SILICONWARE PRECISION INDUSTRIES CO., LTD.

FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

March 31, 2006 AND 2005

REVIEW REPORT OF INDEPENDENT ACCOUNTANT

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

We have reviewed the accompanying non-consolidated balance sheets of Siliconware Precision Industries Co., Ltd. as of March 31, 2006 and 2005, and the related non-consolidated statements of income and of cash flows for the three months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a review report on these financial statements based on our reviews. As discussed in Note 10, the Company delayed recognition of investment income (loss) for certain investee companies accounted for under the equity method until the subsequent year before January 1, 2005. Accordingly, the investment amounts of $3,720,515 thousand at March 31, 2005 was based on the investees' financial statements as at December 31, 2004, which were audited by other independent accountants. The investment income of $667,329 thousand, recognized for these investee companies for the three-month periods ended March 31, 2005, was based on the investees' financial statements for the year ended December 31, 2004, which were audited by other independent accountants.

Except as explained in the following paragraph, we conducted our reviews of the quarterly financial statements in accordance with R.O.C. Statements of Auditing Standards NO. 36 "Review of Financial Statements". A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 10, the financial statements of certain long-term investments accounted for under the equity method as of and for the three-month periods ended March 31, 2006 and 2005 were not reviewed by independent auditors. As of March 31, 2006 and 2005, the balances of the Company's long-term investments in these investee companies were $3,506,013 thousand and $2,503,958 thousand, respectively, and the related investment loss for the three-month periods ended March 31, 2006 and 2005 were $7,496 thousand and $64,346 thousand, respectively.

Based on our reviews and the reports of other auditors, except for the effects on the financial statements as of and for the three-month periods ended March 31, 2006 and 2005 of such adjustments, if any, as might have been determined to be necessary had the financial statements of the investee companies accounted for under the equity method as described in the preceding paragraph been reviewed by independent accountants, we are not aware of any material modifications that should be made to the financial statements referred to in the first paragraph in order for them to be in conformity with "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and generally accepted accounting principles in the Republic of China.

As discussed in Note 3, commencing from January 1, 2005, the Company adopted Statement of Financial Accounting Standards No. 35 "Accounting for Impairment of Assets" and amended Statement of Financial Accounting Standards No. 5, "Accounting for Long-term Equity Investment", under which the Company ceased to delay in recognition of investment income of investees accounted for under the equity method until the subsequent year, and recognized investment income from all investees accounted for under the equity method based on investees' audited financial statements for the same periods then ended. Commencing from January 1, 2006, the Company adopted amended Statement of Financial Accounting Standards No. 34, "Accounting for Financial Instruments", and No. 36, "Disclosure and Presentation of Financial Instruments".

Taichung, Taiwan
Republic of China

February 17, 2006

The accompanying non-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 review of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying non-consolidated financial statements and review report of the independent accountants are not intended for use by those who are not informed about the accounting principles or review standards generally accepted in the Republic of China, and their applications in practice.

SILICONWARE PRECISION INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(Unaudited)

	March 31, 2006	March 31, 2005
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	$ 12,873,568	$ 7,861,817
Financial assets at fair value through profit or loss (Note 5)	-	1,384,279
Notes receivable, net	117,669	56,364
Accounts receivable, net (Notes 6)	8,197,271	5,217,678
Other financial assets, current (Notes 26)	690,404	598,302
Inventories (Note 7)	2,784,148	1,655,948
Deferred tax assets, current (Note 22)	807,160	597,413
Other current assets-other	485,195	408,711
	25,955,415	17,780,512
Long-term Investments		
Available-for-sale financial assets, noncurrent (Note 8)	9,570,347	2,483,576
Financial assets carried at cost, noncurrent (Note 9)	3,891	3,891
Long-term investments accounted for under the equity method (Note 10)	8,155,090	6,940,707
	17,729,328	9,428,174
Property, Plant and Equipment (Notes 9 and 24)		
Cost:		
Land	2,128,476	2,128,476
Buildings	6,968,492	6,381,657
Machinery and equipment	40,376,787	34,853,323
Utility equipment	550,057	473,701
Furniture and fixtures	599,037	513,288
Other equipment	1,620,307	1,421,407
	52,243,156	45,771,852
Less:Accumulated depreciation	(24,469,525)	(20,825,393)
Construction in progress and prepayments for equipment	2,127,652	654,308
	29,901,283	25,600,767
Other Assets		
Refundable deposits	8,236	6,799
Deferred charges	755,579	776,630
Deferred income tax asset, noncurrent (Note 22)	1,738,269	1,757,734
Other assets - other (Note 12)	140,701	123,526
	2,642,785	2,664,689
TOTAL ASSETS	$ 76,228,811	$ 55,474,142

(Continued)

SILICONWARE PRECISION INDUSTRIES CO., LTD.

NON-CONSOLIDATED BALANCE SHEETS(CONTINUED)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(Unaudited)

	March 31, 2006	March 31, 2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	$ 4,911	$ 5,167
Accounts payable (Note 25)	4,513,284	1,916,756
Income tax payable (Note 22)	397,981	36,352
Accrued expenses (Note 25)	1,413,246	748,848
Other payables (Note 13)	2,127,799	1,126,907
Current portion of long-term debts (Notes 14 and 15)	6,112,790	486,000
Other current liabilities	142,017	42,098
	14,712,028	4,362,128
Long-term Liabilities		
Bonds payable (Note 14)	5,934,701	11,507,728
Long-term loans (Note 15)	1,666,600	4,799,835
	7,601,301	16,307,563
Other Liabilities		
Accrued pension liabilities (Note 16)	32,908	31,008
Other liabilities-other	312,578	943
	345,486	31,951
Total Liabilities	22,658,815	20,701,642
Stockholders' Equity (Notes 1 and 17)		
Capital stock	24,141,992	21,111,226
Capital reserve (Note 18)		
Additional paid-in capital	8,335,119	6,362,000
Premium arising from merger	1,951,563	1,951,563
Other	85,938	32,935
Retained earnings (Note 19)		
Legal reserve	1,179,104	750,886
Special reserve	141,053	-
Unappropriated earnings	11,064,924	5,516,640
Unrealized gain or loss on financial instruments	7,566,236	(231)
Cumulative translation adjustments	(65,377)	(147,913)
Net loss not recognized as pension cost	(1,828)	-
Treasury stock (Note 20)	(828,728)	(804,606)
Total Stockholders' Equity	53,569,996	34,772,500
Commitments and Contingencies (Note 27)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 76,228,811	$ 55,474,142

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

See review report of independent accountants dated April 13, 2006.

SILICONWARE PRECISION INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF INCOME

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,

EXCEPT EARNINGS PER SHARE DATA)

(Unaudited)

	For the three months ended March 31, 2006	2005
Operating Revenues		
Sales (Note 25)	$ 13,491,282	$ 8,001,677
Sales allowances	(51,941)	(19,887)
Net operating revenues	13,439,341	7,981,790
Cost of Goods Sold (Note 25)	(9,834,836)	(6,799,510)
Gross Profit	3,604,505	1,182,280
Operating Expenses		
Selling expenses	(180,626)	(134,434)
General and administrative expenses	(243,900)	(188,170)
Research and development expenses	(252,961)	(199,190)
	(677,487)	(521,794)
Operating Income	2,927,018	660,486
Non-operating Income and Gain		
Interest income	87,834	46,863
Gain on disposal of investment	-	8,381
Others	110,441	109,549
	198,275	164,793
Non-operating Expenses and Losses		
Interest expenses	(46,608)	(58,799)
Investment loss under the equity method	(7,496)	(86,714)
Loss on obsolescence and decline in market value of inventory	(53,382)	-
Impairment loss (Note 20)	-	(163,650)
Others	(17,410)	(15,764)
	(124,896)	(324,927)
Income from Continuing Operations Before Income Tax	3,000,397	500,352
Income Tax (Expense) Benefit (Note 22)	(176,507)	44,948
Income from Continuing Operations	2,823,890	545,300
Cumulative Effects of Changes in Accounting Principles (Note 3)	-	650,508
Net Income	$ 2,823,890	$ 1,195,808

	2006 Before tax	2006 After tax	2005 Before tax	2005 After tax
Basic Earnings Per Share (in dollars) (Note 23)				
Income from continuing operations	$ 1.25	$ 1.18	$ 0.22	$ 0.24
Cumulative effects of changes in accounting principles	-	-	0.29	0.29
Net income	$ 1.25	$ 1.18	$ 0.51	$ 0.53
Diluted Earnings Per Share (in dollars) (Note 23)				
Income from continuing operations	$ 1.14	$ 1.09	$ 0.19	$ 0.25
Cumulative effects of changes in accounting principles	-	-	0.26	0.26
Net income	$ 1.14	$ 1.09	$ 0.45	$ 0.51
Pro forma information as if the stocks of the Company held by subsidiaries were not treated as treasury stock:				
Net income	$ 3,000,397	$ 2,823,890	$ 1,150,860	$ 1,195,808
Basic Earnings Per Share (in dollars)	$ 1.24	$ 1.16	$ 0.50	$ 0.52
Diluted Earnings Per Share (in dollars)	$ 1.13	$ 1.07	$ 0.45	$ 0.50

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

See review report of independent accountants dated April 13, 2006.

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

	For the three months ended March 31, 2006	2005
Cash flows from operating activities		
Net income	$ 2,823,890	$ 1,195,808
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,572,203	1,449,112
Amortization	140,028	121,076
Gain on disposal of investments	-	(8,381)
(Reversal of) provision for reserve for sales allowance	26,446	(20,005)
(Reversal of) provision for loss on obsolescence and decline in market value of inventory	53,382	(7,864)
Long-term investment income (loss) under the equity method	7,496	(563,796)
Impairment loss on long-term investment	-	163,650
Gain on disposal of property, plant and equipment and deferred charges	(1,250)	(13,178)
Provision for loss on idle assets	12,789	972
Amortization of discount on long-term notes	-	1,547
Compensation interest on bonds payable	21,839	34,443
Foreign currency exchange gain on bonds payable	(150,712)	(59,861)
(Increase) decrease in assets:		
Notes receivable	39,230	15,719
Accounts receivable	1,144,934	402,156
Other financial assets, current	103,076	(192,587)
Inventories	(73,617)	295,291
Deferred income tax assets	(76,528)	(45,831)
Other current assets	39,445	101,614
Increase (decrease) in liabilities:		
Notes payable	(582)	4,183
Accounts payable	(517,744)	(123,570)
Income tax payable	244,965	-
Accrued expenses	(166,437)	(262,552)
Other payables	(250,115)	(92,808)
Other current liabilities	32,157	(9,387)
Net cash provided by operating activities	5,024,895	2,385,751

(Continued)

SILICONWARE PRECISION INDUSTRIES CO., LTD.

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

(Unaudited)

	For the three months ended March 31, 2006	2005
Cash flows from investing activities		
Purchase of short-term investments	$ -	($ 2,762,000)
Proceeds from disposal of short-term investments	-	3,329,072
Payment for pledged time deposits	-	(12,000)
Refund of pledged time deposits	13,200	12,000
Purchase of long-term investments	(487,050)	-
Acquisition of property, plant and equipment	(2,388,352)	(978,066)
Proceeds from disposal of property, plant and equipment and deferred charges	27,370	20,374
Payment for deferred charges	(112,174)	(79,032)
(Payment for) Refund of refundable deposits	(1,095)	4,594
Net cash used in investing activities	(2,948,101)	(465,058)
Cash flows from financing activities		
Repayments for long-term loans	-	(2,670,000)
Redemption of bonds payable	-	(800,000)
Proceeds from deposit-in	111,919	310
Proceeds from the exercise of employee stock option	115,421	82,878
Net cash (used in) provided by financing activities	227,340	(3,386,812)
Net (decrease) increase in cash and cash equivalents	2,304,134	(1,466,119)
Cash and cash equivalents at the beginning of the period	10,569,434	9,327,936
Cash and cash equivalents at the end of the period	$ 12,873,568	$ 7,861,817
Supplemental disclosures of cash flow information:		
Cash paid for interest (excluding capitalized interest)	$ 209,886	$ 47,296
Cash paid for income tax	$ 8,070	$ 884
Supplemental disclosures of partial cash paid for investing activities:		
Acquisition of property, plant and equipment	$ 2,357,249	$ 765,266
Add : Payable at the beginning of the period	1,565,412	632,082
Less : Payable at the end of the period	(1,534,309)	(419,282)
Cash paid	$ 2,388,352	$ 978,066

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

See review report of independent accountants dated April 13, 2006

SILICONWARE PRECISION INDUSTRIES CO., LTD.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006 AND 2005
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS AND PAR VALUE PER SHARE)

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 (ROC) in May 1984 and was listed on the Taiwan Stock Exchange in April 1993. As of March 31, 2006, issued common stock was $24,141,992. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. As of March 31, 2006, the Company has 13,014 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial Statements are prepared in conformity with the "Guidelines 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:

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the financial statements and the reported amounts of revenues, costs of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Foreign Currency Transactions

The Company maintains its accounts in New Taiwan dollars. Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates prevailing on the transaction dates. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated into New Taiwan dollars 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.

Cash Equivalents

Cash equivalents consist of commercial papers and notes with re-purchase agreements with an original maturity of three months or less.

Financial assets at fair value through profit or loss

Financial assets classified as equity securities are recorded at the transaction date. Financial assets at fair value through profit or loss are measured at their market values at balance sheet date with gain or loss recognized in the current year's results. The market value of open-end funds is determined by the net asset value at the balance sheet date. (Accounting treatment before December 31, 2005 is discussed in Note 3)

Available-for-sale securities

Financial assets classified as equity securities are recorded at the transaction date. Available-for-sale securities are measured at fair value at balance sheet date with changes in fair value recorded as adjustments to the shareholders' equity. Fair values of listed securities are measured at their closing price at balance sheet date. The Company recognizes impairment loss whenever there is evidence of impairment. Impairment loss recognized previously for equity securities is not restored. Accounting treatment before December 31, 2005 is discussed in Note 3.

Financial assets measured at cost

Equity securities measured at fair value along with transaction costs are recorded at the transaction date. Equity securities without market values are recorded at cost. The Company recognizes impairment loss whenever there is evidence of impairment. Impairment loss is not restored. Accounting treatment before December 31, 2005 is discussed in Note 3.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is provided based on the evaluation of collectability and aging analysis of notes receivables, accounts receivable and other receivables.

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.

Inventories

Inventories are recorded at cost when acquired and are stated at the lower of aggregate cost, determined by the weighted-average method, or market value at the balance sheet date. The market values of raw materials and supplies are determined on the basis of replacement cost, while market values of finished goods and work in process are determined on the basis of net realizable value. The allowance for loss on obsolescence and decline in market value is provided based on management's analysis on inventory aging and obsolescence, when necessary.

Long-term Investments

A. Long-term equity investments in which the Company owns at least 20% of the voting rights of the investee companies are accounted for under the equity method, unless the Company cannot exercise significant influence over the investee company. 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 prior period adjustment is required for the amortization in previous years. Long-term equity investments in which the Company has controlling interests over the investee companies are included in the annual and semi-annual consolidated financial statements.

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. Profit from other types of intercompany transactions is recognized when realized.

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 first 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 the stockholders' equity.

E. Equity method was adopted and investment income (loss) was recognized for the controlled investees in both the first and the third quarterly financial reports.

<u>Property, Plant and Equipment</u>

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

B. Depreciation is provided on the straight-line method over the assets' estimated economic service lives, plus one additional year as the salvage value. Salvage values of fixed assets which are still in use after reaching their estimated economic service lives are depreciated over their new estimated remaining service lives. The service lives of fixed assets are 3 to 15 years, except for buildings, which are 35 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. Idled assets are stated at the lower of book value or net realizable value and are reclassified to other assets.

<u>Deferred Charges</u>

The 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 5 years. Convertible bond issuance costs are amortized over the period of the bonds.

Convertible Bonds

A. The excess of the stated redemption price over the par value is recognized as interest expense and compensation interest payable using the effective interest method during the period from the issuance date to the last day of the redemption period.
B. When a bondholder exercises his/her conversion rights, the book value of bonds is credited to common stock at an amount equal to the par value of the stock and the excess to capital reserve; no gain or loss is recognized on bond conversion.
C. The related issuance costs of convertible bonds are recorded as deferred charges and amortized over the lives of the bonds.
D. For convertible bonds with redemption options, the right of redemption becomes invalid if the bondholder fails to exercise his/her redemption right upon expiration. The balance of the compensation interest payable is amortized over the period from the date following the expiration date to the maturity date using the effective interest method.
E. The convertible bonds with redemption options are classified as current or non-current liabilities based on the date of redemption.

Pension Cost

The Company has a defined benefit plan funded in conformity with the Labor Standards Act and a defined contribution plan funded in conformity with the Labor Pension Act. Under defined benefit plan, the net pension cost is computed based on an actuarial valuation, which takes service cost, interest cost, expected return on plan assets, and unrecognized net asset or net obligation at transition into accounts. The unrecognized net asset or net obligation at transition is amortized over 15 years on a straight-line basis. Under defined contribution plan, the Company shall make monthly contribution, determined as no less than 6% of employees' monthly wages, to employees' individual pension accounts. These contributions are recorded as pension costs in the current period.

Income Tax

A. In accordance with ROC SFAS No. 22, “Accounting for Income Taxes”, the income tax effect resulting from temporary differences and investment tax credits is recorded as 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 ROC 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 machinery and technology, qualifying research and development expenditure, qualifying personnel training expenditure and qualifying investments in significant technology companies 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 expense at the time the stockholders resolve to retain the earnings.

Revenue Recognition

Revenues are recognized when services are provided based on transaction terms and when collectibility is reasonably assured.

Research and Development

Research and development costs are expensed as incurred.

Treasury Stock

A. The Company records treasury stock purchases under the cost method whereby the entire cost of the acquired stock is recorded as treasury stock and as a reduction of shareholders’ equity.

B. Upon subsequent disposal of the treasury stock, the excess of the proceeds from disposal over the book value, determined by the weighted-average method, is credited to capital reserve. However, if the book value of the treasury stock exceeds the proceeds from disposal, the excess is first charged against capital reserve arising from treasury stock and the remainder, if any, is charged against retained earnings.

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 after considering the retroactive effect of stock dividend, capitalization of capital reserve, and stock bonus to employees. 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 stock options and convertible bonds. In computing the dilutive effects of the employee stock options and convertible bonds, the Company applies the treasury stock method and if-converted method, respectively.

Impairment loss

A. The Company recognizes impairment loss whenever event occurs or evidence indicates the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is measured as the higher of net selling price and value in use. Net selling price 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 from continuing use of an asset and from its disposal at the end of its useful life.

B. An impairment loss recognized in prior years is reversed if, there has been a change in the estimates used to determine recoverable amount since the last impairment loss was recognized, or the impairment loss caused by a specific external event of an exceptional nature that is not expected to recur. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the carrying amount that would have been determined for the asset (net of amortization or depreciation) had no impairment loss been recognized in prior years. Impairment loss for goodwill is not reversed.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

A. Effective January 1, 2005, the Company adopted Statement of Financial Accounting Standards No. 35 “Accounting for Impairment of Assets” in the Republic of China. The adoption of this new accounting principle resulted in a decrease in the Company’s total assets, shareholders’ equity and net income by $163,650 as of March 31, 2005 and for the three-month period then ended. The basic earnings per share was therefore decreased by $0.07.

B. Effective January 1, 2005, the Company ceased to delay in recognizing investment income (loss) from certain equity-method investees in accordance with the amended Statement of Financial Accounting Standards No. 5 “Accounting for Long-term Equity Investment” in the Republic of China. The cumulative effect attributable to this change in accounting principle for the three-month period ended March 31, 2005 was $650,508, which was based on the investees’ financial statements for the year ended December 31, 2004.

C. Effective January 1, 2006, the Company adopted the amended SFAS No.1 “Conceptual Framework for Financial Accounting and Preparation of Financial Statements”, SFAS No.5 “Long-Term Investments in Equity Securities”, SFAS No. 7 “ Consolidated Financial Statements”, SFAS No.25 “Business Combinations-Accounting Treatment under Purchase Method”. These revised standards require that goodwill no longer be amortized. The adoption of these new standards had no impact on the net income for the three months ended March 31, 2006 and there is no cumulative effect of changes in accounting principles.

D. Effective January 1, 2006, the Company adopted the newly released SFAS No.34 "Accounting for Financial Instruments" and SFAS No.36 "Disclosure and Presentation of Financial Instruments". Some accounts and contents in the financial statements dated on and before December 31, 2005 have been reclassified in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and SFAS No. 34 and No. 36. Accounting policies for accounts used before December 31, 2005 are summarized as follows:

(1) Short-term Investments

Short-term investments are recorded at cost when acquired and are stated at the lower of aggregate cost or market value at the balance sheet date. The market values of listed stocks and close-end mutual funds are determined by the average closing price of the last month of the accounting period. The market value of open-end funds is determined by the net asset value at the balance sheet date. The excess of aggregate cost over market value is recorded as a loss in the current year. In subsequent periods, recoveries of market value are recognized as gain to the extent that the market value does not exceed the original cost of the investment.

(2) Long-term Investments

Long-term equity investments in which the Company owns less than 20% of the voting rights and has no significant influence over the investee companies are accounted for (a) at cost, if the investee company is not listed or (b) at the lower of cost or market value, if the investee company is listed. Valuation allowance for the unrealized loss under this method is shown in the stockholders' equity. When it becomes evident that there has been a permanent impairment in value and the chance of recovery is minimal, loss is recognized in the current year. However, if there is evidence that the Company has significant influence over the investee company, the investment is accounted for under the equity method.

E. The changes in accounting principles above increased the total assets and total shareholders' equity as of January 1, 2006 both by $8,912,555 and have no significant impact on net income and earnings per share for the three-month period then ended.

4. CASH AND CASH EQUIVALENTS

	March 31, 2006	March 31, 2005
Cash		
Cash on hand	$ 1,567	$ 1,289
Savings accounts	694,794	411,758
Checking accounts	4,542	(613,997)
Time deposits	12,172,665	7,385,901
	12,873,568	7,184,951
Cash equivalent		
Commercial paper	-	361,916
Notes with re-purchase options	-	314,950
	$ 12,873,568	$ 7,861,817

A. As of March 31, 2006 and 2005, the interest rates for time deposits ranged from 0.9% to 4.72% and from 0.8% to 2.94%, respectively.

B. As of March 31, 2005, checking accounts had credit balance because the Company credited checking accounts based on the due date of the notes payable issued while the notes payable were still uncashed.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	March 31, 2006	March 31, 2005
Finacial assets for trading		
Investment in bond fund	$ -	$ 1,384,279

6. ACCOUNTS RECEIVABLE, NET

	March 31, 2006	March 31, 2005
Accounts receivable	$ 8,301,225	$ 5,299,680
Less :		
Allowance for sales discounts	(93,626)	(72,633)
Allowance for doubtful accounts	(10,328)	(9,369)
	$ 8,197,271	$ 5,217,678

7. INVENTORIES

	March 31, 2006	March 31, 2005
Raw materials and supplies	$ 2,496,183	$ 1,404,775
Work in process	293,952	166,146
Finished goods	96,741	122,612
	2,886,876	1,693,533
Less : Allowance for loss on obsolescence and decline in market value of inventory	(102,728)	(37,585)
	$ 2,784,148	$ 1,655,948

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NON-CURRENT

	March 31, 2006	March 31, 2005
Cost of Listed Securities	$ 2,293,063	$ 2,483,576
Valuation Adjustment	7,277,284	-
	$ 9,570,347	$ 2,483,576

9. FINANCIAL ASSETS CARRIED AT COST, NON-CURRENT

	March 31, 2006	March 31, 2005
Cost of Unlisted Securities	$ 3,891	$ 3,891

There are no reliable quoted prices for unlisted securities, and therefore these investments are carried at cost.

10. LONG-TERM INVESTMENTS ACCOUNTS FOR UNDER THE EQUITY METHOD

A. Details of long-term investments in stocks are summarized as follows:

	March 31,			
	2006		2005	
Investee company	Amount	Ownership percentage	Amount	Ownership percentage
Siliconware Investment Company Ltd.	$ 1,250,289	100.00%	$ 884,059	100.00%
Sigurd Microelectronics Corp.	724,140	23.92%	716,234	26.52%
Double Win Enterprise Co., Ltd.	84,450	24.14%	84,450	24.14%
ChipMOS Technologies Inc.	3,924,937	28.75%	3,720,515	28.73%
SPIL (B.V.I.) Holding Limited	2,255,724	100.00%	1,619,899	100.00%
	8,239,540		7,025,157	
Less : Accumulated impairment loss	(84,450)		(84,450)	
	$ 8,155,090		$ 6,940,707	

B. The recognition of investment income (loss) for ChipMOS Technologies Inc. (“ChipMOS”) and Double Win Enterprise Co., Ltd (“Double Win”), investees accounted for under the equity method, were delayed until the subsequent year before 2005. Therefore, the Company recognized investment income of $650,508 for the three-month period ended March 31, 2005, based on ChipMOS’s and Double Win’s audited financial statements for the year ended December 31, 2004.

C. At March 1, 2005, Universal Communication Technology Inc. (“Universal”) merged with Sigurd Microelectronics Corp. (“Sigurd”). Universal was dissolved as a result of this transaction and the Company obtained 6,595 thousand shares of Sigurd's common shares. For the three months ended March 31, 2005, the investment loss of $9,775 was recognized based on Universal's unaudited financial statements for the two months ended February 28, 2005.

D. For the three months ended March 31, 2006 and 2005, the Company recognized investment loss of $7,496 and $64,346, respectively, for all investees accounted for under the equity method based on investees' financial statements for the same periods by weighted-average percentage of stock ownership.

11. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2006		
	Cost	Accumulated depreciation	Book value
Land	$ 2,128,476	$ -	$2,128,476
Buildings	6,968,492	(1,794,266)	5,174,226
Machinery and equipment	40,376,787	(21,180,639)	19,196,148
Utility equipment	550,057	(338,526)	211,531
Furniture and fixtures	599,037	(318,684)	280,353
Other equipment	1,620,307	(837,410)	782,897
Construction in progress and prepayments for equipment	2,127,652	-	2,127,652
	$ 54,370,808	($ 24,469,525)	$ 29,901,283

	March 31, 2005		
	Cost	Accumulated depreciation	Book value
Land	$ 2,128,476	$ -	$2,128,476
Buildings	6,381,657	(1,447,975)	4,933,682
Machinery and equipment	34,853,323	(18,097,328)	16,755,995
Utility equipment	473,701	(283,552)	190,149
Furniture and fixtures	513,288	(261,810)	251,478
Other equipment	1,421,407	(734,728)	686,679
Construction in progress and prepayments for equipment	654,308	-	654,308
	$ 46,426,160	($ 20,825,393)	$ 25,600,767

For the three months ended March 31, 2006, The Company has no interest that was capitalized as property, plant and equipment. For the three months ended March 31, 2005, total interest expenses amounted to $60,918, of which $2,119 was capitalized as property, plant and equipment. The interest rates used to calculate the capitalized interest was 1.0 %.

12. OTHER ASSETS－OTHER

	March 31, 2006	March 31, 2005
Land	$ 108,087	$ 108,087
Other	32,614	15,439
	$ 140,701	$ 123,526

The Company designated one of its officers to purchase the parcel of land, Da-Pu-Chu No. 123-2, and registered the title of the land under the officer's personal name. As of March 31, 2006, the land purchase has been completed and payments been made in full. The Company has entered into a trust contract with the designated officer, which provides the company with land use right for nil consideration. The trust contract prohibits the title owner from transferring the land and/or land use right under any circumstances.

13. OTHER PAYABLES

	March 31, 2006	March 31, 2005
Payables for equipment	$ 1,534,309	$ 419,282
Accrued value-added tax payable	-	438,119
Other payables	593,490	269,506
	$ 2,127,799	$ 1,126,907

The accrued value-added tax payable due to certain revenues previously applied zero percent of value-added tax was deemed taxable by the Tax Authority. The case has been closed.

14. BONDS PAYABLE

	March 31, 2006	March 31, 2005
Euro convertible bonds payable	$ 8,586,704	$ 11,063,779
Add : Compensation interest payable	327,387	443,949
	8,914,091	11,507,728
Less : Current portion of long-term bonds payable	(2,979,390)	-
	$ 5,934,701	$ 11,507,728

A. On January 28, 2002, the Company issued five-year (from January 28, 2002 to January 28, 2007) zero coupon Euro convertible bonds amounting to US$200,000,000 listed on the Luxembourg Stock Exchange. Major terms of the issue are as follows:

(1) The Company may redeem the bonds at any time on or after July 29, 2004 and prior to December 29, 2006 at their principal amount together with accrued interest, if (i) the market price of the shares of the Company for 20 out of 30 consecutive trading days is

at least 130% of the conversion price, or (ii) at least 90% in principal amount of the bonds has already been redeemed, repurchased and cancelled or converted.

(2) Redemption at the option of the bondholders:

The Company will, at the option of the bondholders, redeem such bonds on July 28, 2004 at 105.9185% of its principal amount, or on January 28, 2007 at 111.837% of its principal amount.

(3) Conversion period:

At any time between April 16, 2002 and December 29, 2006.

(4) Conversion price and adjustment:

The conversion price was established on the issuance date at NT$32.9 (in dollars) per share. The conversion price is subject to adjustment for bonus issues, right issues, distributions of cash and stock dividends and other dilutions. As of March 31, 2006, the conversion price was NT$27.27 (in dollars) per share.

(5) As of March 31, 2006, the convertible bonds with the principal amount of US$77,440 (in thousands) has been converted into 51,246 thousand shares, which resulted in an increase of capital reserve of $1,796,808. Also, as of March 31, 2006, the Company repurchased and cancelled the bonds with the principal amount of US$40,985 (in thousands) from open market.

B. On February 5, 2004, the Company issued five-year (from February 5, 2004 to February 5, 2009) zero coupon Euro convertible bonds amounting to US$200,000,000 listed on the Luxembourg Stock Exchange. Major terms of the issue are as follows:

(1) The Company may redeem the bonds at any time on or after February 5, 2006 and prior to January 29, 2009 at their principal amount, if (i) the market price of the shares of the Company for 20 out of 30 consecutive trading days is at least 120% of the conversion price or (ii) at least 90% in principal amount of the bonds has already been redeemed, repurchased and cancelled or converted.

(2) Redemption at the option of the bondholders:

The Company will, at the option of the bondholders, redeem such bonds on February 5, 2008 at the principal amount.

(3) Conversion period:

At any time between March 17, 2004 and January 29, 2009.

(4) Conversion price and adjustment:

The conversion price was established on the issuance date at NT$47.035 (in dollars) per share. The conversion price will be subject to adjustment for bonus issues, right issues, distributions of cash and stock dividends and other dilutions. As of March 31, 2006, the conversion price was NT$39.10 (in dollars) per share.

(5) As of March 31, 2006, the convertible bonds with the principal amount of US$17,450 (in thousands) has been converted into 14,902 thousand shares, which resulted in an increase of capital reserve of $411,833. Also, as of March 31, 2006, the Company did not repurchase and cancel the bonds from open market.

C. According to Interpretation letter ref.(95) 078 issued by ARDF "Compound financial Instrument with multiple embedded derivatives issue", the company decides not to bifurcate the embedded derivatives from their host contacts issued on or prior to December 31, 2005.

15. LONG-TERM LOANS

		March 31,	
		2006	2005
Nature of loans	Repayment period		
Secured loans	Repayable in 8 semi-annual installments since April 2002	$ -	$ 236,000
Credit loans	Repayable in 3 semi-annual installments since July 2006	4,800,000	4,800,000
Commercial paper	Repayable in 7 semi-annual installments since April 2002	-	250,000
		4,800,000	5,286,000
Less : Current portion of long-term loans		(3,133,400)	(486,000)
Discount on commercial paper		-	(165)
		$ 1,666,600	$ 4,799,835
Interest rates		2.10%~2.11%	1.85%~2.15%

The loan agreements require, among other things, the maintenance of specific financial covenants and consent by the banks on important transactions, such as merger, changes in operation and assets transfer. As of March 31, 2006 and 2005, the Company has complied with such covenants.

16. PENSION PLAN AND NET 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. Under the funding policy of the plan, the Company contributes monthly an amount equal to 2% (5% before July 2005) of the employees' monthly salaries and wages to the pension fund deposited with the Central Trust of China, the custodian. Pension benefits are generally based on service years (two units earned per year for the first 15 years of service and one unit earned for each additional year of service with a maximum of 45 units). One unit represents six-month average wages and salaries before retirement of the employees. Under this pension plan, net pension cost amounting to $14,348 and $33,374 were recognized for the three months ended March 31, 2006 and 2005, respectively. Also, as of March 31, 2006 and 2005, the company deposited $921,678 and $831,360 with the Central Trust of China.

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 pension cost amounting to $57,539 was recognized for the three months ended March 31, 2006.

17. <u>CAPITAL STOCK</u>

A. As of March 31, 2006, the authorized capital of the Company was $31,500,000 represented by 3,150,000,000 common shares with par value of NT$10 (in dollars) per share. As of March 31, 2006, issued common stock was $24,141,992 represented by 2,414,199,154 shares.

B. On June 13, 2005, the stockholders of the Company resolved to capitalize the unappropriated earnings of $1,688,898 and the employee bonus of $187,655 by issuing 187,655 thousand new shares. The Securities and Futures Bureau (SFB) has approved this capital increase and registration has been completed.

C. The Company issued $1,500,000 thousand 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 March 31, 2006, the outstanding ADSs amounted to 70,872,858 units. Major terms and conditions of the ADSs are summarized as follows:

(1) Voting Rights:

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) Distribution of Dividends:

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

D. In July 2002, the Board of directors of the Company resolved to issue up to 40,000 units of employee stock option. Each unit of employee stock option is entitled to subscribe 1,000 shares of the Company's common stock. The Company has to issue additional 40,000,000 shares of common stock if all of the employee stock options are exercised. The exercise price of the employee stock option is subject to adjustment for distribution of cash dividend or changes in capital stock in accordance with certain formula. The granted employee stock options will expire in five years and graded vested after two years of service in accordance with the employee stock option plan.

(1) For the three months ended March 31, 2006 and 2005, details of the employee stock option granted, exercised and canceled and exercise price of the employee stock option are as follows:

	For the three months ended March 31,			
	2006		2005	
	Number of options	Weighted average exercise price (in dollars)	Number of options	Weighted average exercise price (in dollars)
Outstanding option at the beginning of the year	26,348	$11.95	35,828	$13.76
Number of option exercised	(9,696)	11.90	(6,050)	13.70
Number of option forfeited	(65)	11.90	(317)	13.76
Outstanding option at the end of the year	16,587	11.98	29,461	13.77
Vested option at the end of the year	4,556	11.91	3,572	13.70
Authorized option available for future grant at the end of the year	-		-	

(2) As of March 31, 2006, the details of the outstanding employee stock option are as follows:

Outstanding employee stock option				Options Vested	
Exercise price	Units of option	Weighted average remaining contractual life	Weighted average exercise price	Unit of option	Weighted average exercise price
(in dollars)			(in dollars)		(in dollars)
$11.9~$12.4	16,587	1.88 Years	$ 11.98	4,556	$ 11.91

18. CAPITAL RESERVE

A. According to the Company Law of the ROC, 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. Other capital reserve shall be exclusively used to cover 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 ROC, the capital reserve arising from paid-in capital in excess of par on the issuance of stocks can only be transferred to capital once every year. This capital reserve transfer to capital can not be made in the year the Company issues the new shares and the amount to be capitalized is subject to certain limitation.

19. RETAINED EARNINGS

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 2% 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. The legal reserve can be used to increase capital when and only when the reserve balance exceeds 50% of the capital stock, and the amount capitalized should be limited to 50% of the legal reserve.

C. In accordance with the ROC 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 foreign currency translation adjustment and unrealized losses on long-term investments. Such special reserve is not available for dividend distribution. In the subsequent year(s), if the year-end balances of the cumulative foreign currency translation adjustment and unrealized losses on long-term investments no longer result in a net reduction in the stockholders' equity, the special reserve previously set aside will then be available for distribution.

D. At March 23, 2006, the board of directors of SPIL has approved the distribution of year 2005 earnings of $7,460,109, including directors' compensation of $149,324, employees' cash bonus of $463,284, shareholders' cash dividend of $4,169,558, and capitalization of shareholders' dividend of $2,410,149 and employees' bonus of $267,794. This earnings appropriation is still subject to resolution of shareholders' meeting and SFB's approval. Please refer to the website of the Taiwan Stock Exchanges for further information.

E. 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. This 10% additional tax on undistributed earnings can be used as tax credit by the stockholders, including foreign stockholders, against the withholding tax on dividends. In addition, the domestic shareholders can claim a proportionate share in the Company's corporate income tax as tax credit against its individual income tax liability effective 1998. As of March 31, 2006, the undistributed earnings derived on or after January 1, 1998 was $11,064,924 thousands.

F. As of March 31, 2006, the balance of stockholders' imputation tax credit account of the Company was $31,794. The rate of stockholders' imputation tax credit to undistributed earnings is approximately 0.29%. However, the actual stockholders' imputation rate is subject to change since the actual stockholders' tax credit rate is based on the rate on the dividend allocation day.

20. TREASURY STOCK

As of March 31, 2006, Siliconware Investment Company Ltd., the subsidiary of the Company, holds 32,090 thousand shares of the Company's stock, with book value of NT$24.75 (in dollars) per share. The closing price of the Company's stock was NT$ 42.25(in dollars) per share in March 31, 2006.

21. IMPAIRMENT OF ASSETS

Effective January 1, 2005, the Company adopted ROC Statement of Financial Accounting Standards No. 35 "Accounting for Impairment of Assets". There is no asset impairment loss in the first quarter of 2006. In the first quarter of 2005, the Company recognized impairment loss of $163,650 as follows:

	Amounts recognized in	
	Income from continuing operations	Shareholders' equity
Impairment loss on long-term investment	$ 163,650	$ -

(A) Impairment loss of $79,200 recognized in the first quarter of 2005 for long-term investment in Universal, which was triggered by the merger with Sigurd and the investment's carrying amount exceeded the recoverable amount.

(B) Impairment loss of $84,450 recognized in the first quarter of 2005 for long-term investment in Double Win. The management believed the impairment loss was triggered by the downturn of the overall market and industry where Double Win operated, as well as the fact that Double Win withdrew from public trading in 2005.

22. INCOME TAX

	For the three months ended March 31,	
	2006	2005
Income tax expense calculated at the statutory tax rate	$ 750,089	$125,078
Permanent differences	(152,243)	(17,657)
Investment tax credit	(419,697)	(293,840)
Tax on interest income separately taxed	-	884
Changes in allowance for deferred tax assets	(1,642)	43,959
Prior year's under provision	-	96,628
Income tax expense (benefit)	176,507	(44,948)
Adjustment:		
Net changes of deferred tax assets	76,528	45,831
Tax on interest income separately taxed	-	(884)
Prepaid income taxes	(8,070)	(24,187)
Income tax payable (refund receivable)	$ 244,965	($ 24,187)
Income tax payable carried over from prior year	$ 153,016	$ 36,352

A. For the three months ended March 31, 2006 and 2005, significant portion of the permanent differences are derived from gain on disposal of investments, long-term investment income accounted for under the equity method and the revenue from assembly of certain integrated circuit products exempted from income tax.

B. As of March 31, 2006 and 2005, deferred tax assets and liabilities are as follows:

	March 31,	
	2006	2005
Deferred tax assets, current	$ 821,356	$632,534
Deferred tax liabilities, current	-	(12,511)
	$821,356	$620,023
Allowance for deferred tax assets	(14,196)	(22,610)
	$ 807,160	$ 597,413
Deferred tax assets, noncurrent	$ 2,152,692	$2,964,020
Deferred tax liabilities, noncurrent	(200,102)	(383,819)
	1,952,590	2,580,201
Allowance for deferred tax assets	(214,321)	(822,467)
	$ 1,738,269	$ 1,757,734

C. The details of deferred tax assets and liabilities as of March 31, 2006 and 2005 were as follows:

	March 31, 2006		March 31, 2005	
	Amount	Tax Effect	Amount	Tax Effect
Current:				
Temporary differences:				
Unrealized loss on obsolescence and decline in market value of inventories	$ 110,400	$ 27,599	$49,501	$ 12,375
Unrealized sales allowance	93,626	23,407	72,633	18,159
Unrealized foreign exchange loss(gain)	(2,107)	(527)	(50,043)	(12,511)
Bad debts expense	10,328	2,582	-	-
Unrealized foreign currency exchange gain arising from bonds payable	(213,817)	(53,454)	-	-
Compensation interest from bonds payable	327,387	81,847	-	-
Investment tax credit		739,902		602,000
		821,356		620,023
Allowance for deferred tax assets		(14,196)		(22,610)
		$ 807,160		$ 597,413
Noncurrent :				
Temporary differences:				
Unrealized loss on long-term investments	$ 400,015	$ 100,004	$400,015	$ 100,004
Depreciation expense	(668,971)	(167,243)	(740,021)	(185,005)
Unrealized foreign currency exchange (gain) loss arising from bonds payable	(131,436)	(32,859)	(795,250)	(198,813)
Compensation interest on bonds payable	-	-	476,533	119,133
Unrealized loss on idle assets	335,332	83,833	467,497	116,873
Investment tax credit		1,968,855		2,628,009
		1,952,590		2,580,201
Allowance for deferred tax assets		(214,321)		(822,467)
		$ 1,738,269		$ 1,757,734

Valuation allowance for deferred tax assets relates primarily to unrealized loss in long-term investments and allowance for investment tax credit.

D. The Company's income tax returns have been assessed and approved by the Tax Authority through 2002. However, the Company did not accept the reason and result of the reassessment and has petitioned to the government against the decision of the Tax Authority of its 2000 income tax returns. In addition, the Company did not accept the reason and result of the assessment of the Tax Authority and has requested for reassessment of its 2001 and 2002 income tax return. The Company believes that if it fails on the petition or reassessment, the result will not have a significant adverse impact on the Company.

E. As of March 31, 2006, 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	$ 2,217,174	$ 1,964,140	2005 to 2009
Qualifying research and development expenditures	571,586	571,586	2005 to 2009
Qualifying investments in significant technology companies	173,031	173,031	2005 to 2009
	$ 2,961,791	$ 2,708,757	

F. The Company is exempted from income tax for revenues arising from the assembly of certain integrated circuit products under the "Statute for Upgrading Industries" for five years through December 2008.

23. EARNINGS PER SHARE

	For the three months ended March 31, 2006				
	Income		Weighted average outstanding common stock	Earnings per share	
	Before tax	After tax	(in thousands)	Before tax (in dollars)	After tax
Basic EPS:					
Net income	$ 3,000,397	$2,823,890	2,395,382	$ 1.25	$ 1.18
Dilutive effect of employee stock option	-	-	15,365		
Dilutive effect of 3rd Euro convertible bonds	(63,522)	(31,142)	158,559		
Diluted EPS	$ 2,936,875	$2,792,748	2,569,306	$ 1.14	$ 1.09

	For the three months ended March 31, 2005				
	Income		Weighted average outstanding common stock	Earnings per share	
	Before tax	After tax	(in thousands)	Before tax (in dollars)	After tax
Basic EPS:					
Income from continuing operations	$ 500,352	$ 545,300	2,276,084	$ 0.22	$ 0.24
Cumulative effects of changes in accounting principles	650,508	650,508		0.29	0.29
Net income	1,150,860	1,195,808	2,276,084	$ 0.51	$ 0.53
Dilutive effect of employee stock option	-	-	17,225		
Dilutive effect of 3rd Euro convertible bonds	(30,935)	50,299	168,668		
Diluted EPS	$ 1,119,925	$1,246,107	2,461,977	$ 0.45	$ 0.51

24. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

	For the three months ended March 31, 2006		
	Operating cost	Operating expense	Total
Personnel Cost			
Payroll	$ 1,312,033	$ 246,623	$ 1,558,656
Labor and health insurance	99,010	16,665	115,675
Pension expense	59,181	12,706	71,887
Others	151,183	23,263	174,446
	$ 1,621,407	$ 299,257	$ 1,920,664
Depreciation	$ 1,534,068	$ 38,135	$ 1,572,203
Amortization	$ 94,761	$ 41,077	$ 135,838

	For the three months ended March 31, 2005		
	Operating cost	Operating expense	Total
Personnel Cost			
Payroll	$ 853,093	$ 192,619	$ 1,045,712
Labor and health insurance	58,495	13,323	71,818
Pension expense	25,969	7,405	33,374
Others	92,626	14,582	107,208
	$ 1,030,183	$ 227,929	$ 1,258,112
Depreciation	$ 1,413,558	$ 35,554	$ 1,449,112
Amortization	$ 80,622	$ 24,632	$ 105,254

25. RELATED PARTY TRANSACTIONS

A. Name and Relationship with Related Parties:

Name of Related Parties	Relationship with the Company
ChipMOS Technologies Inc.	Investee company accounted for under the equity method
Sigurd Microelectronics Corporation	Investee company accounted for under the equity method
Phoenix Precision Technology Corporation	The Company holds directorship
King Yuan Electronics Co., Ltd.	The Company holds directorship
Siliconware Investment Company Ltd.	Subsidiary of the Company
SPIL (B.V.I.) Holding Limited	Subsidiary of the Company
SPIL (Cayman) Holding Limited	Indirect subsidiary of the Company
Siliconware USA, Inc.	Indirect subsidiary of the Company
Siliconware Technology (Suzhou) Limited	Indirect subsidiary of the Company

B. Significant Transactions with Related Parties:

	For the three months ended March 31,			
	2006		2005	
	Amount	% of net purchase	Amount	% of net purchase
Phoenix Precision Technology Corporation	$ 930,114	16	$ 620,638	19

(1) Purchases

The purchase prices and payment terms provided by the related parties were generally comparable to those provided by non-related parties. The average payment period is approximately three months from the date of purchase.

(2) Accounts Payable

	March 31, 2006		March 31, 2005	
	Amount	% of accounts payable	Amount	% of accounts payable
Phoenix Precision Technology Corporation	$ 634,345	14	$ 215,758	11

(3) Commission Expense / Commission Payable

	For the three months ended March 31,			
	2006		2005	
	Commission expense	Commission payable	Commission expense	Commission payable
Siliconware USA, Inc.	$ 130,494	$ 46,320	$ 94,900	$ 31,850

The Company paid service fees, based on the service agreement, to Siliconware USA, Inc. for the services rendered in relation to marketing and promotion activities in the North America.

26. ASSETS PLEDGED AS COLLATERALS

As of March 31, 2006 and 2005, the following assets have been pledged as collaterals against certain obligations of the Company:

	March 31,		
Assets	2006	2005	Subject of collaterals
Buildings	$ -	$ 334,347	Long-term loans and bonds payable
Machinery and other equipment	-	716,108	Long-term loans
Time deposits (shown as other financial assets, current)	206,705	250,200	Guarantees for custom duties and income tax liabilities
	$ 206,705	$ 1,300,655	

27. COMMITMENTS AND CONTINGENCIES

A. As of March 31, 2006, the Company's issued but unused letters of credit for imported machinery and equipment were $1,133,971.

B. The Company entered into contracts with five foreign companies for the use of certain technologies and patents related to packaging system of integrated circuit products. The Company agreed to pay royalty fees based on the total number of certain products sold. Four contracts are valid through December 2007, November 2009, December 2010 and January 2011, respectively. For the other two contracts, one is valid through when all patents included in the contract expire; the other is valid until both parties agree to terminate the contract.

28. SIGNIFICANT DISASTER LOSS

None.

29. SIGNIFICANT SUBSEQUENT EVENT

None.

30. ADDITIONAL DISCLOSURES

A. Financial Statement Presentation:

Certain accounts in the financial statements for the three months ended March 31, 2005 have been reclassified to be consistent with the financial statements as of and for the three months ended March 31, 2006.

B. Fair values of financial instruments were as follows:

	March 31,			
	2006		2005	
Non-derivative financial instruments	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Financial assets with book value equal to fair value	$ 21,887,148	$ 21,887,148	$ 13,740,960	$ 13,740,960
Financial assets at fair value through profit or loss	-	-	1,384,279	1,387,001
Available-for-sale financial assets -noncurrent	9,570,347	9,570,347	2,483,576	3,842,557
Financial assets carried at cost-noncurre	3,891	-	3,891	-
	$ 31,461,386	$ 31,457,495	$ 17,612,706	$ 18,970,518
Financial Liabilities				
Financial liabilities with book value equal to fair value	$ 11,958,988	$ 11,958,988	$ 4,346,406	$ 4,346,406
Bonds payable (including current portio	8,914,091	11,332,937	11,507,728	11,101,511
Long-term loans	1,666,600	1,666,600	4,799,835	4,799,835
	$ 22,539,679	$ 24,958,525	$ 20,653,969	$ 20,247,752

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

(1) Financial assets and liabilities with book value proxied to fair value are cash and cash equivalents, notes receivable, accounts receivable, other current financial assets, refundable deposits, notes payable, accounts payable, income tax payable, accrued expenses, other payables, current portion of long-term debts and other liabilities because of their short maturities.

(2) Quoted market price is the fair value for the available-for-sale financial assets and financial assets at fair value through profit or loss.

(3) The book value of long-term loans is used as fair value because the loans bear floating interest rate.

(4) The fair value of bonds payable and current portion of bonds payable is based on its book value.

C. The fair value of the Company's financial instruments that are determined by the active market quotation price is as follows:

	March 31, 2006	
	The active market quotation price	Price from estimation
Non-derivatives		
Financial Assets		
Financial assets with book value equal to fair value	Note	Note
Available-for-sale financial assets-noncurrent	$ 9,570,347	$ -
Financial Liabilities		
Financial liabilities with book value equal to fair value	Note	Note
Bonds payable(including current portion due in one year)	$ 11,332,937	$ -
Long-term loans	$ -	$ 1,666,600

Note: These are short-term financial assets, and therefore book value was used to estimate their fair value, rather than active market quotation price or estimated price.

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

As of March 31, 2006, the Company's financial assets and liabilities with fair value fluctuation risk of interest rate were $12,172,665 and $8,914,091, respectively. The financial liabilities with cash flow fluctuation risk of interest rate were $4,800,000.

E. Financial assets and liabilities whose changes in fair value are not recognized in earnings:

The Company's interest income and interest expense from financial assets and liabilities whose changes in fair value were not recognized in earnings were $87,834 and $46,608 for the three months ended March 31, 2006. Available-for-sale financial assets recorded as the adjustment of the shareholders' equity for the three-month period were $7,277,284.

F. Financial risk control:

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

G. Financial risk information:

1. Financial Assets: investments in equity instruments

	March 31, 2006
Available-for-sale financial assets	$ 9,570,347
Financial assets carried at cost	3,891
	$ 9,574,238

(1) Market risk:

The Company's investments in equity instruments are exposed to the market price risk. However, the Company performs risk management controls to minimize the potential loss to an acceptable level. The Company believes that the probability of significant market risk is low.

(2) Credit risk:

The Company's 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 the investment transaction. Thus the credit risk is low.

(3) Liquidity risk:

The Company's 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, so the cash flows from equity instruments are independent of change on market interest rates.

2. Financial liabilities: debt instruments

	March 31, 2006
Bonds payable	$ 8,914,091
Long-term loans	4,800,000
	$ 13,714,091

(1) Market risk:

Debt instruments include zero-coupon convertible bonds embedded with call and put options, fixed interest-bearing bonds, and long-term loans. The fair value changes of our USD denominated convertible bonds are affected by the stock price. However, we can minimize the market price risk by exercising the call option and reduce the foreign exchange rate exposure by maintaining equivalent amounts of assets denominated in USD. Our long-term loans are not exposed to market price risks because the borrowings were issued at variable rates.

(2) Credit risk:

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

(3) Liquidity risk:

The Company maintains sufficient working capital to meet its cash requirements. We believe that there is no significant liquidity risk.

(4) Cash flow risk of interest rate:

Our zero-coupon and fixed interest bearing bonds are not exposed to cash flow interest rate risk. Borrowings issued at variable interest rates exposed the Company to cash flow interest rate risk.

31. SPECIAL DISCLOSURE ITEMS

A. Significant Transaction Information

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

For the three months ended March 31, 2006: None.

(2) Endorsement and guarantee provided to third parties:

For the three months ended March 31, 2006: None.

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

As of March 31, 2006:

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)
Siliconware Precision Industries Co., Ltd.	Stock	Siliconware Investment Company Ltd.	Investee accounted for under the equity method	Long-term investments accounts for under the equity method	177,000	$ 1,250,289	100.00%	(Note 1) $14.72
Siliconware Precision Industries Co., Ltd.	Stock	Sigurd Microelectronics Corp.	Investee accounted for under the equity method	Long-term investments accounts for under the equity method	44,428	724,140	23.39%	20.80
Siliconware Precision Industries Co., Ltd.	Stock	Double Win Enterprise Co., Ltd.	Investee accounted for under the equity method	Long-term investments accounts for under the equity method	6,760	-	24.14%	(Note 2) 9.43
Siliconware Precision Industries Co., Ltd.	Stock	ChipMOS Technologies Inc.	Investee accounted for under the equity method	Long-term investments accounts for under the equity method	254,863	3,924,937	28.75%	(Note 1) 16.18
Siliconware Precision Industries Co., Ltd.	Stock	SPIL (B.V.I.) Holding Limited	Investee accounted for under the equity method	Long-term investments accounts for under the equity method	77,800	2,255,724	100.00%	(Note 1) 28.99
Siliconware Precision Industries Co., Ltd.	Stock	Phoenix Precision Technology Corporation	The company holds directorship	Available-for-sale financial assets	96,843	6,953,319	16.69%	71.80
Siliconware Precision Industries Co., Ltd.	Stock	King Yuan Electronics Co., Ltd.	The company holds directorship	Available-for-sale financial assets	80,031	2,617,028	8.38%	32.70
Siliconware Precision Industries Co., Ltd.	Stock	Others (Note 3)	—	Financial assets carried at cost	130	3,891	-	-

Note (1): The market value is not available; therefore, the net equity per share as of March 31, 2006 was used.

Note (2): The market value is not available; therefore, the net equity per share as of December 31, 2005 was used.

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

For the three months ended March 31, 2006:

Investor	Name of the security	General ledger accounts	Name of the counter party	The relationship of the issuers with the Company	Beginning balance: Number of shares/unit (in thousands)	Beginning balance: Amount	Addition: Number of shares/unit (in thousands)	Addition: Amount	Disposal: Number of shares/unit (in thousands)	Disposal: Sale price	Disposal: Book value	Disposal: Gain (loss) from disposal	Ending balance: Number of shares/unit (in thousands)	Ending balance: Amount
Siliconware Precision Industries Co., Ltd.	SPIL (B.V.I.) Holding Limited	Long-term investments accounted for under the equity method	–	–	62,800	$1,794,319	15,000	$487,050	–	$ –	$ –	$ –	77,800	(Note 1) $2,255,724

Note (1): The ending balance includes the investment gain and loss accounted for under the equity method.

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

For the three months ended March 31, 2006: 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 three months ended March 31, 2006: 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 three months ended March 31, 2006:

			Description of the transaction				Description of and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable / payable	
Purchase / sales company	Name of the counter parties	Relationship with the counter parties	Purchases / sales	Amount	Percentage of net purchases / sales	Credit terms	Unit price	Credit terms	Amount	Percentage of notes or accounts receivable / payable
Siliconware Precision Industries Co., Ltd.	Phoenix Precision Technology Corporation	The Company holds directorship	Purchase	$ 930, 114	16%	Three months	$ -	-	Accounts payable $634,345	14%

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

For the three months ended March 31, 2006: None.

(9) Transaction of derivative financial instruments:

For the three months ended March 31, 2006: None.

B. Related Information on Investee Companies

(1) Basic information on investee companies:

For the three months ended March 31, 2006:

				Original investments		The Company / majority owned subsidiary owns			Current period		
Investor	Name of Investee	Location	Main activities	Current period ending balance	Prior period ending balance	Shares (in thousands)	Ownership Percentage	Book value	Net income (loss) of investee	Income (loss) recognized by the Company	Note
Siliconware Precision Industries Co., Ltd.	Siliconware Investment Company Ltd.	Taipei	Investment activities	$1,770,000	$1,770,000	177,000	100.00%	$1,250,289	$237	$237	(Note1, 2)
Siliconware Precision Industries Co., Ltd.	Sigurd Microelectronics Corp.	Chu-tung, Hsin-Chu	Testing and assembly of integrated circuits	459,274	459,274	44,428	23.39%	724,140	-	-	(Note 1)
Siliconware Precision Industries Co., Ltd.	Double Win Enterprise Co., Ltd.	Ping-chen City, Taoyuan	SMT process and hand insert	152,100	152,100	6,760	24.14%	-	-	-	(Note 1)
Siliconware Precision Industries Co., Ltd.	ChipMOS Technologies Inc.	Science-based Industrial Park, Hsin-Chu	Testing and assembly of integrated circuits	2,332,768	2,332,768	254,863	28.75%	3,924,937	-	-	(Notes 1)
Siliconware Precision Industries Co., Ltd.	SPIL (B.V.I.) Holding Limited	British Virgin Islands	Investment activities	2,620,869	2,133,819	77,800	100.00%	2,255,724	(7,733)	(7,733)	(Note 1,2)
SPIL (B.V.I.) Holding Limited	Siliconware USA, Inc.	San Jose, CA, USA	and marketing services	68,464	68,464	1,250	100.00%	99,379	24,715	24,715	(Note 3)
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Cayman Islands, British West India	Investment activities	1,643,875	1,157,575	50,100	100.00%	1,264,691	(42,086)	(42,086)	(Note 4)
SPIL (Cayman) Holding Limited	Siliconware Technology (Suzhou) Limited	Suzhou Jiangsu, China	Manufacturing of memory stick, DRAM module, transistor and electronic component	1,641,380	1,154,330	(Note 5)	100.00%	1,263,107	(42,054)	(42,054)	(Note 4)

Note (1): The Company's investee accounted for under the equity method.
Note (2): The Company's majority 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$50,000 thousand dollars.

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

As of March 31, 2006:

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 (Note 2)	Ownership percentage	Market value per share (in dollar)
Siliconware Investment Company Ltd.	Stock	Siliconware Precision Industries Co., Ltd.	The Company	Long-term investments	32,090	$1,355,797	1.39%	$42.25
Siliconware Investment Company Ltd.	Stock	Others (Note 1)	—	Long-term investments	69,348	1,044,334	-	-
SPIL (B.V.I.) Holding Limited	Stock	Siliconware USA, Inc.	Indirect subsidiary of the Company	Long-term investments	1,250	99,379	100.00%	79.50 (Note 2)
SPIL (B.V.I.) Holding Limited	Stock	SPIL (Cayman) Holding Limited	Indirect subsidiary of the Company	Long-term investments	50,100	1,264,691	100.00%	25.24 (Note 2)
SPIL (Cayman) Holding Limited	Stock	Siliconware Technology (Suzhou) Limited	Indirect subsidiary of the Company	Long-term investments	(Note 3)	1,263,107	100.00%	-

Note (1): Combined amount for individual securities less than $100,000.

Note (2): The market value is not available; therefore, the net equity per share as of March 31, 2006 was used.

Note (3): The contributed capital was US$50,000 thousand dollars.

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

For the three months ended March 31, 2006:

					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 (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sale price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount (Note 5)
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Long-term investment	(Note 1)	—	35,100	$826,252	15,000	$486,300	-	$ -	$ -	$ -	50,100	$1,264,691
SPIL (Cayman) Holding Limited	Siliconware Technology (Suzhou) Limited	Long-term investment	(Note 1)	—	(Note 2)	824,617	(Note 3)	487,050	-	-	-	-	(Note 4)	1,263,107

Note (1): Paid in capital.

Note (2): The contributed capital was US$35,000 thousand dollars.

Note (3): The contributed capital was US$15,000 thousand dollars.

Note (4): The contributed capital was US$50,000 thousand dollars.

Note (5): The ending balance includes the investment gain and loss under the equity method.

C. Information of investment in Mainland China:

(1) Information of investment in Mainland China:

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of March 31,2006	Remitted or (collected) this period	Accumulated remittance as of March 31, 2006	Ownership held by the Company (Direct and indirect)
Siliconware Technology (Suzhou) Limited	Manufacturing of memory stick, DRAM module, transistor and electronic component	$1,620,500 (Note 2)	(Note 1)	$1,134,350 (Note 2)	$486,150 (Note 2)	$1,620,500 (Note 2)	100.00%

Investment income (loss) recognized by the Company during the period	Ending balance of investment	The investment income (loss) remitted back as of March 31, 2006	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
($42,054)	$1,263,107 (Note 2)	$ -	$1,620,500	$1,620,500	$12,213,999

Note1: The Company set up a subsidiary in Cayman Island to invest in Mainland China.

Note2: Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date.

(1) 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: None.

32. SEGMENT INFORMATION : NONE