

Global Unichip Corp. (GUC) Reports Financial Results for 2Q10

Hsinchu – August 6, 2010 -- Global Unichip Corporation (TAIEX: 3443) today reported financial results for the second quarter ended June 30, 2010. Net sales were NT\$2,566 million, operating income was NT\$150 million and net income was NT\$156 million, or NT\$1.19 per share (diluted).

Financial Summary

<i>(In NT\$M except EPS and percentage)</i>	2Q10	1Q10	QoQ	2Q09	YoY
Net Sales	2,566	2,157	19%	2,035	26%
Income from Operations	150	105	43%	106	42%
Net Income	156	114	37%	93	68%
EPS (NT\$)	1.19	0.86	38%	0.71	68%
Cash Flow from Operations	78	192	-59%	339	-77%

Please visit GUC's website ([http:// www.globalunichip.com](http://www.globalunichip.com)) for details.

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Net Sales Analysis

Net sales in 2Q10 were NT\$2,566 million, representing a 19% increase from 1Q10 and a 26% increase compared with 2Q09.

The following shows net sales of each reported segment and the comparison of QoQ and YoY.

	2Q10		1Q10		QoQ	2Q09		YoY
	Amount	% of net sales	Amount	% of net sales		Amount	% of net sales	
(In NT\$M except percentages)								
NRE	724	28%	345	16%	110%	533	26%	36%
Turnkey	1,777	69%	1,774	82%	0%	1,456	72%	22%
Others	65	3%	38	2%	71%	46	2%	41%
Net Sales	2,566	100%	2,157	100%	19%	2,035	100%	26%

The increase of 110% in NRE segment compared with 1Q10 was mainly due to stronger GPS-related chipset demand in 2Q10.

Tables below show sales and ratios in segment, technology, region, and application compared with the previous quarter and the same period of time in 2009.

NRE by Technology <i>(In NT\$M except percentages)</i>	2Q10		1Q10		2Q09	
	Amount	%	Amount	%	Amount	%
40nm	248	34%	0	0%	-	0%
65nm	353	49%	254	73%	393	74%
90nm	46	6%	34	10%	61	11%
0.13um	45	6%	22	7%	40	8%
0.18um Above	32	5%	35	10%	39	7%
Total	724	100%	345	100%	533	100%

Due to torrid demand for 40nm, revenues from 40nm accounted for 34% of NRE revenues in 2Q10. Overall, revenues from advanced technologies including 40/65/90nm accounted for 89% of NRE revenues in 2Q10, six percentage points increase from 1Q10, and four percentage points increase from 2Q09.

Turnkey by Technology <i>(In NT\$M except percentages)</i>	2Q10		1Q10		2Q09	
	Amount	%	Amount	%	Amount	%
65nm	353	20%	204	12%	165	11%
90nm	59	3%	113	6%	67	5%
0.13um	1,111	63%	1,165	66%	798	55%
0.18um Above	254	14%	292	16%	426	29%
Total	1,777	100%	1,774	100%	1,456	100%

Revenues from advanced technologies represented 23% of Turnkey revenues in 2Q10, five percentage points increase from 1Q10, and seven percentage points increase from 2Q09.

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Net Sales by Technology <i>(In NT\$M except percentages)</i>	2Q10		1Q10		2Q09	
	Amount	%	Amount	%	Amount	%
40nm	249	10%	0	0%	-	0%
65nm	718	28%	462	21%	573	28%
90nm	140	5%	170	8%	133	7%
0.13um	1,166	45%	1,187	55%	857	42%
0.18um Above	293	12%	338	16%	472	23%
Total	2,566	100%	2,157	100%	2,035	100%

Advanced technologies including 40/65/90nm accounted for 43% of net sales in 2Q10.

Net Sales by Application <i>(In NT\$M except percentages)</i>	2Q10		1Q10		2Q09	
	Amount	%	Amount	%	Amount	%
Communication	1,422	55%	1,477	69%	1,213	60%
Computer	130	5%	67	3%	39	2%
Consumer	951	37%	583	27%	741	36%
Others	63	3%	30	1%	42	2%
Total	2,566	100%	2,157	100%	2,035	100%

Due to stronger demand from GPS-related chipsets, revenues from consumer increased to 37% of net sales in 2Q10, ten percentage points up from prior quarter.

Net Sales by Reigon <i>(In NT\$M except percentages)</i>	2Q10		1Q10		2Q09	
	Amount	%	Amount	%	Amount	%
Taiwan	187	7%	123	6%	66	3%
USA	1,398	54%	1,497	69%	1,328	65%
China	229	9%	87	4%	172	9%
Japan	150	6%	168	8%	328	16%
Korea	229	9%	175	8%	109	5%
Europe	373	15%	107	5%	32	2%
Total	2,566	100%	2,157	100%	2,035	100%

Revenues from Europe inflated to 15% in 2Q10, ten percentage points increase from 1Q10. Revenues from China accounted for 9% of net sales in 2Q10, five percentage points increase from 1Q10.

Net Sales, Cost of Sales and Gross Margin

	2Q10		1Q10		QoQ	2Q09		YoY
	Amount	% of net sales	Amount	% of net sales		Amount	% of net sales	
<i>(In NT\$M except percentages)</i>								
Net Sales	2,566	100.0%	2,157	100.0%	19%	2,035	100.0%	26%
Cost of sales	2,084	81.2%	1,738	80.6%	20%	1,615	79.4%	29%
Gross profit	482	18.8%	419	19.4%	15%	420	20.6%	15%

Gross margin in 2Q10 was 18.8%. The 0.6 percentage point decrease in gross margin was primarily because most NRE projects in 2Q10 were completed in the lower-gross-margin revenue-recognition stages.

Expenses in Sales, Marketing, General, Administration, Research and Development

	2Q10		1Q10		QoQ	2Q09		YoY
	Amount	% of net sales	Amount	% of net sales		Amount	% of net sales	
<i>(In NT\$M except percentages)</i>								
SG&A Exp	112	4.4%	100	4.6%	12%	114	5.6%	-2%
R&D Exp	220	8.6%	214	9.9%	3%	200	9.8%	10%
Total operating expenses	332	13.0%	314	14.5%	6%	314	15.4%	6%

Total operating expenses in 2Q10 increased by NT\$18 million to NT\$332 million, representing 13.0% of net sales, compared with 14.5% of net sales in 1Q10. The increase in total operating expense in 2Q10 was due to more marketing activities in China, higher salary for R&D and maintenance expense.

	2Q10			1Q10			2Q09		
	Net Income	Shares (million)	EPS (NT\$)	Net Income	Shares (million)	EPS (NT\$)	Net Income	Shares (million)	EPS (NT\$)
<i>(In NT\$M except shares and EPS)</i>									
	156	132.136	1.19	114	132.145	0.86	93	130.951	0.71

Net income in 2Q10 was NT\$156 million and diluted EPS was NT\$1.19 in 2Q10.

Financial Condition Review

Unit: NT\$M

	2Q09	1Q10	2Q10
Assets			
Cash	854	840	1,012
Available-for-sale financial assets	741	170	0
A/R and N/R - Net	827	975	1,198
Inventory	952	1,270	1,314
Other current assets	220	380	393
Total Current Assets	3,594	3,635	3,917
Long Term Investment	55	75	69
Net Fixed Assets	479	434	426
Other Assets	347	250	397
Total Assets	4,475	4,394	4,809
Liabilities			
Current Liabilities	1,855	1,432	1,870
Long-term Liabilities	47	20	102
Total Liabilities	1,902	1,452	1,972
Shareholders' Equity			
Common shares	1,256	1,322	1,322
Other equities	1,317	1,620	1,515
Total Shareholders' Equity	2,573	2,942	2,837

Key Indices

	2Q09	1Q10	2Q10
Current ratio(%)	193.75	253.74	209.45
A/R turnover days	39	43	44
Inv. turnover days	64	64	60
Net Working Capital (NT\$M)	1,739	2,203	2,047

At the end of 2Q10, we had NT\$1,012 million in cash, an increase of NT\$172 million from 1Q10. Account receivable and inventory were NT\$1,198 million and NT\$1,314 million respectively.

Total liabilities increased to NT\$1,972 million by NT\$520 million due to increase of account payables, dividend payables, and long-term liabilities.

Net working capital was at NT\$2,047 million and current ratio was 209.45%.

Days of A/R turnover and Inventory turnover were 44 and 60 respectively.

Cash flow analysis

Unit: NT\$M

	2Q09	3Q09	4Q09	1Q10	2Q10
Cash Flow from Operating Activities:	339	(149)	(110)	192	78
Net Income	93	132	69	114	156
Depreciation & Amortization	70	71	71	71	72
Other Op Sources/(Uses)	176	(352)	(250)	7	(150)
Cash Flow from Investing Activities:	(234)	509	(61)	(23)	93
Acquisition of Available-for-Sale Financial Assets	(180)	(150)	(230)	(60)	(80)
Acquisition of Fixed Assets	(22)	(14)	(5)	(10)	(18)
Acquisition of Deferred Assets	(32)	(68)	(20)	(12)	(59)
Proceeds from Disposal of Available-for-Sale Financial Assets	0	741	210	60	250
Other Investing Sources/(Uses)	0	0	(16)	(1)	0
Cash Flow from Financing Activities:	2	(428)	5	51	1
Option Exercise	2	2	5	2	1
Cash Dividends and Bonus	0	(430)	0	0	0
Other Financing Sources/(Uses)	0	0	0	49	0
Net Cash Position Change	107	(68)	(166)	220	172
Beginning Cash Balance	747	854	786	620	840
Ending Cash Balance	854	786	620	840	1,012

Cash generated from operating activities totaled NT\$78 million in 2Q10, a decrease of NT\$114 million compared with the previous quarter. It was primarily due to more other operating uses.

Net cash generated from investing activities was NT\$93 million in 2Q10 mainly due to the proceeds from disposal of available-for-sale financial assets.

Financing activities generated NT\$1 million in 2Q10.

Achievements

- Both total revenues and total NRE revenues broke quarterly records.
- Revenues from advanced technologies (40/65/90nm) accounted for 89% of 2Q10 NRE revenue, up four percentage points year-over-year. 40nm NRE started to ramp up more significantly.
- Revenues from advanced technologies (40/65/90nm) accounted for 23% of 2Q10 Turnkey revenue, up seven percentage points year-over-year.
- Revenues from advanced technologies (40/65/90nm) accounted for 43% of 2Q10 revenue, up eight percentage points year-over-year.

Profile

Founded in 1998, Global Unichip Corporation (GUC) has since been a pioneer in the SoC (System on Chip) Design Foundry industry. GUC is a publicly traded company on the Taiwan Stock Exchange under the symbol 3443. The company is headquartered in Hsinchu of Taiwan, with design centers and branch offices in China, Europe, Japan, Korea and the U.S. GUC provides total solutions from silicon-proven IPs to complex time-to-market SoC turnkey services. GUC is committed to providing the most advanced and the best price-performance silicon solutions through close partnership with tsmc, GUC's major shareholder, and other key packaging and testing power houses. With state of the art EDA tools, advanced methodologies, and experienced technical team, GUC ensures the highest quality and lowest risks to achieve first silicon success. GUC offers services to customers throughout Greater China, Japan, Korea, North America, and Europe. Our track-record in complex SoC designs has brought benefits to customers in time to revenue at the lowest risk.

For more information about GUC, please visit our company website at <http://www.globalunichip.com>