

Global Unichip Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2009 and 2008 and
Independent Auditors' Report**

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Global Unichip Corp. as of and for the year ended December 31, 2009 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the revised Statement of Financial Accounting Standards No. 7, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Global Unichip Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

GLOBAL UNICHIP CORP.

By

DR. F. C. TSENG
Chairman

January 15, 2010

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Global Unichip Corp.

We have audited the accompanying consolidated balance sheets of Global Unichip Corp. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Unichip Corp. and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of their operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the consolidated financial statements, effective January 1, 2009, Global Unichip Corp. and subsidiaries adopted the newly revised Statement of Financial Accounting Standards No. 10, "Accounting for Inventories". In addition, effective January 1, 2008, Global Unichip Corp. and subsidiaries adopted Interpretation 2007-052 issued by the Accounting Research and Development Foundation of the Republic of China. The interpretation requires companies to recognize bonuses paid to employees, directors and supervisors, as compensation expenses instead of appropriations from earnings.

January 15, 2010

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 jurisdiction. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2009 AND 2008

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

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$ 665,497	17	\$ 898,647	22	Accounts payable	\$ 334,992	8	\$ 486,625	12
Available-for-sale financial assets (Notes 2, 4 and 16)	170,014	4	-	-	Payables to related parties (Note 17)	346,624	9	257,723	7
Notes and accounts receivable (Note 2)	1,167,486	29	869,193	22	Income tax payable (Notes 2 and 13)	46,913	1	82,394	2
Allowance for doubtful receivables (Notes 2 and 5)	(106,480)	(3)	(14,590)	-	Accrued expenses and other current liabilities (Notes 9, 17 and 19)	216,491	5	208,633	5
Receivables from related parties (Note 17)	-	-	6,905	-	Bonuses payable to employees, directors and supervisors (Notes 2 and 11)	45,384	1	188,238	5
Other financial assets	1,031	-	1,756	-	Payables to contractors and equipment suppliers (Note 16)	8,294	-	16,003	-
Inventories (Notes 2 and 6)	1,178,471	29	1,152,015	29	Customer advances	262,757	7	87,134	2
Deferred income tax assets (Notes 2 and 13)	110,991	3	95,768	2					
Prepaid expenses and other current assets (Note 17)	133,550	3	117,405	3					
					Total current liabilities	1,261,455	31	1,326,750	33
Total current assets	3,320,560	82	3,127,099	78					
PROPERTY, PLANT AND EQUIPMENT (Notes 2 and 7)					LONG-TERM LIABILITIES				
Cost					Other long-term payables (Notes 9 and 19)	12,910	1	37,247	1
Buildings	242,718	6	242,718	6					
Machinery and equipment	17,790	-	17,790	1	OTHER LIABILITIES				
Research and development equipment	323,595	8	289,884	7	Accrued pension cost (Notes 2 and 10)	4,108	-	5,814	-
Transportation equipment	9,196	-	9,196	-	Guarantee deposits	3,035	-	3,035	-
Office equipment	18,282	1	19,669	1					
Miscellaneous equipment	192,940	5	171,125	4	Total other liabilities	7,143	-	8,849	-
	804,521	20	750,382	19					
Accumulated depreciation	(359,604)	(9)	(259,370)	(7)	Total liabilities	1,281,508	32	1,372,846	34
Net property, plant and equipment	444,917	11	491,012	12	SHAREHOLDERS' EQUITY (Notes 2, 11 and 12)				
OTHER ASSETS					Capital stock - \$10 par value				
Deferred charges, net (Notes 2 and 8)	266,390	7	365,786	9	Authorized: 150,000 thousand shares				
Assets leased to others, net (Notes 2 and 7)	184	-	188	-	Issued: 131,974 thousand shares in 2009 and 124,698 thousand shares in 2008	1,319,749	32	1,246,985	31
Pledged time deposits (Note 18)	20,000	-	20,000	1	Capital surplus (Notes 2 and 11)	512,312	13	376,562	10
Refundable deposits (Note 17)	7,765	-	7,656	-	Retained earnings				
					Appropriated as legal capital reserve	185,409	4	110,704	3
Total other assets	294,339	7	393,630	10	Appropriated as special capital reserve	-	-	119	-
					Unappropriated earnings	759,556	19	901,460	22
					Other equity				
					Cumulative translation adjustments (Note 2)	1,268	-	3,065	-
					Unrealized gain on financial instruments (Notes 2 and 16)	14	-	-	-
					Total shareholders' equity	2,778,308	68	2,638,895	66
TOTAL	\$ 4,059,816	100	\$ 4,011,741	100	TOTAL	\$ 4,059,816	100	\$ 4,011,741	100

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

(With Deloitte & Touche audit report dated January 15, 2010)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
GROSS SALES (Notes 2 and 17)	\$ 8,310,381		\$ 9,311,571	
SALES RETURNS AND ALLOWANCES (Note 2)	<u>40,575</u>		<u>29,508</u>	
NET SALES	8,269,806	100	9,282,063	100
COST OF SALES (Notes 3, 6, 14 and 17)	<u>6,510,591</u>	<u>79</u>	<u>7,382,170</u>	<u>79</u>
GROSS PROFIT	<u>1,759,215</u>	<u>21</u>	<u>1,899,893</u>	<u>21</u>
OPERATING EXPENSES (Notes 14 and 17)				
Sales and marketing	303,056	4	263,324	3
General and administrative	170,612	2	179,436	2
Research and development	<u>878,833</u>	<u>10</u>	<u>721,758</u>	<u>8</u>
Total operating expenses	<u>1,352,501</u>	<u>16</u>	<u>1,164,518</u>	<u>13</u>
INCOME FROM OPERATIONS	<u>406,714</u>	<u>5</u>	<u>735,375</u>	<u>8</u>
NON-OPERATING INCOME AND GAINS				
Foreign exchange gain, net (Note 2)	18,539	-	48,492	1
Interest income	5,040	-	17,160	-
Gain on settlement and disposal of financial instruments (Notes 2 and 16)	1,269	-	3,732	-
Rental income (Notes 7 and 17)	1,104	-	1,348	-
Others (Notes 2 and 3)	<u>23,342</u>	<u>1</u>	<u>2,327</u>	<u>-</u>
Total non-operating income and gains	<u>49,294</u>	<u>1</u>	<u>73,059</u>	<u>1</u>
NON-OPERATING EXPENSES AND LOSSES				
Others (Notes 2 and 7)	<u>152</u>	<u>-</u>	<u>4</u>	<u>-</u>
INCOME BEFORE INCOME TAX	455,856	6	808,430	9
INCOME TAX EXPENSE (Notes 2 and 13)	<u>43,085</u>	<u>1</u>	<u>61,381</u>	<u>1</u>
NET INCOME	<u>\$ 412,771</u>	<u>5</u>	<u>\$ 747,049</u>	<u>8</u>

(Continued)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE				
(Note 15)				
Basic earnings per share	<u>\$ 3.48</u>	<u>\$ 3.15</u>	<u>\$ 6.30</u>	<u>\$ 5.82</u>
Diluted earnings per share	<u>\$ 3.40</u>	<u>\$ 3.08</u>	<u>\$ 5.98</u>	<u>\$ 5.53</u>

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

(With Deloitte & Touche audit report dated January 15, 2010)

(Concluded)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars Except Dividends Per Share)**

	Capital Stock		Capital Surplus	Retained Earnings			Total	Others		Total Shareholders' Equity
	Shares (In Thousands)	Amount		Legal Capital Reserve	Special Capital Reserve	Unappropriated Earnings		Cumulative Translation Adjustments	Unrealized Gain on Financial Instruments	
BALANCE, JANUARY 1, 2008	114,936	\$ 1,149,360	\$ 368,087	\$ 37,446	\$ 17	\$ 747,739	\$ 785,202	\$ (119)	\$ -	\$ 2,302,530
Appropriations of prior year's earnings										
Legal capital reserve	-	-	-	73,258	-	(73,258)	-	-	-	-
Special capital reserve	-	-	-	-	102	(102)	-	-	-	-
Bonus to employees - in stock	1,326	13,260	-	-	-	(13,260)	(13,260)	-	-	-
Bonus to employees - in cash	-	-	-	-	-	(53,000)	(53,000)	-	-	(53,000)
Stock dividends to shareholders - NT\$0.55 per share	6,321	63,215	-	-	-	(63,215)	(63,215)	-	-	-
Cash dividends to shareholders - NT\$3.29 per share	-	-	-	-	-	(379,289)	(379,289)	-	-	(379,289)
Bonus to directors and supervisors	-	-	-	-	-	(11,204)	(11,204)	-	-	(11,204)
Net income in 2008	-	-	-	-	-	747,049	747,049	-	-	747,049
Issuance of stock from exercising stock options	2,115	21,150	8,475	-	-	-	-	-	-	29,625
Translation adjustments	-	-	-	-	-	-	-	3,184	-	3,184
BALANCE, DECEMBER 31, 2008	124,698	1,246,985	376,562	110,704	119	901,460	1,012,283	3,065	-	2,638,895
Appropriations of prior year's earnings										
Legal capital reserve	-	-	-	74,705	-	(74,705)	-	-	-	-
Special capital reserve	-	-	-	-	(119)	119	-	-	-	-
Bonus to employees - in stock	813	8,135	134,306	-	-	-	-	-	-	142,441
Stock dividends to shareholders - NT\$0.40 per share	4,988	49,879	-	-	-	(49,879)	(49,879)	-	-	-
Cash dividends to shareholders - NT\$3.43 per share	-	-	-	-	-	(430,210)	(430,210)	-	-	(430,210)
Net income in 2009	-	-	-	-	-	412,771	412,771	-	-	412,771
Issuance of stock from exercising stock options	1,475	14,750	1,444	-	-	-	-	-	-	16,194
Adjustment in unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	14	14
Translation adjustments	-	-	-	-	-	-	-	(1,797)	-	(1,797)
BALANCE, DECEMBER 31, 2009	<u>131,974</u>	<u>\$ 1,319,749</u>	<u>\$ 512,312</u>	<u>\$ 185,409</u>	<u>\$ -</u>	<u>\$ 759,556</u>	<u>\$ 944,965</u>	<u>\$ 1,268</u>	<u>\$ 14</u>	<u>\$ 2,778,308</u>

Note: Bonus to employees and directors in the amount of NT\$45,384 thousand and NT\$188,238 thousand, respectively, had been charged against earnings of 2009 and 2008.

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

(With Deloitte & Touche audit report dated January 15, 2010)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 412,771	\$ 747,049
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	100,324	76,372
Amortization	187,330	187,407
Gain on disposal of property, plant and equipment	-	(413)
Deferred income tax	(15,223)	(25,961)
Gain on settlement and disposal of financial instruments	(1,269)	(3,732)
Accrued pension cost	(1,706)	(2,029)
Net changes in operating assets and liabilities:		
Decrease (increase) in:		
Notes and accounts receivable	(206,403)	(45,439)
Receivables from related parties	6,905	418
Other financial assets	725	(635)
Inventories	(26,456)	(315,864)
Prepaid expenses and other current assets	(16,145)	(22,442)
Increase (decrease) in:		
Accounts payable	(151,633)	(170,377)
Payables to related parties	88,901	37,581
Income tax payable	(35,481)	29,899
Accrued expenses and other current liabilities	54,088	20,278
Bonuses payable to employees, directors and supervisors	(413)	188,238
Customer advances	175,623	(120,666)
Net cash provided by operating activities	<u>571,938</u>	<u>579,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets	(1,120,000)	(2,471,000)
Property, plant and equipment	(62,043)	(115,343)
Proceeds from disposal of:		
Available-for-sale financial assets	951,269	2,474,732
Property, plant and equipment	-	522
Increase in deferred charges	(158,508)	(156,670)
Increase in pledged time deposits	-	(10,500)
Increase in refundable deposits	(109)	(5,476)
Net cash used in investing activities	<u>(389,391)</u>	<u>(283,735)</u>

(Continued)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in guarantee deposits	\$ -	\$ 3,035
Repayment of long-term bank loans	-	(2,089)
Proceeds from exercise of employee stock options	16,194	29,625
Cash dividends	(430,203)	(379,283)
Cash bonus to employees, directors and supervisors	<u>-</u>	<u>(64,204)</u>
Net cash used in financing activities	<u>(414,009)</u>	<u>(412,916)</u>
NET DECREASE IN CASH	(231,462)	(116,967)
EFFECT OF EXCHANGE RATE CHANGES	(1,688)	2,850
CASH, BEGINNING OF YEAR	<u>898,647</u>	<u>1,012,764</u>
CASH, END OF YEAR	<u>\$ 665,497</u>	<u>\$ 898,647</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 1</u>	<u>\$ -</u>
Income tax paid	<u>\$ 89,726</u>	<u>\$ 52,796</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Bonus to employees transferred to capital stock	<u>\$ 142,441</u>	<u>\$ -</u>
Current portion of other long-term payables (under accrued expenses and other current liabilities)	<u>\$ 53,888</u>	<u>\$ 100,125</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of property, plant and equipment	\$ 54,334	\$ 118,112
Decrease (increase) in payables to contractors and equipment suppliers	<u>7,709</u>	<u>(2,769)</u>
Cash paid	<u>\$ 62,043</u>	<u>\$ 115,343</u>
Increase in deferred charges	\$ 87,934	\$ 217,396
Decrease (increase) in other long-term payables	<u>70,574</u>	<u>(60,726)</u>
Cash paid	<u>\$ 158,508</u>	<u>\$ 156,670</u>

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

(With Deloitte & Touche audit report dated January 15, 2010)

(Concluded)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Global Unichip Corp. (GUC), a Republic of China (R.O.C.) corporation, was incorporated on January 22, 1998. GUC is engaged mainly in researching, developing, production of, testing and sales of embedded memory and logic components for various application ICs, cell libraries for various application ICs, and EDA tools for various application ICs. On November 3, 2006, GUC's shares were listed on the Taiwan Stock Exchange (TSE). As of December 31, 2009 and 2008, Taiwan Semiconductor Manufacturing Company Limited (TSMC) owned 35% and 36%, respectively, of GUC's common shares.

As of December 31, 2009 and 2008, GUC and its subsidiaries had 494 and 486 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the R.O.C. Under these guidelines and principles, GUC and its subsidiaries should reasonably estimate the amounts of sales allowance, allowance for doubtful receivables; loss on inventories; depreciation of property, plant and equipment; amortization of deferred charges; impairment loss on assets; pension; and bonuses to employees, directors and supervisors, etc. Actual results may differ from those estimated by management.

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

Significant accounting policies are summarized as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of all directly and indirectly majority owned subsidiaries of GUC. All significant intercompany balances and transactions have been eliminated upon consolidation.

The consolidated entities were as follows:

Name of Investor	Name of Investee	Percentage of Ownership December 31		Remark
		2009	2008	
GUC	Global Unichip Corp.-NA (GUC-NA)	100%	100%	-
	Global Unichip Japan Co., Ltd. (GUC-Japan)	100%	100%	-
	Global Unichip Corp. Europe B.V. (GUC-Europe)	100%	100%	-
	Global Unichip (BVI) Corp. (GUC-BVI)	100%	-	Newly established in February, 2009

GUC-NA, GUC-Japan and GUC-Europe are engaged in providing products consulting in North America, Japan and Europe, respectively. GUC-NA provide GUC design and technical support service starting January 2009. GUC-BVI is engaged in investing activities.

GUC together with its consolidated subsidiaries are hereinafter referred to collectively as the "Company".

Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash, and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Changes in fair value from subsequent remeasurement are reported as a separate component of shareholders' equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using settlement date accounting.

The difference between its carrying amount and the disposal amount is recognized in earnings.

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.

Fair value of issued open-end mutual funds is determined by the financial institution using the net assets value at the balance sheet date.

Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided based on a review of the collectibility of notes and accounts receivable. The Company determines the amount of the allowance for doubtful receivables by examining the aging analysis of outstanding notes and accounts receivable as well as other economic factors. The Company accrues an allowance for doubtful receivables based on the following percentages:

Overdue Notes and Accounts Receivable	Percentage of Allowance Accrued
90-180 days	50%
>180 days	100%

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process. Before January 1, 2009, inventories were stated at the lower of cost or market value. Market value meant replacement cost for raw materials and supplies and net realizable value for finished 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 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 weighted-average cost on the balance sheet date.

Property, Plant and Equipment and Assets Leased to Others

Property, plant and equipment and assets leased to others are stated at cost less accumulated depreciation. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, as if no impairment loss been recognized. Significant additions, renewals and betterments incurred during the construction period are capitalized. Maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over the following estimated service lives: buildings - 50 years, machinery and equipment - 3 to 5 years, research and development equipment - 3 to 5 years, transportation equipment - 5 years, office equipment - 3 to 5 years, miscellaneous equipment - 2 to 10 years and assets leased to others - 50 years. Property, plant and equipment and assets leased to others still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

Upon sale or disposal of property, plant and equipment and assets leased to others, the related cost and accumulated depreciation are deducted from the corresponding accounts, with any gain or loss recorded as non-operating gains or losses in the year of sale or disposal.

Deferred Charges

Deferred charges consist of software, technology license fees and patents. The amounts are amortized over the following periods: software - 2 to 5 years, technology license fees - the term of the technology transfer contract and patents - economic lives of the patents. When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the previously recognized impairment loss would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, as if no impairment loss been recognized.

Expenditure on research activities is recognized as an expense when incurred. An internally-generated intangible asset arising from development activities is capitalized and then amortized on a straight-line basis over its useful life if the recognition criteria for an intangible asset have been met; otherwise, the development expenditure is recognized as an expense when incurred.

Pension Costs

For employees under defined contribution pension plans, pension costs are recorded based on the actual contributions made to employees' individual pension accounts during their service periods. For employees under defined benefit pension plan, pension costs are recorded based on actuarial calculations.

Revenue Recognition and Provision for Sales Allowance

The Company recognizes revenue when evidence of an arrangement exists, the rewards of ownership and significant risk of the goods have been transferred to the buyer, price is fixed or determinable, and collectibility is reasonably assured. Provisions for sales allowance are recorded based on the estimated amount to be incurred.

Sales prices are determined using the fair value taking into account related sales discounts agreed by the Company and its customers. Since the receivables from sales are collectible within one year and such transactions are frequent, the fair value of receivables is equivalent to the nominal amount of cash received.

Income Tax

The Company uses the inter-period tax allocation method. Deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, operating loss carryforwards, and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent according to the classification of the related asset or liability. However, if a deferred 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.

Any tax credits arising from purchases of machinery, equipment and technology, research and development expenditures, personnel training expenditures are recognized using the flow-through method.

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

Income tax on unappropriated earnings at a rate of 10% is expensed in the year of shareholder approval which is the year subsequent to the year the earnings are generated.

The alternative minimum tax (AMT) imposed under the AMT Act is a supplemental tax levied at a rate of 10% which is payable if the income tax payable determined pursuant to the Income Tax Law is below the minimum amount prescribed under the AMT Act. The taxable income for calculating the AMT shall include most of the tax exempt income under various laws and statutes. The Company has considered the impact of the AMT Act in the determination of its tax liabilities.

Stock-based Compensation

Employee stock options that were granted or modified in the period from January 1, 2004 to December 31, 2007 are accounted for by the interpretations issued by the Accounting Research and Development Foundation (ARDF) of the Republic of China. The Company adopted the intrinsic value method and any compensation cost determined using this method is recognized in earnings over the employee vesting period. Employee stock option plans that were granted or modified after December 31, 2007 are accounted for using fair value method in accordance with Statement of Financial Accounting Standards No. 39, "Accounting for Share-based Payment." The Company did not grant or modify any employee stock options since January 1, 2008.

Profit Sharing to Employees and Bonus to Directors and Supervisors

Effective January 1, 2008, the Company adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors," which requires companies to record profit sharing to employees and bonus to directors and supervisors as an expense rather than as an appropriation of earnings.

Foreign-currency Transactions

Foreign-currency transactions other than derivative contracts are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange gains or losses derived from foreign-currency transactions or monetary assets and liabilities denominated in foreign currencies are recognized in earnings.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are revalued at prevailing exchange rates with the resulting gains or losses recognized in earnings.

Translation of Foreign-currency Financial Statements

The financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - spot rates at year-end, shareholders' equity - historical rates, income and expenses - average rates during the year. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2008 have been reclassified to conform to the presentation of the consolidated financial statements as of and for the year ended December 31, 2009.

3. ACCOUNTING CHANGES

Effective January 1, 2009, the Company adopted the newly revised Statement of Financial Accounting Standards (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 cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. The adoption resulted in a decrease of NT\$14,154 thousand in net income, and a decrease of NT\$0.11 in consolidated basic earnings per share (after income tax) for the year ended December 31, 2009. For comparison purposes, the Company also reclassified nonoperating income of NT\$454 thousand and nonoperating expense of NT\$8,800 thousand to cost of sales for the year ended December 31, 2008.

Effective January 1, 2008, the Company adopted Interpretation 2007-052, "Accounting for Bonuses to Employees, Directors and Supervisors," issued in March 2007 by the ARDF, which requires companies to record bonuses paid to employees, directors and supervisors as an expense rather than as an appropriation of earnings. The adoption of this interpretation resulted in a decrease in net income and consolidated basic earnings per share (after income tax and retroactive adjustment for the issuance of stock dividend) of NT\$169,923 thousand and NT\$1.32, respectively, for the year ended December 31, 2008.

Effective January 1, 2008, the Company adopted SFAS No. 39, "Accounting for Share-based Payment," which requires companies to record share-based payment transactions in the financial statements at fair value. Such a change in accounting principle did not have any effect on the Company's consolidated financial statements as of and for the year ended December 31, 2008.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Open-end mutual funds	<u>\$ 170,014</u>	<u>\$ -</u>

5. ALLOWANCE FOR DOUBTFUL RECEIVABLES

Movements of the allowance for doubtful receivables were as follows:

	Years Ended December 31	
	2009	2008
Balance, beginning of year	\$ 14,590	\$ 8,612
Provision for doubtful receivables	91,890	14,590
Amounts written off	<u>-</u>	<u>(8,612)</u>
Balance, end of year	<u>\$ 106,480</u>	<u>\$ 14,590</u>

6. INVENTORIES

	December 31	
	2009	2008
Finished goods	\$ 458,421	\$ 337,069
Work in process	550,914	601,632
Raw materials	<u>169,136</u>	<u>213,314</u>
	<u>\$ 1,178,471</u>	<u>\$ 1,152,015</u>

As of December 31, 2009 and 2008, the allowance for inventory devaluation was NT\$57,302 thousand and NT\$43,728 thousands, respectively. The cost of inventories recognized as cost of goods sold in the year ended December 31, 2009 and 2008 was NT\$6,510,591 thousand and NT\$7,382,170 thousand, respectively, which included write-downs of inventory NT\$14,154 thousand and revenue from sale of scraps NT\$2,119 thousand in the year ended December 31, 2009 and write-downs of inventory NT\$8,800 thousand and revenue from sale of scraps NT\$454 thousand in the year ended December 31, 2008.

7. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2009						Total
	Buildings	Machinery and Equipment	Research and Development Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	
Cost							
Balance, beginning of year	\$ 242,718	\$ 17,790	\$ 289,884	\$ 9,196	\$ 19,669	\$ 171,125	\$ 750,382
Additions	-	-	33,711	-	937	19,686	54,334
Reclassification	-	-	-	-	(2,312)	2,312	-
Translation adjustment	-	-	-	-	(12)	(183)	(195)
Balance, end of year	<u>242,718</u>	<u>17,790</u>	<u>323,595</u>	<u>9,196</u>	<u>18,282</u>	<u>192,940</u>	<u>804,521</u>
Accumulated depreciation							
Balance, beginning of year	20,886	17,670	148,462	2,231	13,741	56,380	259,370
Additions	4,762	24	63,205	1,376	2,839	28,114	100,320
Reclassification	-	-	-	-	(1,412)	1,412	-
Translation adjustment	-	-	-	-	(4)	(82)	(86)
Balance, end of year	<u>25,648</u>	<u>17,694</u>	<u>211,667</u>	<u>3,607</u>	<u>15,164</u>	<u>85,824</u>	<u>359,604</u>
Net book value, end of year	<u>\$ 217,070</u>	<u>\$ 96</u>	<u>\$ 111,928</u>	<u>\$ 5,589</u>	<u>\$ 3,118</u>	<u>\$ 107,116</u>	<u>\$ 444,917</u>

	Year Ended December 31, 2008							
	Buildings	Machinery and Equipment	Research and Development Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Prepayments for Equipment	Total
Cost								
Balance, beginning of year	\$ 242,372	\$ 17,669	\$ 224,563	\$ 5,380	\$ 18,355	\$ 119,075	\$ 7,928	\$ 635,342
Additions	346	121	62,242	4,690	1,644	46,742	2,327	118,112
Disposals	-	-	(2,280)	(874)	(390)	-	-	(3,544)
Reclassification	-	-	5,359	-	-	4,896	(10,255)	-
Translation adjustment	-	-	-	-	60	412	-	472
Balance, end of year	<u>242,718</u>	<u>17,790</u>	<u>289,884</u>	<u>9,196</u>	<u>19,669</u>	<u>171,125</u>	<u>-</u>	<u>750,382</u>
Accumulated depreciation								
Balance, beginning of year	16,131	17,523	106,152	1,777	10,303	34,413	-	186,299
Additions	4,755	147	44,590	1,219	3,794	21,863	-	76,368
Disposals	-	-	(2,280)	(765)	(390)	-	-	(3,435)
Translation adjustment	-	-	-	-	34	104	-	138
Balance, end of year	<u>20,886</u>	<u>17,670</u>	<u>148,462</u>	<u>2,231</u>	<u>13,741</u>	<u>56,380</u>	<u>-</u>	<u>259,370</u>
Net book value, end of year	<u>\$ 221,832</u>	<u>\$ 120</u>	<u>\$ 141,422</u>	<u>\$ 6,965</u>	<u>\$ 5,928</u>	<u>\$ 114,745</u>	<u>\$ -</u>	<u>\$ 491,012</u>

The Company rents out certain floor space of its buildings under several operating lease arrangements. The related book value of the leased floor space has been reclassified to assets leased to others under other assets.

8. DEFERRED CHARGES, NET

	Year Ended December 31, 2009			
	Software	Technology License Fees	Patents	Total
Balance, beginning of year	\$ 214,376	\$ 151,032	\$ 378	\$ 365,786
Additions	85,934	2,000	-	87,934
Amortization	<u>(138,171)</u>	<u>(49,131)</u>	<u>(28)</u>	<u>(187,330)</u>
Balance, end of year	<u>\$ 162,139</u>	<u>\$ 103,901</u>	<u>\$ 350</u>	<u>\$ 266,390</u>
	Year Ended December 31, 2008			
	Software	Technology License Fees	Patents	Total
Balance, beginning of year	\$ 117,415	\$ 217,976	\$ 406	\$ 335,797
Additions	208,140	9,256	-	217,396
Amortization	<u>(111,179)</u>	<u>(76,200)</u>	<u>(28)</u>	<u>(187,407)</u>
Balance, end of year	<u>\$ 214,376</u>	<u>\$ 151,032</u>	<u>\$ 378</u>	<u>\$ 365,786</u>

9. OTHER LONG-TERM PAYABLES

The payables were primarily attributable to several agreements that GUC entered into for certain technology license and software. As of December 31, 2009, future payments for other long-term payables were as follows:

Year of Payment	Amount
2010 (under accrued expenses and other current liabilities)	\$ 53,888
2011	<u>12,910</u>
	<u>\$ 66,798</u>

10. PENSION PLANS

The pension mechanism under the Labor Pension Act is deemed a defined contribution plan. Pursuant to the Act, GUC makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Pursuant to the aforementioned Act, GUC recognized pension costs of NT\$24,803 thousand and NT\$20,433 thousand for the years ended December 31, 2009 and 2008, respectively.

GUC has a defined benefit plan under the Labor Standards Law, which provides benefits based on an employee's length of service and average monthly salary of the last six months prior to retirement. GUC contributes an amount equal to 2% of salaries paid each month to a pension fund (the Fund), which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. The Company recognized pension costs of NT\$439 thousand and NT\$135 thousand for the years ended December 31, 2009 and 2008, respectively.

Information about the defined benefit plan is summarized as follows:

a. Components of net periodic pension cost for the year

	Years Ended December 31	
	2009	2008
Service cost	\$ 20	\$ 53
Interest cost	662	528
Projected return on plan assets	(491)	(418)
Amortization	<u>248</u>	<u>(28)</u>
Net periodic pension cost	<u>\$ 439</u>	<u>\$ 135</u>

b. Reconciliation of funded status of the plan and accrued pension cost at December 31, 2009 and 2008

	December 31	
	2009	2008
Benefit obligation		
Vested benefit obligation	\$ -	\$ -
Nonvested benefit obligation	<u>18,854</u>	<u>17,491</u>
Accumulated benefit obligation	18,854	17,491
Additional benefits based on future salaries	<u>15,676</u>	<u>8,998</u>
Projected benefit obligation	34,530	26,489
Fair value of plan assets	<u>(20,958)</u>	<u>(18,337)</u>
Funded status	13,572	8,152
Unrecognized net transition obligation	(1,486)	(1,734)
Unrecognized net loss	<u>(7,978)</u>	<u>(604)</u>
Accrued pension cost	<u>\$ 4,108</u>	<u>\$ 5,814</u>
Vested benefit	<u>\$ -</u>	<u>\$ -</u>

c. Actuarial assumptions at December 31, 2009 and 2008

Discount rate used in determining present values	2.25%	2.5%
Future salary increase rate	3.00%	2.0%
Expected rate of return on plan assets	2.00%	2.5%

d. Contributions to the Fund for the year

	<u>\$ 2,145</u>	<u>\$ 2,164</u>
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No payments were made from the Fund for the years ended December 31, 2009 and 2008.

11. SHAREHOLDERS' EQUITY

Capital surplus can only be used to offset a deficit under the Company Law. However, the capital surplus arising from paid-in capital in excess of par (including the stock issued for new capital and mergers) may be appropriated as stock dividends, which are limited to a certain percentage of GUC's paid-in capital.

Capital surplus consisted of the following:

	<u>December 31</u>	
	<u>2009</u>	<u>2008</u>
Additional paid-in capital	\$ 480,189	\$ 345,883
From merger	16,621	16,621
Employee stock options	<u>15,502</u>	<u>14,058</u>
	<u>\$ 512,312</u>	<u>\$ 376,562</u>

GUC's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, GUC shall first offset its losses in previous years and then set aside the following items accordingly:

- a. Legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled GUC's paid-in capital;
- b. Special capital reserve in accordance with the resolution of the shareholders' meeting;
- c. Bonus to directors of not more than 2% of the remainder after setting aside a and b above. Directors who also serve as executive officers of GUC are not entitled to receive the bonus to directors;
- d. Bonus to employees of not less than 10% of the remainder after setting aside a and b above. GUC may issue stock bonuses to employees of an affiliated company meeting the conditions set by the Board of Directors or by the person duly authorized by the Board of Directors;
- e. Any balance left over shall be allocated according to the resolution of the shareholders' meeting.

GUC at present is in a business growth stage. The proportion of dividends that will be paid in cash will depend on future expansion plans and cash needs. For profit distribution, the proportion of cash dividends shall not be lower than 10% of the total amount of dividends.

The bonus to employees, which represents 10% and 23.8% of net income, and the bonus to directors and supervisors, which represents 1.1% and 1.5% of net income (after deducting the legal capital reserve and special capital reserve) were recognized for the year ended December 31, 2009 and 2008, respectively. 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 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.

A special capital reserve equivalent to the net debit balance of other components of shareholders' equity (for example, cumulative translation adjustments and unrealized loss on financial instruments) shall be appropriated from unappropriated earnings pursuant to existing regulations promulgated by the Securities and Futures Bureau (SFB). Any special capital reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriation for legal capital reserve shall be made until the reserve equals GUC's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends and bonuses for the portion in excess of 50% of the paid-in capital if GUC has no unappropriated earnings and the reserve balance has exceeded 50% of GUC's paid-in capital. The Company Law also prescribes that, when the reserve has reached 50% of GUC's paid-in capital, up to 50% of the reserve may be transferred to capital.

Any appropriations of earnings are recorded in the year of shareholder approval and given effect to in the financial statements of that year. Under the Integrated Income Tax system, R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by GUC.

The appropriations of earnings for 2008 and 2007 were approved in the shareholders' meetings held on June 3, 2009 and June 11, 2008, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share</u> (NT\$)	
	<u>For Fiscal</u> <u>Year 2008</u>	<u>For Fiscal</u> <u>Year 2007</u>	<u>For Fiscal</u> <u>Year 2008</u>	<u>For Fiscal</u> <u>Year 2007</u>
Legal capital reserve	\$ 74,705	\$ 73,258		
Special capital reserve	(119)	102		
Bonus to employees - in stock	-	13,260		
Bonus to employees - in cash	-	53,000		
Stock dividends to shareholders	49,879	63,215	\$0.40	\$0.55
Cash dividends to shareholders	430,210	379,289	3.43	3.29
Bonus to directors and supervisors	<u>-</u>	<u>11,204</u>		
	<u>\$ 554,675</u>	<u>\$ 593,328</u>		

The bonus to employees that had been paid in cash and in stock as well as bonus to directors and supervisors in the amounts of NT\$35,610 thousand, NT\$142,441 thousand and NT\$10,187 thousand, respectively, for 2008 had been approved in the shareholders' meeting held on June 3, 2009. The resolved amounts of the bonus to employees and to directors were consistent with the resolutions in the meeting of the Board of Directors held on February 19, 2009 and same amounts had been charged against earnings of 2008.

GUC shareholders' meeting held on June 3, 2009 also resolved to distribute stock dividends to shareholders and bonus to employees to be paid in stock in the amount of NT\$49,879 thousand and NT\$142,441 thousand, respectively. The employees' stock bonus of 813 thousand shares was determined by using the closing price of GUC's common shares (after considering the effect of dividends) of the day immediately preceding the shareholders' meeting, which was NT\$175.1. The aforementioned capital increase had taken effect on July 19, 2009.

As of January 15, 2010, the Board of Directors has not resolved the appropriation of earnings of 2009.

The information about appropriations of bonus to employees, directors and supervisors is available at the Market Observation Post System website.

During the shareholders' meeting held on June 11, 2008, GUC replaced the supervisors with a newly formed Audit Committee. The required duties of the former supervisors are now being fulfilled by the Audit Committee.

12. STOCK-BASED COMPENSATION PLANS

GUC's Employee Stock Option Plans, consisting of the GUC 2003 Plan and GUC 2002 Plan, were all approved by its Board of Directors on January 23, 2003 and July 1, 2002, respectively. The maximum number of options authorized to be granted under the GUC 2003 Plan and GUC 2002 Plan was 7,535 and 5,000, respectively, with each option eligible to subscribe for one thousand common shares when exercisable. The options may be granted to qualified employees of GUC. The options of the plans are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date.

Moreover, the GUC 2007 Plan, GUC 2006 Plan and GUC 2004 Plan were approved by the SFB on November 28, 2007, July 3, 2006 and August 16, 2004 to grant a maximum of 1,999 options, 3,665 options and 2,500 options, respectively, with each option eligible to subscribe for one thousand common shares when exercisable. The options may be granted to qualified employees of GUC or any of its subsidiaries. The options of the GUC 2006 Plan are valid until August 15, 2011 and the options of the GUC 2007 Plan and GUC 2004 Plan are valid for six years. Options of the three Plans are exercisable at certain percentages subsequent to the second anniversary of the grant date.

Information about GUC's outstanding stock options for the years ended December 31, 2009 and 2008 was as follows:

	Number of Options	Weighted- average Exercise Price (NT\$)
<u>Year ended December 31, 2009</u>		
Balance, beginning of year	5,557	\$ 63.86
Options granted	87	13.79
Options exercised	(1,475)	10.98
Options canceled	<u>(359)</u>	63.38
Balance, end of year	<u><u>3,810</u></u>	83.46
<u>Year ended December 31, 2008</u>		
Balance, beginning of year	7,598	\$ 60.27
Options granted	284	14.84
Options exercised	(2,115)	14.01
Options canceled	<u>(210)</u>	168.37
Balance, end of year	<u><u>5,557</u></u>	66.55

The number of outstanding options and exercise prices had been adjusted to reflect the distribution of earnings by GUC in accordance with the plans. The options granted shown above included options that resulted from the aforementioned adjustment and options newly granted in accordance with the plans.

As of December 31, 2009, information about GUC's outstanding and exercisable options was as follows:

Range of Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options	Weighted-average Exercise Price (NT\$)
\$ 8.40	374	1.00	\$ 8.40	374	\$ 8.40
15.50	1,796	1.67	15.50	154	15.50
175.00	<u>1,640</u>	4.00	175.00	-	-
	<u>3,810</u>		83.46	<u>528</u>	10.47

No compensation cost was recognized under the intrinsic value method for the years ended December 31, 2009 and 2008. Had the Company used the fair value based method to evaluate the options using the Black-Scholes model, the assumptions and pro forma results of the Company would have been as follows:

Method:	Black-Scholes model
Assumptions:	
Expected dividend yield	0%-0.6%
Expected volatility	22.65%-45.47%
Risk free interest rate	2.12%-2.56%
Expected life	3-6 years
Fair value per share (NT\$)	\$3.22-\$61.18

	Years Ended December 31	
	2009	2008
Net income:		
As reported	\$ 412,771	\$ 747,049
Pro forma	373,453	698,446
Consolidated earnings per share (EPS) - after income tax (NT\$):		
Basic EPS as reported	\$3.15	\$5.82
Pro forma basic EPS	2.85	5.44
Diluted EPS as reported	3.08	5.53
Pro forma diluted EPS	2.78	5.17

13. INCOME TAX

- a. A reconciliation of income tax expense based on "income before income tax" at statutory rate and income tax currently payable was as follows:

	Years Ended December 31	
	2009	2008
Income tax expense based on "income before income tax" at statutory rate	\$ 115,513	\$ 204,401
Tax effect of the following:		
Tax-exempt income	(31,544)	(59,565)
Temporary differences	16,294	7,147
Permanent differences	(270)	515
Additional tax at 10% on unappropriated earnings	19,237	13,926
Investment tax credits used	<u>(58,576)</u>	<u>(81,676)</u>
Income tax currently payable	<u>\$ 60,654</u>	<u>\$ 84,748</u>

b. Income tax expense consisted of the following:

	Years Ended December 31	
	2009	2008
Income tax currently payable	\$ 60,654	\$ 84,748
Other income tax adjustments	(2,346)	2,594
Net change in deferred income tax assets		
Investment tax credits	(106,335)	(128,204)
Temporary differences	(7,786)	(6,874)
Adjustments in valuation allowance	<u>98,898</u>	<u>109,117</u>
Income tax expense	<u>\$ 43,085</u>	<u>\$ 61,381</u>

c. Net deferred income tax assets consisted of the following:

	December 31	
	2009	2008
Current deferred income tax assets, net		
Investment tax credits	\$ 82,367	\$ 88,805
Temporary differences	28,624	19,778
Valuation allowance	<u>-</u>	<u>(12,815)</u>
	<u>\$ 110,991</u>	<u>\$ 95,768</u>
Non-current deferred income tax assets, net		
Investment tax credits	\$ 355,241	\$ 242,468
Temporary differences	(3,206)	(2,146)
Valuation allowance	<u>(352,035)</u>	<u>(240,322)</u>
	<u>\$ -</u>	<u>\$ -</u>

In May 2009, the amendment of Article 5 of the Income Tax Law of the Republic of China announced that the income tax rate of profit-seeking enterprises will be reduced from 25% to 20%, and will be effective starting in 2010. GUC had recalculated its deferred tax assets and liabilities in accordance with the amended Article and adjusted the resulting difference as an income tax benefit and expense.

d. Integrated income tax information:

The balance of the imputation credit account of GUC as of December 31, 2009 and 2008 was NT\$34,218 thousand and NT\$11,715 thousand, respectively.

The creditable ratios for distribution of earnings of 2009 and 2008 were 4.51% (estimated) and 9.71%, respectively.

The imputation credit allocated to shareholders is based on its balance as of the date of dividend distribution. The estimated creditable ratio of GUC may change when the actual distribution of imputation credit is made.

e. All of GUC's earnings generated prior to December 31, 1997 have been appropriated.

f. As of December 31, 2009, the Company's investment tax credits consisted of the following:

Regulation	Item	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 836	\$ 836	2011
		518	518	2012
		<u>383</u>	<u>383</u>	2013
		<u>\$ 1,737</u>	<u>\$ 1,737</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 38,599	\$ -	2010
		122,682	102,705	2011
		209,422	209,422	2012
		<u>121,761</u>	<u>121,761</u>	2013
		<u>\$ 492,464</u>	<u>\$ 433,888</u>	
Statute for Upgrading Industries	Personnel training expenditures	\$ 608	\$ 608	2010
		302	302	2011
		589	589	2012
		<u>484</u>	<u>484</u>	2013
		<u>\$ 1,983</u>	<u>\$ 1,983</u>	

g. The profits generated from the following projects of GUC are exempt from income tax for a five-year period:

	Tax-Exemption Period
2003 plant expansion	2007 to 2011
2005 and 2006 plant expansion	To be determined

h. The tax authorities have examined GUC's income tax returns through 2007.

14. LABOR COST, DEPRECIATION AND AMORTIZATION

	Year Ended December 31, 2009		
	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary	\$ 99,134	\$ 621,147	\$ 720,281
Labor and health insurance	5,719	31,922	37,641
Pension	4,460	20,782	25,242
Meal	1,995	9,443	11,438
Welfare	1,714	8,150	9,864
Other	<u>457</u>	<u>20,297</u>	<u>20,754</u>
	<u>\$ 113,479</u>	<u>\$ 711,741</u>	<u>\$ 825,220</u>
Depreciation	<u>\$ 2,275</u>	<u>\$ 98,045</u>	<u>\$ 100,320</u>
Amortization	<u>\$ 1,865</u>	<u>\$ 185,465</u>	<u>\$ 187,330</u>

Year Ended December 31, 2008

	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost			
Salary	\$ 108,319	\$ 598,920	\$ 707,239
Labor and health insurance	5,178	31,208	36,386
Pension	3,877	16,691	20,568
Meal	1,515	6,583	8,098
Welfare	1,931	8,162	10,093
Other	<u>540</u>	<u>11,147</u>	<u>11,687</u>
	<u>\$ 121,360</u>	<u>\$ 672,711</u>	<u>\$ 794,071</u>
Depreciation	<u>\$ 2,357</u>	<u>\$ 74,011</u>	<u>\$ 76,368</u>
Amortization	<u>\$ 773</u>	<u>\$ 186,634</u>	<u>\$ 187,407</u>

15. CONSOLIDATED EARNINGS PER SHARE

Consolidated EPS for the years ended December 31, 2009 and 2008 were computed as follows:

	<u>Amounts (Numerator)</u>		Number of Shares (Denominator) (In Thousands)	<u>Amounts (NT\$)</u>	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>Year ended December 31, 2009</u>					
Consolidated basic EPS					
Income available to common shareholders of the parent	\$ 455,856	\$ 412,771	130,951	<u>\$ 3.48</u>	<u>\$ 3.15</u>
Effect of dilutive potential common stock					
Bonus to employees	-	-	599		
Stock options	<u>-</u>	<u>-</u>	<u>2,656</u>		
Consolidated diluted EPS					
Income available to common shareholders of the parent (including effect of dilutive potential common stock)	<u>\$ 455,856</u>	<u>\$ 412,771</u>	<u>134,206</u>	<u>\$ 3.40</u>	<u>\$ 3.08</u>
<u>Year ended December 31, 2008</u>					
Consolidated basic EPS					
Income available to common shareholders of the parent	\$ 808,430	\$ 747,049	128,346	<u>\$ 6.30</u>	<u>\$ 5.82</u>
Effect of dilutive potential common stock					
Bonus to employees	-	-	1,645		
Stock options	<u>-</u>	<u>-</u>	<u>5,119</u>		
Consolidated diluted EPS					
Income available to common shareholders of the parent (including effect of dilutive potential common stock)	<u>\$ 808,430</u>	<u>\$ 747,049</u>	<u>135,110</u>	<u>\$ 5.98</u>	<u>\$ 5.53</u>

Effective January 1, 2008, the Company adopted Interpretation 2007-052 that requires companies to record the bonus paid to employees as an expense rather than as an appropriation of 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 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. The dilutive effect of the potential shares needs to be considered until the shares of employee bonus are resolved in the shareholders' meeting in the following year.

The weighted-average number of shares outstanding used in the consolidated EPS calculation was retroactively adjusted for the issuance of stock dividends and employee stock bonuses (see consolidated statements of changes in shareholders' equity and Note 11). This adjustment caused the consolidated basic and diluted after income tax EPS for the year ended December 31, 2008 to decrease from NT\$6.05 to NT\$5.82 and from NT\$5.75 to NT\$5.53, respectively.

16. DISCLOSURES FOR FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Available-for-sale financial asset	\$ 170,014	\$ 170,014	\$ -	\$ -
<u>Financial liabilities</u>				
Payables to contractors and equipment suppliers	8,294	8,294	16,003	16,003
Other long-term payables (including current portion)	66,798	66,798	137,372	137,372

b. Methods and assumptions used in the estimation of fair values of financial instruments

- 1) The aforementioned financial instruments do not include cash, pledged time deposits, receivables, other financial assets, payables, and customer advances. The carrying amounts of these financial instruments approximate their fair values.
 - 2) Fair values of issued available-for-sale financial assets are determined by the financial institution using the net assets value at the balance sheet date.
 - 3) Fair values of the Company's payables to contractors and equipment suppliers approximate their carrying amounts because the amounts are immaterial. Fair value of other long-term payables is based on the present value of expected cash flows, which approximates their carrying amount.
- c. No gains were recognized for the changes in fair value of trading financial assets estimated using valuation techniques for the years ended December 31, 2009 and 2008, respectively.
- d. As of December 31, 2009 and 2008, financial assets exposed to fair value interest rate risk were NT\$745,014 thousand and NT\$453,000 thousand, respectively. Financial assets exposed to cash flow interest rate risk were NT\$92,116 thousand and NT\$464,092 thousand, respectively.
- e. The Company recorded a gain of NT\$14 thousand and nil which was removed from shareholders' equity and recognized in earnings for the year ended December 31, 2009 and 2008, respectively.

f. Information about financial risks

- 1) Market risk. Available-for-sale financial assets held by the Company are open-end bond funds. Therefore, there is no significant market risk.
- 2) Credit risk. Credit risk represents the potential loss that would be incurred by the Company if the counter-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Company's exposure to defaults by those parties to be significant.
- 3) Liquidity risk. The Company's operating capital is deemed sufficient to meet the cash demand, therefore, liquidity risk is not considered to be significant.

17. RELATED PARTY TRANSACTIONS

The Company engages in business transactions with the following related parties:

- a. TSMC, which had a controlling interest over GUC
- b. TSMC-North America (TSMC-NA), a subsidiary of TSMC
- c. TSMC-China (TSMC China), a subsidiary of TSMC
- d. TSMC Korea, a subsidiary of TSMC
- e. TSMC Europe, a subsidiary of TSMC
- f. Vanguard International Semiconductor Corporation (VIS), an equity-method investee of TSMC
- g. VisEra Holding Company (VisEra), an equity-method indirect investee of TSMC
- h. Etron Technology, Inc. (Etron), which is the parent company of one of GUC's Board Directors
- i. XinTec Inc. (XinTec), an equity-method investee of TSMC
- j. Others - related parties over which the Company has substantial influence but without any material transactions.

Transactions with the aforementioned parties are summarized as follows:

	2009		2008	
	Amount	%	Amount	%
<u>For the year</u>				
Sales				
TSMC	\$ 26,034	-	\$ 18,940	-
VIS	<u>424</u>	<u>-</u>	<u>218</u>	<u>-</u>
	<u>\$ 26,458</u>	<u>-</u>	<u>\$ 19,158</u>	<u>-</u>

	2009		2008	
	Amount	%	Amount	%
Purchases				
TSMC	\$ 1,516,160	45	\$ 1,176,728	28
TSMC-NA	937,160	28	1,747,488	41
Etron	57,622	2	83,439	2
VIS	<u>17,632</u>	<u>-</u>	<u>51,116</u>	<u>1</u>
	<u>\$ 2,528,574</u>	<u>75</u>	<u>\$ 3,058,771</u>	<u>72</u>
Manufacturing expenses				
TSMC	\$ 466,103	15	\$ 414,668	11
TSMC-NA	303,687	9	298,926	8
VisEra	57	-	-	-
XinTec	<u>-</u>	<u>-</u>	<u>201</u>	<u>-</u>
	<u>\$ 769,847</u>	<u>24</u>	<u>\$ 713,795</u>	<u>19</u>
Operating expenses				
TSMC-NA	\$ 5,324	1	\$ 4,969	1
Etron	1,909	-	1,872	-
TSMC Europe	1,868	-	-	-
TSMC Korea	841	-	-	-
TSMC	<u>-</u>	<u>-</u>	<u>4,938</u>	<u>-</u>
	<u>\$ 9,942</u>	<u>1</u>	<u>\$ 11,779</u>	<u>1</u>
Rental income				
TSMC	<u>\$ 667</u>	<u>60</u>	<u>\$ 1,000</u>	<u>74</u>
<u>As of December 31</u>				
Receivables from related parties				
TSMC	<u>\$ -</u>	<u>-</u>	<u>\$ 6,905</u>	<u>100</u>
Prepaid expense				
TSMC Korea	\$ 174	-	\$ -	-
Etron	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 183</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Refundable deposits				
Etron	\$ 305	4	\$ 305	4
TSMC-NA	<u>44</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 349</u>	<u>4</u>	<u>\$ 305</u>	<u>4</u>

	2009		2008	
	Amount	%	Amount	%
Payables to related parties				
TSMC-NA	\$ 173,789	50	\$ 148,680	58
TSMC	159,834	46	107,015	41
Etron	10,602	3	1,598	1
VIS	2,399	1	399	-
XinTec	<u>-</u>	<u>-</u>	<u>31</u>	<u>-</u>
	<u>\$ 346,624</u>	<u>100</u>	<u>\$ 257,723</u>	<u>100</u>
Accrued expenses				
TSMC-NA	<u>\$ -</u>	<u>-</u>	<u>\$ 559</u>	<u>-</u>

The terms of sales to related parties were not significantly different from those of sales to third parties. For other related party transactions, the terms of transactions were determined in accordance with mutual agreement because there were no comparable terms for third-party transactions. The payment terms for related parties were 30 to 45 days after month-end or net 30 to 45 days after invoice date, while the payment terms for third parties were in general 45 to 60 days after month-end.

The Company rents out certain assets to related parties. The related rental income was classified under non-operating income. The lease terms were determined in accordance with mutual agreement.

Compensation of directors and management personnel:

	Years Ended December 31	
	2009	2008
Salaries, incentives and compensation	\$ 23,852	\$ 31,220
Bonus	<u>4,447</u>	<u>29,259</u>
	<u>\$ 28,299</u>	<u>\$ 60,479</u>

The information about the compensation of directors and management personnel is available in the annual report for the shareholders' meeting. The total compensation for the year ended December 31, 2008 included the bonuses appropriated from earnings of 2008 which was approved by the shareholders in the annual meeting held in 2009. Total compensation expense for the year ended December 31, 2009 includes estimated bonuses to employees and directors of the Company that relate to 2009 but will be paid in the following year. The actual amount will be finalized and approved upon the resolution of the annual shareholders' meeting in 2010.

18. PLEDGED OR MORTGAGED ASSETS

As of December 31, 2009 and 2008, the Company had pledged time deposits of NT\$20,000 thousand as collateral for customs clearance.

19. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

GUC has entered into license agreements with certain companies that own intellectual property rights. According to the agreements, GUC shall pay specific amounts of money to obtain licenses of their intellectual property rights or shall pay royalties at specific percentages of sales of certain products sold by GUC. Under one agreement, GUC shall pay at least US\$1,200 thousand and US\$5,000 thousand to acquire certain licenses from the counter party in the period from March 2007 to March 2012 and November 2009 to November 2014, respectively. Under another agreement, GUC shall pay at least US\$1,215 thousand to acquire certain licenses from the counter party in the period from December 2007 to December 2010. And under another agreement, GUC shall pay at least US\$4,000 thousand to acquire certain licenses from the counter party in the period from October 2009 to October 2012.

20. SIGNIFICANT LONG-TERM LEASES

GUC leases a parcel of land from the Science Park Administration (SPA) and the operating lease agreement expires in December 2021 and can be renewed upon expiration. The SPA can adjust annual rental amounts by lease agreement. The annual rental payment is NT\$2,087 thousand.

As of December 31, 2009, future rental payments were as follows:

Year	Amount
2010	\$ 2,087
2011	2,087
2012	2,087
2013	2,087
2014 and thereafter	<u>16,695</u>
	<u>\$ 25,043</u>

21. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the SFB for GUC and its investees in which all significant intercompany balances and transactions are eliminated upon consolidation:

- a. Financings provided: None;
- b. Endorsements/guarantees provided: None;
- c. Marketable securities held: Please see Table 1 attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Table 2 attached;
- e. Acquisition of individual real estate at costs of at least NT\$100 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;

- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- i. Names, locations, and related information of investees over which the Company exercises significant influence: Please see Table 4 attached;
- j. Information on Investments in Mainland China: None;
- k. Intercompany relationships and significant intercompany transactions: Please see Table 5 attached;
- l. Derivative transactions: None.

22. SEGMENT FINANCIAL INFORMATION

- a. Industry financial information

The Company operates in one industry. Therefore, the disclosure of industry financial information is not applicable to the Company.

- b. Geographic information

The Company has no significant overseas operating departments. Therefore, the disclosure of geographic information is not applicable to the Company.

- c. Export sales

The export sales were as follows:

Area	Years Ended December 31	
	2009	2008
North America	\$ 2,058,422	\$ 2,780,380
Asia	5,546,576	5,704,823
Europe	<u>317,050</u>	<u>224,519</u>
	<u>\$ 7,922,048</u>	<u>\$ 8,709,722</u>

- d. Major customers representing at least 10% of gross sales

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Customer L	\$ 2,303,887	28	\$ 3,057,683	33

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2009

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2009				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
GUC	<u>Open-end mutual funds</u>							
	Jih Sun bond Fund	-	Available-for-sale financial assets	5,667,529	\$ 80,008	-	\$ 80,008	Note 1
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	352,063	60,005	-	60,005	Note 1
	Cathay Bond Fund	-	Available-for-sale financial assets	2,509,494	30,001	-	30,001	Note 1
	<u>Stock</u>							
	GUC-NA (common shares)	Subsidiary	Investments accounted for using equity method	800,000	38,617	100	38,617	Note 2
	GUC-Japan (common shares)	Subsidiary	Investments accounted for using equity method	600	12,899	100	12,899	Note 3
	GUC-Europe (capital)	Subsidiary	Investments accounted for using equity method	-	5,213	100	5,213	Note 3
	GUC-BVI (common shares)	Subsidiary	Investments accounted for using equity method	550,000	17,466	100	17,466	Note 3

Note 1: The market value was based on the net asset value as of December 31, 2009.

Note 2: Recognized on the basis of the audited financial statements for the same period.

Note 3: Recognized on the basis of the unaudited financial statements for the same period.

Note 4: As of December 31, 2009, the above marketable securities had not been pledged, mortgaged or restricted by contracts.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name	Financial Statement Account	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
				Shares/Units	Amount (In Thousands)	Shares/Units	Amount (In Thousands)	Shares/Units	Amount (In Thousands)	Carrying Amount (In Thousands)	Gain (Loss) on Disposal (In Thousands)	Shares/Units	Amount (In Thousands) (Note)
GUC	Jih Sun Bond Fund	Available--for-sale financial assets	-	-	\$ -	19,142,703	\$ 270,000	13,475,174	\$ 190,120	\$ 190,000	\$ 120	5,667,529	\$ 80,008
	Prudential Financial Bond Fund	Available--for-sale financial assets	-	-	-	11,261,129	170,000	11,261,129	170,319	170,000	319	-	-
	PCAWell Pool Fund	Available--for-sale financial assets	-	-	-	13,121,433	170,000	13,121,433	170,241	170,000	241	-	-
	FSITC Taiwan Bond Fund	Available--for-sale financial assets	-	-	-	1,145,808	195,000	793,745	135,206	135,000	206	352,063	60,005
	Hua Nan Phoenix Bond Fund	Available--for-sale financial assets	-	-	-	10,287,280	160,000	10,287,280	160,143	160,000	143	-	-

Note : The market value was based on the net asset value as of December 31, 2009.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

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

FOR THE YEAR ENDED DECEMBER 31, 2009

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GUC	TSMC TSMC-NA	The parent company of GUC A subsidiary of TSMC	Purchases Purchases	\$ 1,516,160 937,160	45% 28%	Net 30 30 days after invoice date and 45 days after month-end	Note 17 Note 17	Note 17 Note 17	\$ (159,834) (173,789)	23 25	- -

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

DECEMBER 31, 2009

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Income (Loss) (Note)	Note
				December 31, 2009	December 31, 2008	Shares	Percentage of Ownership (%)	Carrying Amount			
GUC	GUC-NA	U.S.A.	Products consulting service	US\$ 800 thousand	US\$ 800 thousand	800,000	100	\$ 38,617	\$ 5,617	\$ 5,617	Subsidiary (Note 1)
	GUC-Japan	Japan	Products consulting service	YEN 30,000 thousand	YEN 30,000 thousand	600	100	12,899	1,608	1,608	Subsidiary (Note 2)
	GUC-Europe	Netherlands	Products consulting service	EUR 100 thousand	EUR 50 thousand	-	100	5,213	353	353	Subsidiary (Note 2)
	GUC-BVI	British Virgin Islands	Investing activities	US\$ 550 thousand	-	550,000	100	17,466	(133)	(133)	Subsidiary (Note 2)

Note 1: Equity in earnings was determined based on the audited financial statements for the same period.

Note 2: Equity in earnings/losses was determined based on the unaudited financial statements for the same period.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2009

Company Name	Counter Party	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
			Financial Statement Account	Amount	Terms (Note 2)	
GUC	GUC-NA	1	Operating expenses	\$ 157,345	-	2%
			Accrued expenses	14,618	-	-
	GUC-Japan	1	Operating expenses	39,755	-	-
			Accrued expenses	3,462	-	-
	GUC-Europe	1	Operating expenses	7,305	-	-
			Accrued expenses	838	-	-

Note 1: Represents the transactions from parent company to subsidiaries.

Note 2: The intercompany transactions, prices are determined in accordance with mutual agreements and no other similar transactions could be compared with.

For the year ended December 31, 2008

Company Name	Counter Party	Nature of Relationship (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
			Financial Statement Account	Amount	Terms (Note 2)	
GUC	GUC-NA	1	Operating expenses	\$ 105,444	-	1%
			Accrued expenses	11,074	-	-
	GUC-Japan	1	Operating expenses	28,480	-	-
			Accrued expenses	2,260	-	-
	GUC-Europe	1	Operating expenses	5,140	-	-
			Accrued expenses	937	-	-

Note 1: Represents the transactions from parent company to subsidiaries.

Note 2: The intercompany transactions, prices are determined in accordance with mutual agreements and no other similar transactions could be compared with.