the leases are as follows:

Period/Year	Amount
2010 (3rd to 4th quarter)	\$ 3,931
2011	7,862
2012	7,862
2013	7,862
2014	7,862
2015 and thereafter	<u>32,695</u>
	<u>\$ 68,074</u>

26. SIGNIFICANT COMMITMENT AND CONTINGENCY

As of June 30, 2010, the Company had signed a standby letter of credit amounting to US\$2,000 thousand as guarantee for the use of a certain technology license.

27. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Financing 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 cost of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

SIX MONTHS ENDED JUNE 30, 2010

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	91% subsidiary	\$ 1,272,623 (Note 1)	\$ 940,000	\$ 820,000	\$ -	6.44%	\$ 2,545,246 (Note 2)
		Sunplus Core Technology Co., Ltd.	57% subsidiary	1,272,623 (Note 1)	293,192	293,192	-	2.30%	2,545,246 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	1,272,623 (Note 1)	231,800	228,430	-	1.79%	2,545,246 (Note 2)
		Sunext Technology Co., Ltd.	61% subsidiary	1,272,623 (Note 1)	134,459	34,459	-	0.27%	2,545,246 (Note 2)
		HT mMobile Inc.	Equity-method investee	1,272,623 (Note 1)	30,000	30,000	-	0.24%	2,545,246 (Note 2)
		Sunplus mMedia Inc.	83% subsidiary	1,272,623 (Note 1)	24,082	24,082	-	0.19%	2,545,246 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,272,623 (Note 1)	20,000	20,000	-	0.16%	2,545,246 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,272,623 (Note 1)	15,614	15,614	-	0.12%	2,545,246 (Note 2)
		Orise Technology Co., Ltd.	Equity-method investee	1,272,623 (Note 1)	10,193	10,193	-	0.08%	2,545,246 (Note 2)
		Sunplus Innovation Technology Inc.	78% subsidiary	1,272,623 (Note 1)	9,562	9,562	-	0.08%	2,545,246 (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

THREE MONTHS ENDED JUNE 30, 2010

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Other receivables	\$ 295,000	\$ 295,000	Note 3	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 636,311 (Note 4)	\$ 1,272,623 (Note 5)

Note 1: Short-term financing.

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

Note 3: The highest short-term loan interest rate for borrowing from financial institutions (1.325% in 2010).

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

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

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

SIX MONTHS ENDED JUNE 30, 2010

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$ 1,788,477	21	\$ 1,788,477	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	57,290	1,057,472	42	1,057,472	Note 10
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	19,590	(9,979)	83	105,272	Notes 1, 6 and 7
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	855,636	100	855,636	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	866,818	100	866,818	Notes 1 and 4
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	40,231	685,111	42	685,111	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	41,900	1,073,366	100	1,073,366	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	430,074	100	433,912	Notes 1 and 8
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	30,103	559,730	78	559,730	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	618,203	61	484,008	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,898	(84,327)	57	(65,392)	Notes 1 and 6
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	23,316	41	23,316	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	7,419	100	7,419	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	8,154	100	8,154	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,891	100	4,891	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,120	100	4,120	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	54,545	(671,235)	91	(655,741)	Notes 1 and 6
	HT mMobile Inc.	Equity-method investee	Equity-method investments	37,261	95,203	29	95,203	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	211,544	74	211,544	Note 1
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	165,525	12	165,525	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	40,396	-	40,396	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,967	28,236	-	28,236	Note 3
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	2,222	22,223	11	22,223	Note 2
	Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2
	<u>Fund</u>							
	Manulife Wan Li Bond Fund	-	Available-for-sale financial assets	1,060	14,028	-	14,028	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	9,476	143,584	-	143,584	Note 5
	ING Taiwan Bond Fund	-	Available-for-sale financial assets	6,412	100,126	-	100,126	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	17,085	249,738	-	249,738	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	348	59,379	-	59,379	Note 5
Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	3,278	45,350	-	45,350	Note 5	
Polaris De-Bao Fund	-	Available-for-sale financial assets	7,846	90,178	-	90,178	Note 5	
IBT 1699 Bond Fund	-	Available-for-sale financial assets	7,385	95,380	-	95,380	Note 5	
IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,471	47,106	-	47,106	Note 5	
Taishin Lucky Fund	-	Available-for-sale financial assets	20,822	221,629	-	221,629	Note 5	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus mMobile Inc.	Mega Diamond Bond Fund	-	Available-for-sale financial assets	15,096	\$ 180,419	-	\$ 180,419	Note 5
	Cathay Bond Fund	-	Available-for-sale financial assets	4,182	50,050	-	50,050	Note 5
	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	12,139	100	12,139	Note 1
	Sunplus mMobile Limited	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	1,710	(374)	100	(374)	Notes 1 and 6
Sunplus mMobile Holding Inc.	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(3)	100	(3)	Notes 1 and 6
	Bright Sunplus mMobile Inc.	Subsidiary of Sunplus mMobile Holding Inc.	Equity-method investments	2,580	US\$ - thousand	100	US\$ - thousand	Note 1
Lin Shih Investment Co., Ltd.	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	827	13,626	26	14,806	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	41,921	5	41,921	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	252,643	16	252,568	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,340	(14,700)	15	(17,146)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	4,748	(6,293)	8	(57,121)	Notes 1 and 6
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,733	3	9,733	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	4,695	29,430	4	11,531	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	911	9,843	4	5,757	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	846	14,114	2	15,496	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	80,278	1	80,278	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	252,626	1	252,626	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	6,733	-	6,733	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	136	3,429	-	3,429	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,222	63,339	8	63,339	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	79,643	7	79,643	Note 2
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	353	4,007	6	4,007	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	23,000	14	23,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	9	6,000	Note 2
Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2	
Sanjet Technology Corp.	-	Financial assets carried at cost	25	215	-	215	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	<u>Stock</u> Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$ (350) thousand	44	US\$ (350) thousand	Note 6
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$ 2,261 thousand	1	US\$ 171 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$ 2,740 thousand	-	US\$ 2,740 thousand	Note 3
	Synerchip Co., Ltd.	-	Financial assets carried at cost	4,236	US\$ - thousand	19	US\$ - thousand	Note 2
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US\$ - thousand	8	US\$ - thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	1,000	US\$ 500 thousand	2	US\$ 500 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\$ 1,855 thousand	5	US\$ 1,855 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 thousand	1	US\$ 500 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 1,400 thousand	-	US\$ 1,400 thousand	Note 2
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US\$ 800 thousand	15	US\$ 800 thousand	Note 2
	VisualOn Inc.	-	Financial assets carried at cost	377	US\$ 200 thousand	3	US\$ 200 thousand	Note 2
	Azalea Networks Inc.	-	Financial assets carried at cost	850	US\$ 1,150 thousand	2	US\$ 1,150 thousand	Note 2
Sunplus Venture Capital Co., Ltd.	<u>Stock</u> Joing Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,400	-	39	-	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	387	6,927	12	6,927	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	55,224	7	55,224	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	3,791	64,798	4	64,798	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,462	1	15,462	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	(14,698)	13	(14,698)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	65	1,488	-	(773)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	3,006	15,355	13	15,096	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	20	105	-	105	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,041	19,163	3	19,163	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	32,106	11	32,106	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	32,584	-	32,584	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	20,185	1	20,185	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	181,253	1	181,253	Note 3
Radiant Innovation Inc.	-	Available-for-sale financial assets	853	24,316	3	24,316	Note 3	
Capital Income Fund	-	Available-for-sale financial assets	3,241	50,000	-	50,000	Note 5	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	eWave System, Inc.	-	Financial assets carried at cost	1,833	\$ -	22	\$ -	Note 2
	Softchina Venture Capital Corp.	-	Financial assets carried at cost	407	-	8	-	Note 2
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 2
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 2
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	19,000	10	19,000	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,776	20,734	4	20,734	Note 2
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	3,000	30,000	5	30,000	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	13,750	1	13,750	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	12,485	2	12,485	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	75,000	8	75,000	Note 2
	Capella Micro System, Inc.	-	Financial assets carried at cost	595	8,090	2	8,090	Note 2
	Azalea Networks Inc	-	Financial assets carried at cost	280	12,923	1	12,923	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	148	1,265	1	1,265	Note 2
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	7,590	39,771	100	39,771	Note 1
	<u>Fund</u> IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	7,596	103,080	-	103,080	Note 5
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	12,089	144,479	-	144,479	Note 5
	Capital Income Fund	-	Available-for-sale financial assets	3,889	60,027	-	60,027	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	US\$ 1,236 thousand	100	US\$ 1,236 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\$ 980 thousand	100	US\$ 980 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$ 256 thousand	100	US\$ 256 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	10,784	100	10,784	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,000	3,890	100	3,890	Note 1
	<u>Fund</u> FSITC Bond Fund	-	Available-for-sale financial assets	315	53,766	-	53,766	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	4,769	69,093	-	69,093	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,963	75,206	-	75,206	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	3,427	50,091	-	50,091	Note 5

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Great Sun Corp.	IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,878	\$ 50,086	-	\$ 50,086	Note 5
	IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,691	50,092	-	50,092	Note 5
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 93 thousand	100	US\$ 93 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Sunext Technology (Shanghai)	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$ 92 thousand	100	US\$ 92 thousand	Note 1
Ventureplus Group Inc.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	US\$ - thousand	100	US\$ - thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	41,900	US\$ 33,394 thousand	100	US\$ 33,394 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	41,900	US\$ 33,398 thousand	100	US\$ 33,398 thousand	Note 1
Sunplus Innovation Technology Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 11,134 Thousand	99	US\$ 11,134 Thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 3,258 Thousand	100	US\$ 3,258 Thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 18,687 thousand	100	US\$ 18,687 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 111 thousand	80	US\$ 111 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> Sunnext Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	385	-	226	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,696	-	1,777	Note 1
	UNIWILL Co., Ltd.	-	Available-for-sale financial assets	508	5,662	-	5,662	Note 3
Sunplus Innovation Technology Inc.	<u>Fund</u> Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,636	70,242	-	70,242	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	6,023	88,040	-	88,040	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	176	30,072	-	30,072	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	2,898	40,102	-	40,102	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	1,000	30,179	12	30,179	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2010				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
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 mMedia Inc.	<u>Fund</u> Allianz Global Investors Bond Fund	-	Available-for-sale financial assets	1,668	20,000	-	20,000	Note 5
iCatch Technology, Inc.	<u>Fund</u> Allianz Global Investors Bond Fund	-	Available-for-sale financial assets	1,251	15,001	-	15,001	Note 5

Note 1: The net asset value was based on unaudited financial data as of June 30, 2010.

Note 2: The market value is based on carrying value as of June 30, 2010.

Note 3: The market value is based on the closing price as of June 30, 2010.

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

Note 5: The market value was based on the net asset value of fund as of June 30, 2010.

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

Note 7: Includes deferred credits \$127,913 thousand.

Note 8: Includes deferred credit \$3,839 thousand.

Note 9: As of June 30, 2010, 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 \$76,319 thousand and the holdings of Sunplus Technology Limited Company of the shares of Giantplus Technology Company Limited and Orise Technology Company Limited, with carrying values of \$422,549 thousand and \$276,874 thousand respectively, had not been pledged or mortgaged.

Note 10: The net asset value was based on audited financial data as of June 30, 2010.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2010
(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	60,665	\$ 1,119,384 (Note 3)	-	\$ -	3,375	\$ 229,241	\$ 62,839	\$ 171,244 (Note 4)	57,290	\$ 1,057,472 (Note 5)
	FSITC Bond Fund	Available-for-sale financial assets	1,697	289,216 (Note 2)	-	-	1,349	230,000	229,735	265	348	59,379 (Note 1)
	Fuh-Hwa Bond Fund	Available-for-sale financial assets	10,514	145,259 (Note 2)	-	-	7,237	100,000	99,855	145	3,278	45,350 (Note 1)
	Fuh-Hwa Yuli Bond Fund	Available-for-sale financial assets	7,766	100,069 (Note 2)	-	-	7,766	100,133	100,000	133	-	-
	IBT 1699 Bond Fund	Available-for-sale financial assets	22,107	285,092 (Note 2)	-	-	14,722	190,000	189,792	208	7,385	95,380 (Note 1)
	UPAMC James Bond Fund	Available-for-sale financial assets	3,128	50,003 (Note 2)	3,439	55,000	6,567	105,077	105,000	77	-	-
	Ventureplus Group Inc.	Equity-method investments	24,900	501,021 (Note 3)	17,000	547,570	-	-	-	-	41,900	1,073,366 (Note 5)
Generalplus Technology Inc.	IBT Ta Chong Bond Fund	Available-for-sale financial assets	14,225	192,732 (Note 2)	10,324	140,000	16,953	230,000	229,274	726	7,596	103,080 (Note 1)
Sunplus Innovation Technology Inc.	FSITC Taiwan Bond Fund	Available-for-sale financial assets	12,867	187,862 (Note 2)	-	-	6,844	100,000	99,716	284	6,023	88,040 (Note 1)

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 carrying value of the equity-method investment as of December 31, 2009.

Note 4: Includes a gain on disposal of investments classified under capital surplus.

Note 5: The carrying value of the equity-method investment as of June 30, 2010.

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

JUNE 30, 2010

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

Company Name	Types of Property	Transaction Date	Transaction Amount	(Payment)/Sale Term	Counter-party	Nature of Relationships	Prior Transaction of Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	2010.01	\$ 547,570	\$ (547,570)	-	Equity-method investee	-	-	-	\$ -	Note	Equity-method investee	-

Note: Participation in share issuance.

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

THREE MONTHS ENDED MARCH 31, 2010

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

Company Name	Types of Property	Transaction Date	Original Acquisition Date	Carrying Amount	Proceeds Collection Status	Gain on Disposal	Counter-party	Nature of Relationships	Purpose of Disposal	Price Reference	Purpose of Acquisition	Other Terms
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	2010.01 2010.02	2005.12 2006.07 2007.06 2008.08	\$ 62,839	\$229,241	\$171,244	-	Equity-method investee	Financial planning	Note	Equity-method investee	-

Note: Sold on the Taiwan stock exchange.

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
SIX MONTHS ENDED JUNE 30, 2010
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Tofen Chen, Miaoli, Taiwan	Manufacture of TN/STN LCDs and LCD modules	\$ 881,314	\$ 881,314	84,652	21	\$ 1,788,477	\$ 91,843	\$ 6,536	Investee
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	649,705	687,979	57,290	42	1,057,472	256,901	108,911	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	306,739	306,739	19,590	83	(9,979)	(24,221)	(2,589)	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	855,636	56,289	56,289	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	866,818	11,456	11,456	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	316,864	316,864	40,231	42	685,111	188,996	80,832	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$ 41,900 thousand	US\$ 24,900 thousand	41,900	100	1,073,366	16,020	16,020	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 14,760 thousand	14,760	100	430,074	(32,167)	(32,167)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	30,103	78	559,730	83,838	75,354	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	946,705	38,837	61	618,203	144,241	88,706	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	105,470	8,898	57	(84,327)	(24,280)	(17,579)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	23,316	5,909	2,405	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200 thousand	US\$ 200 thousand	200	100	7,419	-	-	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	8,154	248	248	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	4,891	259	259	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,120	(25)	(25)	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	372,608	372,608	37,261	29	95,203	(432,994)	(124,919)	Investee
	iCatch Technology. Ltd.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	74	211,544	(276)	(229)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,507,392	1,507,392	54,545	91	(671,235)	(97,985)	(90,125)	Subsidiary
	Lin Shih Investment Co., Ltd.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	41,921	144,241	7,631
Waveplus Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	94,898	94,576	827	26	13,626	5,909	1,503	Subsidiary
Sunplus Core Technology Co., Ltd.		Hsinchu, Taiwan	Design of ICs	20,474	20,073	2,340	15	(14,700)	(24,280)	(3,589)	Subsidiary
Sunplus mMobile Inc.		Hsinchu, Taiwan	Design of ICs	38,450	38,376	4,748	8	(6,293)	(97,985)	(7,753)	Subsidiary
Sunplus mMedia Inc.		Hsinchu, Taiwan	Design of ICs	19,171	19,171	911	4	9,843	(24,221)	(934)	Subsidiary
Sunplus Innovation Technology Inc.		Hsinchu, Taiwan	Design of ICs	12,651	9,763	846	2	14,114	83,838	1,661	Subsidiary
HT mMobile Inc.		Hsinchu, Taiwan	Design of ICs	46,948	4,394	4,695	4	29,430	(432,994)	(15,705)	Investee
i Catch Technology. Ltd.		Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	3	9,733	(276)	(11)	Subsidiary
Generalplus Technology Inc.		Hsinchu, Taiwan	Design of ICs	86,256	82,166	14,892	16	252,643	188,996	29,578	Subsidiary
Sunplus Venture Capital Co., Ltd.	Joining Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	39	-	-	-	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	55,224	144,241	10,063	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	17,227	17,227	1,041	3	19,163	83,838	2,623	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	204	204	20	-	105	(432,994)	(68)	Investee
	i Catch Technology. Ltd.	Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	11	32,106	(276)	(35)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	12	6,927	5,909	715	Subsidiary
	Orise Technology Co. Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,462	256,901	1,632	Investee
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	(14,698)	(24,280)	(3,113)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	33,869	42,802	3,791	4	64,798	188,996	9,620	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	65	-	1,488	(97,985)	(105)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	3,006	13	15,355	(24,221)	(3,083)	Subsidiary
	Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$ 6,050 thousand	US\$ 6,050 thousand	4,794	44	US\$ (350) thousand	US\$ (789) thousand	US\$ - thousand
Sunext Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119 thousand	US\$ 2,119 thousand	442	1	US\$ 2,261 thousand	\$ 144,241	US\$ 31 thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2010			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2010	December 31, 2009	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunext Technology Co., Ltd.	Great Sun Corp.	Smaoa	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	\$ 10,784	\$ 6,711	\$ 6,711	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$ 1,000 thousand	US\$ 650 thousand	1,000	100	3,890	(11,107)	(11,107)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 93 thousand	US\$ 1 thousand	US\$ 1 thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$ 750 thousand	US\$ 750 thousand	-	100	US\$ 92 thousand	US\$ 1 thousand	US\$ 1 thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 41,900 thousand	US\$ 24,900 thousand	41,900	100	US\$ 33,394 thousand	US\$ 504 thousand	US\$ 504 thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 41,900 thousand	US\$ 24,900 thousand	41,900	100	US\$ 33,398 thousand	US\$ 504 thousand	US\$ 504 thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology (Shanghai) Co., Ltd.	Shanghai, China	Manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 11,134 thousand	US\$ 886 thousand	US\$ 876 thousand	Subsidiary
	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$ 4,250 thousand	US\$ 4,250 thousand	-	100	US\$ 3,258 thousand	US\$ 141 thousand	US\$ 141 thousand	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 20,000 thousand	US\$ 3,000 thousand	-	100	US\$ 18,687 thousand	US\$ (506) thousand	US\$ (506) thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 586 thousand	US\$ 586 thousand	-	80	US\$ 111 thousand	US\$ (8) thousand	US\$ (6) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$ 500 thousand	US\$ 500 thousand	1,000	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Smaoa	Investment	US\$ 7,590 thousand	US\$ 5,590 thousand	7,590	100	39,771	(48,404)	(48,404)	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 7,590 thousand	US\$ 5,590 thousand	7,590	100	US\$ 1,236 thousand	US\$ (1,158) thousand	US\$ (1,158) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 7,200 thousand	US\$ 5,200 thousand	7,200	100	US\$ 980 thousand	US\$ (1,642) thousand	US\$ (1,642) thousand	Subsidiary
	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	390	100	US\$ 256 thousand	US\$ 125 thousand	US\$ 125 thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	12,139	(598)	(598)	Subsidiary
	Sunplus mMobile Limited	U.K.	Design of ICs	GBP 1,710 thousand	GBP 1,710 thousand	1,710	100	(374)	-	-	Subsidiary
	Sunplus mMobile Holding Inc.	Smaoa	Investment	US\$ 2,580 thousand	US\$ 2,580 thousand	2,580	100	(3)	-	-	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
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Smaoa	Investment	US\$ - thousand	US\$ - thousand	-	100	US\$ - thousand	US\$ - thousand	US\$ - thousand	Subsidiary
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	1,800	1,800	108	-	1,696	188,996	227	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	-	18	-	385	144,241	35	Subsidiary

(Concluded)

TABLE 8

SUNPLUS TECHNOLOGY COMPANY LIMITED

**INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2010**

(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, 2010	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2010	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of June 30, 2010	Accumulated Inward Remittance of Earnings as of June 30, 2010
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$ 17,200 thousand	Note 1	US\$ 17,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 17,000 thousand	99	US\$ 876 Thousand	US\$ 11,134 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software; system integration services	US\$ 4,250 thousand	Note 1	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100	US\$ 141 Thousand	US\$ 3,258 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services	US\$ 20,000 thousand	Note 1	US\$ 3,000 thousand	US\$ 17,000 thousand	US\$ - thousand	US\$ 20,000 thousand	100	US\$ (506) Thousand	US\$ 18,687 Thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 3,750 thousand	Note 1	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80	US\$ (6) thousand	US\$ 111 thousand	US\$ - thousand
Ytrip Technology Co., Ltd. (tentative name)	Manufacture and sale of toys and toy components and accessories, including motors; computer system and software design; computer system integration services; portal site services; supplying general advertising and other information services	US\$ 3,750 thousand	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2	Note 2

Accumulated Investment in Mainland China as of March 31, 2010	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$41,836 thousand	US\$56,550 thousand	\$7,635,737

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

Note 2: Approved by Investment Commission, MOEA, but not yet remitted.