Phison Electronics Corp.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Phison Electronics Corp.

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

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

In our opinion, the nonconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Phison Electronics Corp. as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the six months then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the nonconsolidated financial statements, in March 2007, the Accounting Research and Development Foundation of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses the bonuses to employees and remuneration to directors and supervisors beginning January 1, 2008. These bonuses and remunerations were previously recorded as appropriations from earnings.

We have also reviewed the consolidated financial statements of Phison Electronics Corp. and its subsidiary as of and for the six months ended June 30, 2009 and 2008 and have issued a review report and a review report which has an emphasis of a matter paragraph, respectively, in our report dated July 24, 2009 (not presented herewith).

July 24, 2009

Notice to Readers

The accompanying nonconsolidated 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 nonconsolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying nonconsolidated 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 nonconsolidated financial statements shall prevail.

PHISON ELECTRONICS CORP.

NONCONSOLIDATED BALANCE SHEETS
JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)

	2009		2008	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 2 and 4)	$ 2,612,310	24	$ 1,049,258	13
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	461,096	4	-	-
Notes and accounts receivable				
Third parties, net (Notes 2 and 6)	2,387,275	22	2,163,209	27
Related parties (Note 20)	103,159	1	61,643	1
Other financial assets (Note 20)	30,716	-	22,985	-
Inventories, net (Notes 2, 3 and 7)	2,106,858	19	2,413,273	30
Prepayments (Note 12)	1,014,475	9	897,561	11
Deferred income tax assets - current (Notes 2 and 15)	207,864	2	80,633	1
Restricted assets (Note 21)	5,191	-	10,139	-
Other	145,884	1	170,483	2
Total current assets	9,074,828	82	6,869,184	85
LONG-TERM INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 9)	415,427	4	398,503	5
Financial assets carried at cost - noncurrent (Notes 2 and 8)	31,256	-	46,348	-
Total long-term investments	446,683	4	444,851	5
PROPERTIES (Notes 2, 10, 20 and 21)				
Cost				
Land	388,000	3	278,000	4
Building	391,868	4	386,553	5
Testing equipment	104,238	1	95,372	1
Office equipment	14,929	-	15,515	-
Leasehold improvements	-	-	2,588	-
Other equipment	1,845	-	1,887	-
Total cost	900,880	8	779,915	10
Less: Accumulated depreciation	87,573	-	52,862	1
	813,307	8	727,053	9
Construction in progress	5,760	-	-	-
Prepayments for land and equipment	4,480	-	10,000	-
Net properties	823,547	8	737,053	9
INTANGIBLE ASSETS (Notes 2, 11, 20 and 22)	39,302	-	60,932	1
OTHER ASSETS				
Guarantee deposits paid	1,827	-	6,197	-
Long-term prepayments (Note 12)	656,200	6	-	-
Deferred income tax assets - noncurrent (Notes 2 and 15)	712	-	2,067	-
Miscellaneous (Notes 2 and 14)	4,098	-	3,993	-
Total other assets	662,837	6	12,257	-
TOTAL	$11,047,197	100	$ 8,124,277	100

	2009		2008	
LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Notes 13 and 21)	$ 1,156,224	10	$ -	-
Notes and accounts payable				
Third parties	1,190,560	11	1,125,317	14
Related parties (Note 20)	854,654	8	946,546	11
Income tax payable (Notes 2 and 15)	66,563	1	49,012	1
Accrued expenses (Note 17)	896,287	8	952,635	12
Other (Note 20)	118,214	1	19,991	-
Total current liabilities	4,282,502	39	3,093,501	38
OTHER LIABILITIES				
Guarantee deposits received	353	-	288	-
Deferred credits (Notes 2 and 20)	8,025	-	12,489	-
Total other liabilities	8,378	-	12,777	-
Total liabilities	4,290,880	39	3,106,278	38
SHAREHOLDERS' EQUITY (Notes 2, 3 and 17)				
Capital stock - NT$10.00 par value				
Authorized - 180,000 thousand shares				
Issued and outstanding - 134,066 thousand shares in 2009 and 104,480 thousand shares in 2008	1,340,662	12	1,044,802	13
Stock dividends to be issued	233,000	2	222,860	3
Capital surplus				
Additional paid-in capital	2,910,162	27	2,235,062	28
From long-term investment	21,037	-	21,088	-
Employee stock options	19,525	-	-	-
Total capital surplus	2,950,724	27	2,256,150	28
Retained earnings				
Legal reserve	429,879	4	374,481	5
Unappropriated retained earnings	1,802,052	16	1,247,351	15
Total retained earnings	2,231,931	20	1,621,832	20
Other equity				
Treasury stock - 750 thousand shares	-	-	(127,645)	(2)
Total shareholders' equity	6,756,317	61	5,017,999	62
TOTAL	$11,047,197	100	$ 8,124,277	100

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

(With Deloitte & Touche audit report dated July 24, 2009)

PHISON ELECTRONICS CORP.

NONCONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 2 and 20)				
Gross sales	$ 9,798,657	101	$ 9,403,406	101
Less: Sales returns and allowances	103,667	1	50,913	1
Net sales	9,694,990	100	9,352,493	100
Service revenue	11,430	-	4,911	-
Total revenue	9,706,420	100	9,357,404	100
OPERATING COST (Notes 3, 7, 16 and 20)	8,128,946	84	8,480,800	90
GROSS PROFIT	1,577,474	16	876,604	10
OPERATING EXPENSES (Note 16)				
Marketing	133,249	1	111,954	1
General and administrative	110,523	1	129,639	2
Research and development	446,105	5	211,781	2
Total operating expenses	689,877	7	453,374	5
OPERATING INCOME	887,597	9	423,230	5
NONOPERATING INCOME AND GAINS				
Interest income	1,828	-	14,283	-
Gain on disposal of investments, net (Notes 2 and 5)	866	-	3,953	-
Equity in net gain of investees (Notes 2 and 9)	-	-	2,230	-
Other (Notes 2 and 20)	13,099	-	58,897	1
Total nonoperating income and gains	15,793	-	79,363	1
NONOPERATING EXPENSES AND LOSSES				
Impairment loss on financial assets carried at cost (Notes 2 and 8)	4,100	-	-	-
Foreign exchange loss, net (Note 2)	3,018	-	60,748	1
Equity in net loss of investees (Notes 2 and 9)	1,645	-	-	-
Other (Note 2)	554	-	1,069	-
Total nonoperating expenses and losses	9,317	-	61,817	1
INCOME BEFORE INCOME TAX	894,073	9	440,776	5
INCOME TAX EXPENSE (Notes 2 and 15)	9,879	-	132,334	2
NET INCOME	$ 884,194	9	$ 308,442	3

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PHISON ELECTRONICS CORP.

NONCONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 18)				
Basic	$ 6.36	$ 6.29	$ 3.30	$ 2.31
Diluted	$ 6.20	$ 6.13	$ 3.27	$ 2.29

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

(With Deloitte & Touche audit report dated July 24, 2009) (Concluded)

PHISON ELECTRONICS CORP.

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

	Capital Stock Issued and Outstanding			Capital Surplus				Retained Earnings				
	Shares (Thousands)	Amount	Stock Dividends to Be Issued	Paid-in Capital in Excess of Par Value	Long-term Investment	Employee Stock Options	Total	Legal Reserve	Unappropriated	Total	Treasury Stock	Total Shareholders' Equity
BALANCE, JANUARY 1, 2009	126,766	$ 1,267,662	$ -	$ 2,235,062	$ 21,088	$ 321	$ 2,256,471	$ 374,481	$ 1,492,893	$ 1,867,374	$ (127,645)	$ 5,263,862
Appropriation of the 2008 earnings												
Legal reserve	-	-	-	-	-	-	-	55,398	(55,398)	-	-	-
Stock dividends - NT$0.89508 per share	-	-	120,000	-	-	-	-	-	(120,000)	(120,000)	-	-
Cash dividends - NT$2.83442 per share	-	-	-	-	-	-	-	-	(380,000)	(380,000)	-	(380,000)
Balance after appropriation	126,766	1,267,662	120,000	2,235,062	21,088	321	2,256,471	429,879	937,495	1,367,374	(127,645)	4,883,862
Effect of change in equity in an investee due to the Corporation's subscription for additional shares issued by an investee at a rate not equal to its current equity	-	-	-	-	(51)	-	(51)	-	-	-	-	(51)
Bonus to employees - stock	-	-	113,000	-	-	-	-	-	-	-	-	113,000
Issuance of capital stock as of February 18, 2009 - NT$53.00 per share	1,700	17,000	-	73,100	-	-	73,100	-	-	-	-	90,100
Issuance of capital stock as of May 15, 2009 - NT$117.5 per share	5,600	56,000	-	602,000	-	-	602,000	-	-	-	-	658,000
Compensation cost recognized for employee stock options	-	-	-	-	-	19,204	19,204	-	-	-	-	19,204
Transfer of treasury stock to employees	-	-	-	-	-	-	-	-	(19,637)	(19,637)	127,645	108,008
Net income in the six months ended June 30, 2009	-	-	-	-	-	-	-	-	884,194	884,194	-	884,194
BALANCE, JUNE 30, 2009	134,066	$ 1,340,662	$ 233,000	$ 2,910,162	$ 21,037	$ 19,525	$ 2,950,724	$ 429,879	$ 1,802,052	$ 2,231,931	$ -	$ 6,756,317
BALANCE, JANUARY 1, 2008	101,180	$ 1,011,802	$ -	$ 1,767,962	$ 4,517	$ -	$ 1,772,479	$ 235,243	$ 1,977,073	$ 2,212,316	$ -	$ 4,996,597
Appropriation of the 2007 earnings												
Legal reserve	-	-	-	-	-	-	-	139,238	(139,238)	-	-	-
Bonus to employees - stock	-	-	22,000	-	-	-	-	-	(22,000)	(22,000)	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	(60,000)	(60,000)	-	(60,000)
Stock dividends - NT$1.93637 per share	-	-	200,860	-	-	-	-	-	(200,860)	(200,860)	-	-
Cash dividends - NT$5.80912 per share	-	-	-	-	-	-	-	-	(602,582)	(602,582)	-	(602,582)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(13,484)	(13,484)	-	(13,484)
Balance after appropriation	101,180	1,011,802	222,860	1,767,962	4,517	-	1,772,479	374,481	938,909	1,313,390	-	4,320,531
Effect of change in equity in an investee due to the Corporation's subscription for additional shares issued by an investee at a rate not equal to its current equity	-	-	-	-	16,571	-	16,571	-	-	-	-	16,571
Issuance of capital stock as of June 16, 2008 - NT$128.00 per share	1,200	12,000	-	141,600	-	-	141,600	-	-	-	-	153,600
Issuance of capital stock as of June 23, 2008 - NT$165.00 per share	2,100	21,000	-	325,500	-	-	325,500	-	-	-	-	346,500
Acquisition of treasury stock - 750 thousand shares	-	-	-	-	-	-	-	-	-	-	(127,645)	(127,645)
Net income in the six months ended June 30, 2008	-	-	-	-	-	-	-	-	308,442	308,442	-	308,442
BALANCE, JUNE 30, 2008	104,480	$ 1,044,802	$ 222,860	$ 2,235,062	$ 21,088	$ -	$ 2,256,150	$ 374,481	$ 1,247,351	$ 1,621,832	$ (127,645)	$ 5,017,999

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

(With Deloitte & Touche audit report dated July 24, 2009)

PHISON ELECTRONICS CORP.

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 884,194	$ 308,442
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax	(56,930)	87,420
Amortization	26,400	28,493
Depreciation	21,065	19,700
Compensation cost of employee stock options	26,562	-
Allowance for sale returns and discounts	4,534	-
Impairment loss on financial assets carried at cost	4,100	-
Allowance (Reversal of) for doubtful accounts	3,562	(8,788)
Gain on disposal of intangible assets (including realized deferred credits)	(2,232)	(36,581)
Equity in net loss (gain) of investees	1,645	(2,230)
Loss (gain) on disposal and retirement of properties, net	(1)	190
Losses on inventory valuation and obsolescence	-	13,415
Net changes in operating assets and liabilities		
Financial assets at fair value through profit or loss - current	(461,096)	-
Notes and accounts receivable	(948,586)	(362,855)
Other financial assets	1,190	(21,744)
Inventories	(976,863)	(643,590)
Other current assets	(1,034,548)	(799,714)
Notes and accounts payable	363,492	(354,201)
Income tax payable	66,563	(62,658)
Accrued expenses	269,445	68,924
Other current liabilities	71,669	(6,074)
Accrued pension cost	234	(290)
Net cash used in operating activities	(1,735,601)	(1,772,141)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties	(16,238)	(226,924)
Increase in intangible assets	(11,111)	(14,903)
Decrease in guarantee deposits paid	2,401	515
(Increase) decrease in restricted assets	(91)	114
Proceeds of the disposal of properties	30	2,134
Increase in investments accounted for by the equity method	-	(112,500)
Proceeds of the disposal of intangible assets	-	50,000
Increase in financial assets carried at cost - noncurrent	-	(7,048)
Net cash used in investing activities	(25,009)	(308,612)

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PHISON ELECTRONICS CORP.

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

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	$ 1,156,224	$ -
Proceeds of the issuance of capital stock	748,100	500,100
Transfer of treasury stock to employee	100,650	-
Cash paid for acquisition of treasury stock	-	(127,645)
Remuneration to directors and supervisors	-	(375)
Increase in guarantee deposit received	-	288
Net cash provided by financing activities	2,004,974	372,368
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	244,364	(1,708,385)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,367,946	2,757,643
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,612,310	$ 1,049,258
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 69	$ 698
Income tax paid	$ 246	$ 107,572
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NONCASH ITEMS		
Increase in properties	$ 14,740	$ 223,930
Decrease in payables to contractors and equipment suppliers (included in other current liabilities)	1,498	2,994
Acquisition of properties	$ 16,238	$ 226,924
NON-CASH FINANCING ACTIVITIES		
Cash dividends to shareholders	$ 380,000	$ 602,582
Bonus to employees		$ 60,000
Remuneration to directors and supervisors		$ 13,109

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

(With Deloitte & Touche audit report dated July 24, 2009) (Concluded)

1. ORGANIZATION AND OPERATIONS

Phison Electronics Corp. (the "Corporation") was incorporated on November 8, 2000 under the Company Law of the Republic of China (ROC). The Corporation mainly designs and sells flash memory controllers and peripheral system applications as well as designs the TI DSP (Texas Instruments' digital signal processor) system.

The Corporation's shares have been traded on the Gre-Tai Securities Market (the over-the-counter securities exchange of the ROC) since December 6, 2004.

As of June 30, 2009 and 2008, the Corporation had 414 and 368 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying nonconsolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China. In preparing nonconsolidated financial statements in conformity with these guidelines and principles, the Corporation is required to make certain estimates and assumptions that could affect the amount of allowance for sales returns and discounts; allowance for doubtful accounts, allowance for inventory valuation and obsolescence losses, pension, probable litigation loss, depreciation of properties, impairment loss on assets, amortization of intangible assets, bonuses to employees and remuneration to directors and supervisors, etc. Actual results could differ from these estimates.

For the convenience of readers, the accompanying nonconsolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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 nonconsolidated financial statements shall prevail.

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

Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents, and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as property, plant and equipment and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Cash Equivalents

Short-term bills and bonds acquired under repurchase agreements that require them to be sold within three months are classified as cash equivalents.

Financial Instruments at Fair Value through Profit or Loss

Financial instruments at fair value through profit or loss are financial assets or liabilities held for trading and those designated on initial recognition to be measured at fair value, with fair value changes recognized as profit or loss. On initial recognition, the financial instruments are recognized at fair value, and transaction costs are recognized as expense. When the instruments are remeasured at fair value, the fair value changes are recognized as profit or loss. On financial instrument disposal, the difference between the purchase or selling price and book value of the financial instrument is recognized as profit or loss. A regular purchase or sale of the financial instruments is recognized and de-recognized using trade date accounting.

Derivative financial instruments that do not meet the criteria for hedge accounting are classified as financial assets or liabilities held for trading. If the fair value of the derivative is a positive amount, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

The fair value of open-end funds is based on their net asset value on the balance sheet date.

Sales Recognition and Allowance for Doubtful Accounts

Sales are recognized when titles to products and risk of ownerships are transferred to customers, primarily upon shipment, since the earnings process is completed or virtually completed and earnings are realized or realizable. For products shipped for further processing, sales are not recognized because there is no transfer of titles and risks. Provisions for sales discounts and returns are estimated on the basis of historical experience and relevant factors.

Sales are determined at fair value, taking into account sales discounts agreed between the Corporation and its customers. If the terms of sale receivables are within one year, the amounts of receivables are not significantly different from fair value, and the transactions are frequent, then the sale revenues are not discounted to fair value.

Allowance for doubtful accounts is provided on the basis of a periodic review of the collectibility of receivables, including the analysis of the aging of all receivables as well as the economic environment.

Inventories

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

Financial Assets Carried at Cost

If there is no active market for an equity instrument and the fair value of the equity instrument cannot be reliably estimated, the equity instrument - unlisted stocks, emerging-market stock, etc. - is measured at original cost. Cash dividends are recognized as dividend income on the ex-dividend date, but are accounted for as reductions of the original cost of investments if these dividends are declared on investees' earnings attributable to periods before the purchase of the investments. Stock dividends are not recognized as current income but are accounted for only as increase in the number of shares held. Impairment losses are recognized if a decrease in the fair value of the instruments can be objectively related to an event. The reversal of impairment loss is not allowed.

Investments Accounted for by the Equity Method

Long-term investments in which the Corporation owns 20% or more of an investee's outstanding voting shares or exercises significant influence on an investee are accounted for by the equity method.

Under the equity method, the investment is stated at cost on the acquisition date and subsequently adjusted for the Corporation's proportionate share in the investee's net income or net loss and in other changes in shareholders' equity of the investees in the same accounting period as that of the Corporation. If the Corporation subscribes for additional shares issued by an investee at a rate not equal to its current equity, the increase in the Corporation's equity in the investee's net assets is credited to capital surplus. Any decrease in the Corporation's equity in the investee's net assets is debited to capital surplus. If capital surplus is not enough for debiting purposes, the debit is made against unappropriated earnings.

Cash dividends received are accounted for as reductions of the carrying values of the long-term investments. Stock dividends received are recorded as an increase in the number of shares held.

Costs of long-term investments sold are determined using the weighted-average method.

Properties

Properties are stated at cost less accumulated depreciation. Significant additions and betterments are capitalized, while maintenance and repairs are expensed currently.

Depreciation is calculated using the straight-line method over service lives estimated as follows: buildings, 20 years; testing equipment, 3 to 6 years; office equipment, 3 years; leasehold improvements, 2 to 3 years; and other equipment, 2 to 5 years. If an asset is still in use beyond its initially estimated service life, its residual value is written off over its newly estimated service life.

When properties are retired or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is credited or charged to nonoperating income in the current period.

Intangible Assets

Intangible assets, consisting of costs to acquire royalty, patents, technology license fee and the costs of acquiring computer software, are amortized using the straight-line method over 1 to 6 years.

Asset Impairment

If the carrying value of assets (including properties, intangible assets and investments accounted for by the equity method) is less than their recoverable amount, which indicates that an impairment exists, an impairment loss should be recognized. For long term equity investments for which the Corporation has significant influence but with no control, the carrying amount of each investment is compared with its own recoverable amount for the purpose of impairment testing. Any subsequent reversal of the impairment loss due to the increase in recoverable amount is recognized as income. However, the increased carrying amount should not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized.

Stock-based Compensation

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

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

Deferred Credits

Gains from transaction with equity-method investees are deferred in the year of transaction and will be realized and recognized in the year when the gains are realized.

Pension Costs

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

Pension costs under the defined benefit pension plan are recognized on the basis of actuarial calculations. Pension costs under the defined contribution pension plan are recognized as current expenses during the employees' service periods.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction to arrive at shareholders' equity.

Income Tax

The Corporation uses inter-period tax allocation, in which deferred income tax assets and liabilities are recognized for the tax effects of temporary differences and unused investment tax credits. Valuation allowance is provided for deferred income tax assets that are not certain to be realized. A deferred tax asset or liability should be classified as current or noncurrent according to the classification of the related asset or liability for financial reporting. However, if a deferred asset or liability cannot be related to an asset or liability in the financial statements, it should be classified as current or noncurrent on the basis of the expected realization date of the temporary difference.

Tax credits for certain purchases of equipment and technology, research and development expenditures and personnel training expenditures are accounted for by the flow-through method.

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

Income taxes (10%) on undistributed earnings generated annually since 1998 are recorded as expense in the year when the shareholders resolve to retain these earnings.

Foreign-currency Transactions

Assets, liabilities, revenues or expenses denominated in foreign currencies as a result of nonderivative foreign-currency transactions are recorded in New Taiwan dollars at the exchange rates prevailing on the dates of the transactions. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

On the balance sheet date, monetary assets or liabilities denominated in foreign currencies are translated at the prevailing exchange rates, and the resulting exchange differences are included in gain or loss for the current period.

The exchange rates used in currency translation are based on the average of the buying and selling rates of major banks.

Reclassification

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

3. ACCOUNTING CHANGE

Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation (the "ARDF") of the Republic of China issued Interpretation No. 2007-052, which requires companies to recognize as compensation expenses the bonuses to employees and remunerations to directors and supervisors beginning January 1, 2008. These bonuses and remunerations were previously recorded as appropriations from earnings. This accounting change resulted in decreases of $79,984 thousand in net income and of $0.60 in basic earnings per share after income tax for the six months ended June 30, 2008.

Accounting for Employee Stock Options

On January 1, 2008, the Corporation adopted the newly released SFAS No. 39, "Accounting for Share-based Payment" to account for employee stock options. This accounting change had no effect in net income for the six months ended June 30, 2008.

Accounting for Inventories

On January 1, 2009, the Corporation adopted the newly revised SFAS No. 10, "Accounting for Inventories". The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as expenses in the period in which they are incurred; and (3) abnormal costs, write-downs of inventories and any reversal of write-downs are recorded as cost of goods sold for the period. This accounting change had no material effect in net income for the six months ended June 30, 2009. For comparison purposes, the Corporation also classified nonoperating losses of $13,415 thousand to cost of goods sold for the six months ended June 30, 2008.

4. CASH AND CASH EQUIVALENTS

	June 30	
	2009	**2008**
Cash on hand	$ 182	$ 173
Savings accounts	2,161,678	136,838
Certificates of deposits	213,900	765,149
Foreign savings accounts	236,540	95,772
Checking accounts	10	10
Short-term bill and bonds acquired under repurchase agreements	-	51,316
	$ 2,612,310	$ 1,049,258

5. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments classified as held for trading were as follows:

	June 30	
	2009	2008
Financial assets held for trading		
Beneficiary certificates - open-end funds	$ 461,096	$ -

The Corporation entered into forward exchange contracts to hedge exposures due to exchange rate fluctuations. The purpose of the hedge strategy was to reduce most of the risks arising from changes in market prices and cash flows. All of the forward exchange contracts had matured as of June 30, 2009 and 2008.

On the financial instruments held for trading in the six months ended on June 30, 2009 and 2008, net gain on financial assets were $1,962 thousand and $2,760 thousand, respectively, and net gain on financial liabilities in the six months ended on June 30, 2009 and 2008 were $0 thousand and $1,193 thousand, respectively.

6. NOTES AND ACCOUNTS RECEIVABLE - THIRD PARTIES

	June 30	
	2009	2008
Notes receivable	$ 4,595	$ 238
Accounts receivable	2,399,637	2,181,477
	2,404,232	2,181,715
Less: Allowance for doubtful accounts	12,423	18,506
Allowance for sale returns and discounts	4,534	-
	$ 2,387,275	$ 2,163,209

The factored accounts receivable were as follows:

Factor	Factored Amount	Settle Amount	Prepay-ment	Discount Rate (%)	Factor's Limit
Six months ended June 30, 2008					
Standard Chartered Bank	$ 8,537	$ 8,537	$ -	3.1237-4.4027	US$ 2,000 thousand

The limit above is used on a revolving basis.

The factor is Standard Chartered Bank (SCB). This sale is without recourse.

7. INVENTORIES, NET

	June 30	
	2009	2008
Merchandise	$ 502	$ -
Finished goods	8,822	12,871
Semifinished goods	832,632	686,501
Work in process	114,535	139,369
Raw materials	1,150,367	1,574,532
	$ 2,106,858	$ 2,413,273

Allowances for inventory valuation and obsolescence losses as of June 30, 2009 and 2008 were $188,495 thousand and $220,873 thousand, respectively.

The costs of inventories recognized as cost of goods sold in the six months ended June 30, 2009 and 2008 were $8,128,946 thousand and $8,480,800 thousand, respectively, which included $0 thousand and $13,415 thousand, respectively, due to write-downs of inventories.

8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	June 30	
	2009	2008
Common stock - unlisted stocks	$ 18,100	$ 35,200
Foreign beneficiary certificate	13,156	11,148
	$ 31,256	$ 46,348

These stocks and beneficiary certificate were measured at cost because they had no active market and their fair values could not be reliably measured.

An investment impairment loss was recognized for the six months ended June 30, 2009 after an evaluation of the net asset value of common stocks and foreign beneficiary certificate, summarized as follows:

	Six Months Ended June 30, 2009	As of June 30, 2009, Accumulated Investment Impairment Loss
Trison Technology Corporation	$ 2,500	$ 9,400
Hycon Technologies Corporation	-	3,000
Metison Technologies Corporation	300	2,200
Jafco Asia Technology Fund IV L.P.	1,300	1,300
	$ 4,100	$ 15,900

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30			
	2009		2008	
	Carrying Amount	% of Owner-ship	Carrying Amount	% of Owner-ship
Unlisted stocks				
Aptos Technology	$ 327,069	21	$ 324,146	21
Flexmedia Electronics Corporation	44,676	30	53,988	30
Microtops Design Corporation	23,241	49	-	-
Lian Xu Dong Investment Corporation	20,441	100	20,369	100
	$ 415,427		$ 398,503	

In July 2005, the Corporation invested in Lian Xu Dong Investment Corporation, which engages in investment. In June 2006, the Corporation invested in Aptos Technology, which assembles and tests memory cards to stabilize the production of the Corporation's memory cards.

In November 2007, the Corporation and Wintek Corp., a TFT-LCD panel manufacturer, jointly established Flexmedia Electronics Corporation, which researches, develops, produces and sells high-tech multimedia products.

In September 2008, the Corporation and TOSHIBA Corporation, Japan, a corporate member of the Corporation's board of directors, jointly established Microtops Design Corporation, which researches, develops and designs flash memory controllers and peripheral system applications.

The investment gain and loss recognized by the equity-method in the six months ended June 30, 2009 and 2008 were summarized as follows:

	Six Months Ended June 30	
	2009	2008
Audited		
Microtops Design Corporation	$ 1,572	$ -
Aptos Technology	1,032	8,163
Flexmedia Electronics Corporation	(4,251)	(5,970)
	(1,647)	2,193
Unaudited		
Lian Xu Dong Investment Corporation	2	37
	$ (1,645)	$ 2,230

Except Apto's, Flexmedia's and Microtop's financial statement, Lian Xu Dong's was determined on the basis of the investees' unaudited financial statement. The Corporation's management believed that, had the investee's financial statements been audited, any resulting adjustments would not have had a material impact on the Corporation's nonconsolidated financial statements as of and for the six months ended June 30, 2009.

All subsidiaries were included in the consolidated financial statements of the Corporation and subsidiaries as of and for the six months ended June 30, 2009 and 2008.

10. PROPERTIES

	June 30	
	2009	2008
Accumulated depreciation		
Buildings	$ 27,737	$ 9,092
Testing equipment	50,621	35,141
Office equipment	8,062	5,123
Leasehold improvements	-	2,587
Other equipment	1,153	919
	$ 87,573	$ 52,862

11. INTANGIBLE ASSETS

	June 30	
	2009	2008
Computer software	$ 26,391	$ 37,406
Royalty	11,760	20,444
Patents	1,047	2,356
Technology license fees	104	726
	$ 39,302	$ 60,932

12. PREPAYMENTS AND LONG-TERM PREPAYMENTS

To have a steady long-term supply of NAND Flash products to meet increasing business needs as well as enhance the cooperative relationship with the supplier, the Corporation made prepayments for the future product purchases. The prepayments were US$26,442 thousand in June 2008, US$20,000 thousand in March 2009 and US$20,000 thousand in June 2009. As of June 30, 2009, the prepayments (included in current assets) and long-term prepayments were $1,002,391 thousand and $656,200 thousand, respectively.

13. SHORT-TERM LOANS

Loan Nature	Interest Rate (%)	Maturity Date	Amount
June 30, 2009			
Credit loan	0.870-1.065	2009/8/31	$ 918,680
Secured loan	0.925-0.978	2009/8/29	237,544
			$ 1,156,224

The assets pledged for the secured loans, please refer to Note 21.

14. PENSION PLAN

The Labor Pension Act provides for a defined contribution pension plan. Based on this plan, the rate of the Corporation's required monthly contributions, starting on July 1, 2005, to the employees' individual pension accounts is at 6% of monthly salaries and wages. The Corporation recognized defined contribution pension cost of $5,877 thousand and $5,063 thousand in the six months ended June 30, 2009 and 2008, respectively.

The Labor Standards Law provides for a defined benefit pension plan. This pension plan provides benefits based on the employee's length of service and average basic salary or wage of the year before retirement. The Corporation contributes an amount equal to 2% of monthly salaries and wages to a pension fund. The fund is administered by the employees' pension fund committee and deposited in the Bank of Taiwan.

Defined benefit pension plan was summarized as follows:

a. Net pension costs in the six months ended June 30, 2009 and 2008 were $1,035 thousand and $507 thousand, respectively.

b. Changes in the pension fund

	Six Months Ended June 30	
	2009	**2008**
Balance, beginning of period	$ 11,848	$ 9,892
Contributions	801	797
Interest earned	250	315
Balance, end of period	$ 12,899	$ 11,004

c. Changes in prepaid pension cost (included in other assets - miscellaneous)

	2009	2008
Balance, beginning of period	$ (4,332)	$ (3,703)
Net pension cost	1,035	507
Contributions	(801)	(797)
Balance, end of period	$ (4,098)	$ (3,993)

15. INCOME TAX

a. A reconciliation of income tax on pretax income at statutory rate and current income tax payable was as follows:

	Six Months Ended June 30	
	2009	**2008**
Income tax on pretax income at statutory rate (25%)	$ 223,508	$ 110,184
Add (deduct) tax effects of		
Permanent difference	1,220	(1,709)
Temporary difference	15,940	(6,997)
Tax-exempt income	(93,877)	(36,256)
Investment tax credits	(79,982)	(50,430)
Additional 10% tax on unappropriated earnings	-	35,639
Current income tax payable	$ 66,809	$ 50,431

b. Income tax expense consisted of:

	Six Months Ended June 30	
	2009	2008
Current income tax payable	$ 66,809	$ 50,431
Deferred income tax	(56,930)	87,420
Adjustment to prior year's taxes	-	(5,517)
Income tax expense	$ 9,879	$ 132,334

c. Deferred income tax assets (liabilities) consisted of:

	June 30	
	2009	2008
Current, net		
Investment tax credits	$ 153,795	$ 6,135
Allowance for inventory valuation and obsolescence losses	47,123	55,218
Foreign exchange loss, net	4,927	18,012
Allowances for sale returns and discounts	1,134	-
Deferred credits	1,004	1,116
Other	(119)	152
	207,864	80,633
Less: Valuation allowance	-	-
	$ 207,864	$ 80,633
Noncurrent, net		
Deferred credits	$ 712	$ 2,006
Other	-	61
	712	2,067
Less: Valuation allowance	-	-
	$ 712	$ 2,067

The effective tax rate used for computing deferred income tax assets on June 30, 2009 and 2008 was 25%. In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Corporation recalculated its deferred tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax benefit or expense.

d. As of June 30, 2009, investment tax credits were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Research and development expenditures	$ 135,085	$ 105,917	2013
	Investment in an undeveloped area	$ 72,224	$ 47,878	2012

e. The Corporation's net operating income generated from the following expansion projects is exempt from income taxes:

	Tax-exemption Period
Second expansion and construction of the Corporation's factories	August 1, 2004 to July 31, 2009
Third expansion and construction of the Corporation's factories	February 28, 2006 to February 27, 2011
Fourth expansion and construction of the Corporation's factories	August 10, 2007 to August 9, 2012

f. Integrated income tax information was as follows:

	June 30	
	2009	2008
Balance of imputation credit account (ICA)	$ 149,529	$ 227,499

The actual creditable ratio for the 2008 and 2007 earnings appropriation were 10.02% and 11.71%, respectively.

g. As of June 30, 2009, there were no unappropriated earnings generated before January 1, 1998.

h. Income tax returns through 2007 had been examined by the tax authorities.

16. LABOR COST, DEPRECIATION AND AMORTIZATION EXPENSE

	Six Months Ended June 30					
	2009			2008		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Labor cost						
Salary	$ 29,423	$438,701	$468,124	$ 22,487	$157,874	$180,361
Labor and health insurance	2,304	7,594	9,898	1,855	6,264	8,119
Pension cost	1,622	5,290	6,912	1,307	4,263	5,570
Other	3,827	10,224	14,051	4,992	12,937	17,929
	$ 37,176	$461,809	$498,985	$ 30,641	$181,338	$211,979
Depreciation	$ 7,152	$ 13,913	$ 21,065	$ 6,589	$ 13,111	$ 19,700
Amortization	340	26,060	26,400	204	28,289	28,493

17. SHAREHOLDERS' EQUITY

a. Capital

In their meeting on March 24, 2008, the Corporation's shareholders decided to issue up to 5,000 thousand common shares by private place, as follows: (1) on March 25, 2008, the board of directors resolved to issue 1,200 thousand common shares at $10.00 par value and set June 16, 2008 as the fund raising deadline, with $128 as the offering price. This common share issuance was approved by and registered with the government authorities on June 30, 2008. The difference in price between par value and offering price was $141,600 thousand, recognized as additional paid-in capital; (2) on April 21, 2008, the board of directors resolved to issue 2,100 thousand common shares at $10.00 par value and set June 23, 2008 as the fund raising deadline, with $165 as the offering price. This common share issuance was approved by and registered with the government authorities on June 30, 2008. The difference in price between par value and offering price was $325,500 thousand, recognized as additional paid-in capital; (3) on February 3, 2009, the board of directors resolved to issue 1,700 thousand common shares at $10.00 par value and set February 18, 2009 as the fund raising deadline, with $53 as the offering price. This common share issuance was approved by and registered with the government authorities on March 6, 2009. The difference in price between par value and offering price was $73,100 thousand, recognized as additional paid-in capital.

In their meeting on May 8, 2009, the Corporation's shareholders decided to issue up to 32,000 thousand common shares by private place, on May 8, 2009, the board of directors resolved to issue 5,600 thousand common shares at $10.00 par value and set May 15, 2009 as the fund raising deadline, with $117.5 as the offering price. This common share issuance was approved by and registered with the government authorities on May 22, 2009. The difference in price between par value and offering price was $602,000 thousand, recognized as additional paid-in capital. As of June 30, 2009, there were 26,400 thousand common shares had not been privately placed.

b. Capital surplus

Under the Company Law, capital surplus may only be used to offset a deficit. However, capital surplus generated from the issue of shares in excess of par value, including the stock issued for new capital and the buyback of treasury stock, may be transferred to capital as stock dividends, and this transfer is restricted to a certain percentage of the paid-in capital surplus. Capital surplus on long-term equity investments should not be used for any purpose.

c. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation provide that, under the board of directors' resolution, annual net income (less any deficit and 10% as legal reserve) less special reserve based on relevant laws and regulations and any portion decided to be retained plus unappropriated earnings of prior years should be distributed as follows:

1) 1 %, as remuneration to directors and supervisors;
2) 22% to 32%, as bonus to employees; and
3) The remainder, as dividends.

If the bonus to employees is distributed as stock dividend, the employees of the Corporation must be matched certain specific terms, when the stock dividend be distributed.

The Corporation's dividend appropriation is based on its profitability. In addition, since the Corporation is expanding fast, dividends will be appropriated considering the current and future investment environment, capital requirements, domestic and international competition, capital budget plans, shareholders' interests, balance between cash and stock dividends, and the Corporation's long-term financial plans. The board of directors prepares the proposal on annual earnings distribution for the shareholders' approval. Profits may be distributed as cash or stock dividend; however, cash dividends should be at least 10% of total distribution.

For the six months ended June 30, 2009 and 2008, the bonus to employees were $206,914 thousand and $102,008 thousand, respectively, and the remuneration to directors and supervisors were $9,405 thousand and $4,637 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represented 22% and 1%, respectively, of net income (net of the bonus and remuneration). Material differences between such estimated amounts and the amounts proposed by the board of directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as changes in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Legal reserve shall be appropriated until it has reached the Company's paid-in capital. This reserve may be used to offset a deficit. When the legal reserve has reached 50% of the Company's paid-in capital, up to 50% thereof may be transferred to paid-in capital.

Under the Imputed Income Tax System, ROC-resident shareholders are allowed tax credits for the income tax paid by the Corporation. Tax credits allocated to shareholders are based on the balance of the imputation credit account (ICA) on the dividend distribution date.

On May 8, 2009 and June 13, 2008, the shareholders approved the Board of Directors' proposal on the appropriation and dividends per share of the 2008 and 2007 earnings, as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2008	**For Fiscal Year 2007**	**For Fiscal Year 2008**	**For Fiscal Year 2007**
Legal reserve	$ 55,398	$ 139,238	$ -	$ -
Cash dividends	380,000	602,582	2.83442	5.80912
Stock dividends	120,000	200,860	0.89508	1.93637
Bonus to employees - stock	-	22,000	-	-
Bonus to employees - cash	-	60,000	-	-
Remuneration to directors and supervisors	-	13,484	-	-
	$ 555,398	$ 1,038,164		

The bonus to employees of $143,000 thousand and the remuneration to directors and supervisors of $6,495 thousand for 2008 were approved in the shareholders' meeting on May 8, 2009. The bonus to employees included a cash bonus of $30,000 thousand and a share bonus of $113,000 thousand. The number of shares of 661 thousand was determined by dividing the amount of share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting. The approved amounts of the bonus to employees and the remuneration to directors and supervisors were different from the accrual amounts of $140,003 thousand and $6,364 thousand, respectively, reflected in the financial statements for the year ended December 31, 2008, and the differences of $2,997 thousand and $131 thousand, respectively, resulted from a provision in the Corporation's Articles of Incorporation to give incentives to employees, and had been adjusted in profit and loss for the six months ended June 30, 2009.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The appropriation of the 2008 earnings had been approved by the Securities and Futures Bureau under the Financial Supervisory Commission, Executive Yuan. The Board of Directors resolved that July 10, 2009 should be the ex-dividend date.

d. Stock options

On May 23, 2007, January 3, 2008 and November 19, 2008, the Financial Supervisory Commission under the Executive Yuan approved the Corporation's Employee Stock Option Plans, consisting of the third plan, the fourth plan and the fifth plan, respectively, and under which qualified employees obtained 1,000 thousand units, 500 thousand units, and 4,000 thousand units, respectively, of option rights. For all the plans, each unit represents one common share. The third plan and the fourth plan option rights are valid for three years from the date of issuance and exercisable at certain percentages after the second year of issuance, and the fifth plan option rights are valid for four years from the date of issuance and exercisable at 50 percent after the second year of issuance and at 100 percent after the third year of issuance.

Under the Plans, the options are granted at an exercise price equal to the closing price of the Corporation's common shares as shown on the OTC exchange on the grant date. Based on the Plans, the exercise prices have been adjusted to reflect the appropriation of dividends.

The changes in outstanding stock options for the six months ended June 30, 2009 and 2008 were as follows:

	Six Months Ended June 30			
	2009		2008	
	Number of Options (in Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of period	1,500	$93.98	1,000	$123.10
Options granted	3,157	67.36	-	
Options exercised	-		-	
Balance, end of period	4,657		1,000	
Options exercisable, end of period	-		-	
Weighted-average fair value of options granted (NT$)	$31.64		$ -	

The information about outstanding options as of June 30, 2009 and 2008 was as follows:

	June 30			
	2009		2008	
	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted-average Remaining Contractual Life (Years)
The third plan	$123.10	1.25	$123.10	2.08
The fourth plan	35.73	2.01		
The fifth plan	67.36	2.69-3.14		

The third plan options were issued on December 21, 2007. And if the third plan was priced using the Black-Scholes pricing model, and the inputs to the model were as follows:

Grant-date share price (NT$)	$176
Exercise price (NT$)	$176
Expected volatility	53.12%
Expected life (years)	2.50
Expected dividend yield	0%
Risk-free interest rate	2.2%

The pro forma information for the six months ended June 30, 2009 and 2008 assuming employee stock options granted before January 1, 2008 were accounted for under Statement of Financial Accounting Standards No. 39 - "Accounting for Share-Based Payments" is as follows:

	Six Months Ended June 30	
	2009	**2008**
Net income	$ 837,978	$ 292,428
After income tax basic earnings per share (NT$)	$ 5.96	$ 2.19

The fourth plan and fifth plan options were issued on November 20, 2008, and January 19, 2009, respectively, and these two plans were priced using the Black-Scholes pricing model, and the inputs to the model were as follows:

	The Fourth Plan	**The Fifth Plan**
Grant-date share price (NT$)	$39.10	$74
Exercise price (NT$)	$39.10	$74
Expected volatility	63.47%	60.24%-62.55%
Expected life (years)	2.50	3.00-3.50
Expected dividend yield	0%	0%
Risk-free interest rate	1.33%	0.84%-0.88%

Compensation cost recognized for employee stock options was $19,204 thousand for the six months ended June 30, 2009.

e. Treasury stock

(Shares in Thousands)

Purpose of Treasury Stock	**Number of Shares, Beginning of Period**	**Addition During the Period**	**Reduction During the Period**	**Number of Shares, End of Period**
Six months ended June 30, 2009				
For transfer to employees	750	-	750	-
Six months ended June 30, 2008				
For transfer to employees	-	750	-	750

In the six months ended June 30, 2009, the Corporation transferred to its employees 750 thousand shares bought back from the market at NT$134.2 per share, resulting in a reduction of $19,637 thousand in retained earnings. Compensation cost recognized for treasury stock was $7,358 thousand for the six months ended June 30, 2009.

Under the Securities and Exchange Act, the Corporation should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

18. EARNINGS PER SHARE

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

	Amounts (Numerator)		Number of	EPS (NT$)	
	Before Income Tax	After Income Tax	Shares (Denominator) (in Thousands)	Before Income Tax	After Income Tax
Six months ended June 30, 2009					
Basic EPS					
Income available to common shareholders	$ 894,073	$ 884,194	140,655	$ 6.36	$ 6.29
Effect of dilutive potential common stock					
Employee stock options	-	-	2,309		
Bonus to employees	-	-	1,244		
Diluted EPS					
Income available to common shareholders (including effect of dilutive potential common stock)	$ 894,073	$ 884,194	144,208	$ 6.20	$ 6.13
Six months ended June 30, 2008					
Basic EPS					
Income available to common shareholders	$ 440,776	$ 308,442	133,524	$ 3.30	$ 2.31
Effect of dilutive potential common stock					
Employee stock options	-	-	228		
Bonus to employees	-	-	1,047		
Diluted EPS					
Income available to common shareholders (including effect of dilutive potential common stock)	$ 440,776	$ 308,442	134,799	$ 3.27	$ 2.29

The ARDF issued Interpretation 2007-052 that requires companies to recognize bonuses paid to employees and remuneration to directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Corporation may settle the bonus to employees by cash or shares, the Corporation 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 needs to 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.

The average number of shares outstanding for EPS calculation has been retroactively adjusted for the issuance of stock dividends and employee stock bonuses. This adjustment caused the basic and diluted after income tax EPS for the six months ended June 30, 2008 to decrease from NT$3.06 to NT$2.31 and from NT$3.03 to NT$2.29, respectively.

19. FINANCIAL INSTRUMENTS

a. Fair value

	June 30			
	2009		2008	
Nonderivative financial instruments	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Cash and cash equivalents	$ 2,612,310	$ 2,612,310	$ 1,049,258	$ 1,049,258
Financial assets at fair value through profit or loss - current	461,096	461,096	-	-
Notes and accounts receivable	2,490,434	2,490,434	2,224,852	2,224,852
Other financial assets	30,716	30,716	22,985	22,985
Restricted assets	5,191	5,191	10,139	10,139
Financial assets carried at cost - noncurrent	31,256		46,348	
Guarantee deposits paid	1,827	1,827	6,197	6,197
Liabilities				
Short-term loans	1,156,224	1,156,224	-	-
Notes and accounts payable	2,045,214	2,045,214	2,071,863	2,071,863
Accrued expenses	896,287	896,287	952,635	952,635
Guarantee deposits received	353	353	288	288

b. The methods and assumptions applied in determining fair values of financial instruments were as follows:

1) Short-term financial instruments - the carrying value reported in the balance sheets is a reasonable basis for estimating fair value because these instruments have short maturities. These instruments included cash and cash equivalents, notes and accounts receivables, other financial assets, restricted assets, short-term loans, notes and accounts payable and accrued expenses.

2) Fair values of financial assets at fair value through profit or loss - current were based on their quoted market price.

3) Financial assets carried at cost - noncurrent have no active market; thus, their fair value cannot be reliably estimated.

4) For guarantee deposits paid and guarantee deposits received, fair values are estimated at their carrying amount because these deposits do not have specific due dates.

c. The fair values of financial assets and liabilities were not simultaneously determined by quoted prices in active markets and by estimations using valuation methods.

d. The gain was recognized $1,096 thousand and $0 thousand for fair value changes based on of using valuation methods for the six months ended June 30, 2009 and 2008, respectively.

e. The financial assets exposed to fair value interest rate risk amounted to $219,091 thousand and $826,604 thousand as of June 30, 2009 and 2008, respectively. The financial assets exposed to cash flow interest rate risk amounted to $2,398,218 thousand and $232,610 thousand as of June 30, 2009 and 2008, respectively. The financial liabilities exposed to cash flow interest rate risk amounted to $1,156,224 thousand as of June 30, 2009.

f. Financial risks:

1) Market risk

All derivative transactions are used to hedge exchange rate fluctuations of net foreign currency-denominated assets or liabilities. Gains or losses on these hedging derivative are likely to offset the gains or losses on the hedged items. Thus, the market risk is immaterial.

2) Credit risk

Credit risk represents the potential impact on financial assets that the Corporation might encounter if counter-parties or third parties breach the contracts. Other factors that affect financial assets include credit risk concentration, components of financial instruments, contract amount and other receivables. The maximum credit risk exposure of each financial instrument is the same as its carrying value.

3) Liquidity risk

The Corporation has no cash flow risks because it has sufficient operating capital to meet cash needs and had no forward exchange contracts outstanding as of June 30, 2009 and 2008, respectively. However, as of June 30, 2009, the Corporation had equity instruments without any active market; thus, it expects to have significant liquidity risk.

4) Cash flow interest rate risk.

Due to market interest rate fluctuations, assets and liabilities with floating interest rate will affect cash flows. The Corporation expects, however, that fluctuations will have no significant effect on future cash flows.

20. RELATED PARTY TRANSACTIONS

The Corporation's related-party transactions were as follows:

a. The Corporation's related parties were as follows:

Related Party	Relationship with the Corporation
Toshiba Corporation, Japan	Board director
Toshiba International Procurement Hong Kong Ltd.	Subsidiary of Toshiba
Toshiba Personal Computer System Corporation	Subsidiary of Toshiba
Toshiba Europe GmbH	Subsidiary of Toshiba
Toshiba Singapore Pte Ltd. Computer System Division	Subsidiary of Toshiba
Toshiba Electronics Taiwan Corp.	Subsidiary of Toshiba
Lian Xu Dong Investment Corp.	Subsidiary
Aptos Technology	Equity-method investee
Flexmedia Electronics Corp.	Equity-method investee
Microtops Design Corp.	Equity-method investee

b. The significant transactions with the related parties are summarized as follows:

The terms of sales to related parties were similar to those for third parties.

	Six Months Ended June 30			
	2009		2008	
	Amount	%	Amount	%
1) Net sales				
Toshiba Corporation, Japan	$ 171,730	2	$ 323,123	3
Aptos Technology	126,747	1	56,933	1
Toshiba International Procurement Hong Kong Ltd.	23,738	-	12,309	-
Other	7,119	-	12,994	-
	$ 329,334	3	$ 405,359	4
2) Purchase				
Toshiba Electronics Taiwan Corp.	$ 3,851,886	46	$ 3,418,047	42
Other	9,938	-	768	-
	$ 3,861,824	46	$ 3,418,815	42
3) Processing expenses (included in manufacture expenses)				
Aptos Technology	$ 133,691	20	$ 198,859	21

	June 30			
	2009		2008	
	Amount	%	Amount	%
4) Notes and accounts receivable				
Aptos Technology	$ 66,839	3	$ 10,420	1
Toshiba International Procurement Hong Kong Ltd.	19,115	1	5,384	-
Toshiba Corporation, Japan	17,194	-	45,556	2
Other	11	-	283	-
	$ 103,159	4	$ 61,643	3
5) Other receivables (included in other financial assets)				
Aptos Technology	$ 1,345	4	$ 1,192	5
Microtops Design Corp.	929	3	-	-
Flexmedia Electronics Corp.	161	1	21,000	91
	$ 2,435	8	$ 22,192	96
6) Notes and accounts payable				
Toshiba Electronics Taiwan Corp.	$ 815,363	40	$ 927,617	45
Aptos Technology	39,291	2	18,929	1
	$ 854,654	42	$ 946,546	46

7) In January 2008, the Corporation sold its high-tech multimedia technology and the related patent to Flexmedia Electronics Corp. ("Flexmedia") for $50,000 thousand. The gain on this sale was $49,070 thousand, but of this amount, $14,721 thousand was deferred and recognized at the percentage of the Corporation's equity in Flexmedia. As of June 30, 2009, the realized deferred credits had accumulated to $6,696 thousand. The Corporation also sold to Flexmedia some testing equipment at their book values of $15 thousand and $2,134 thousand in the six months ended June 30, 2009 and 2008, respectively.

8) On July 31, 2008, the board of directors approved the sale of a part of the Corporation's land and buildings to Aptos Technology Corporation ("Aptos"), an equity-method investee, to expand Aptos' production facilities for its growing share of the market. The expected selling price was $170,040 thousand, payment is in three installments, with a first payment of $34,000 thousand completed as of June 30, 2009 (included in other current liabilities). For its production, the Corporation also bought from Aptos testing equipment for $5,823 thousand in the six months ended June 30, 2009.

21. PLEDGED ASSETS

The following assets had been pledged or mortgaged as collaterals to get a credit line from a bank for purchasing materials and as refundable deposits as required by customs authorities:

	June 30	
	2009	**2008**
Building, net	$ 261,132	$ -
Land	90,000	-
Refundable deposits for the Customs Duty Bureau - certificates of deposits	5,191	10,139
	$ 356,323	$ 10,139

22. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Corporation's significant commitments and contingencies as of June 30, 2009 were as follows:

a. The Corporation rents its office under operating lease agreements expiring in February 2010.

As of June 30, 2009, future remaining lease payments were as follows:

Period/Year	**Amount**
2009 (from July to December)	$ 492
2010	127
	$ 619

b. Unused letters of credit amounted to $815,000 thousand.

c. In November 2004, the Corporation signed a license agreement on pen drive products with M-Systems. Under this agreement, the Corporation should pay M-Systems royalties and commissions at a percentage of net sales over six years.

d. In October 2007, SanDisk Corporation ("Sandisk") filed three complaints of patent infringement in the United States District Court of the Western District of Wisconsin and in the United States International Trade Commission (ITC) against the Corporation.

   1) In the ITC lawsuit filed on October 24, 2007, SanDisk sued the Corporation for infringement of four SanDisk patents. When the Corporation presented its defense, SanDisk terminated three of the patents in May, August and September of 2008. Thus, only one patent was left for ITC's infringement investigation, which was completed in April 2009. ITC's preliminary conclusion was that the Corporation did not infringe SanDisk's patent.

   2) In the first United States District Court of the Western District of Wisconsin case filed on October 24, 2007, SanDisk is suing the Corporation for infringement of two patents.

   3) In the second United States District Court of the Western District of Wisconsin case filed on October 25, 2007, SanDisk is suing the Corporation for infringement of the same four patents at issue in the ITC complaint.

   The Corporation has authorized the U.S. law firm Fish & Richardson P.C. and Whyte Hirschboeck Dudek S.C. to handle these lawsuits. The Wisconsin cases are presently stayed, pending the outcome of the ITC investigation. Up to currently, the Corporation believes this case would not have a material effect on the Corporation's financial statements.

e. On January 25, 2008, Uniquestar Electronics Inc. ("Uniquestar") filed a complaint, demanding that the Corporation pay Uniquestar $3,525 thousand because the Corporation's processing factory went out of business, resulting in losses to Uniquestar. In March 2009, the Hsinchu District Court ruled in favor of Uniquestar and required the Corporation to pay Uniquester $1,242 thousand in damages. The Corporation disagreed with this decision and filed an appeal with the court. The Corporation believes this case would not have a material effect on the Corporation's financial statements.

f. On July 17, 2008, the Corporation filed a complaint against Fineart Technology Co., Ltd. ("Fineart") because the Corporation claimed that Fineart did not carry out its obligations under a software development contract. The Corporation believes this case would not have a material effect on the Corporation's financial statements.

23. ADDITIONAL DISCLOSURES

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

a. Financing provided: None

b. Endorsement/guarantee provided: None

c. Marketable securities held: Table 1 (attached)

d. Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: Table 2 (attached)

e. Acquisition of individual real estate at costs of at least $100 million or 20% of the paid-in capital: None

f. Disposal of individual real estate at prices of at least $100 million or 20% of the paid-in capital: Table 3 (attached)

g. Total purchases from or sales to related parties amounting to at least $100 million or 20% of the paid-in capital: Table 4 (attached)

h. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: None

i. Names, locations, and related information of investees on which the Corporation exercised significant influence: Table 5 (attached)

j. Derivative transactions: Notes 5 and 19.

k. Investment in Mainland China: None

TABLE 1

PHISON ELECTRONICS CORP.

MARKETABLE SECURITIES HELD
JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type/Name and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Phison Electronics Corp.	Beneficiary certificate							
	The RSIT Enhanced Bond Fund	-	Financial assets at fair value through profit or loss - current	10,532	$ 120,323	-	$ 120,323	Note 4
	The Forever Bond Fund	-	Financial assets at fair value through profit or loss - current	8,071	120,293	-	120,293	Note 4
	Maga Diamond Bond Fund	-	Financial assets at fair value through profit or loss - current	5,047	60,141	-	60,141	Note 4
	NITC Bond Fund	-	Financial assets at fair value through profit or loss - current	353	60,129	-	60,129	Note 4
	NITC Taiwan Bond Fund	-	Financial assets at fair value through profit or loss - current	4,122	60,123	-	60,123	Note 4
	PCA Well Pool Fund	-	Financial assets at fair value through profit or loss - current	3,090	40,087	-	40,087	Note 4
	Common stock							
	Lian Xu Dong Investment Corp.	Subsidiary	Investments accounted for by the equity method	2,000	20,441	100.00	20,441	Note 2
	Aptos Technology	Investment by the equity method	Investments accounted for by the equity method	20,340	327,069	20.73	327,069	Note 3
	Flexmedia Electronics Corp.	Investment by the equity method	Investments accounted for by the equity method	6,000	46,676	30.00	44,676	Note 3
	Microtops Design Corp.	Investment by the equity method	Investments accounted for by the equity method	2,264	23,241	49.00	23,241	Note 3
	Trison Technology Corporation	-	Financial assets carried at cost - noncurrent	2,000	10,600	7.41	11,316	Note 2
	Metison Technologies Corporation	-	Financial assets carried at cost - noncurrent	570	3,500	19.00	3,307	Note 2
	Hycon Technologies Corporation	-	Financial assets carried at cost - noncurrent	700	4,000	6.19	3,870	Note 2
	Foreign beneficiary certificate							
	Jafco Asia Technology Fund IV L.P.	-	Financial assets carried at cost - noncurrent	450	13,156	0.50	11,959	Note 4
Lian Xu Dong Investment Corp.	Common stock							
	Jim-Dandy Technologies Corporation	-	Financial assets carried at cost - noncurrent	1,113	10,000	19.23	11,507	Note 2

Note 1: The Corporation held marketable securities that had not been guaranteed, pledged or mortgaged as collaterals or restricted by other commitments.
Note 2: The calculation of the net asset value was based on the investee's financial statements as of June 30, 2009, which had not been audited.
Note 3: The calculation of the net asset value was based on the investee's financial statements as of June 30, 2009, which had been audited.
Note 4: The calculation of the market value was based on their net assets value as of June 30, 2009.

TABLE 2

PHISON ELECTRONICS CORP.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount	Carrying Value	Gain on Disposal	Units (Thousands)	Amount (Note)
Phison Electronics Corp.	Beneficiary certificate													
	The RSIT Enhanced Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	$ -	10,532	$ 120,000	-	$ -	$ -	$ -	10,532	$ 120,323
	The Forever Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,071	120,000	-	-	-	-	8,071	120,293
	Polaris De-Li Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,711	120,000	7,711	120,138	120,000	138		
	Polaris De-Bao Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	10,476	120,000	10,476	120,135	120,000	135		
	UPAMC James Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,273	100,000	6,273	100,159	100,000	159		
	Fuh-Hwa Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	7,258	100,000	7,258	100,121	100,000	121		
	ING Taiwan Inome Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,113	100,000	6,113	100,120	100,000	120		
	Yua Ta Wan Tai Bond Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	6,927	100,000	6,927	100,114	100,000	114		

Note: The ending balance includes the revaluation adjustment on financial assets.

PHISON ELECTRONICS CORP.

DISPOSAL OF INDIVIDUAL REAL ESTATE PROPERTIES AT PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name	Type of Property	Transaction Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Proceeds Collection Status	Gain (Loss) on Disposal	Counter-party	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
Phison Electronics Corp.	Land and buildings	August 21, 2008 (Note 1)	Land: January 15, 2007 Buildings: April 1, 2008	$125,971 (Note 2)	$170,040	Payment is in three installments; with a first payment of $34,000 thousand completed as of June 30, 2009.	$43,769 (Note 2)	Aptos Technology	Investment by the equity method	Providing the growing need for Aptos.	Valuation report	-

Note 1: The transaction date is the signing day of the contract, which stipulated that payments should be made in three installments and that property turnover would be made only on the last installment payment.

Note 2: The above amount was based on the property book value as of July 31, 2008, the day the Corporation’s board of directors approved this sale. The total transaction amount will be determined on the day this transaction is registered with the authorities.

PHISON ELECTRONICS CORP.

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase (Sale)	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Phison Electronics Corp.	Toshiba Electronics Taiwan Corp.	Subsidiary of a corporate member of the Corporation's board of directors	Purchase	$ 3,851,886	46	Net 30 days after monthly closing	None	None	$ (815,363)	(40)	-
	Toshiba Corporation, Japan	A corporate member of the Corporation's board of directors	Sale	(171,730)	(2)	Net 30 days after monthly closing	None	None	17,194	-	-
	Aptos Technology	Investment by the equity method	Sale	(126,747)	(1)	Net 30 days after monthly closing	None	None	66,839	3	-

TABLE 5

PHISON ELECTRONICS CORP.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2009
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2009			Net (Loss) Income of the Investee	Investment (Loss) Income	Note
				June 30, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Phison Electronics Corp.	Lian Xu Dong Investment Corp.	Hsinchu, Taiwan	Investment	$ 20,000	$ 20,000	2,000	100.00	$ 20,441	$ 2 (Note 1)	$ 2	Subsidiary
	Aptos Technology	Miaoli, Taiwan	Memory card assembly and test flash application	245,947	245,947	20,340	20.73	307,069	4,979 (Note 2)	1,032	Investment by the equity method
	Flexmedia Electronics Corp.	Hsinchu, Taiwan	High-tech Multi-Media production R&D, sales and product	60,000	60,000	6,000	30.00	44,676	(14,170) (Note 2)	(4,251)	Investment by the equity method
	Microtops Design Corp.	Miaoli, Taiwan	Flash memory controllers and peripheral system applications and design TI DSP system	22,638	22,638	2,264	49.00	23,241	3,208 (Note 2)	1,572	Investment by the equity method

Note 1: The calculation of the investee carrying value was based on the investee’s financial statements, which had not been audited.

Note 2: The calculation of the investee carrying value was based on the investee’s financial statements, which had been audited.