SILICONWARE PRECISION INDUSTRIES CO., LTD.

FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2006 AND 2005

REPORT OF INDEPENDENT ACCOUNTANT

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

We have audited the accompanying non-consolidated balance sheets of Siliconware Precision Industries Co., Ltd. as of June 30, 2006 and 2005, and the related non-consolidated statements of income, of changes in stockholders' equity and of cash flows for the six-month periods 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. As discussed in Note 9, 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 June 30, 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 six-month periods ended June 30, 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 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 rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

As described in Note 9, the financial statements of certain long-term investments accounted for under the equity method as of and for the six-month periods ended June 30, 2006 and 2005 were not audited by independent auditors. As of June 30, 2006 and 2005, the balances of the Company's long-term investments in these investee companies were $7,632,363 thousand and $7,198,495 thousand, respectively, and the related investment income for the six-month periods ended June 30, 2006 and 2005 were \$464,268 thousand and \$22,674 thousand, respectively.

In our opinion, based on our audits and the reports of other auditors, except for the effects on the financial statements as of and for the six-month periods ended June 30, 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 audited by independent accountants, the accompanying non-consolidated financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of Siliconware Precision Industries Co., Ltd. as of June 30, 2006 and 2005, and the results of its non-consolidated operations and its non-consolidated cash flows for the six-month periods then ended, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

As discussed in Note 3, 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".

We have also reviewed and issued a qualified review report on the consolidated balance sheets of Siliconware Precision Industries Co., Ltd. and its subsidiaries as of June 30, 2006 and 2005, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the six-month periods then ended.

Taichung, Taiwan

Republic of China

July 31, 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 audit 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 audit report of the independent accountants are not intended for use by those who are not informed about the accounting principles or auditing 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)

	June 30, 2006	June 30, 2005
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	$13,122,206	$ 10,680,450
Notes receivable, net	222,455	80,365
Accounts receivable, net (Notes 5)	7,994,222	6,111,248
Other financial assets - current (Notes 29)	1,123,845	600,906
Inventories (Note 6)	2,982,550	2,111,426
Deferred tax assets - current (Note 21)	820,480	679,807
Other current assets	549,050	585,677
	26,814,808	20,849,879
Long-term Investments (Note 9)		
Available for sale financial assets	8,181,516	2,432,326
Financial assets carried at cost	3,891	3,891
Long-term investment under equity method	7,632,363	7,198,495
	15,817,770	9,634,712
Property, Plant and Equipment (Notes 10 and 25)		
Cost:		
Land	2,128,476	2,128,476
Buildings	7,234,472	6,553,457
Machinery and equipment	41,714,592	35,366,237
Utility equipment	572,818	475,991
Furniture and fixtures	596,691	521,535
Other equipment	1,723,810	1,436,334
	53,970,859	46,482,030
Accumulated depreciation	(25,184,110)	(21,742,464)
Construction in progress and prepayments for equipment	1,826,801	1,878,292
	30,613,550	26,617,858
Other Assets		
Refundable deposits	6,880	6,799
Deferred charges	706,624	750,761
Deferred income tax asset – noncurrent (Note 21)	1,602,241	1,682,712
Other assets – others (Note 11)	272,317	123,443
	2,588,062	2,563,715
TOTAL ASSETS	$ 75,834,190	$ 59,666,164

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

	June 30, 2006	June 30, 2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	$ 879	$ 2,933
Accounts payable (Note 24)	4,492,097	3,758,371
Income tax payable (Note 21)	395,881	36,352
Accrued expenses	1,537,729	917,305
Other payables (Note 12)	6,433,622	4,012,972
Current portion of long-term loans (Notes 13 and 14)	1,994,126	236,000
Other current liabilities	357,175	70,576
	15,211,509	9,034,509
Long-term Liabilities		
Bonds payable (Note 13)	5,918,271	11,470,918
Long-term loans (Note 14)	1,666,660	4,799,426
	7,584,931	16,270,344
Other Liabilities	347,150	37,904
Total Liabilities	23,143,590	25,342,757
Stockholders' Equity (Notes 1 and 16)		
Capital stock	25,062,567	21,144,393
Stock dividends to be distributed	2,677,943	1,876,553
Capital reserve (Note 17)		
Additional paid-in capital	10,031,890	6,426,828
Premium arising from merger	1,951,563	1,951,563
Others	92,404	35,147
Retained earnings (Note 18)		
Legal reserve	2,003,494	1,179,104
Special reserve	50,029	141,053
Unappropriated earnings	6,363,731	2,529,238
Unrealized gain (loss) on available for sale financial assets	5,352,861	(231)
Cumulative translation adjustments	(65,230)	(143,610)
Net loss not recognized as pension cost	(1,787)	(1,301)
Treasury stock (Note 19)	(828,865)	(815,330)
Total Stockholders' Equity	52,690,600	34,323,407
Commitments and Contingencies (Note 26)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 75,834,190	$ 59,666,164

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated July 31, 2006.

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

	For the six months ended June 30, 2006	2005
Operating Revenues		
Sales	$ 27,214,484	$ 17,095,015
Sales allowances	(134,644)	(72,770)
Net Operating Revenues	27,079,840	17,022,245
Cost of Goods Sold (Note 24)	(19,959,840)	(14,203,437)
Gross Profit	7,120,000	2,818,808
Operating Expenses		
Selling expenses	(368,988)	(268,758)
Administrative expenses	(488,678)	(379,925)
Research and development expenses	(514,878)	(398,595)
	(1,372,544)	(1,047,278)
Operating Income	5,747,456	1,771,530
Non-operating Income and Gain		
Interest income	177,183	110,747
Investment income accounted for under equity method	464,268	18,630
Others	382,502	238,337
	1,023,953	367,714
Non-operating Expenses and Losses		
Interest expenses	(73,722)	(111,671)
Impairment loss (Note 20)	-	(163,650)
Others	(68,262)	(78,870)
	(141,984)	(354,191)
Income Before Income Tax	6,629,425	1,785,053
Income Tax Benefit (Expense) (Note 21)	(313,253)	52,197
Income from Continuing Operations	6,316,172	1,837,250
Cumulative Effects of Changes in Accounting Principles (Note 3)	-	650,508
Net Income	$ 6,316,172	$ 2,487,758

	2006 Before tax	2006 After tax	2005 Before tax	2005 After tax
Basic Earnings Per Share (in dollars) (Note 22)				
Income from continuing operations	$ 2.75	$ 2.62	$ 0.79	$ 0.82
Cumulative effects of changes in accounting principles	-	-	0.29	0.29
Net income	$ 2.75	$ 2.62	$ 1.08	$ 1.11
Diluted Earnings Per Share (in dollars)				
Income from continuing operations	$ 2.54	$ 2.43	$ 0.70	$ 0.80
Cumulative effects of changes in accounting principles	-	-	0.25	0.25
Net income	$ 2.54	$ 2.43	$ 0.95	$ 1.05
Pro forma information as if the stocks of the Company held by subsidiaries were not treated as treasury stock:				
Net income	$ 6,629,425	$6,316,172	$ 2,435,561	$ 2,487,758
Basic Earnings Per Share (in dollars)	$ 2.71	$ 2.58	$ 1.07	$ 1.09
Diluted Earnings Per Share (in dollars)	$ 2.50	$ 2.40	$ 0.94	$ 1.03

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated July 31, 2006.

SILICONWARE PRECISION INDUSTRIES CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained Earnings							
	Capital Stock	Stock Dividends To Be Distributed	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Loss On Available For Sale Financial Assets	Cumulative Translation Adjustments	Net Loss Not Recognized As Pension Cost	Treasury Stock	Total
Balance at January 1, 2005	$21,050,731	—	$8,305,832	$ 750,886	$ —	$ 4,320,831	—	($ 141,053)	$ —	($ 794,184)	$33,493,043
Appropriation for legal reserve	—	—	—	428,218	—	(428,218)	—	—	—	—	—
Appropriation for special reserve	—	—	—	—	141,053	(141,053)	—	—	—	—	—
Remuneration to directors and supervisors	—	—	—	—	—	(74,258)	—	—	—	—	(74,258)
Employees' cash bonus	—	—	—	—	—	(175,927)	—	—	—	—	(175,927)
Employees' stock bonus	—	187,655	—	—	—	(187,655)	—	—	—	—	—
Cash dividends	—	—	—	—	—	(1,583,342)	—	—	—	—	(1,583,342)
Appropriation for stock dividends to be distributed	—	1,688,898	—	—	—	(1,688,898)	—	—	—	—	—
Unrealized loss on long-term investment	—	—	—	—	—	—	(231)	—	—	—	(231)
Conversion of Euro convertible bonds	33,167	—	64,828	—	—	—	—	—	—	—	97,995
Employee stock option exercised	60,495	—	22,383	—	—	—	—	—	—	—	82,878
Long-term investment adjustment for investee company's additional paid-in capital	—	—	23,138	—	—	—	—	—	—	—	23,138
Long-term investment adjustment for investee company's cumulative translation adjustment	—	—	(2,643)	—	—	—	—	(2,557)	—	—	(5,200)
Long-term investment adjustment for investee company's unrecognized pension cost	—	—	—	—	—	—	—	—	(1,301)	—	(1,301)
Long-term investment adjustment for investee company's treasury stock variances	—	—	—	—	—	—	—	—	—	(21,146)	(21,146)
Net income	—	—	—	—	—	2,487,758	—	—	—	—	2,487,758
Balance at June 30, 2005	$21,144,393	$ 1,876,553	$8,413,538	$1,179,104	$ 141,053	$ 2,529,238	($ 231)	($ 143,610)	($ 1,301)	($ 815,330)	$34,323,407

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SILICONWARE PRECISION INDUSTRIES CO., LTD.
NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY(CONTINUED)
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005
EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained Earnings			Unrealized Gain(Loss)	Cumulative	Net Loss Not		
	Capital Stock	Stock Dividends To Be Distributed	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	On Available For Sale Financial Assets	Translation Adjustments	Recognized As Pension Cost	Treasury Stock	Total
Balance at January 1, 2006	$ 23, 289, 193	$ -	$ 8, 853, 379	$ 1, 179, 104	$ 141, 053	$ 8, 241, 034	($ 737)	($ 47, 463)	($ 1, 828)	($ 828, 728)	$ 40, 825, 007
Appropriation for legal reserve	-	-	-	824, 390	-	(824, 390)	-	-	-	-	-
Appropriation for special reserve	-	-	-	-	(91, 024)	91, 024	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	(149, 324)	-	-	-	-	(149, 324)
Employees' cash bonus	-	-	-	-	-	(463, 284)	-	-	-	-	(463, 284)
Employees' stock bonus	-	267, 794	-	-	-	(267, 794)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(4, 169, 558)	-	-	-	-	(4, 169, 558)
Appropriation for stock dividends to be distributed	-	2, 410, 149	-	-	-	(2, 410, 149)	-	-	-	-	-
Conversion of Euro convertible bonds	1, 676, 410	-	3, 197, 554	-	-	-	-	-	-	-	4, 873, 964
Employee stock option exercised	96, 964	-	18, 458	-	-	-	-	-	-	-	115, 422
Long-term investment adjustment for investee company's additional paid-in capital	-	-	6, 466	-	-	-	-	-	-	-	6, 466
Long-term investment adjustment for investee company's cumulative translation adjustment	-	-	-	-	-	-	-	(17, 767)	-	-	(17, 767)
Unrealized gain(loss) on available-for-sale securities	-	-	-	-	-	-	5, 353, 598	-	-	-	5, 353, 598
Long-term investment adjustment for investee company's treasury stock variances	-	-	-	-	-	-	-	-	-	(137)	(137)
Long-term investment adjustment for investee company's unrecognized pension cost	-	-	-	-	-	-	-	-	41	-	41
Net income	-	-	-	-	-	6, 316, 172	-	-	-	-	6, 316, 172
Balance at June 30, 2006	$ 25, 062, 567	$ 2, 677, 943	$ 12, 075, 857	$ 2, 003, 494	$ 50, 029	$ 6, 363, 731	$ 5, 352, 861	($ 65, 230)	($ 1, 787)	($ 828, 865)	$ 52, 690, 600

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated July 31, 2006.

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

	For the six months ended June 30,	
	2006	2005
Cash flows from operating activities		
Net income	$ 6,316,172	$ 2,487,758
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,203,940	2,889,614
Amortization	276,471	243,413
Reversal of bad debt expense	(1,951)	-
(Reversal of) provision for reserve for sales allowance	32,352	(63,701)
Gain on disposal of investments	-	(13,490)
Recovery of loss on obsolescence and decline in market value of inventory	(4,500)	(21,647)
Long-term investment income under the equity method	(464,268)	(669,138)
Impairment loss on long-term investment	-	163,650
Gain on disposal of property, plant and equipment	(27,772)	(13,942)
Provision for loss on idle assets	17,240	27,529
Amortization of discount on long-term notes	-	1,138
Compensation interest on bonds payable	29,658	68,925
Foreign currency exchange gain on bonds payable	(166,214)	(32,375)
(Increase) decrease in assets:		
Notes receivable	(65,556)	(8,282)
Accounts receivable	1,344,027	(447,717)
Other financial assets – current	(149,899)	(237,191)
Inventories	(214,137)	(146,405)
Deferred income tax assets	46,180	(53,203)
Other current assets	(24,409)	(75,352)
Increase (decrease) in liabilities:		
Notes payable	(4,614)	1,949
Accounts payable	(538,931)	1,718,045
Income tax payable	242,865	-
Accrued expenses	(41,954)	(94,095)
Other payables	(290,312)	78,614
Other current liabilities	47,312	19,090
Accrued pension liabilities	-	6,373
Net cash provided by operating activities	9,561,700	5,829,560

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

	For the six months ended June 30, 2006	2005
Cash flows from investing activities		
Purchase of financial assets at fair value through profit or loss - current	-	($ 4,774,000)
Proceeds from disposal of financial assets at fair value through profit or loss -current	-	6,730,250
Payment for security deposits	(23,000)	(12,000)
Refund of security deposits	32,200	54,000
Purchase of long-term investments under equity method	(487,050)	(157,050)
Proceeds from disposal of long-term investments	-	51,462
Acquisition of property, plant, and equipment	(5,221,657)	(2,594,632)
Proceeds from disposal of assets	119,850	34,670
Payment for deferred charges	(209,212)	(177,108)
Refund of refundable deposits	261	4,594
Net cash used in investing activities	(5,788,608)	(839,814)
Cash flows from financing activities		
Repayment of long-term loans	(1,500,000)	(2,920,000)
Redemption of bonds payable	-	(800,000)
Receipt (repayment) of deposit-in	313,582	(110)
Proceeds from the execution of employee stock option	115,422	82,878
Remuneration to directors and supervisors	(149,324)	-
Net cash used in financing activities	(1,220,320)	(3,637,232)
Net increase in cash and cash equivalents	2,552,772	1,352,514
Cash and cash equivalents at beginning of period	10,569,434	9,327,936
Cash and cash equivalents at end of period	$ 13,122,206	$ 10,680,450
Supplemental disclosures of cash flow information:		
Cash paid for interest (excluding capitalized interest)	$ 75,529	$ 72,938
Cash paid for income tax	$ 24,209	$ 1,006
Supplemental disclosures of partial cash paid for investing activities		
Acquisition of property, plant and equipment	$ 4,903,733	$ 3,262,947
Add：Payable at beginning of period	1,565,412	632,082
Less：Payable at end of period	(1,247,488)	(1,300,397)
Cash paid	$ 5,221,657	$ 2,594,632
Non-cash financing activities		
Employees' cash bonuses and stockholders' cash dividends	$ 4,632,842	$ 1,759,269
Less: Payable for employees' bonuses and stockholders' dividends	(4,632,842)	(1,759,269)
Cash paid	$ -	$ -

The accompanying notes are an integral part of these non-consolidated financial statements.
See report of independent accountants dated July 31, 2006.

SILICONWARE PRECISION INDUSTRIES CO., LTD.
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 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 June 30, 2006, issued common stock was $25,062,567. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. As of June 30, 2006, the Company has 13,071 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

Investments in equity securities are recorded at the transaction date, rather than settlement 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

Investments in equity securities are recorded at the transaction date, rather than settlement 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. 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 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.

Accounts Receivable

Accounts receivable expected to be collected over one year are recorded at present value by using predetermined interest rate.

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 accounted for under the equity method

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.

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 and depreciated accordingly.

B. Depreciation is provided on the straight-line method over the assets' estimated economic service lives, plus an 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.

Deferred Charges

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.

Bonds Payable

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 of non-financial assets

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 can not be 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 June 30, 2005 and for the six-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 six-month period ended June 30, 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.

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.

(3) 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 material impact on net income and earnings per share for the six-month period ended June 30,2006.

4. CASH AND CASH EQUIVALENTS

	June 30, 2006	June 30, 2005
Cash		
Cash on hand	$ 1,596	$ 1,446
Savings accounts	698,879	1,347,420
Checking accounts	1,774	1,200
Time deposits	12,419,957	9,330,384
	$ 13,122,206	$ 10,680,450

As of June 30, 2006 and 2005, the interest rates for time deposits ranged from 1.25% to 5.14% and from 0.85% to 3.25%, respectively.

5. ACCOUNTS RECEIVABLE

	June 30, 2006	June 30, 2005
Accounts receivable	$ 8,104,082	$ 6,149,553
Less : Allowance for sales discounts	(99,532)	(28,936)
Allowance for doubtful accounts	(10,328)	(9,369)
	$ 7,994,222	$ 6,111,248

6. INVENTORIES

	June 30, 2006	June 30, 2005
Raw materials and supplies	$ 2,706,674	$ 1,814,061
Work in process	254,853	213,090
Finished goods	65,869	108,077
	3,027,396	2,135,228

Less :Allowance for loss on obsolescence and decline in market value of inventory	(44,846)	(23,802)
	$ 2,982,550	$ 2,111,426

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS – NON-CURRENT

	June 30,	
	2006	2005
Cost of Listed Securities	$ 3,022,121	$ 2,432,326
Valuation Adjustment	5,159,395	-
	$ 8,181,516	$ 2,432,326

8. FINANCIAL ASSETS CARRIED AT COST, NON-CURRENT

	June 30,	
	2006	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.

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

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

	June 30,			
	2006		2005	
Investee company	Amount	Percentage of ownership	Amount	Percentage of ownership
Equity method :				
Siliconware Investment Company Ltd.	$1,177,634	100.00%	$ 885,307	100.00%
Sigurd Microelectronics Corp.	-	-	726,600	26.52%
Double Win Enterprise Co., Ltd.	84,450	24.14%	84,450	24.14%
ChipMOS Technologies Inc.	4,186,586	28.75%	3,817,139	28.73%
SPIL (B.V.I.) Holding Limited	2,268,143	100.00%	1,769,449	100.00%
	7,716,813		7,282,945	
Less:Accumulated impairment loss	(84,450)		(84,450)	
	$7,632,363		$7,198,495	

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 six-month period ended June 30, 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 six months ended June 30, 2006 and 2005, the Company recognized investment income of $464,268 and $22,674, respectively, for all investees accounted for under the equity method based on investees' unreviewed financial statements for the same periods by weighted-average percentage of stock ownership.

E. Due to the merger of Sigurd, one of the Company's investees originally accounted for under the equity method, with the other company at June 12, 2006, the Company is not able to exercise significant influence on Sigurd and its percentage of ownership has been reduced to below 20%. The Company reclassified the investment in Sigurd as available-for-sale financial asset – non –current and recorded unrealized gain on available-for-sale financial asset of $123,950.

10. PROPERTY, PLANT AND EQUIPMENT

	June 30,2006		
	Cost	Accumulated depreciation	Book value
Land	$ 2,128,476	$ -	$ 2,128,476
Buildings	7,234,472	(1,887,623)	5,346,849
Machinery and equipment	41,714,592	(21,765,137)	19,949,455
Utility equipment	572,818	(355,149)	217,669
Furniture and fixtures	596,691	(306,357)	290,334
Other equipment	1,723,810	(869,844)	853,966
Construction in progress and	1,826,801	-	1,826,801

prepayments for equipment			
	$55,797,660	($ 25,184,110)	$30,613,550

	June 30,2005		
	Cost	Accumulated depreciation	Book value
Land	$ 2,128,476	$ -	$ 2,128,476
Buildings	6,553,457	(1,531,162)	5,022,295
Machinery and equipment	35,366,237	(18,881,416)	16,484,821
Utility equipment	475,991	(298,505)	177,486
Furniture and fixtures	521,535	(271,053)	250,482
Other equipment	1,436,334	(760,328)	676,006
Construction in progress and prepayments for equipment	1,878,292	-	1,878,292
	$48,360,322	($ 21,742,464)	$26,617,858

For the six months ended June 30, 2006, The Company has no interest that was capitalized as property, plant and equipment. For the six months ended June 30, 2005, total interest expenses amounted to $120,119, of which $8,448 was capitalized as property, plant and equipment. The interest rates used to calculate the capitalized interest was 1.1726 %.

11. OTHER ASSETS－OTHERS

	June 30	
	2006	2005
Land	$ 108,087	$ 108,087
Leased assets	158,656	15,356
Others	5,574	-
	$ 272,317	$ 123,443

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 June 30, 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.

12. OTHER PAYABLES

	June 30, 2006	June 30, 2005
Cash dividends and employees' bonus	$ 4,632,842	$ 1,759,299
Payables for equipment	1,247,488	1,300,397
Accrued value-added tax payable	-	438,119
Compensation payable to directors and supervisors	-	74,258
Other payables	553,292	440,899
	$ 6,433,622	$ 4,012,972

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, and the full amount has been paid.

13. BONDS PAYABLE

	June 30, 2006	June 30, 2005
Euro convertible bonds payable	$ 6,237,284	$11,000,258
Add : Compensation interest payable	41,773	470,660
	6,279,057	11,470,918
Less : Current portion of long-term bonds payable	(360,786)	-
	$ 5,918,271	$11,470,918

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 June 30, 2006, the conversion price was NT$27.27 (in dollars) per share.

(5) As of June 30, 2006, the convertible bonds with the principal amount of US$149,175 (in thousands) has been converted into 189,076 thousand shares, which resulted in an increase of capital reserve of $3,493,580. Also, as of June 30, 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 June 30, 2006, the conversion price was NT$39.10 (in dollars) per share.

(5) As of June 30, 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 June 30, 2006, the Company did not repurchase any of 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.

14. LONG-TERM LOANS

Nature of loans	Repayment period	June 30, 2006	June 30, 2005
Credit loans	Repayable in 3 semi-annual installments from July 2006	$ 3,300,000	$ 4,800,000
Commercial paper	Repayable in 7 semi-annual installments from April 2002	-	125,000
Secured loans	Repayable in 8 semi-annual installments from April 2002	-	111,000
		3,300,000	5,036,000
Less: Current portion of long-term loans		(1,633,340)	(236,000)
Discount on commercial paper		-	(574)
		$ 1,666,660	$ 4,799,426
Interest rates		2.1%～2.19%	1.89%～2.33%

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 significant assets transfer. As of June 30, 2006 and 2005, the Company has complied with such covenants.

15. 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 $28,202 and $67,005 were recognized for the six months ended June 30, 2006 and 2005, respectively. Also, as of June 30, 2006 and 2005, the company deposited $935,048 and $856,276 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 $119,421 was recognized for the six months ended June 30, 2006.

16. CAPITAL STOCK / STOCK DIVIDENDS TO BE DISTRIBUTED

A. As of June 30, 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 June 30, 2006, issued common stock was $25,062,567 represented by 2,506,256,700 shares.

B. On June 12, 2006, the stockholders of the Company resolved to capitalize the unappropriated earnings of $2,410,149 and the employee bonus of $267,794 by issuing 267,794 thousand new shares and determined August 7, 2006 as the dividend record date. The Securities and Futures Bureau (SFB) has approved this capital increase of $27,740,510 and registration has been completed on June 27, 2006.

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 June 30, 2006, the outstanding ADSs amounted to 75,502,446 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 will be graded vested after two years of service in accordance with the employee stock option plan.

(1) For the six months ended June 30, 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 six months ended June 30, 2006	
	Number of employee stock option	Weighted average exercise price (in dollars)
Outstanding option at the beginning of the period	$ 26,348	$ 11.95
Number of option exercised	(9,696)	11.90
Number of option canceled / surrendered	(318)	11.91
Outstanding option at the end of the period	16,334	11.98
Vested option at the end of the period	4,383	11.91
Authorized option available for future grant at the end of the period	—	

	For the six months ended June 30, 2005	
	Number of employee stock option	Weighted average exercise price (in dollars)
Outstanding option at the beginning of the period	$ 35,828	$ 13.76
Number of option exercised	(6,050)	13.70
Number of option canceled / surrendered	(931)	13.72
Outstanding option at the end of the period	28,847	13.77
Vested option at the end of the period	4,420	13.84
Authorized option available for future grant at the end of the period	—	

(2) As of June 30, 2006, the details of the outstanding employee stock option are as follows:

Outstanding employee stock option				Outstanding exercisable employee stock option	
Exercise price (in dollars)	Unit of option	Weighted average remaining contractual life	Weighted average exercise price (in dollars)	Unit of option	Weighted average exercise price (in dollars)
$11.9~$12.4	16,334	1.64 Years	$ 11.98	4,383	$ 11.91

17. 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 cannot be made in the year the Company issues the new shares and the amount to be capitalized is subject to certain limitation.

18. 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. 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 June 30, 2006, the undistributed earnings derived on or after January 1, 1998 was $6,363,731 thousands.

E. As of June 30, 2006, the balance of stockholders' imputation tax credit account of the Company was $63,870. The rate of stockholders' imputation tax credit to undistributed earnings was approximately 1%. 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.

F. On June 12, 2006, the stockholders of the Company resolved to distribute stock dividends of $2,410,149 and cash dividends of $4,169,558, respectively. The total amount of dividends per share, including stock dividends of $1(in dollar) per share and cash dividends of $1.73 (in dollar) per share, was $2.73 (in dollar).

G. August 1, 2006 was determined as the ex-dividend date. Due to the conversion of the Company's Euro convertible bonds, the Company distributed total amount of dividends $2.62 (in dollar) per share, including stock dividends of $0.96 (in dollar) per share and cash dividends of $1.66 (in dollar) per share.

H. On June 13, 2005, the stockholders of the Company resolved to distribute stock dividends of $1,688,898 and cash dividends of $1,583,342, respectively. The total amount of dividends per share, including stock dividends of $0.8(in dollar) per share and cash dividends of $0.75 (in dollar) per share, was $1.55 (in dollar).

19. TREASURY STOCKS

As of June 30, 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$24.75 (in dollars) per share. The closing price of the Company's stock was NT$ 39.8 (in dollars) per share on June 30, 2006.

20. 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 during the first six months in 2006. For the six-month period ended June 30, 2005, the Company recognized impairment loss of $163,650 as follows:

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

A. Impairment loss of $79,200 recognized for the six-month period ended June 30, 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 for the six-month period ended June 30, 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.

21. INCOME TAX

	For the six months ended June 30,	
	2006	2005
Income tax expense calculated at the statutory tax rate	$1,657,346	$ 608,880
Permanent differences	(725,367)	(322,242)
Investment tax credits	(607,871)	(215,212)

	For the six months ended June 30,	
	2006	2005
Tax on interest income separately taxed	-	1,006
Prior year's under provision	29,898	112,570
Change in allowance for deferred tax assets	(40,753)	(237,199)
Income tax expense (benefit)	313,253	(52,197)
Adjustment:		
Net change of deferred tax assets	(46,180)	165,773
Decrease (increase) in income tax payable	129,522	(112,570)
Tax on interest income separately taxed	-	(1,006)
Prepaid income taxes	(17,319)	(29,326)
Income tax (refundable) payable	$ 379,276	($ 29,326)
Income tax payable carried over from prior year	$ 16,605	$ 36,352

A. For the six months ended June 30, 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 June 30, 2006 and 2005, deferred tax assets and liabilities are as follows:

	June 30,	
	2006	2005
Deferred tax assets – current	$ 822,355	$ 689,991
Allowance for deferred tax assets	(1,875)	(10,184)
	$ 820,480	$ 679,807
Deferred tax assets – noncurrent	$ 1,998,486	$ 2,620,519
Deferred tax liabilities – noncurrent	(208,713)	(384,071)
	1,789,773	2,236,448
Allowance for deferred tax assets	(187,532)	(553,736)
	$ 1,602,241	$ 1,682,712

C. The details of deferred tax assets and liabilities as of June 30, 2006 and 2005 were as follows:

	June 30, 2006		June 30, 2005	
	Amount	Tax Effect	Amount	Tax Effect
Current:				
Temporary differences				
Unrealized loss on obsolescence and decline in market value of inventories	$ 47,294	$ 11,824	$ 33,565	$ 8,392
Compensation interest on bonds payable	41,773	10,443	-	-
Unrealized sales allowance	99,532	24,883	28,936	7,234
Unrealized foreign exchange gain	19,841	4,960	(88,538)	(22,135)
Allowance for doubtful accounts	10,328	2,582	-	-
Investment tax credits		767,663		696,500
		822,355		689,991
Allowance for deferred tax assets		(1,875)		(10,184)
		$820,480		$679,807

	June 30, 2006		June 30, 2005	
	Amount	Tax Effect	Amount	Tax Effect
Noncurrent :				
Temporary differences				
Unrealized loss on long-term investments	$ 400,015	$ 100,004	$ 400,015	$ 100,004
Depreciation expense	(660,210)	(165,053)	(713,250)	(178,312)
Unrealized foreign currency exchange gain arising from bonds payable	(174,638)	(43,660)	(823,036)	(205,759)
Compensation interest on bonds payable	-	-	501,367	125,342
Unrealized loss on idle assets	288,784	72,196	400,709	100,177
Investment tax credits		1,826,286		2,294,996
		1,789,773		2,236,448
Allowance for deferred tax assets		(187,532)		(553,736)
		$1,602,241		$1,682,712

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 2003. However, the Company did not accept the result of the reassessment and did not successfully petition to the government against the decision of the Tax Authority of its 2000 income tax return. The Company has filed an administrative proceeding against the Tax Authority. In addition, the Company did not accept the reason and result of the reassessment of the Tax Authority and has petitioned for its 2001 income tax return. Regarding the 2002 tax return, the Company also requested for reassessment. The Company believes that if it fails on the petition or reassessment, the result will not have a material adverse impact on the Company.

E. As of June 30, 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	$ 2,500,120	$2,103,524	2007 to 2010
Qualifying research and development expenditure	468,250	468,250	2007 to 2010
Qualifying investments in significant technology companies	22,175	22,175	2007 to 2010
	$ 2,990,545	$2,593,949	

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.

22. EARNINGS PER SHARE

(1) Earnings per shares

	For the six months ended June 30, 2006				
	Income		Weighted average outstanding common stock	Earnings per share	
	Before tax	After tax	(in thousands)	Before tax	After tax
				(in dollars)	
Basic earnings per share					
Net Income	$ 6,629,425	$ 6,316,172	2,413,162	$ 2.75	$ 2.62
Dilutive effect of employee stock option	-	-	13,421		
Dilutive effect of 3rd Euro convertible bonds	(78,066)	(42,050)	156,998		
Diluted earnings per share	$ 6,551,359	$ 6,274,122	2,583,581	$ 2.54	$ 2.43

	For the six months ended June 30, 2005				
	Income		Weighted average outstanding	Earnings per share	
	Before tax	After tax	common stock	Before tax	After tax
Basic earnings per share			(in thousands)	(in dollars)	
Income from continuing operations	$ 1,785,053	$ 1,837,250		$ 0.79	$ 0.82
Cumulative effects of changes in accounting principles	650,508	650,508		0.29	0.29
Net income	$ 2,435,561	$ 2,487,758	2,245,989	$ 1.08	$ 1.11
Dilutive effect of employee stock option	-	-	16,708		
Dilutive effect of 2nd Euro convertible bonds	77,548	184,800	186,164		
Dilutive effect of 3rd Euro convertible bonds	(13,869)	63,098	168,668		
Diluted earnings per share	$ 2,499,240	$ 2,735,656	2,617,529	$ 0.95	$ 1.05

The weighted average shares of treasury stock held by the Company and the subsidiary has been deducted in the calculation of weighted average outstanding common stock for the six months ended June 30, 2005. The basic and diluted earnings per share of the six months ended June 30, 2005 were retroactively adjusted for 2005 stock dividends distributed in 2006.

(2) Pro forma earnings per share as if the stock dividend and employee stock bonus approved by the shareholders on June 12, 2006 were considered in the calculation of retroactively adjusted 2006 and 2005 outstanding shares of common stock.

	For the six months ended June 30, 2006				
	Income		Weighted average outstanding	Earnings per share	
	Before tax	After tax	common stock	Before tax	After tax
Basic earnings per share			(in thousands)	(in dollars)	
Income from continuing operations	$ 6,629,425	$ 6,316,172	2,677,747	$ 2.48	$ 2.36
Dilutive effect of employee stock option	-	-	14,763		
Dilutive effect of 3rd Euro convertible bonds	(78,066)	(42,050)	172,698		

Diluted earnings per share	$ 6,551,359	$ 6,274,122	2,865,208	$ 2.29	$ 2.19

	For the six months ended June 30, 2005				
	Income		Weighted average outstanding common stock	Earnings per share	
	Before tax	After tax	(in thousands)	Before tax	After tax
				(in dollars)	
Basic earnings per share					
Income from continuing operations	$ 1,785,053	$ 1,837,250		$ 0.71	$ 0.73
Cumulative effects of changes in accounting principles	650,508	650,508		0.26	0.26
Net income	$ 2,435,561	$ 2,487,758	2,510,574	$ 0.97	$ 0.99
Dilutive effect of employee stock option	-	-	18,379		
Dilutive effect of 2nd Euro convertible bonds	77,548	184,800	204,780		
Dilutive effect of 3rd Euro convertible bonds	(13,869)	63,098	185,535		
Diluted earnings per share	$ 2,499,240	$ 2,735,656	2,919,268	$ 0.86	$ 0.94

23. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

	For the six months ended June 30, 2006		
	Operating cost	Operating expense	Total
Personnel Cost			
Payroll	$ 2,493,556	$ 472,378	$ 2,965,934
Labor and health insurance	205,007	34,102	239,109
Pension expense	121,609	26,014	147,623
Others	295,433	48,444	343,877
	$ 3,115,605	$ 580,938	$ 3,696,543
Depreciation	$ 3,128,366	$ 75,574	$ 3,203,940
Amortization	$ 184,624	$ 82,613	$ 267,237

	For the six months ended June 30, 2005		
	Operating cost	Operating expense	Total
Personnel Cost			
Payroll	$ 1,756,322	$ 388,111	$ 2,144,433

Labor and health insurance	118,412	27,018	145,430
Pension expense	57,052	16,326	73,378
Others	196,718	30,023	226,741
	$ 2,128,504	$ 461,478	$ 2,589,982
Depreciation	$ 2,816,568	$ 73,046	$ 2,889,614
Amortization	$ 162,654	$ 62,936	$ 225,590

24. 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	The Company holds directorship
Phoenix Precision Technology Corporation	The Company holds directorship
Siliconware Investment Company Ltd.	Subsidiary of the Company
SPIL (B.V.I.) Holding Limited	Subsidiary of the Company
King Yuan Electronics Co., Ltd.	The Company holds directorship
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

(1) Purchases

	For the six months ended June 30,			
	2006		2005	
	Amount	Percentage of net purchase	Amount	Percentage of net purchase
Phoenix Precision Technology Corporation	$1,868,313	16	$1,487,538	19

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

	June 30, 2006		June 30, 2005	
	Amount	Percentage of accounts payable	Amount	Percentage of accounts payable
Phoenix Precision Technology Corporation	$ 584,274	13	$ 609,029	16

(3) Commission Expense / Commission Payable

	For the six months ended June 30,			
	2006		2005	
	Commission expense	Commission payable	Commission expense	Commission payable
Siliconware USA, Inc.	$ 272,494	$ 45,852	$ 189,250	$ 31,650

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.

25. ASSETS PLEDGED AS COLLATERALS

As of June 30, 2006 and 2005, the following assets have been pledged as collateral against certain obligations of the Company:

	June 30		
Assets	2006	2005	Subject of collateral
Buildings	-	$ 325,978	Long-term loans
Machinery and other equipment	-	623,382	Long-term loans
Time deposits (shown in other Financial assets - current)	206,705	208,200	Guarantees for custom duties and income tax liabilities
	$ 206,705	$ 1,157,560	

26. COMMITMENTS AND CONTINGENCIES

A. As of June 30, 2006, the Company's issued but unused letters of credit for imported machinery and equipment were $1,282,485.

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.

C. On March 1, 2006, we were informed of a civil lawsuit brought by Tessera Inc., a U.S. corporation, against the Company and its subsidiary, Siliconware USA, Inc. in the United States. The Company has been in process of gathering evidence and plans to finish this process by March 2007. Currently, the Company is unable to assess the potential liabilities arising out of this claim due to the fact that insufficient information provided in the scope of the infringement of patent rights caused by its services is specified in the bill of complaint. As such, no losses or expenses are recognized with respect to the lawsuit.

27. SIGNIFICANT DISASTER LOSS

None.

28. SIGNIFICANT SUBSEQUENT EVENT

None.

29. OTHERS

A. Financial Statement Reclassification

Certain accounts stated in the June 30, 2005 financial statements have been reclassified to conform to the presentation of June 30, 2006 financial statements.

B. Fair Values of Financial Instruments:

	June 30,			
	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	$ 22,469,608	$ 22,469,608	$ 17,479,768	$ 17,479,768
Available-for-sale financial assets -noncurrent	8,181,516	8,181,516	2,432,326	5,181,520
Financial assets carried at cost-noncurrent	3,891	-	3,891	-
	$ 30,655,015	$ 30,651,124	$ 19,915,985	$ 22,661,288

	June 30,			
	2006		2005	
	Book Value	Fair Value	Book Value	Fair Value
Financial Liabilities				
Financial liabilities with book value equal to fair value	$ 15,109,480	$ 15,109,480	$ 9,034,184	$ 9,034,184
Bonds payable (including current portion)	6,279,057	7,042,167	11,470,918	11,587,942
Long-term loans	1,666,660	1,666,660	4,799,426	4,799,426
	$ 23,055,197	$ 23,818,307	$ 25,304,528	$ 25,421,552

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

(3) The fair value of bonds payable and current portion of bonds payable is based on its quoted market price.

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

	June 30, 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	$ 8,181,516	$ -
Financial Liabilities		
Financial liabilities with book value equal to fair value	Note	Note
Bonds payable(including current portion due in one year)	$ 7,042,167	$ -
Long-term loans	$ -	$ 1,666,660

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 risk of interest rate fluctuation:

As of June 30, 2006, the Company's financial assets and liabilities with fair value risk of interest rate fluctuation were $12,626,662 and $6,279,057, respectively. The financial liabilities with cash flow risk of interest rate fluctuation were $3,300,000.

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 $177,183 and $73,722 for the six months ended June 30, 2006. Available-for-sale financial assets recorded as the adjustment of the shareholders' equity for the six-month period were $5,159,395.

F. Financial risk control:

The Company has implemented 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

		June 30, 2006
Available-for-sale financial assets	$	8,181,516
Financial assets carried at cost		3,891
	$	8,185,407

(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

		June 30, 2006
Bonds payable	$	6,279,057
Long-term loans		3,300,000
	$	9,579,057

(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 fair value 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.

30. SPECIAL DISCLOSURE ITEMS

A. Significant Transaction Information

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

For the six months ended June 30, 2006：None.

(2) Endorsement and guarantee provided to third parties:

For the six months ended June 30, 2006：None.

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

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 accounted for under the equity method	177,000	$ 1,177,634	100.00%	13.87	(Note 1)
Siliconware Precision Industries Co., Ltd.	Stock	Sigurd Microelectronics Corp.	The company holds directorship	Available-for-sale financial assets	44,428	808,579	17.92%	18.20	
Siliconware Precision Industries Co., Ltd.	Stock	Double Win Enterprise Co., Ltd.	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	6,760	-	24.14%	9.43	(Note 2)
Siliconware Precision Industries Co., Ltd.	Stock	ChipMOS Technologies Inc.	Investee accounted for under the equity method	Long-term investments accounted for under the equity method	254,863	4,186,586	28.75%	17.35	(Note 1)
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	77,800	2,268,143	100.00%	29.15	(Note 1)
Siliconware Precision Industries Co., Ltd.	Stock	Phoenix Precision Technology Corporation	The company holds directorship	Available-for-sale financial assets	109,854	5,196,082	16.48%	47.30	
Siliconware Precision Industries Co., Ltd.	Stock	King Yuan Electronics Co., Ltd.	The company holds directorship	Available-for-sale financial assets	80,031	2,176,855	8.11%	27.20	
Siliconware Precision Industries Co., Ltd.	Stock	NPL	—	Financial assets carried at cost	130	3,891	-	-	

(1) The market value is not available, therefore, the net equity per share based on the unaudited financial statements as of June 30, 2006 was used.

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

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

For the six months ended June 30, 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	2,268,143

Note : The ending balance includes the investment gain and loss 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 six months ended June 30, 2006:

Name of the properties	Date of transaction	Transaction amount	Status of payment	Counter party	Related party as counter party: Relationship with the Company	Related party as counter party: Original owner which sold the property to the counter party	Related party as counter party: The relationship of the original owner with the Company	Related party as counter party: Date of the original transaction	Related party as counter party: Amount	The bases or reference used in deciding the price	Purpose and status of the acquisition	Other commitment
Building	November 2005	$ 169,000	$ 160,100	Sheng-Hui Construction Corporation Ltd.	-	-	-	-	$ -	As specified in contract	For operating use	Payment made according to construction progress
Building	December 2005	$ 125,000	125,000	Chung-Rui Construction Corporation Ltd.	-	-	-	-	-	As specified in contract	For operating use	Payment made according to construction progress
Building	February 2006	$ 180,000	180,000	CNet Technology Inc.	-	-	-	-	-	As specified in contract	For operating use	-

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

For the six months ended June 30, 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 six months ended June 30, 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	$ 1, 868, 313	16%	Three months	$ -	-	Accounts payable $584,274	13%

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

As of June 30, 2006: None.

(9) Transaction of derivative financial instruments:

For the six months ended June 30, 2006: None

B. Related information on investee companies

(1) Basic information on investee companies:

For the six months ended June 30, 2006:

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.	Siliconware Investment Company Ltd.	Taipei	Investment activities	$1,770,000	$1,770,000	177,000	100.00%	$1,177,634	$23,324	$23,324	(Note1, 2)
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%	4,186,656	1,792,134	408,069	(Notes 1)
Siliconware Precision Industries Co., Ltd.	Sigurd Microelectronics Corp.	Chu-tung, Hsin-Chu	Testing and assembly of integrated circuits	459,274	459,274	-	-	-	-	28,640	(Notes 6)
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%	2,268,143	4,235	4,235	(Note 1,2)
SPIL (B.V.I.) Holding Limited	Siliconware USA, Inc.	San Jose, CA, USA	Providing promotion and marketing services	68,464	68,464	1,250	100.00%	128,666	54,128	54,128	(Note 3)
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Cayman Islands, British West India	Investment activities	1,644,625	1,157,575	50,100	100.00%	1,239,763	(69,938)	(69,938)	(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%	1,238,502	(69,616)	(69,616)	(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.

Note 6: The Company's long-term investments accounted for under the equity method was reclassified as available-for-sale financial assets (non-current) for the six-month period ended June 30, 2006.

(2) The ending balance of securities held by investee companies:
As of June 30, 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 accounted for under the equity method	32,090	$1,277,177	1.28%	$39.80
Siliconware Investment Company Ltd.	Stock	Others (Note 1)	—	Available-for-sale financial assets (non-current) and financial assets carried at costs	15,418	184,062	-	-
Siliconware Investment Company Ltd.	Stock	Hsieh Yong Capital Co., Ltd.	—	Financial assets carried at cost	50,000	500,000	7.58%	-
Siliconware Investment Company Ltd.	Stock	Phoenix Precision Technology Corporation	The company holds directorship	Available-for-sale financial assets (non-current)	5,593	264,529	0.84%	47.30
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	128,666	100.00%	102.93 (Note 2)
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	50,100	1,239,763	100.00%	24.75 (Note 2)
SPIL (Cayman) Holding Limited	Stock	Siliconware Technology (Suzhou) Limited	Indirect subsidiary of the Company	Long-term investments accounted for under the equity method	(Note 3)	1,238,502	100.00%	-

(1) Combined amount for individual security less than $100,000.

(2) The market value is not available, therefore, the net equity per share as of June 30, 2006 was used.

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

(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 six months ended June 30, 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	
Siliconware Investment Company Ltd.	Hsieh Yong Capital Co., Ltd.	Financial assets carried at costs	–	–	–	–	50,000	500,000	–	–	–	–	50,000	500,000	
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Long-term investment accounted for under the equity method	Cash capitalization	–	35,100	$826,252	15,000	$486,300	–	–	–	–	50,100	$1,239,763	(Note 4)
SPIL (Cayman) Holding Limited	Siliconware Technology (Suzhou) Limited	Long-term investment accounted for under the equity method	Cash capitalization	–	(Note 1)	824,617	(Note2)	487,050	–	–	–	–	(Note3)	1,238,502	(Note 4)

Note 1 : The contributed capital was US$35,000 thousand dollars.

Note 2 : The contributed capital was US$15,000 thousand dollars.

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

Note 4 : 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 January 1,2006	Remitted or (collected) this period	Accumulated remittance as of June 30, 2006	Ownership held by the Company (Direct and indirect)	Investment income (loss) recognized by the Company during the period	Ending balance of investment
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%	($ 69, 616)	$1,238,502 (Note 2)

The investment income (loss) remitted back as of June 30, 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
$ -	$1,620,500	$1,620,500	$12,038,120

Note 1: The Company set up a subsidiary in Cayman Island to invest in Mainland China.

Note 2: Transactions denominated in foreign currencies are translated into New Taiwan dollars at the exchange rate prevailing on the balance sheet date.

(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: None.

31. SEGMENT INFORMATION

Not Applicable.