SILICONWARE PRECISION INDUSTRIES CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2011 AND 2010

For the convenience of readers and for information purpose only, the report of independent accountants and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language report of independent accountants and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Siliconware Precision Industries Co., Ltd.

We have audited the accompanying consolidated balance sheets of Siliconware Precision Industries Co., Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Rules Governing Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those 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 accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Siliconware Precision Industries Co., Ltd. and its subsidiaries as of December 31, 2011 and 2010, and the results of their consolidated operations and their consolidated cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

March 21, 2012

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of the independent accountants are not intended for use by those who are not informed about the accounting principles or audit standards generally accepted in the Republic of China, and their applications in practice.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	December 31, 2011	December 31, 2010
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	$ 15,941,600	$ 15,519,008
Notes receivable, net	22,211	73,229
Accounts receivable, net (Note 5)	10,231,452	9,648,610
Other financial assets, current (Note 23)	569,306	1,296,089
Inventories (Note 6)	3,985,115	3,515,897
Deferred income tax assets, current (Note 19)	307,496	588,074
Other current assets－other	594,494	551,161
	31,651,674	31,192,068
Long-term Investments		
Available-for-sale financial assets, noncurrent (Notes 7 and 27)	3,198,180	4,887,007
Financial assets carried at cost, noncurrent (Notes 8 and 27)	1,932,643	1,449,343
Long-term investment under equity method (Note 9)	173,575	148,918
	5,304,398	6,485,268
Property, Plant and Equipment (Note 10)		
Cost:		
Land	2,903,192	2,903,192
Buildings	17,370,696	15,140,684
Machinery and equipment	56,535,805	52,257,238
Utility equipment	1,301,488	1,167,108
Furniture and fixtures	1,042,718	940,263
Other equipment	2,808,025	2,432,287
	81,961,924	74,840,772
Less: Accumulated depreciation	(41,179,337)	(36,040,524)
Construction in progress and prepayments for equipment	3,362,217	4,126,547
	44,144,804	42,926,795
Other Assets		
Refundable deposits	10,937	8,383
Deferred charges	1,151,271	711,966
Deferred income tax asset, noncurrent (Note 19)	1,274,263	1,072,709
Other assets－other	153,637	159,882
	2,590,108	1,952,940
TOTAL ASSETS	$ 83,690,984	$ 82,557,071

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SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	December 31, 2011	December 31, 2010
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans (Notes 11 and 27)	$ 1,513,750	$ 1,461,281
Accounts payable (Note 22)	6,404,096	7,345,871
Income tax payable (Note 19)	483,595	520,613
Accrued expenses	2,998,870	3,075,442
Other payables (Notes 12 and 22)	3,203,519	3,954,824
Other current liabilities	278,543	185,575
	14,882,373	16,543,606
Long-term Liabilities		
Long-term loans (Notes 13 and 27)	9,532,335	4,368,158
Other Liabilities		
Other Liabilities－others (Note 14)	481,406	349,126
Total Liabilities	24,896,114	21,260,890
Stockholders' Equity		
Capital stock (Notes 1 and 15)	31,163,611	31,163,611
Capital reserve (Note 16)		
Additional paid-in capital	14,290,224	14,290,224
Premium arising from merger	1,929,136	1,929,136
Other	234,167	234,167
Retained earnings (Note 17)		
Legal reserve	7,162,092	6,599,402
Unappropriated earnings	4,871,009	5,644,961
Unrealized gain on available-for-sale financial assets	111,072	1,788,512
Cumulative translation adjustments	375,051	(85,264)
Net loss not recognized as pension cost	(377,304)	(268,568)
Treasury stock (Note 18)	(964,188)	-
Total Stockholders' Equity	58,794,870	61,296,181
Commitments and Contingencies (Note 24)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 83,690,984	$ 82,557,071

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS PER SHARE)

	For the years ended December 31, 2011	For the years ended December 31, 2010
Operating Revenues		
Sales (Notes 22)	$ 61,641,499	$ 64,467,923
Sales allowances	(404,607)	(610,453)
Net operating revenues	61,236,892	63,857,470
Cost of Goods Sold (Notes 6 and 22)	(51,746,475)	(54,041,264)
Gross Profit	9,490,417	9,816,206
Operating Expenses (Note 22)		
Selling expenses	(730,532)	(392,391)
General and administrative expenses	(1,668,317)	(1,509,261)
Research and development expenses	(2,001,417)	(1,538,307)
	(4,400,266)	(3,439,959)
Operating Income	5,090,151	6,376,247
Non-operating Income and Gain		
Interest income (Note 27)	72,498	36,849
Gain on foreign currency exchange	202,396	-
Others (Note 22)	439,982	303,674
	714,876	340,523
Non-operating Expenses and Losses		
Interest expenses (Notes 10 and 22)	(62,757)	(11,461)
Others	(198,142)	(315,529)
	(260,899)	(326,990)
Income from Continuing Operations before Income Tax	5,544,128	6,389,780
Income Tax Expense (Note 19)	(706,885)	(762,873)
Consolidated Net Income	$ 4,837,243	$ 5,626,907
Attributable to:		
Consolidated net income	$ 4,837,243	$ 5,626,907

	2011 Before tax	2011 After tax	2010 Before tax	2010 After tax
Basic Earnings Per Share (in dollars) (Note 20)				
Consolidated net income	$ 1.79	$ 1.56	$ 2.05	$ 1.81
Diluted Earnings Per Share (in dollars) (Note 20)				
Consolidated net income	$ 1.78	$ 1.55	$ 2.04	$ 1.80

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Retained Earnings						
	Capital Stock	Capital Reserve	Legal Reserve	Unappropriated Earnings	Unrealized Gain on Available-for-sale Financial Assets	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Treasury Stock	Total
Balance at January 1, 2010	$ 31,163,611	$ 16,453,527	$ 5,720,419	$ 8,937,249	$ 767,157	$ 208,577	($ 169,314)	$ -	$ 63,081,226
Appropriations of earnings for prior years (Note 1)									
Legal reserve	-	-	878,983	(878,983)	-	-	-	-	-
Cash dividends	-	-	-	(8,040,212)	-	-	-	-	(8,040,212)
Long-term investment adjustment for investee company's cumulative translation adjustments	-	-	-	-	-	(293,841)	-	-	(293,841)
Unrealized gain on available-for-sale financial assets	-	-	-	-	1,021,355	-	-	-	1,021,355
Net loss not recognized as pension cost	-	-	-	-	-	-	(99,254)	-	(99,254)
Consolidated net income	-	-	-	5,626,907	-	-	-	-	5,626,907
Balance at December 31, 2010	$ 31,163,611	$ 16,453,527	$ 6,599,402	$ 5,644,961	$ 1,788,512	($ 85,264)	($ 268,568)	$ -	$ 61,296,181

Note 1: The directors' and supervisors' remunerations and employees' bonuses amounted to $79,108 thousand and $893,357 thousand, respectively, have been deducted from the statements of income.

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SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Retained Earnings						
	Capital Stock	Capital Reserve	Legal Reserve	Unappropriated Earnings	Unrealized Gain on Available-for-sale Financial Assets	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Treasury Stock	Total
Balance at January 1, 2011	$ 31,163,611	$ 16,453,527	$ 6,599,402	$ 5,644,961	$ 1,788,512	($ 85,264)	($ 268,568)	$ -	$ 61,296,181
Appropriations of earnings for prior years (Note 2)									
Legal reserve	-	-	562,690	(562,690)	-	-	-	-	-
Cash dividends	-	-	-	(5,048,505)	-	-	-	-	(5,048,505)
Long-term investment adjustment for investee company's cumulative translation adjustments	-	-	-	-	-	460,315	-	-	460,315
Unrealized loss on available-for-sale financial assets	-	-	-	-	(1,677,440)	-	-	-	(1,677,440)
Treasury stocks repurchase	-	-	-	-	-	-	-	(964,188)	(964,188)
Net loss not recognized as pension cost	-	-	-	-	-	-	(108,736)	-	(108,736)
Consolidated net income	-	-	-	4,837,243	-	-	-	-	4,837,243
Balance at December 31, 2011	$ 31,163,611	$ 16,453,527	$ 7,162,092	$ 4,871,009	$ 111,072	$ 375,051	($ 377,304)	($ 964,188)	$ 58,794,870

Note 2: The directors' and supervisors' remunerations and employees' bonuses amounted to $50,642 thousand and $560,945 thousand, respectively, have been deducted from the statements of income.

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the years ended December 31, 2011	For the years ended December 31, 2010
Cash flows from operating activities		
Consolidated net income	$ 4,837,243	$ 5,626,907
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,086,334	8,479,361
Amortization	559,571	433,973
Provision for (reversal of) bad debt expense	4,675	(260,927)
Reversal of sales allowance	(731)	(293,021)
Provision for (reversal of) loss on obsolescence and decline in market value of inventories	30,554	(25,222)
Loss on liquidation of investment carried at cost	3,087	-
Long-term investment loss under the equity method	26,093	3,757
Gain on disposal of property, plant and equipment	(109,596)	(44,276)
Provision for loss on idle assets	134,227	117,847
Exchange loss (gain) on valuation of foreign currency long-term loans	98,565	(157,500)
Amortization of arrangement fee of long-term co-financing loans	2,427	322
(Increase) decrease in assets:		
Notes receivable	55,721	(32,721)
Accounts receivable	(513,196)	2,163,598
Other financial assets, current	212,792	(83,528)
Inventories	(471,173)	(517,836)
Deferred income tax assets	90,487	204,791
Other current assets－other	(49,659)	11,564
Increase (decrease) in liabilities:		
Accounts payable	(985,479)	(579,308)
Income tax payable	(39,727)	(328,738)
Accrued expenses	(90,512)	(441,547)
Other payables	107,538	106,784
Other current liabilities	21,286	(4,428)
Other liabilities－others	(136)	(1,011)
Accrued pension liabilities	24,722	27,677
Net cash provided by operating activities	13,035,113	14,406,518

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SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the years ended December 31, 2011	2010
Cash flows from investing activities		
Increase in security deposits	$ -	($ 58,100)
Increase of financial assets carried at cost	(490,000)	(1,133,950)
Increase of long-term investment under equity method	(50,750)	(152,675)
Proceeds from liquidation of investment carried at cost	3,613	-
Acquisition of property, plant and equipment	(10,982,303)	(15,321,235)
Proceeds from disposal of property, plant and equipment	603,472	1,254,054
Payment for of refundable deposits	(2,501)	(165)
Payment for deferred charges	(984,869)	(670,475)
Net cash used in investing activities	(11,903,338)	(16,082,546)
Cash flows from financing activities		
Proceeds of short-term loans	-	1,248,592
Proceeds of long-term loans	5,000,000	4,525,336
Receipt of deposit-in	88,524	-
Repurchase of treasury stock	(964,188)	-
Payment of cash dividends	(5,048,478)	(8,040,177)
Net cash used in financing activities	(924,142)	(2,266,249)
Effect on foreign currency exchange	214,959	(153,876)
Net increase (decrease) in cash	422,592	(4,096,153)
Cash at the beginning of the year	15,519,008	19,615,161
Cash at the end of the year	$ 15,941,600	$ 15,519,008
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 81,219	$ 7,652
Less: capitalized interest	(26,106)	(292)
Interest paid (excluding capitalized interest)	$ 55,113	$ 7,360
Cash paid for income tax	$ 629,075	$ 884,903
Supplemental disclosures of partial cash paid for investing activities:		
Acquisition of property, plant and equipment	$ 10,112,151	$ 16,920,850
Net decrease (increase) in other payble due to the acquisition of equipment	870,152	(1,599,615)
Cash paid	$ 10,982,303	$ 15,321,235

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

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS STATED OTHERWISE)

1. HISTORY AND ORGANIZATION

Siliconware Precision Industries Co., Ltd. (the "Company") was incorporated as a company limited by shares under the Company Law of the Republic of China (R.O.C.) in May 1984 and was listed on the Taiwan Stock Exchange in April 1993. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. As of December 31, 2011, the Company and its subsidiaries had 19,906 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements are prepared in conformity with the "Rules Governing the Preparation of Financial Reports by Securities Issuers" and generally accepted accounting principles in the Republic of China. Significant accounting policies are summarized as follows:

(1) Basis of Consolidation

A. Principles of Consolidation

The Company consolidates all of the subsidiaries which it owns, directly or indirectly, more than 50% of the voting rights and which it owns, directly or indirectly, less than 50% of the voting rights but has effective control. Significant inter-company transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

B. Consolidated subsidiaries:

Name of investor	Name of subsidiaries	Main operating activities	% of ownership held by the named investors as of December 31, 2011	2010
The Company	SPIL (B.V.I.) Holding Limited	Investment activities	100%	100%
SPIL (B.V.I.) Holding Limited	Siliconware USA, Inc. (SUI)	Communications and relationship maintenance with companies headquartered in North America	100%	100%
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Investment activities	100%	100%
SPIL (Cayman) Holding Limited	Siliconware Technology (Suzhou) Limited	Assembly and testing service providing	100%	100%

C. Non-consolidated subsidiaries:

None.

D. Adjustments for subsidiaries with different accounting periods:

None.

E. Extraordinary risks from foreign subsidiaries:

None.

F. Material limitations for capital transfer from subsidiaries to the parent company:

None.

G. The parent company's stocks held by subsidiaries:

None

H. Convertible bonds and stocks issued by subsidiaries:

In 2010, the Company increased the capital of Siliconware Technology (Suzhou) Limited by US$30,000,000 through SPIL (B.V.I.) Holding Limited, and its subsidiary, SPIL (Cayman) Holding Limited.

(2) Use of Estimates

The preparation of financial statements in conformity with the aforementioned guidelines, law and principles requires management to make reasonable assumptions and estimates of matters that are inherently uncertain. Actual results may differ from those estimates.

(3) Translation of Foreign Currency Transactions on Subsidiaries' Financial Statements

The financial statements of foreign subsidiaries are translated into New Taiwan dollars using the spot rate as of each financial statement date for asset and liability accounts, average exchange rate for profit and loss accounts, spot rate for dividend and historical exchange rates for equity accounts. The cumulative translation effects for subsidiaries using functional currencies other than the New Taiwan dollar are included in the "Cumulative Translation Adjustments" in stockholders' equity.

(4) Foreign Currency Transactions

The Company and its subsidiaries maintain their accounts in New Taiwan dollars and their functional currencies, respectively. Transactions denominated in foreign currencies are translated into functional currencies at the exchange rates prevailing on the transaction dates. Assets and liabilities denominated in foreign currencies are translated into functional currencies at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from the aforementioned translations are recognized in the current year's results.

(5) Classification of Current and Noncurrent Assets / Liabilities

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as noncurrent assets:

(1) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operation cycle;

(2) Assets held mainly for trading purposes;

(3) Assets expected to be realized within twelve months from the balance sheet

date;

(4) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as noncurrent liabilities:

(1) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;

(2) Liabilities arising mainly from trading activities;

(3) Liabilities that are to be paid off within twelve months from the balance sheet date;

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash Equivalents

Bankers' acceptances (BA) acquired with maturities of less than three months from the date of purchase are classified as cash equivalents. The carrying amount approximates fair value.

(7) Accounts Receivable

A. Accounts receivable expected to be collected over one year are recorded at present value by using predetermined interest rate whereas those expected to be collected within one year are not reported at present value due to the fact that the difference between the maturity value and the fair value discounted by implicit interest rate is immaterial and the frequency of transactions is high.

B. Allowance for Doubtful Accounts

The Company originally estimated allowance for doubtful accounts based on the evaluation of collectibility and aging analysis. Effective January 2011, the Company implemented the amended accounting standard, R.O.C. SFAS No. 34, "Financial Instruments: Recognition and Measurement" to assess on the balance sheet date whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is recognized and measured as the difference between asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the Company will reverse the previously recognized impairment loss either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

(8) Allowance for Sales Discounts

The allowance for sales discounts is provided based on the estimated allowance to be incurred and is recorded as deduction of accounts receivable.

(9) Inventories

Inventories are recorded at cost when acquired under a perpetual inventory system and adjusted to cost using the weighted–average method at the balance sheet date. The allowance for loss on obsolescence and decline in market value is recorded based on inventory aging and obsolescence, when necessary. Inventories are stated at the lower of cost or net realizable value by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and necessary selling expenses.

(10) Non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will be recovered principally through a sale transaction, rather than continuing utilization, are measured at the lower of carrying amount or fair value less transaction cost.

(11) Available-for-sale Financial Assets

A. Investments in equity securities are recorded at the transaction date.

B. Available-for-sale securities are measured at fair value at the balance sheet date with changes in fair value recorded as adjustments to the shareholders' equity. The accumulated adjustments of unrealized gain or loss are realized in earnings in the period when the financial assets are disposed. Fair values of listed securities are measured at their closing price at the balance sheet date.

C. The Company recognizes an impairment loss whenever there is objective evidence of impairment. Subsequent recovery of such impairment loss shall be recorded as adjustments to shareholders' equity rather than current year's profit or loss.

(12) Financial Assets Carried at Cost

A. Financial assets carried at cost are recorded at the transaction date and are initially measured at fair value plus transaction cost related to the acquisition or issuance.

B. Investments in unlisted stocks or stocks in emerging stock market, are carried at their original cost because their fair values cannot be reliably measured.

C. The Company recognizes an impairment loss whenever there is objective evidence of impairment. Subsequent recovery of such impairment loss shall not be reversed.

(13) Long-term Investments Accounted for under Equity Method

A. Long-term equity investments in which the Company owns at least 20% of the voting stocks or has material influence to the investee companies are accounted for under the equity method. The excess of the acquisition cost over the investee's fair value of the identifiable net assets acquired is capitalized as goodwill and tested for impairment annually. No retrospective adjustment is required for amortization recognized in previous years.

B. Unrealized gains and losses from transactions between the Company and investee companies accounted for under the equity method are deferred. Profit (loss) from sales of depreciable assets between the investee and the Company is amortized to income over the assets' economic service lives. Unrealized gain from other types of intercompany transactions is reported as deferred credits classified as current or noncurrent liabilities. Gains or losses on sales from equity method investees to the Company are deferred in proportion to the Company's ownership percentages in the investees until those are realized through transactions with third parties.

C. When the Company's proportional interest in an equity investee changes after the equity investee issues new shares, the effect of change in the Company's holding ratio on long-term investment is adjusted to capital reserve. If capital reserve account is insufficient, the effect is then charged to retained earnings.

D. The Company's proportionate share of the foreign investee's cumulative translation adjustments related to the translation of the foreign investee's financial statements into New Taiwan dollars is recognized as "Cumulative Translation Adjustments" in stockholders' equity.

(14) Property, Plant and Equipment

A. Property, plant and equipment are stated at historical cost. Interest incurred relating to the construction of property, plant and equipment is capitalized accordingly.

B. Depreciation is provided on the straight-line method over the assets' estimated economic service lives. The service lives of fixed assets are 5 to 15 years, except for buildings, which are 20 to 55 years.

C. Maintenance and repairs are expensed as incurred. Significant renewals and improvements are capitalized and depreciated accordingly. When fixed assets are disposed, their original cost and accumulated depreciation are removed from the corresponding accounts, with gain or loss recorded as non-operating income or loss.

D. Idle assets are stated at the lower of book value or net realizable value and are reclassified to other assets. Differences between book value and net realizable value are reported as losses in current earnings.

(15) Deferred Charges

Costs of computer software system purchased externally and tooling costs are recognized as deferred charges and amortized on the straight-line basis over the useful lives of 2 to 10 years.

(16) Land Use Right

The rental cost for Siliconware Technology（Suzhou）Limited to lease the land from the local government is recognized as land use right and amortized on the straight-line method over the contract periods of 50 and 70 years.

(17) Pension Cost

Under a defined benefit plan, the net pension cost is computed based on an actuarial valuation. The unrecognized net asset or net obligation at transition is amortized over 15 years on a straight-line basis. Under a defined contribution plan, the Company makes monthly contribution to employees' individual pension accounts. These contributions are recorded as pension costs in the current period.

(18) Income Tax

A. The Company computes its income tax based on the income before tax. In accordance with R.O.C. SFAS No. 22, "Accounting for Income Taxes", the income tax effect resulting from temporary differences and investment tax credits is recorded as deferred income tax assets or liabilities using the asset and liability method. Deferred tax assets or liabilities are further classified into current or noncurrent and carried at net balance. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized.

B. The Company adopted R.O.C. SFAS No. 12, "Accounting for Investment Tax Credits", in determining the investment tax credits. The investment tax credits relating to the acquisition cost of qualifying equipment or technology, qualifying research and development expenditure, and qualifying personnel training expenditure are recognized as income tax adjustments in the period the tax credits arise.

C. Over or under provisions of prior years' income tax liabilities are included in the current period's income tax expense.

D. The Taiwan imputation tax system requires that any undistributed earnings be subject to an additional 10% corporate income tax, which is recognized as income tax expense at the time when the stockholders resolve the distribution of retained earnings.

E. Pursuant to the R.O.C. Alternative Minimum Tax Act, the domestic consolidated entities are required to calculate Alternative Minimum Tax (AMT), a supplemental 10% tax on taxable income including most income that is exempted from regular income tax under various legislations, in addition to the regular tax. If the amount of alternative minimum tax is greater than that of the regular tax, the excess amount shall be reported as current tax expense.

F. When a change in tax law is enacted, the Company will recalculate deferred tax assets and liabilities accordingly. The amount of difference shall be recognized as current income tax adjustment.

(19) Revenues and Costs

Revenues are recognized when services are provided based on transaction terms and when collectibility is reasonably assured. Related costs are recorded as incurred based on matching principle and related expenses are recognized as current expenses under accrual basis.

(20) Employees' Bonuses and Directors' and Supervisors' Remunerations

Effective January 1, 2008, pursuant to R.O.C. EITF 96-052, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration" as prescribed by the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, the Company should no longer treat such bonuses and remunerations as a reduction of retained earnings but record cost/expense and related liability when the Company has legal obligations and could reasonably estimate such amount. Any difference between estimated amount and distributed amount resolved in the stockholders' meeting in the subsequent year shall be adjusted in the income/loss of the following year. In addition, according to R.O.C. EITF 97-127, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", shares of the distributed stocks will be calculated based on the closing price at the previous day of the stockholders' meeting and after considering the effect of ex-dividend and ex-right.

(21) Treasury Stock

A. When the Company acquires outstanding shares as treasury stock, the acquisition cost will be debited to the "Treasury Stock" account, as the deduction of stockholders' equity.

B. When the Company sells treasury stock, if the selling price is above the book value, the difference should be credited to the "Capital Reserve – from treasury stock transactions" account. If the selling price is below the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to retained earnings.

C. When the Company's treasury stock is retired, the account "Treasury Stock" should be credited, and the "Capital Reserve – Premium on Stock" account and "Capital Stock" account should be debited proportionately according to the share ratio. An excess of the carrying value of treasury stock over the sum of its par value and premium on stock first be offset against capital reserve from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. An excess of the sum of the par value and premium on stock of treasury stock over its carrying value should be credited to capital reserve from the same class of treasury stock transactions.

D. The cost of treasury stock is accounted for on a weighted-average basis.

(22) Earnings Per Share

A. Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by taking into consideration additional common shares that would have been outstanding if the equivalent diluted shares had been issued.

B. The Company's dilutive potential common shares are employee bonus. In computing the dilutive effects of the employee bonus, the Company applies the treasury stock method.

(23) Impairment Loss of Non-financial Assets

A. The Company recognizes an impairment loss whenever an event occurs or evidence indicates the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is measured at the higher of fair value less cost to sale or value in use. Fair value less cost to sale is the amount obtainable from the sale of an asset in an arm's-length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows expected to arise in its remaining useful life.

B. An impairment loss recognized in prior years is reversed if the impairment loss caused by a specific external event of an exceptional nature is not expected to recur. However, the restored amount is limited to the amount of impairment loss previously recognized. Impairment loss for goodwill cannot be reversed.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

A. Effective January 1, 2011, the Company implemented the amendments of R.O.C. SFAS No. 34, “Accounting for Financial Instruments”. The major amendment required the Company to include loans and receivables which originated by the entity as financial instruments. The change in accounting principle does not cause significant impact on the financial statements for the year ended December 31, 2011.

B. Effective January 1, 2011, the Company adopted R.O.C. SFAS No. 41, “Disclosure of Operating Segment Information” to replace R.O.C. SFAS No. 20, “ Disclosure of Segment Information.” The Company, following the standard, restated segment’s information of 2010 while first adoption. The change in accounting principle does not cause impact on the consolidated net income and earnings per share in 2011.

4. CASH AND CASH EQUIVALENTS

	December 31, 2011	December 31, 2010
Cash on hand and petty cash	$ 980	$ 1,405
Cash equivalents	7,372	2,648
Savings accounts and checking accounts	1,566,971	1,752,934
Time deposits	14,366,277	13,762,021
	$ 15,941,600	$ 15,519,008

As of December 31, 2010 and 2011, the interest rates for time deposits ranged from 0.17 % to 2.20 % and from 0.35 % to 3.60 %, respectively.

5. ACCOUNTS RECEIVABLE, NET

	December 31, 2011	December 31, 2010
Accounts receivable	$ 10,412,304	$ 9,868,210
Less :		
Allowance for sales discounts	(152,134)	(152,672)
Allowance for doubtful accounts	(28,718)	(66,928)
	$ 10,231,452	$ 9,648,610

6. INVENTORIES

	December 31, 2011	December 31, 2010
Raw materials and supplies	$ 3,286,576	$ 2,788,794
Work in process	422,407	467,190
Finished goods	364,039	317,039
	4,073,022	3,573,023
Less : Allowance for loss on obsolescence and decline in market value of inventories	(87,907)	(57,126)
	$ 3,985,115	$ 3,515,897

The above allowance for loss on obsolescence and decline in market value of inventories was resulted from the valuation of raw materials and supplies.

Expense / loss incurred related to inventories :	For the years ended December 31, 2011	2010
Cost of goods sold	$ 51,853,687	$ 54,169,560
Decline in (recovery of) market value and loss on obsolescence	30,554	(25,222)
Others	(137,766)	(103,074)
	$ 51,746,475	$ 54,041,264

Because some obsolescent inventories were disposed during the period, the Company recognized gains on recovery of loss on obsolescence.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NONCURRENT

	December 31, 2011	2010
Cost of listed securities	$ 5,167,332	$ 5,167,332
Valuation adjustment	174,821	1,863,648
Accumulated impairment loss	(2,143,973)	(2,143,973)
	$ 3,198,180	$ 4,887,007

8. FINANCIAL ASSETS CARRIED AT COST, NONCURRENT

	December 31, 2011	2010
Unlisted securities	$ 2,326,103	$ 1,842,803
Accumulated impairment loss	(393,460)	(393,460)
	$ 1,932,643	$ 1,449,343

A. There are no active quoted prices or reliable fair value for unlisted securities, and therefore, these investments are measured at cost.

B. The Company’s Board of Directors resoloved to purchase 133,000 thousand common shares of ChipMOS Technologies Inc. (ChipMOS Taiwan), a 100% owned subsidiary of ChipMOS Technologies (Bermuda) Ltd. (ChipMOS Bermuda). The purchase of 133,000 shares of ChipMOS Taiwan represents approximately 15.78% of the ownership of ChipMOS Taiwan. Consideration of the share purchase totaled $1,630,580, which is determined based on the valuation report provided by Horizon Securities Ltd. as well as mutual agreement between the Company and ChipMOS Bermuda. Both parties signed the share purchase / sales agreements on February 26, 2010. As of January 7, 2011, the Company has obtained entire purchased shares accordingly.

9. LONG-TERM INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	December 31,			
	2011		2010	
Investee company	Amount	Percentage of ownership	Amount	Percentage of ownership
Virtical Circuits, Inc.	$ 110,671	30.69%	$ 148,918	30.69%
AcSiP Technology Corp.	62,904	16.73%	-	-
	$ 173,575		$ 148,918	

A. To upgrade assembly related technology, the Company purchased preferred shares of Vertical Circuits, Inc. (VCI) amounted to US$ 5,000,000 in December 2010, and obtained 30.69% of the voting right on VCI. In May 2011, the Company acquired common shares of AcSiP Technology Corp. (AcSiP) by paying $50,750, and obtained 20% of the voting right of AcSiP. As a result of the increase of AcSiP's issued shares, the Company's ownership on AcSiP decreased to 16.73% as of December 31, 2011. The Company assesses and determines that the Company maintains significant influence over the investee and, therefore, continues to recognize the investment on AcSiP under equity method.

B. For the years ended December 31, 2011 and 2010, the Company recognized investment loss of $26,093 and $3,757 respectively, for investees accounted for under the equity method based on investees' audited financial statements for the same periods by weighted-average percentage of stock ownership.

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10. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2011		
	Cost	Accumulated depreciation	Book value
Land	$ 2,903,192	$ -	$ 2,903,192
Buildings	17,370,696	(5,696,547)	11,674,149
Machinery and equipment	56,535,805	(32,682,023)	23,853,782
Utility equipment	1,301,488	(741,608)	559,880
Furniture and fixtures	1,042,718	(589,078)	453,640
Other equipment	2,808,025	(1,470,081)	1,337,944
Construction in progress and prepayments for equipment	3,362,217	-	3,362,217
	$ 85,324,141	($ 41,179,337)	$ 44,144,804

	December 31, 2010		
	Cost	Accumulated depreciation	Book value
Land	$ 2,903,192	$ -	$ 2,903,192
Buildings	15,140,684	(4,606,516)	10,534,168
Machinery and equipment	52,257,238	(29,044,684)	23,212,554
Utility equipment	1,167,108	(602,642)	564,466
Furniture and fixtures	940,263	(533,370)	406,893
Other equipment	2,432,287	(1,253,312)	1,178,975
Construction in progress and prepayments for equipment	4,126,547	-	4,126,547
	$ 78,967,319	($ 36,040,524)	$ 42,926,795

A. Information about capitalized interest expense was as follows:

	For the years ended December 31,	
	2011	2010
Total interest expense including capitalized interest	$ 88,863	$ 11,753
Capitalized interest (Included in property, plant and equipment)	(26,106)	(292)
Interest expense	$ 62,757	$ 11,461
Interest capitalization rate	0.8911%~1.1599%	0.8911%

B. On February 26, 2010, the Company’s Board of Directors resolved to sell certain equipments to ChipMOS Taiwan. Proceeds of the transaction totaled $1,630,580, which is determined based on the appraisal report issued by China Credit Information Service, Ltd. as well as mutual agreement between the Company and ChipMOS Taiwan. Both parties signed the equipment purchase / sales agreement on February 26, 2010. The proceeds from the disposal have been collected by January 4, 2011.

11. SHORT-TERM LOANS

Nature of loans	December 31, 2011	December 31, 2010
Credit loans	$ 1,513,750	$ 1,461,281
Interest rates	1.03%~1.61%	0.95%~0.96%

12. OTHER PAYABLES

	December 31, 2011	December 31, 2010
Payables for equipment acquisition	$ 2,100,222	$ 2,970,374
Other payables	1,103,297	984,450
	$ 3,203,519	$ 3,954,824

13. LONG-TERM LOANS

Name of financial institution	Line of credit	Loan periond and repayment method	December 31, 2011	December 31, 2010
Mega International Commercial Bank (The management bank of co-financing loans)	NT $5 billions and US $0.15 billion	2010.10.29~2015.10.29 Repayables in 6 semi-annually installments starting from April 2013	$ 9,548,750	$ 4,377,000
Less: Amortization of arrangement fee of long-term co-financing loans			(16,415)	(8,842)
			$ 9,532,335	$ 4,368,158
Available credit line			$ -	$ 5,000,000
Interest rate			0.8911%~1.6552%	0.8911%

A. In order to fulfill operational and capital expenditures, the Company has entered into a co-financing-loan agreement in October 2010 with eleven financial institutions, including Mega International Commercial Bank, the management bank. The line of credits consisted of credit amount of NT$ 5 billions and US$ 0.15 billion with credit period of five years under floating interest rate.

B. Pursuant to the above loan agreement, the Company should maintain certain financial covenants, such as current ratio, debt ratio as well as the ratio of interest coverage, calculated based on both semi-annual and annual audited financial statements. As of December 31, 2011, the Company was in compliance with all of the loan covenants.

14. PENSION PLAN AND NET PERIODIC PENSION COST

A. In accordance with the Labor Standards Act, the Company has a funded defined benefit pension plan covering all eligible employees prior to the enforcement of the Labor Pension Act (“the Act”), effective on July 1, 2005, and employees choosing to continue to be subject to the pension mechanism under the Labor Standards Law after the enforcement of the Act. Pension benefits are generally based on service years and six-month average wages and salaries before retirement of the employee. Two units are earned per year for the first 15 years of service and one unit is earned for each additional year of service with a maximum of 45 units. Under the funding policy of the plan, the Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the pension fund, which is the custodian for labor pension, deposited with the Bank of Taiwan.

B. In accordance with the Labor Pension Act, effective July 1, 2005, the Company has a defined contribution pension plan covering employees (excluding foreign employees) who chose to be subject to the pension mechanism under this Act. The Company makes monthly contributions to the employees' individual pension accounts on a basis no less than 6% of each employee's monthly salary or wage. The principal and accrued dividends from an employee's personal pension account are claimed monthly or in full at one time. Under this pension plan, net periodic pension costs amounting to $386,148 and $356,469 were recognized for the years ended December 31, 2011 and 2010, respectively.

C. SUI has established a 401(K) pension plan ("the Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the U.S. Internal Revenue Code, as well as discretionary matching contributions determined annually by its Board of Directors from SUI to its employees' individual pension accounts. Contributions made in accordance with the Plan amounted to $7,773 and $8,195, respectively, for the years ended December 31, 2011 and 2010, respectively.

D. Siliconware Technology（Suzhou）Limited contributes monthly an amount equal to certain percentage of employees' monthly salaries and wages according to the specific legal requirements in Suzhou to the Bureau of Social Insurance without bearing other obligations.

E. The following tables set forth the actuarial assumptions, funded status and amounts recognized for the Company's defined benefit pension plan:

(1) Assumptions used in actuarial calculations:

	For the years ended December 31,	
	2011	2010
Discount rate	2.00%	2.00%
Long-term rate of compensation increase	2.00%	2.00%
Expected rate of return on plan assets	2.00%	2.50%

	December 31,	
	2011	2010
Vested benefit	($ 160,206)	($ 155,412)
Vested benefit obligation	($ 158,398)	($ 135,300)
Accumulated benefit obligation	($ 1,639,945)	($ 1,524,750)

(2) Changes in benefit obligation during the years ended December 31, 2011 and 2010

	For the years ended December 31, 2011	2010
Projected benefit obligation at the beginning of the year	($ 2,120,024)	($ 1,922,596)
Service cost	(28,866)	(33,034)
Interest cost	(42,183)	(43,083)
Loss on projected benefit obligation	(46,010)	(154,768)
Benefit paid	79,705	33,457
Projected benefit obligation at the end of the year	($ 2,157,378)	($ 2,120,024)

(3) Changes in plan assets during the years ended December 31, 2011 and 2010

	For the years ended December 31, 2011	2010
Fair value of plan assets at the beginning of the year	$ 1,176,476	$ 1,143,276
Actual return on plan assets	13,837	16,981
Employer contributions	48,655	49,676
Benefits paid	(79,705)	(33,457)
Fair value of plan assets at the end of the year	$ 1,159,263	$ 1,176,476

(4) Funded status at December 31, 2011 and 2010:

	December 31, 2011	2010
Fair value of plan assets	$ 1,159,263	$ 1,176,476
Projected benefit obligation	(2,157,378)	(2,120,024)
Funded status	(998,115)	(943,548)
Prior service cost	13,212	14,262
Unrecognized net actuarial loss	894,737	863,842
Additional pension liability	(390,516)	(282,830)
Accured pension liabilities	($ 480,682)	($ 348,274)

(5) Components of net periodic pension cost for the years ended December 31, 2011 and 2010:

	For the years ended December 31, 2011	2010
Service cost	$ 28,866	$ 33,034
Interest cost	42,183	43,083
Expected return on plan assets	(29,762)	(23,215)
Amortization of unrecognized net transition assets	-	(912)
Amortization of prior service cost	1,050	1,050
Amortization of unrecognized loss	31,040	24,313
Net periodic pension cost	$ 73,377	$ 77,353

15. <u>CAPITAL STOCK</u>

A. As of December 31, 2011, the authorized capital of the Company was $36,000,000 and the paid-in-capital was $31,163,611 with par value of $10 (in dollars) per share.

B. The Company issued $1,500,000 American Depositary Shares (“ADSs”), represented by 30,000,000 units of ADSs, in June 2000. Each ADS represents five shares of common stock of the Company with an offering price of US$8.49 per ADS. As of December 31, 2011, the outstanding ADSs amounted to 88,870,636 units. Major terms and conditions of the ADSs are summarized as follows:

(1) <u>Voting Rights</u>:

ADS holders will have no rights to vote directly in shareholders’ meetings with respect to the Deposited Shares. The Depositary shall provide voting instruction to the Chairman of the Company and vote on behalf of the Deposited shares evidenced by ADSs. If the Depositary receives voting instructions from holders of at least 51% of the outstanding ADSs to vote in the same direction on a resolution, the Depositary will vote in the manner as instructed.

(2) <u>Distribution of Dividends</u>:

ADS holders are deemed to have the same rights as holders of common shares with respect to the distribution of dividends.

16. <u>CAPITAL RESERVE</u>

A. Pursuant to the Company Law of the R.O.C., the capital reserve arising from paid-in capital in excess of par on the issuance of stocks, from merger, from the conversion of convertible bonds and from donation shall be exclusively used to cover accumulated deficits or transferred to capital proportionally either in issuing common stock or in returning cash. Other capital reserves shall be exclusively used to cover accumulated deficits. The amount of capital reserve used to increase capital is limited to 10% of the common stock each year when the Company has no accumulated deficits. The capital reserve can only be used to cover accumulated deficits when the legal reserve is insufficient to cover the deficits.

B. According to the Company Law of the R.O.C., the capital reserve is allowed to be transferred to capital in the following year after the registration of capitalization is approved.

17. <u>RETAINED EARNINGS</u>

A. According to the Company's Articles of Incorporation, current year’s earnings before tax, if any, shall be distributed in the following order:

(1) Pay all taxes and duties;

(2) Offset prior years' operating losses, if any;

(3) Set aside 10% of the remaining amount after deducting (1) and (2) as legal reserve;

(4) Set aside no more than 1% of the remaining amount after deducting items (1), (2), and

(3) as directors' and supervisors' remunerations.

(5) After items (1), (2), (3), and (4) were deducted, 10% of the remaining amount may be allocated as employee bonus and 90% as stockholders' dividend. The distributed amount is subject to the resolution adopted by the Board of Directors and approved at the stockholders' meeting.

B. Legal reserve can only be used to offset deficits or increase capital in issuing common stock or in distributing cash. The amount of legal reserve that may be used to increase capital shall be limited to the portion of the reserve balance exceeds 25% of the capital stock.

C. In accordance with the R.O.C. Securities and Future Bureau (SFB) regulation, in addition to legal reserve and prior to distribution of earnings, the Company should set aside a special reserve in an amount equal to the net change in the reduction of prior year's stockholders' equity, resulting from adjustments, such as cumulative translation adjustments and unrealized loss on available-for-sale financial assets. Such special reserve is not available for dividend distribution. In the subsequent year(s), if the year-end balances of the cumulative translation adjustments and unrealized losses on available-for-sale financial assets no longer result in a net reduction in the stockholders' equity, the special reserve previously set aside will then be available for distribution.

D. The Taiwan imputation tax system requires that any undistributed current earnings of a company derived on or after January 1, 1998 be subject to an additional 10% corporate income tax if the earnings are not distributed in the following year. As of December 31, 2011, the undistributed earnings derived on or after January 1, 1998 was $4,871,009.

E. As of December 31, 2011, the balance of stockholders' imputation tax credit account of the Company was $24,461. The rate of stockholders' imputation tax credit to undistributed earnings for the earnings distributed in 2011 was 9.08%. The rate of stockholders' imputation tax credit to undistributed earnings for the earnings to be distributed in the following year is expecting to be approximately 10.27%. However, the rate is subject to changes based on the balance of stockholders' imputation tax credit account, the undistributed earnings, and other tax credit amount in accordance with the R.O.C. tax law at the dividend allocation date.

F. The distributions of 2010 and 2009 dividends had been resolved at the stockholders' meeting on June 22, 2011 and June 15, 2010, respectively. Details are summarized below:

	2010		2009	
	Amounts	Dividends per share (in dollars)	Amounts	Dividends per share (in dollars)
Cash dividends	$ 5,048,505	$ 1.62	$ 8,040,212	$ 2.58

At the stockholders' meetings on June 22, 2011, the Company's stockholders also resolved to distribute $560,945 as employees' cash bonuses and $50,642 as directors' and supervisors' remunerations, respectively. The distributed amount is the same as the estimated amount accrued in 2010. Any information in relation to the Company's earnings of distribution after the shareholders' approval will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchanges.

G. On March 21, 2012, the Board of Directors proposed the following dividends for 2011:

	2011	
	Amounts	Dividends per share (in dollars)
Cash dividends	$ 4,371,213	$ 1.42

On March 21, 2012, the Company's Board of Directors also proposed to distribute $485,690 as employees' cash bonuses and $43,535 as directors' and supervisors' remunerations, respectively. As of March 21, 2012, the distribution program has not yet been approved by the shareholders. Any information in relation to the Company's earnings of distribution after the shareholders' approval will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchanges.

H. According to the Articles of Incorporation of the Company, for the years ended December 31, 2011 and 2010, the Company accrued $485,690 and $560,945 as employees' bonuses and $43,535 and $50,642, respectively, as directors' and supervisors' remuneration, which were accrued based on 10% and 1% of net income after considering the required legal reserve.

18. TREASURY STOCK

The Company did not purchase any treasury stock during 2010. In 2011, the treasury stock purchased by the Company is as follow:

	2011			
Reason	Balance as of January 1, 2011 (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Decemner 31, 2011 (thousand shares)
To transfer to employees	-	38,042	-	38,042

On August 8, 2011, the Board of Directors approved a share repurchase program for the repurchase of up to 50,000 thousand shares of the Company's common stock. As of December 31, 2011, the Company repurchased 38,042 thousand shares of the Company' common stock pursuant to this share repurchase program, at an average price of $25.35 (in dollars) per share. The closing price was $27.10 (in dollars) on December 31, 2011.

Pursuant to the Security Exchange Act, the treasury stocks held by the Company cannot be pledged as collaterals, nor be entitled to voting rights or receiving dividends.

19. INCOME TAX

	For the years ended December 31, 2011	2010
Income tax expense calculated at the statutory tax rate	$ 1,015,104	$ 1,141,154
Permanent differences	(202,864)	(287,344)
Investment tax credits	(91,231)	(270,691)
Changes in allowance for deferred tax assets	(27,184)	(32,076)
Adjustment for deferred tax assets due to change of statutory tax rate	-	80,848
Under provision from prior years	11,489	8,387
Alternative minimum tax	-	122,595
Additional 10% tax on unappropriated earnings	1,571	-
Income tax expense	706,885	762,873
Adjustment:		
Net changes of deferred tax assets	(78,965)	(244,650)
Directly (credit) debit shareholders' equity	(11,387)	39,859
Increase in income tax payable	(11,466)	(4,549)
Prepaid and withholding taxes	(121,472)	(32,920)
Income tax payable	$ 483,595	$ 520,613
Income tax refundable carried over from prior year	$ 5,122	$ 6,782

A. For the years ended December 31, 2011 and 2010, significant portion of the permanent differences were derived from the revenue from assembly of certain integrated circuit products which were exempted from income tax and the income tax exemption of capital gain from domestic security transactions.

B. The details of deferred income tax assets and liabilities arising from temporary differences, investment tax credits and loss carryforwards as of December 31, 2011 and 2010 were as follows:

	December 31, 2011		December 31, 2010	
	Amount	Tax Effect	Amount	Tax Effect
Current:				
Temporary differences:				
Unrealized loss on obsolescence and decline in market value of inventories	$ 127,580	$ 21,689	$ 97,762	$ 16,619
Unrealized sales allowance	152,036	25,846	146,569	24,917
Unrealized foreign currency exchange (gain) loss	40,857	6,946	(58,841)	(10,003)
(Reversal of) valuation allowance for doubtful accounts	-	-	(21,261)	(3,614)
Others	4,638	788	5,218	887
Investment tax credits		252,227		559,268
		$ 307,496		$ 588,074
Noncurrent :				
Temporary differences:				
Impairment loss	$ 2,218,381	$ 377,125	$ 2,218,381	$ 377,125
Depreciation expense	(92,420)	(15,711)	(159,311)	(27,083)
Unrealized gain arising from valuation for financial assets	(374,993)	(63,749)	(441,977)	(75,136)
Deferred asset - intercompany profit	42,718	7,262	48,646	8,270
Unrealized loss on idle assets	152,906	25,993	212,869	36,187
Others	5,874	999	5,642	959
Investment tax credits		1,017,443		854,670
		1,349,362		1,174,992
Valuation allowance for deferred income tax assets		(75,099)		(102,283)
		$ 1,274,263		$ 1,072,709

Valuation allowance for deferred income tax assets relates primarily to unrealized loss of holding foreign long-term investments and allowance for investment tax credits from machinery and equipment, qualifying research and development expenditure.

C. The Company’s income tax returns have been assessed and approved by the Tax Authority through 2008.

D. According to the amended Enterprise Income Tax Law of the Peoples Republic of China, effective January 1, 2008, entities like Siliconware Technology (Suzhou) Limited who were eligible for tax incentives for lower income tax rate are required to move up the tax rate to 25% during a five year transition period. The annual tax rates are gradually adjusted from 2008 to 2012 at 18%, 20%, 22%, 24% and 25%, respectively. From January 1, 2008, two-year tax exemption and subsequent three-year 50% reduction of applicable tax rate are effective.

E. As of December 31, 2011, the Company’s unused portion of investment tax credits, under the “Statue for Upgrading Industries”, were as follows:

Nature of Investment Tax Credits	Deductible Amount	Unused Amount	Expiration Years
Acquisition costs of qualifying machinery and equipment	$ 967,962	$ 963,993	2012 to 2015
Qualifying research and development expenditure	556,392	305,677	2012 to 2013
	$ 1,524,354	$ 1,269,670	

F. The Company has met the requirement of “Incentives for Emerging Important Strategic Industries in Manufacturing and Technology Services” for its capitalization plans in 2005 and 2006 and is exempted from income tax for revenues arising from the assembly and testing of certain integrated circuit products for a five-year period from 2008, respectively. The five-year income tax exemptions will expire in December 2012 and May 2013, respectively. Also, the Industrial Development Bureau of Ministry of Economic Affairs has issued permission for the five-year income tax exemption of the Company’s 2007 registered capitalization plan in 2008.

20. EARNINGS PER SHARE

	For the year ended December 31, 2011				
	Income		Weighted average outstanding	Earnings per share	
Basic earnings per share	Before tax	After tax	common stock	Before tax	After tax
			(in thousands)	(in dollars)	
Consolidated net income	$ 5,544,128	$ 4,837,243	3,102,858	$ 1.79	$ 1.56
Dilutive effect of employee bonuses	-	-	18,913		
Diluted earnings per share	$ 5,544,128	$ 4,837,243	3,121,771	$ 1.78	$ 1.55

	For the year ended December 31, 2010				
	Income		Weighted average outstanding	Earnings per share	
Basic earnings per share	Before tax	After tax	common stock	Before tax	After tax
			(in thousands)	(in dollars)	
Consolidated net income	$ 6,389,780	$ 5,626,907	3,116,361	$ 2.05	$ 1.81
Dilutive effect of employee bonuses	-	-	16,901		
Diluted earnings per share	$ 6,389,780	$ 5,626,907	3,133,262	$ 2.04	$ 1.80

A. The weighted average treasury stock held by the Company has been deducted from the calculation of weighted-average outstanding common stock in 2011.

B. Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would be increased from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting year, which taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

21. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

	For the year ended December 31, 2011		
	Operating costs	Operating expenses	Total
Personnel Costs			
Payroll	$ 7,729,543	$ 2,069,422	$ 9,798,965
Labor and health insurance	655,022	159,044	814,066
Pension expense	361,311	105,987	467,298
Other	539,902	153,665	693,567
	$ 9,285,778	$ 2,488,118	$ 11,773,896
Depreciation	$ 8,686,698	$ 399,636	$ 9,086,334
Amortization	$ 322,799	$ 225,505	$ 548,304

	For the year ended December 31, 2010		
	Operating costs	Operating expenses	Total
Personnel Costs			
Payroll	$ 7,543,043	$ 1,804,289	$ 9,347,332
Labor and health insurance	600,116	130,295	730,411
Pension expense	353,285	88,732	442,017
Other	582,912	131,580	714,492
	$ 9,079,356	$ 2,154,896	$ 11,234,252
Depreciation	$ 8,166,168	$ 313,193	$ 8,479,361
Amortization	$ 323,086	$ 98,604	$ 421,690

22. RELATED PARTY TRANSACTIONS

A. Name and Relationship with Related Parties:

Name of Related Parties	Relationship with the Company
Vertical Circuits, Inc. (VCI)	Investee company accounted for under the equity method (Note 1)
AcSiP Technology Corp. (AcSiP)	Investee company accounted for under the equity method (Note 2)

Note1: The Company obtained equity stocks of VCI on December 1, 2010, and therefore, the investee became a related party of the Company on the same day. The disclosure of related party transactions covers both the years ended December 31, 2011 and 2010.

Note2: The Company obtained equity stocks of AcSiP on May 26, 2011, and therefore, it became a related party of the Company on the same day. The disclosures of related party transactions include the transactions incurred in 2011 only.

B. Significant Transactions with Related Parties:

(1) Sales

	For the years ended December 31,			
	2011		2010	
	Amount	% of net sales	Amount	% of net sales
Vertical Circuits, Inc.	$ 4,014	-	$ 2,989	-
AcSiP Technology Corp.	27,246	-	-	-
	$ 31,260	-	$ 2,989	-

The sales prices and payment terms provided to related parties were generally comparable to those provided to non-related parties.

(2) Accounts Receivable

	December 31, 2011		December 31, 2010	
	Amount	% of accounts receivables	Amount	% of accounts receivables
Vertical Circuits, Inc.	$ 275	-	$ 415	-
AcSiP Technology Corp.	9,860	-	-	-
	$ 10,135	-	$ 415	-

(3) New Product Development Expense / Deferred Charges

	As of and for the years ended December 31,			
	2011		2010	
	New product development expense	Deferred charges	New product development expense	Deferred charges
Vertical Circuits, Inc.	$ 3,494	$ 8,426	$ 3,494	$ 11,920

(4) Other Income / Other Receivables

	As of and for the years ended December 31,			
	2011		2010	
	Other income	Other receivables	Other income	Other receivables
AcSiP Technology Corp.	$ 10	$ 41	$ -	$ -

(5) Salaries / Remunerations Paid to Directors, Supervisors, and Managements

	For the years ended December 31,	
	2011	2010
Salary	$ 54,645	$ 58,637
Remuneration / compensation	45,049	55,564
Operating expenses	1,470	1,039
Earnings distribution	71,294	105,194
	$ 172,458	$ 220,434

i. Salary includes base salary, job allowance, retirement pension, and etc.

ii. Compensation includes various kinds of bonus, other financial incentives, and etc.
iii. Operating expenses include transportation fare, dormitory, and other kinds of practical subsidies.
iv. Earnings distribution means directors' and supervisors' remuneration and employees' bonus recognized for the current period.
v. Please refer to the Company's annual report to stockholders for other related information.

23. ASSETS PLEDGED AS COLLATERALS

As of December 31, 2011 and 2010, the following assets have been pledged as collaterals against certain obligations of the Company:

Assets	December 31, 2011	December 31, 2010	Subject of collaterals
Time deposits (shown as other financial assets, current)	$ 336,700	$ 336,700	Guarantees for custom duties and leasing lands from Hsinchu Science Park Administration

24. COMMITMENTS AND CONTINGENCIES

A. As of December 31, 2011, the Company and its subsidiaries' issued but unused letters of credit for imported machinery and equipment was approximately $36,659.

B. For the needs of future operations, the Company and its subsidiaries entered into several construction agreements amounting to $2,489,804 of which $226,865 remained unpaid as of December 31, 2011.

C. The Company entered into several contracts with five foreign companies for the use of certain technologies and patents. The Company agreed to pay royalty fees according to the contracts. Contracts are valid through March 2012, May 2014, December 2015, May 2018, and until all patents included in the contracts expire or until both parties agree to terminate the contracts, respectively.

D. On March 1, 2006, the Company was informed of a lawsuit brought by Tessera in the United States District Court for the Northern District of California against it, its subsidiary, Siliconware USA, Inc., and other semiconductor companies (California Litigation). Tessera alleged that some of our packaging services have infringed patents owned by Tessera and that we breached a license agreement with Tessera. In May 2007, the parties stipulated to a stay pending a final determination of an investigation (605 Case) directed against other parties (including certain co-defendants in the California Litigation) conducted by the International Trade Commission (ITC). Pursuant to the stipulation, the court stayed the litigation. In December 2011, according to Tessera's petition, the California Litigation lifted the stay and the case will move forward.

In February 2007, the Company filed requests for reexamination of five patents with the U.S. Patent and Trademark Office, or the USPTO, four of which being asserted by Tessera against the Company in the California Litigation. The USPTO has rejected all of the asserted patent claims on the grounds that each claim is invalid in view of certain prior art. With Right of Appeal Notice, some of the adverse decisions have been appealed to the Board of Patent Appeals and Interferences by Tessera.

Because litigation is inherently unpredictable, the Company is unable to accurately predict the ultimate outcome.

25. SIGNIFICANT DISASTER LOSS

None.

26. SIGNIFICANT SUBSEQUENT EVENT

See item 17G.

27. OTHERS

A. Fair Values of Financial Instruments:

Non-derivative financial instruments	December 31, 2011 Book Value	December 31, 2011 Fair Value: Quotation in an active market	December 31, 2011 Fair Value: Estimated using a valuation technique	December 31, 2010 Book Value	December 31, 2010 Fair Value: Quotation in an active market	December 31, 2010 Fair Value: Estimated using a valuation technique
Financial Assets						
Financial assets with fair values equal to book values	$ 26,775,506	$ -	$ 26,775,506	$ 26,545,319	$ -	$ 26,545,319
Available-for-sale financial assets, noncurrent	3,198,180	3,198,180	-	4,887,007	4,887,007	-
Financial assets carried at cost, noncurrent	1,932,643	-	-	1,449,343	-	-
	$ 31,906,329	$ 3,198,180	$ 26,775,506	$ 32,881,669	$ 4,887,007	$ 26,545,319
Financial Liabilities						
Financial liabilities with fair values equal to book values	$ 14,743,616	$ -	$ 14,743,616	$ 16,426,214	$ -	$ 16,426,214
Long-term loans	9,532,335	-	9,532,335	4,368,158	-	4,368,158
	$ 24,275,951	$ -	$ 24,275,951	$ 20,794,372	$ -	$ 20,794,372

Methods and assumptions used to estimate the fair values of financial instruments are as follows:

i. Financial assets and liabilities with fair values equal to book values are cash, notes receivable, accounts receivable, other financial assets - current, refundable deposits, short-term loans, accounts payable, income tax payable, accrued expenses, other payables, other current liabilities and other liabilities because of their short maturities.

ii. Available-for-sale financial assets, noncurrent are recorded at quoted market prices as their fair values due to the availability of the quoted price in an active market.

iii. Financial assets carried at cost, noncurrent are recorded at costs as there is no active quoted market prices and the fair value cannot be measured fairly.

iv. The book value of long-term loans approximates their fair value as floating interest rates are borne for the long term loans.

B. Financial assets and liabilities with the risk of interest rate fluctuation:

As of December 31, 2011 and 2010, the Company and its subsidiaries' financial assets with fair value risk of interest rate fluctuation were $10,965,777 and $4,590,221, respectively; financial liabilities with fair value risk of interest rate fluctuation were $1,513,750 and $1,461,281, respectively. As of December 31, 2011 and 2010, the Company and its subsidiaries' financial assets with cash flow risk of interest rate fluctuation were $3,737,200 and $9,508,500, respectively; financial liabilities with cash flow risk of interest rate fluctuation were $9,532,335 and $4,368,158, respectively.

C. The income or expense of financial assets and liabilities that are not at fair value through profit or loss: For the years ended December 31, 2011 and 2010, total interest income of financial assets that are not at fair value through profit or loss amounted to $72,498 and $36,849, respectively. For the years ended December 31, 2011 and 2010, total interest expense of financial liabilities that are not at fair value through profit or loss amounted to $88,863 and $11,530, respectively. Available-for-sale financial assets are measured at fair value at balance sheet dates. For the years ended December 31, 2011 and 2010, balance of the shareholders' equity due to changes in fair value decreased by $1,677,440 and increased by $1,021,355, respectively.

D. Financial risk control:

The Company and its subsidiaries have implemented appropriate risk management and control processes to identify, measure, and control the risks associated with the market, credit, liquidity and cash flows.

E. Financial risk information:

1. Financial assets: investments in equity instruments

	December 31,	
	2011	2010
Available-for-sale financial assets	$ 3,198,180	$ 4,887,007
Financial assets carried at cost	1,932,643	1,449,343
	$ 5,130,823	$ 6,336,350

(1) Market risk:

The Company and its subsidiaries' investments in equity instruments are exposed to the market price risk. However, the Company and its subsidiaries perform risk management controls to minimize the potential loss to an acceptable level. The Company and its subsidiaries believe that the probability of significant market risk is low.

(2) Credit risk:

The Company and its subsidiaries' investments in available-for-sale financial assets are through creditable financial institutions. The expected credit exposure to such financial institutions is low. For equity investments carried at cost, the Company has evaluated counter parties' credit condition each time when the Company entered into investment transaction. Thus, the credit risk is low.

(3) Liquidity risk:

The Company and its subsidiaries' available-for-sale financial assets are traded in active markets, which can be sold at the prices not significantly different from their market value. The Company is exposed to a greater liquidity risk for equity instruments measured at cost due to the fact that no active market exists for these instruments.

(4) Cash flow risk of interest rate:

The Company's investments in equity financial assets are non-interest related. As a result, there is no cash flow risk of interest rate.

2. Financial liabilities: debt instruments

	December 31,			
	2011		2010	
Short-term loans	$	1,513,750	$	1,461,281
Long-term loans		9,532,335		4,368,158
	$	11,046,085	$	5,829,439

(1) Market risk:

The Company and its subsidiaries' short-term loans are expired within a year; long-term loans are floating interesting rates, so there is no market risk of interest rate fluctuating.

(2) Credit risk:

Debt instruments issued by the Company and its subsidiaries do not have significant credit risk.

(3) Liquidity risk:

The Company and its subsidiaries maintain sufficient working capital to meet their cash requirements. The Company and its subsidiaries believe that there is no significant liquidity risk.

(4) Cash flow risk of interest rate:

The Company and its subsidiaries obtained short-terms loans with fixed interest rate and long-term loans with floating interest rate. Effective interest rate of long-term loan will fluctuate accordingly due to the changes in market rate and also affect future cash flow. Under the fixed exchange rate, the Company's cash outflow will be increased by $100,938 annually while the interest rate raises by 1%.

3. The information of significant effect of foreign currency financial assets and liabilities:

The Company and its subsidiaries engaged in certain business denominated in foreign currencies, and therefore the fluctuation of foreign currency exchange rates had impact on these businesses consequently. The information of foreign currency financial assets and liabilities with significant effect by the fluctuation of foreign currency exchange rates as of December 31, 2011 and 2010 are as follows:

	December 31, 2011		December 31, 2010	
(Foreign currency: functional currency)	Foreign Currencies (in thousands)	Exchange Rates	Foreign Currencies (in thousands)	Exchange Rates
Financial Assets				
Monetary assets				
United States Dollars: New Taiwan Dollars	$ 342,240	30.225	$ 292,459	29.08
United States Dollars: Chinese Renminbi	12,522	6.3009	25,647	6.6227
Non-monetary assets				
United States Dollars: New Taiwan Dollars	15,706	30.225	18,628	29.08
Long-term investments under equity method				
United States Dollars: New Taiwan Dollars	3,656	30.275	5,121	29.08
Financial Liabilities				
Monetary liabilities				
United States Dollars: New Taiwan Dollars	280,958	30.325	277,871	29.18
Japanese Yen: New Taiwan Dollars	2,799,317	0.3926	3,545,471	0.3602
United States Dollars: Chinese Renminbi	59,259	6.3009	64,466	6.6227
Japanese Yen: Chinese Renminbi	35,909	0.08110	322,825	0.08126

28. SPECIAL DISCLOSURE ITEMS

A. Significant Transaction Information

(1) Loans to third parties attributed to financial activities:

For the year ended December 31, 2011: None.

(2) Endorsement and guarantee provided to third parties:

For the year ended December 31, 2011: None.

(3) The ending balances of securities are summarized as follows:

As of December 31, 2011:

Investor	Type of securities	Name of securities	The relationship of the issuers with the Company	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value per share (in dollars)	Notes
Siliconware Precision Industries Co., Ltd.	Stock	SPIL (B.V.I.) Holding Limited	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	128,400	$5,851,367	100.00%	$45.57	(Notes 2 and 5)
Siliconware Precision Industries Co., Ltd.	Stock	Vertical Circuits, Inc.	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	15,710	110,671	30.69%	1.93	(Note 2)
Siliconware Precision Industries Co., Ltd.	Stock	AcSiP Technology Corp.	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	1,750	62,904	16.73%	21.29	(Note 2)
Siliconware Precision Industries Co., Ltd.	Stock	Unimicron Technology Corporation	-	Available-for-sale financial assets, noncurrent	76,502	2,723,474	4.97%	35.60	
Siliconware Precision Industries Co., Ltd.	Stock	ChipMOS Technologies (Bermuda) Ltd.	-	Available-for-sale financial assets, noncurrent	3,044	474,706	9.11%	155.96	(Note 3)
Siliconware Precision Industries Co., Ltd.	Stock	ChipMOS Technologies Inc.	-	Financial assets carried at cost, noncurrent	133,000	1,630,580	15.78%	14.36	(Note 4)
Siliconware Precision Industries Co., Ltd.	Stock	Hsieh Yong Capital Co., Ltd.	-	Financial assets carried at cost, noncurrent	57,810	170,000	7.58%	6.30	(Note 2)
Siliconware Precision Industries Co., Ltd.	-	Mega Mission Limitid Partnership	-	Financial assets carried at cost, noncurrent	(Note 1)	132,063	4.00%	-	

Note 1: The contributed capital was US $6,000 thousand.

Note 2: The market value is not available. Therefore, the net equity per share as of December 31, 2011 was used.

Note 3: The closing price of US$5.16 (in dollars) per share on December 31, 2011 was used. (Exchange rate at US$1: NT$30.225)

Note 4: The market value is not available. Therefore, the net equity per share as of June 30, 2011 was used.

Note 5: Eliminated under consolidation.

(4) Securities for which total buying or selling exceeds the lower of NT$100,000 or 20 percent of the capital stock:

For the year ended December 31, 2011:

					Beginning balance		Addition		Disposal				Ending balance	
Investor	Name of the security	General ledger accounts	Name of the counter party	The relationship of the issuers with the Company	Number of shares/unit (in thousands)	Amount	Number of shares/unit (in thousands)	Amount	Number of shares/unit (in thousands)	Sale price	Book value	Gain (loss) from disposal	Number of shares/unit (in thousands)	Amount
Siliconware Precision Industries Co., Ltd.	ChipMOS Technologies Inc.	Financial assets carried at cost, noncurrent	ChipMOS Technologies (Bermuda) Ltd.	-	93,033	$1,140,580	39,967	$490,000	-	-	-	-	133,000	$1,630,580

(5) Acquisition of real estate with an amount exceeding the lower of NT$100,000 or 20 percent of the capital stock:

For the year ended December 31, 2011: None.

(6) Disposal of real estate with an amount exceeding the lower of NT$100,000 or 20 percent of the capital stock:

For the year ended December 31, 2011: None.

(7) Related party transactions with purchases and sales amounts exceeding the lower of NT$100,000 or 20 percent of the capital stock:

For the year ended December 31, 2011: None.

(8) Receivables from related parties exceeding the lower of NT$100,000 or 20 percent of the capital stock:

As of December 31, 2011: None.

(9) Transaction of derivative financial instruments:

For the year ended December 31, 2011: None.

B. Related Information on Investee Companies

(1) Basic information on investee companies:

For the year ended December 31, 2011:

Investor	Name of Investee	Location	Main activities	Original investments: Current period ending balance	Original investments: Prior period ending balance	The Company / majority owned subsidiary owns: Shares (in thousands)	The Company / majority owned subsidiary owns: Ownership Percentage	The Company / majority owned subsidiary owns: Book value	Current period: Net income (loss) of investee	Current period: Income (loss) recognized by the Company	Note
Siliconware Precision Industries Co., Ltd.	SPIL (B.V.I.) Holding Limited	British Virgin Islands	Investment activities	$ 3,887,310	$ 3,887,310	128,400	100.00%	$ 5,851,367	$ 593,817	$ 593,817	(Notes 1, 2, 7 and 8)
Siliconware Precision Industries Co., Ltd.	Vertical Circuits, Inc.	Scotts Valley, CA, USA	Assembly service provider	151,375	151,375	15,710	30.69%	110,671	(125,389)	(38,247)	(Notes 1 and 7)
Siliconware Precision Industries Co., Ltd.	AcSiP Technology Corp.	Taoyuan, Taiwan	Researching, designing, and selling RF modules	50,750	-	1,750	16.73%	62,904	92,605	12,154	(Note 1)
SPIL (B.V.I.) Holding Limited	Siliconware USA, Inc.	San Jose, CA, USA	Communications and relationship maintenance with companies headquartered in North America	37,844	37,844	1,250	100.00%	154,623	13,059	13,059	(Notes 3, 7 and 8)
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Cayman Islands, British West India	Investment activities	3,941,805	3,941,805	130,200	100.00%	5,687,269	580,841	580,841	(Notes 3, 7 and 8)
SPIL (Cayman) Holding Limited	Siliconware Technology (Suzhou) Limited	Suzhou Jiangsu, China	Assembly and testing service provider	3,935,750	3,935,750	(Note 5)	100.00%	5,686,980	582,913	581,586	(Notes 4, 6, 7 and 8)

Note 1: The Company’s investee accounted for under the equity method.

Note 2: The Company’s 100% owned subsidiary.

Note 3: An investee accounted for under the equity method of SPIL (B.V.I.) Holding Limited, a 100% owned subsidiary of the Company.

Note 4: An investee accounted for under the equity method of SPIL (Cayman) Holding Limited, a 100% owned subsidiary of SPIL (B.V.I) Holding Limited.

Note 5: The contributed capital was US$130,000 thousand.

Note 6: The investment income (loss) recognized during the current period already excludes the amounts of unrealized intercompany profit on disposal of assets and loss on sales.

Note 7: The foreign currency exchange rates prevailing at the balance sheet date were used for the currency translation.

Note 8: Eliminated under consolidation.

(2) The ending balance of securities held by investee companies:

As of December 31, 2011:

Investor	Type of securities	Name of securities	The relationship of the issuers with the Company	General ledger accounts	Number of shares (in thousands)	Book value (Notes 3 and 4)	Percentage of ownership	Market value per share (in dollars) (Note 2)
SPIL (B.V.I.) Holding Limited	Stock	Siliconware USA, Inc.	Indirect subsidiary of the Company	Long-term investments accounted for under the equity method	1,250	$ 154,623	100.00%	$ 123.70
SPIL (B.V.I.) Holding Limited	Stock	SPIL (Cayman) Holding Limited	Indirect subsidiary of the Company	Long-term investments accounted for under the equity method	130,200	5,687,269	100.00%	43.68
SPIL (Cayman) Holding Limited	-	Siliconware Technology (Suzhou) Limited	Indirect subsidiary of the Company	Long-term investments accounted for under the equity method	(Note 1)	5,686,980	100.00%	-

Note 1: The contributed capital was US$130,000 thousand.

Note 2: The market value is not available. Therefore, the net equity per share as of December 31, 2011 was used.

Note 3: The foreign currency exchange rates prevailing at the balance sheet date were used for the currency translation.

Note 4: Eliminated under consolidation.

(3) Securities for which total buying or selling amount exceed the lower of NT$100,000 or 20 percent of the capital stock:

For the year ended December 31, 2011: None.

C. Information of investment in Mainland China:

(1) Information of investment in Mainland China: (The amount in USD is presented in thousands.)

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2011	Remitted or (collected) this period	Accumulated remittance as of December 31, 2011	Ownership held by the Company (Direct and indirect)	Investment income (loss) recognized by the Company during the period	Ending balance of investment	The investment income (loss) remitted back as of December 31, 2011
Siliconware Technology (Suzhou) Limited	Assembly and testing service provider	$ 3,935,750 (USD 130,000) (Note 3)	(Note 1)	$ 3,935,750 (USD 130,000) (Note 3)	$ - (Note 3)	$ 3,935,750 (USD 130,000) (Note 3)	100%	$581,586 (Notes 2, 3 and 4)	$5,686,980 (Notes 3 and 4)	-

Accumulated remittance from Taiwan to Mainland China	The investment balance approved by Investment Commissions, Ministry of Economic Affairs	The ceiling of investment in Mainland China according to Investment Commissions, Ministry of Economic Affairs
$3,935,750 (USD 130,000)	$3,935,750 (USD 130,000)	(Note 5)

Note 1: The Company set up a subsidiary in the third country to invest in Mainland China.

Note 2: The investment income (loss) was recorded based on the audited financial statements.

Note 3: The foreign currency exchange rates prevailing at the balance sheet date were used for the currency translation.

Note 4: Eliminated under consolidation.

Note 5: Based on the Rule No. 09704604680, “Regulations Governing Security Investment and Technical Cooperation in the Mainland Area” set by Ministry of Economic Affairs, the Company received documents from the Industrial Development Bureau of Ministry of Economic Affairs which proved that the Company’s operation is qualified for operations of operating headquarters. Therefore, the Company is not required to impute the ceiling of investment in Mainland China.

(2) Material transactions occurred directly between the Company and its Mainland China investee companies and material transactions occurred indirectly between the Company and its Mainland China investee companies via enterprises in other areas:

i. Property transactions between the parent company and the subsidiary for the years ended December 31, 2011 and 2010:

For the year ended December 31, 2011

	Name of the property	Sales amount	Book value	Gain on disposal of property, plant and equipment	Other receivables
Siliconware Technology (Suzhou) Limited	Equipment	$ 65,847	$ 56,063	$ 9,784	$ 4,465

	Name of the property	Purchase amount	Other payables
Siliconware Technology (Suzhou) Limited	Equipment	$ 7,462	$ 786

For the year ended December 31, 2010

	Name of the property	Sales amount	Book value	Gain on disposal of property, plant and equipment	Other receivables
Siliconware Technology (Suzhou) Limited	Equipment	$ 52,325	$ 42,456	$ 9,869	$ 29,481

	Name of the property	Purchase amount	Other payables
Siliconware Technology (Suzhou) Limited	Equipment	$ 13,301	$ -

Note: Transactions above were eliminated in consolidation.

D. The business relationships and the significant transactions as well as amounts between the parent company and the subsidiaries:

(1) For the year ended December 31, 2011:

				Transaction			
No.	Company Name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated revenues or total assets
0	Siliconware Precision Industries Co., Ltd.	Siliconware USA, Inc.	Indirect owned subsidiary	Commision	$ 351,805	As specified in contract	0.57%
0	Siliconware Precision Industries Co., Ltd.	Siliconware USA, Inc.	Indirect owned subsidiary	Accrued expense	25,869	Comparable to those provided by non-related parties	0.03%

(2) For the year ended December 31, 2010:

				Transaction			
No.	Company Name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated revenues or total assets
0	Siliconware Precision Industries Co., Ltd.	Siliconware USA, Inc.	Indirect owned subsidiary	Commision	$ 373,430	As specified in contract	0.58%
0	Siliconware Precision Industries Co., Ltd.	Siliconware USA, Inc.	Indirect owned subsidiary	Accrued expense	21,653	Comparable to those provided by non-related parties	0.03%
0	Siliconware Precision Industries Co., Ltd.	Siliconware Technology (Suzhou) Limited	Indirect owned subsidiary	Purchase	195,381	As specified in contract	0.31%
0	Siliconware Precision Industries Co., Ltd.	Siliconware Technology (Suzhou) Limited	Indirect owned subsidiary	Accounts payable	5,079	As specified in contract	0.01%

29. SEGMENT INFORMATION

The Company's chief operating decision maker assesses the performance and makes decision to allocate resources based on the different regulatory environments. All of our segments have identical economic characteristics and meet all criteria of aggregation. As a result, we disclose a single reporting segment by aggregating all our operating segments.

A. Operation in Different Products and Services:

	For the years ended December 31,	
	2011	2010
Packaging revenues	$ 51,895,114	$ 54,140,057
Testing and other revenues	9,341,778	9,717,413
	$ 61,236,892	$ 63,857,470

B. Operations in Different Geographic Areas:

Revenues are summarized by the areas where our customers' headquarters locate. Non-current assets, including long-term investment under equity method, fixed assets, refundable deposits, deferred charges, and other assets, but not including financial instruments and deferred tax assets, are categorized by their locations.

	Revenues		Non-current assets	
Geographic areas	2011	2010	2011.12.31	2010.12.31
Taiwan	$ 13,593,529	$ 20,512,347	$ 40,206,617	$ 39,068,327
U.S.	29,993,253	26,770,635	114,043	152,124
Canada	3,729,884	4,553,917	-	-
Others	13,920,226	12,020,571	5,313,564	4,735,493
	$ 61,236,892	$ 63,857,470	$ 45,634,224	$ 43,955,944

C. Major Customers:

	For the years ended December 31,			
	2011		2010	
Customers	Amount	% of net sale	Amount	% of net sale
Customer A	$ 7,151,963	12	$ 6,297,407	10
Customer B	5,182,591	8	6,393,270	10
	$ 12,334,554	20	$ 12,690,677	20

A major customer is identified as the party that accounts for more than 10 % of the Company's net sales in any given year listed below.

30. Disclosure for the implementation of International Financial Reporting Standard

A. Pursuant to the regulation, Jin-Guan-Zheng-Shen-Zi Order No. 0990004943, of the Financial Supervisory Commission, Executive Yuan, R.O.C., effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), and relevant interpretations and interpretative bulletins that are ratified by the Financial Supervisory Commission. To meet the requirement above, the Company has formed an IFRSs group headed by the Company's Chief Execute Officer, who is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	**Status of Execution**
a. Formation of an IFRSs Group	Finished
b. Setting up a plan relative to the Company's transition to IFRSs	Finished
c. Identification of the differences between current accounting policies and IFRSs	Finished
d. Identification of consolidated entities under IFRSs' framework	Finished
e. Evaluation of the impact of each exemption and option on the Company under IFRS 1, First-time Adoption of International Financial Reporting Standards	Finished
f. Evaluation of needed information system adjustments	Finished
g. Evaluation of needed internal control adjustments	Finished
h. Determine and establish IFRSs accounting policies	Finished
i. Determine the election of exemptions and options available under IFRS 1, First-time Adoption of International Financial Reporting Standards	Finished
j. Preparation of statement of financial position on the date of transition to IFRSs	To be finished in March 2012

k. Preparation of IFRSs comparative financial information for 2012	To be finished in March 2013
l. Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	To be finished in March 2013

B. The Company uses the IFRSs already ratified by the Financial Supervisory Commission currently and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company’s current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by the Financial Supervisory Commission or relevant interpretations or amendments to the “Rules Governing the Preparation of Financial Statements by Securities Issuers” come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that will be used in the preparation of financial statements in the future are set forth below:

(1) Financial Assets: Equity Instruments

In accordance with R.O.C. accounting standard, unlisted stocks and emerging stocks held by the Company should be measured at cost and recognized as “Financial Assets Carried at Cost.” However, pursuant to the request of IFRS 39, ”Financial Instruments – Recognition and Measurement,” investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value.

(2) Pension

i. The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS No. 18, paragraph 23. However, IAS 19, ”Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.

ii. In accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability. However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.

iii. The actuarial pension gain or loss, pursuant to R.O.C. accounting standards, is recognized in net pension cost of current period using the “corridor” method. However, under IAS 19, “Employee Benefits”, the Company elects to recognize the actuarial gain or loss immediately in other comprehensive income in the period in which they occur.

(3) Employee Benefits

The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognizes such costs as salary expense upon actual payment. However, IAS 19, “Employee Benefit”, requires that the costs of accumulative compensated absences be accrued as expenses at the end of the reporting period.

(4) Income Tax

In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should according to the classification of its related asset or liability, be classified as current or noncurrent. However, pursuant to IFRSs, a deferred tax asset or liability should be classified as non-current.

Furthermore, in accordance with current accounting standards in R.O.C., the Company recognizes valuation allowance after evaluating the realization probability of a deferred tax asset. However, under IFRSs, only when a tax benefit is considered highly probable does the Company recognize a deferred tax asset, rather than recognizing fully with a valuation allowance.

(5) Functional Currency

In accordance with current R.O.C. GAAP, only foreign operating entity is required to determine its functional currency. However, pursuant to IAS 21, “The Effects of Changes in Foreign Exchange Rates”, each of the Group’s entities (including parent company) included in the consolidated financial statements should determine its functional currency.

(6) Business Combinations

i. Although no specific rules concerning the recognition of direct costs related to business combination, certain acquisition-related direct costs are usually treated as a portion of the acquisition cost of the acquirer in practice. However, in accordance with IFRS 3, “Business Combination”, the acquirer shall account for all acquisition-related costs as expenses when such costs are incurred and services are received.

ii. The measurement date for the equity stock issued in a business combination is usually the announcement date of the combination agreement in accordance with current accounting standards in R.O.C., and is the acquisition date in accordance with IFRS 3, “Business Combinations”.

iii. In accordance with current R.O.C. GAAP, when the fair value of identifiable net assets acquired exceeds the acquisition cost, the difference should be assigned to reduce the fair values of the acquired non-current assets proportionately. If the book values of those non-current assets are reduced to zero, the remaining excess should be recorded as extraordinary gains. However, in accordance with IFRS 3, “Business Combinations”, the difference should be directly recognized in profit or loss.

iv. It is ruled by the R.O.C. standards that the minority interests on the consolidated financial statements should be measured based on the book value of the acquired corporation in a business combination. In accordance with IFRS 3, “Business Combination”, the non-controlling interests should be measured at fair value (or at the non-controlling interests’ proportionate share of the acquired corporation’s identifiable net assets).

v. Pursuant to the current accounting standards in R.O.C., where the distribution of additional consideration may be contingent on maintaining or achieving specified future earnings level for the acquired corporation and it is reasonably certain that the event is likely to occur and the amount can be reasonably estimated, then such contingent consideration should be recognized as acquisition cost. The Company shall record additional consideration that may be contingent on the market price of a particular security at current fair value and simultaneously reduce the book value of the securities issued at acquisition date. In accordance with IFRS 3, “Business Combination”, the acquirer shall recognize the contingent consideration at fair value at acquisition date as part of the consideration transferred to acquire a business, and classify it as a liability or as equity. When certain criteria are met, the acquirer shall classify the right to the return of previously transferred consideration as an asset.

(7) Share-Based Payment

The share-based payment agreements of the Company include employee stock options, treasury stock transferred to employee, and employees’ bonus：

i. The employee stock options granted from January 1, 2004 through December 31, 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072, “Accounting for Employee Stock Options”, of the R.O.C. Accounting Research and Development Foundation, dated March 17, 2003. Compensation cost of such employee stock options is recognized as an expense using the intrinsic value method. The distribution of employees’ bonus was ruled as distribution of earnings by 2007, and the Company did not recognize it as expense.

ii. In accordance to IFRS 2, “Share-Based Payment,” the cost of stock-based compensation agreements stated above should be expensed at fair value at the measurement date over the vesting period.

(8) Investment in Associates / Long-term Investment Under Equity Method

i. Current accounting standards in R.O.C. do not prescribe that the associate and its investor shall use uniform accounting policies in preparing financial statements. However, pursuant to IAS 28, ”Investment in Associates”, an associate should use uniform accounting policies as the investor does in the preparation of the financial statements for like transactions and events in similar circumstances; otherwise, the associate's financial statements should be adjusted to reflect the investor's accounting policies for the purpose of applying the equity method.

ii. If an investor company loses its significant influence over an investee company and therefore ceases using the equity method, in accordance with current accounting standards in R.O.C., the investment cost will be the book value at the time of change. If there is a balance on additional paid-in capital or other equity adjustment items from the long-term equity investment, then an investor company shall calculate its share when the investment is sold, so that the pro-rata gains or losses from the disposal of the long-term investment can be accounted for. Pursuant to IAS 28, "Investment in Associates", when an investment ceases to be an associate, the fair value of the remaining investment at the date when it ceases to be an associate should be regarded as its fair value on initial recognition of financial asset. If there is a balance on additional paid-in capital or other equity adjustment items from the long-term equity investment, the investor shall write off related items totally to determine the gains or losses from the disposal of long-term investment.

iii. In accordance with current accounting standards in R.O.C., if an investee company issues new shares and original shareholders do not purchase or acquire new shares proportionately, but the investor company does not lose its significant influence over the investee company, the investment percentage, and therefore the equity in net assets for the investment that an investor company has invested, will be changed. Such difference shall be used to adjust the "Additional Paid-in Capital" and the "Long-term Investments" accounts. However, pursuant to IAS 28, "Investment in Associates", increase in investment percentage is accounted for as an acquisition of investment while decrease in investment percentage is accounted for as a disposal of investment and any related disposal gain or loss is recognized.

(9) Consolidated Financial Statements

i. If the parent's ownership of the subsidiary changes without losing control over the subsidiary, the purchase method of accounting is used to account for the increase in ownership interest, while the decrease in ownership interest is regarded as disposal of shares and the related disposal gain or loss is recognized in profit or loss in accordance with R.O.C. GAAP. However, pursuant to IAS 27, "Consolidated and Separate Financial Statements", changes in parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, which would not affect profit or loss. Goodwill is not remeasured as well.

ii. If the decrease of parent's ownership of the subsidiary causes losing control over the subsidiary, any remaining interest in the former subsidiary is measured at the book value at the date when control is lost. In accordance with IAS 27, "Consolidated and Separate Financial Statements", any remaining interest in the former subsidiary should be recognized at its fair value at the date when control is lost.

iii. In accordance with current accounting standards in R.O.C., losses applicable to the minority in a consolidated subsidiary cannot exceed the minority interest in the subsidiary's equity. The excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has binding obligation and is able to make an additional investment to cover the losses. However, in accordance with IAS 27, "Consolidated and Separate Financial Statements", the excess of losses applicable to the non-controlling interest in a consolidated subsidiary is continuously attributed to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.