SILICONWARE PRECISION INDUSTRIES CO., LTD.

FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 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 September 30, 2006 and 2005, and the related non-consolidated statements of income and of cash flows for the nine 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 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 September 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 nine-month periods ended September 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 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 9, the financial statements of certain long-term investments accounted for under the equity method as of and for the nine-month periods ended September 30, 2006 and 2005 were not reviewed by independent auditors. As of September 30, 2006 and 2005, the balances of the Company's long-term investments in these investee companies were $7,811,350 thousand and $6,994,444 thousand, respectively, and the related investment loss for the nine-month periods ended September 30, 2006 and 2005 were $533,903 thousand

and $28,768 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 nine-month periods ended September 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 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

October 13, 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)

	September 30, 2006	September 30, 2005
ASSETS		
Current Assets		
Cash (Note 4)	$ 11,016,449	$ 9,223,537
Notes receivable, net	159,490	69,742
Accounts receivable, net (Notes 5 and 24)	8,895,716	7,864,417
Other financial assets, current (Notes 25)	705,682	828,451
Inventories (Note 6)	2,907,450	2,465,044
Deferred tax assets, current (Note 21)	710,778	638,733
Other current assets-other	472,193	500,424
	24,867,758	21,590,348
Long-term Investments		
Available for sale financial assets (Note 7)	7,853,256	2,432,326
Financial assets carried at cost (Note 8)	3,891	3,891
Long-term investment under equity method (Note 9)	7,811,350	6,994,444
	15,668,497	9,430,661
Property, Plant and Equipment (Notes 10 and 25)		
Cost:		
Land	2,128,476	2,128,476
Buildings	7,407,336	6,578,322
Machinery and equipment	42,463,919	36,652,649
Utility equipment	592,521	479,141
Furniture and fixtures	608,190	530,085
Other equipment	1,765,584	1,475,103
	54,966,026	47,843,776
Less:Accumulated depreciation	(26,165,227)	(22,607,473)
Construction in progress and prepayments for equipment	2,963,201	2,391,663
	31,764,000	27,627,966
Other Assets		
Refundable deposits	6,880	6,979
Deferred charges	680,615	775,482
Deferred income tax asset, noncurrent (Note 21)	1,723,507	1,727,452
Other assets - others (Note 11)	270,861	123,360
	2,681,863	2,633,273
TOTAL ASSETS	$ 74,982,118	$ 61,282,248

(Continued)

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

	September 30, 2006	September 30, 2005
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	$ 828	$ 1,660
Accounts payable (Note 24)	4,749,746	4,366,530
Income tax payable (Note 21)	697,537	16,605
Accrued expenses (Note 24)	1,814,669	1,180,759
Other payables (Note 12)	1,647,250	2,008,543
Current portion of long-term loans (Notes 13 and 14)	3,671,378	1,702,700
Other current liabilities	402,215	111,640
	12,983,623	9,388,437
Long-term Liabilities		
Bonds payable (Note 13)	6,051,533	11,744,558
Long-term loans (Note 14)	-	3,333,229
	6,051,533	15,077,787
Other Liabilities	313,187	38,369
Total Liabilities	19,348,343	24,504,593
Stockholders' Equity (Notes 1 and 16)		
Capital stock	27,768,883	23,152,325
Capital reserve (Note 17)		
Additional paid-in capital	10,031,890	6,630,121
Premium arising from merger	1,951,563	1,951,563
Others	144,062	47,728
Retained earnings (Note 18)		
Legal reserve	2,003,494	1,179,104
Special reserve	50,029	141,053
Unappropriated earnings	9,499,897	4,660,155
Unrealized gain (loss) on available for sale financial assets	5,015,664	(231)
Cumulative translation adjustments	(1,055)	(167,532)
Net loss not recognized as pension cost	(1,787)	(1,301)
Treasury stock (Note 19)	(828,865)	(815,330)
Total Stockholders' Equity	55,633,775	36,777,655
Commitments and Contingencies (Note 26)		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 74,982,118	$ 61,282,248

The accompanying notes are an integral part of these non-consolidated financial statements.
See review report of independent accountants dated October 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 nine months ended September 30, 2006		For the nine months ended September 30, 2005	
Operating Revenues				
Sales (Note 24)		$ 41,920,350		$ 28,686,761
Sales allowances		(232,628)		(135,603)
Net operating revenues		41,687,722		28,551,158
Cost of Goods Sold (Note 24)		(30,602,265)		(23,103,880)
Gross Profit		11,085,457		5,447,278
Operating Expenses				
Selling expenses		(584,629)		(425,100)
General and administrative expenses		(730,104)		(586,244)
Research and development expenses		(830,064)		(610,334)
		(2,144,797)		(1,621,678)
Operating Income		8,940,660		3,825,600
Non-operating Income and Gain				
Interest income		262,428		179,489
Investment income recognized under the equity method		533,903		23,818
Others		493,399		325,633
		1,289,730		528,940
Non-operating Expenses and Losses				
Interest expenses		(94,444)		(167,339)
Impairment loss (Note 20)		-		(163,650)
Others		(71,334)		(111,248)
		(165,778)		(442,237)
Income Before Income Tax		10,064,612		3,912,303
Income Tax (Expense) Benefit (Note 21)		(612,274)		55,864
Income from Continuing Operations		9,452,338		3,968,167
Cumulative Effects of Changes in Accounting Principles (Note 3)		-		650,508
Net Income		$ 9,452,338		$ 4,618,675
	Before tax	After tax	Before tax	After tax
Basic Earnings Per Share (in dollars) (Note 22)				
Income from continuing operations	$ 3.73	$ 3.51	$ 1.57	$ 1.59
Cumulative effects of changes in accounting principles	-	-	0.26	0.26
Net income	$ 3.73	$ 3.51	$ 1.83	$ 1.85
Diluted Earnings Per Share (in dollars) (Note 22)				
Income from continuing operations	$3.51	$3.30	$ 1.56	$ 1.58
Cumulative effects of changes in accounting principles	-	-	0.24	0.24
Net income	$ 3.51	$ 3.30	$ 1.80	$ 1.82
Pro forma information as if the stocks of the Company held by subsidiaries were not treated as treasury stock:				
Net Income	$ 10,118,003	$ 9,505,729	$ 4,585,053	$ 4,640,917
Basic Earnings Per Share (in dollars)	$ 3.71	$ 3.48	$ 1.81	$ 1.84
Diluted Earnings Per Share (in dollars)	$ 3.48	$ 3.27	$ 1.79	$ 1.81

The accompanying notes are an integral part of these non-consolidated financial statements.
See review report of independent accountants dated October 13, 2006.

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

	For the nine months ended September 30, 2006	2005
Cash flows from operating activities		
Net income	$ 9,452,338	$ 4,618,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,847,298	4,366,652
Amortization	406,845	374,248
Bad debt expense	(1,652)	14,269
Reversal of provision for reserve for sales allowance	(7,431)	(46,592)
Gain on disposal of investments	-	(13,516)
(Recovery of) loss on obsolescence and decline in market value of inventory	(4,500)	6,023
Long-term investment income under the equity method	(533,903)	(674,326)
Cash dividends received from long-term investment under equity method	175,742	198,805
Impairment loss on long-term investment	-	163,650
Gain on disposal of assets	(31,291)	(19,527)
Provision for loss on idle assets	26,532	35,500
Amortization of discount on long-term notes	-	1,641
Compensation interest on bonds payable	29,073	103,436
Foreign currency exchange (gain) loss on bonds payable	(21,775)	521,808
(Increase) decrease in assets:		
Notes receivable	(2,591)	2,342
Accounts receivable	482,017	(2,232,263)
Other financial assets, current	91,798	(476,031)
Inventories	(139,037)	(527,692)
Deferred income tax assets	34,616	(56,870)
Other current assets	52,448	9,901
Increase (decrease) in liabilities:		
Notes payable	(4,665)	676
Accounts payable	(281,282)	2,326,204
Income tax payable	544,521	(19,748)
Accrued expenses	234,986	169,359
Other payables	(242,820)	(116,743)
Other current liabilities	92,355	60,154
Accrued pension liabilities	-	6,373
Net cash provided by operating activities	15,199,622	8,796,408

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

	For the nine months ended September 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 though profit or loss -current	-	6,730,250
Payment for security deposits	(23,000)	(62,105)
Refund of security deposits	32,200	115,400
Purchase of long-term investments under equity method	(487,050)	(157,050)
Proceeds from disposal of long-term investments	-	51,487
Acquisition of property, plant and equipment	(8,287,993)	(5,075,782)
Proceeds from disposal of assets	200,350	50,705
Payment for deferred charges	(326,889)	(335,761)
Refund of refundable deposits	261	4,414
Net cash used in investing activities	(8,892,121)	(3,452,442)
Cash flows from financing activities		
Repayment of long-term loans	(1,500,000)	(2,920,000)
Redemption of bonds payable	-	(800,000)
Proceeds from deposit-in	279,619	355
Proceeds from the execution of employee stock option	142,060	104,770
Remuneration to directors and supervisors	(149,323)	(74,258)
Payment of stockholders' dividends and employees' bonuses	(4,632,842)	(1,759,232)
Net cash used in financing activities	(5,860,486)	(5,448,365)
Net increase (decrease) in cash	447,015	(104,399)
Cash at beginning of period	10,569,434	9,327,936
Cash at end of period	$ 11,016,449	$ 9,223,537
Supplemental disclosures of cash flow information:		
Cash paid for interest (excluding capitalized interest)	$ 96,348	$ 100,093
Cash paid for income tax	$ 33,138	$ 1,006
Supplemental disclosures of partial cash paid for investing activities:		
Acquisition of property, plant and equipment	$ 7,769,047	$ 5,768,516
Add : Payable at beginning of period	1,565,412	632,082
Less : Payable at end of period	(1,046,466)	(1,324,816)
Cash paid	$ 8,287,993	$ 5,075,782

The accompanying notes are an integral part of these non-consolidated financial statements.
See review report of independent accountants dated October 13, 2006.

SILICONWARE PRECISION INDUSTRIES CO., LTD.
NOTES TO NON–CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2006 AND 2005
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT EARNINGS AND PAR VALUE PER SHARE)
(UNAUDITED)

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 September 30, 2006, issued common stock was $27,768,883. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. As of September 30, 2006, the Company has 13,254 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”, Business Accounting Law, 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.

Criteria for classification of current and non-current assets/liabilities

A. Assets with any one of the following characteristics are classified as current assets; all other assets are classified as non-current assets.

(1) Unrestricted cash or cash equivalents.

(2) Assets held for trading purpose or held for short-term purpose and expected to be converted into cash within twelve months after the balance sheet date.

(3) Assets expected to be converted to cash, available for sale, or consumed during the normal operating cycle of the business.

B. Liabilities with any one of the following characteristics are classified as current liabilities; all other liabilities are classified as non-current liabilities.

(1) Obligation payable within twelve months after the balance sheet date.

(2) Obligation resulting from business operation and expected to be discharged within the normal operating cycle of business.

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 quoted 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 whereas those expected to be collected within one year are not reported at present value due to the fact that the interest implicit in the maturity value is immaterial.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated 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 under a perpetual inventory system 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. Unrealized gain from other types of intercompany transactions is reported as deferred credits classified as current or non-current liabilities.

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

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

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

According to Interpretation letter ref.(95) 078 issued by ARDF "Compound financial Instrument with multiple embedded derivatives issue", the Company's accounting policies of its convertible bonds issued on or prior to December 31, 2005 are as follows:

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

From July 1, 2005, the employees of the Company have to choose their individual pension accounts funded under either a defined benefit plan or a defined contribution plan. Under defined benefit plan, the net pension cost is computed based on an actuarial valuation. The unrecognized net asset or net obligation at transition is amortized over 15 years on a straight-line basis. Under defined contribution plan, the Company shall make monthly contribution 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.

C. Stocks of the Company held by the subsidiaries are treated as treasury stock and reclassified from long-term investment accounted for under the equity method as treasury stock. Subsidiaries' gain on disposal of the Company's stocks and the cash dividend income received from the Company are recorded as additional paid-in capital – treasury stock.

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 or 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. <u>EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES</u>

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 September 30, 2005 and for the nine-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 September 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.

(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 nine-month period ended September 30,2006.

4. CASH

	September 30,	
	2006	2005
Cash		
Cash on hand	$ 2,277	$ 1,421
Savings accounts	879,298	946,298
Checking accounts	3,574	1,407
Time deposits	10,131,300	8,274,411
	$ 11,016,449	$ 9,223,537

As of September 30, 2006 and 2005, the interest rates for time deposits ranged from 1.32% to 5.3% and from 0.85% to 3.85%, respectively.

5. ACCOUNTS RECEIVABLE, NET

	September 30,	
	2006	2005
Accounts receivable	$ 8,966,093	$ 7,934,100
Less :		
Allowance for sales discounts	(59,749)	(46,045)
Allowance for doubtful accounts	(10,628)	(23,638)
	$ 8,895,716	$ 7,864,417

6. INVENTORIES

	September 30, 2006	September 30, 2005
Raw materials and supplies	$ 2,565,259	$ 2,117,659
Work in process	300,725	313,777
Finished goods	86,312	85,080
	2,952,296	2,516,516
Less : Allowance for loss on obsolescence and decline in market value of inventory	(44,846)	(51,472)
	$ 2,907,450	$ 2,465,044

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

	September 30, 2006	September 30, 2005
Cost of Listed Securities	$ 3,022,843	$ 2,432,326
Valuation Adjustment	4,830,413	-
	$ 7,853,256	$ 2,432,326

8. FINANCIAL ASSETS CARRIED AT COST, NON-CURRENT

	September 30, 2006	September 30, 2005
Cost of Unlisted Securities	$ 3,891	$ 3,891

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

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

	September 30,			
	2006		2005	
Investee company	Amount	Ownership percentage	Amount	Ownership percentage
Equity method :				
Siliconware Investment Company Ltd.	$ 1,307,605	100.00%	$ 936,347	100.00%
Sigurd Microelectronics Corp.	-	-	671,050	26.06%
Double Win Enterprise Co., Ltd.	84,450	24.14%	84,450	24.14%
ChipMOS Technologies Inc.	4,186,586	28.75%	3,664,221	28.90%
SPIL (B.V.I.) Holding Limited	2,317,159	100.00%	1,722,826	100.00%
	7,895,800		7,078,894	
Less : Accumulated impairment loss	(84,450)		(84,450)	
	$ 7,811,350		$ 6,994,444	

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 nine-month period ended September 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 nine months ended September 30, 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 nine months ended September 30, 2006 and 2005, the Company recognized investment income of $533,903 and $28,768, respectively, for all investees accounted for under the equity method based on investees' unreviewed financial statements for the same periods or the six-month period ended June 30, 2006 and 2005 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

	September 30, 2006		
	Cost	Accumulated depreciation	Book value
Land	$ 2,128,476	$ -	$ 2,128,476
Buildings	7,407,336	(1,987,587)	5,419,749
Machinery and equipment	42,463,919	(22,560,441)	19,903,478
Utility equipment	592,521	(373,246)	219,275
Furniture and fixtures	608,190	(322,143)	286,047
Other equipment	1,765,584	(921,810)	843,774
Prepayments for land	605,525	-	605,525
Construction in progress and prepayments for equipment	2,357,676	-	2,357,676
	$ 57,929,227	($ 26,165,227)	$ 31,764,000

	September 30, 2005		
	Cost	Accumulated depreciation	Book value
Land	$ 2,128,476	$ -	$2,128,476
Buildings	6,578,322	(1,615,142)	4,963,180
Machinery and equipment	36,652,649	(19,623,947)	17,028,702
Utility equipment	479,141	(301,148)	177,993
Furniture and fixtures	530,085	(283,900)	246,185
Other equipment	1,475,103	(783,336)	691,767
Construction in progress and prepayments for equipment	2,391,663	-	2,391,663
	$ 50,235,439	($ 22,607,473)	$ 27,627,966

1. For the nine months ended September 30, 2006, The Company has no interest that was capitalized as property, plant and equipment. For the nine months ended September 30, 2005, total interest expenses amounted to $180,330, of which $12,991 was capitalized as property, plant and equipment. The interest rates used to calculate the capitalized interest was 1.02 %.
2. For the operational needs, the Company signed a real estate purchase contract with a total purchasing price of $809,021. As of September 30, 2006, a total

amount of $605,021 has been paid for land and related expenditure and recorded as prepayment for land.

11. OTHER ASSETS－OTHER

	September 30,	
	2006	2005
Land	$ 108,087	$ 108,087
Leased assets	157,598	15,273
Others	5,176	-
	$ 270,861	$ 123,360

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 September 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

	September 30,	
	2006	2005
Payables for equipment	$ 1,046,466	$ 1,324,816
Other payables	600,784	516,312
Accrued value-added tax payable	-	167,415
	$ 1,647,250	$ 2,008,543

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

	September 30,	
	2006	2005
Euro convertible bonds payable	$ 6,377,729	$ 11,246,195
Add : Compensation interest payable	45,182	498,363
	$ 6,422,911	11,744,558
Less : Current portion of long-term bonds payable	(371,378)	-
	$ 6,051,533	$ 11,744,558

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 September 30, 2006, the conversion price was NT$24.01 (in dollars) per share.

(5) As of September 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 September 30, 2006, the Company repurchased and cancelled the bonds with the principal amount of US$40,985 (in thousands) from the 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 September 30, 2006, the conversion price was NT$34.42 (in dollars) per share.

(5) As of September 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 September 30, 2006, the Company did not repurchase any of the bonds from the 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

		September 30,	
		2006	2005
Nature of loans	Repayment period		
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		(3,300,000)	(1,702,700)
Discount on commercial paper		-	(71)
		$ -	$ 3,333,229
Interest rates		2.10%~2.25%	2.05%~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.

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 costs amounting to $42,195 and $88,588 were recognized for the nine months ended September 30, 2006 and 2005, respectively. Also, as of September 30, 2006 and 2005, the company deposited $945,845 and $873,310 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 costs amounting to $181,707 and $48,664 was recognized for the nine months ended September 30, 2006 and 2005.

16. CAPITAL STOCK

A. As of September 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 September 30, 2006, issued common stock was $27,768,883 represented by 2,776,883,300 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. Registration for the capitalization 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 September 30, 2006, the outstanding ADSs amounted to 77,490,352 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 nine months ended September 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 nine months ended September 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	(12,534)	11.33
Number of option forfeited	(456)	11.41
Outstanding option at the end of the period	13,358	9.25
Vested option at the end of the period	2,814	9.27
Authorized option available for future granted at the end of the period	-	

	For the nine months ended September 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	(7,858)	13.33
Number of option forfeited	(1,026)	13.56
Outstanding option at the end of the period	26,944	11.95
Vested option at the end of the period	2,583	11.95
Authorized option available for future granted at the end of the period	-	

(2) As of September 30, 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)
$9.2~$9.7	13,358	1.39 Years	$ 9.25	2,814	$ 9.27

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 amount of capital reserve used to increase capital is limited to 10% of the common stock each year when the Company has no accumulated deficits. The capital reserve can only be used to cover accumulated deficits when the legal reserve is insufficient to cover the deficits.

B. According to the Company Law of the ROC, the capital reserve is allowed to be transferred to capital one year after the registration of capitalization is approved.

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 1% of the remaining amount after deducting items (1), (2), and (3) as directors' and supervisors' remunerations.

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

B. Legal reserve can only be used to offset deficits or increase capital. 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 gain (loss) on available-for- sale financial assets. Such special reserve is not available for dividend distribution. In the subsequent year(s), if the year-end balances of the cumulative 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 September 30, 2006, the undistributed earnings derived on or after January 1, 1998 was $9,499,897 thousands.

E. As of September 30, 2006, the balance of stockholders' imputation tax credit account of the Company was $4,935. The rate of stockholders' imputation tax credit to undistributed earnings accumulated in 1998 and thereafter was approximately 0.05%. However, the rate is subject to changes based on the balance of stockholders' imputation tax credit account, the undistributed earnings, and other tax credit amount in accordance with the ROC tax law at the dividend allocation date. The rate of stockholders' imputation tax credit to undistributed earnings for the earnings distributed in the current year is 1.08%

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 $0.96(in dollar) per share and cash dividends of $1.66 (in dollar) per share, was $2.62 (in dollar).

G. 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 STOCK

As of September 30, 2006, Siliconware Investment Company Ltd., the subsidiary of the Company, holds 35,176 thousand shares of the Company's stock, with book value of NT$22.58 (in dollars) per share. The closing price of the Company's stock was NT$ 39.45 (in dollars) per share on September 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 for the nine-month period ended September 30, 2006. For the nine-month period ended September 30, 2005, the Company recognized impairment loss of $163,650 as follows:

	For the nine months ended September 30, 2005	
	Income from continuing operations	Shareholders' equity
Impairment loss-long-term investment	$ 163,650	$ -

A. Impairment loss of $79,200 recognized for the nine-month period ended September 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 nine-month period ended September 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 nine months ended September 30, 2006	2005
Income tax expense calculated at the statutory tax rate	$ 2,516,143	$1,140,693
Permanent differences	(975,030)	(477,958)
Investment tax credit	(939,546)	(523,881)
Tax on interest income separately taxed	-	1,006
Prior year's under provision	29,898	112,570
Changes in allowance for deferred tax assets	(19,191)	(308,294)
Income tax expense (benefit)	612,274	(55,864)
Adjustment:		
Net changes of deferred tax assets	(34,616)	169,440
Prior year's under provision	129,522	(112,570)
Tax on interest income separately taxed	-	(1,006)
Prepaid income taxes	(26,248)	(36,983)
Income tax (refundable) payable	$ 680,932	($ 36,983)
Income tax payable carried over from prior year	$ 16,605	$ 16,605

A. For the nine months ended September 30, 2006 and 2005, significant portion of the permanent differences are derived from the income tax exemption of capital gain resulted from the security transactions, long-term investment income accounted for under the equity method, and the revenue from assembly of certain integrated circuit products.

B. As of September 30, 2006 and 2005, deferred tax assets and liabilities are as follows:

	September 30, 2006	2005
Deferred tax assets, current	$ 714,096	$ 638,733
Allowance for deferred tax assets	(3,318)	$ -
	$ 710,778	$ 638,733
Deferred tax assets, noncurrent	$2,102,571	$2,459,354
Deferred tax liabilities, noncurrent	(171,414)	(239,077)
	1,931,157	2,220,277
Allowance for deferred tax assets	(207,650)	(492,825)
	$ 1,723,507	$ 1,727,452

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

	September 30, 2006		September 30, 2005	
	Amount	Tax Effect	Amount	Tax Effect
Current:				
Temporary differences:				
Unrealized loss on obsolescence and decline in market value of inventories	$ 47,282	$ 11,821	$63,090	$ 15,773
Compensation interest on bonds payable	45,182	11,296	-	-
Unrealized sales allowance	59,749	14,937	46,045	11,511
Unrealized foreign exchange gain	(42,458)	(10,615)	(101,471)	(25,368)
Bad debts expense	10,628	2,657	14,269	3,567
Investment tax credit		684,000		633,250
		714,096		638,733
Allowance for deferred tax assets		(3,318)		-
		$ 710,778		$ 638,733
Noncurrent :				
Temporary differences:				
Unrealized loss on long-term investments	$ 400,015	$ 100,004	$400,015	$ 100,004
Depreciation expense	(652,415)	(163,104)	(714,652)	(178,663)
Unrealized foreign currency exchange gain arising from bonds payable	(33,239)	(8,310)	(241,656)	(60,414)
Compensation interest on bonds payable	-	-	504,680	126,170
Unrealized loss on idle assets	286,106	71,527	398,649	99,662
Investment tax credit		1,931,040		2,133,518
		1,931,157		2,220,277
Allowance for deferred tax assets		(207,650)		(492,825)
		$ 1,723,507		$ 1,727,452

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 reasons and results of the reassessment of the Tax Authority and has petitioned for 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 material adverse impact on the Company.

E. As of September 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	$ 2,646,059	$ 2,058,462	2007 to 2010
Qualifying research and development expenditure	653,985	538,228	2007 to 2010
Qualifying investments in significant technology companies	22,175	18,350	2007 to 2010
	$ 3,322,219	$ 2,615,040	

F. The Company has met the requirement of Statute for Upgrading Industries and is exempted from income tax for revenues arising from the assembly and testing of certain integrated circuit products for a five-year period from January 2004 to December 2008. Also, in order to get 5-year income tax exemption, the Company filed registration of capitalization plan for its expansion of assembly and testing of integrated circuited business to the Industrial Development Bureau of Ministry of Economic Affairs in 2004 and has received the document of approval. Currently the investment plan is pending for the approval from the Industrial Development Bureau and the Company has been in the process of registration of 5-year income tax exemption for its capitalization plan in 2005.

22. EARNINGS PER SHARE

(1) Earnings per shares

	For the nine months ended September 30, 2006				
	Amount		Weighted average outstanding common stock	Earnings per share	
	Before tax	After tax	(in thousands)	Before tax	After tax
				(in dollars)	
Basic EPS:					
Income from continuing operations	$ 10,064,612	$ 9,452,338		$ 3.73	$ 3.51
Cumulative effects of changes in accounting principles	-	-		-	-
Net income	10,064,612	9,452,338	2,694,832	$ 3.73	$ 3.51
Dilutive effect of employee stock option	-	-	13,471		
Dilutive effect of 3rd Euro convertible bonds	57,080	59,310	177,822		
Diluted EPS	10,121,692	9,511,648	2,886,125	$ 3.51	$ 3.30

	For the nine months ended September 30, 2005				
	Amount		Weighted average outstanding common stock	Earnings per share	
	Before tax	After tax	(in thousands)	Before tax	After tax
				(in dollars)	
Basic EPS:					
Income from continuing operations	$ 3,912,303	$ 3,968,167		$ 1.57	$ 1.59
Cumulative effects of changes in accounting principles	650,508	650,508			
Net income	4,562,811	4,618,675	2,491,466	$ 0.26	$ 0.26
Dilutive effect of employee stock option	-	-	19,730	$ 1.83	$ 1.85
Dilutive effect of 3rd Euro convertible bonds	300,196	298,647	189,068		
Diluted EPS	4,863,007	4,917,322	2,700,264	$ 1.80	$ 1.82

The basic and diluted earnings per share of the nine months ended September 30, 2005 were retroactively adjusted for 2005 stock dividends distributed in 2006.

23. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

	For the nine months ended September 30, 2006		
	Operating cost	Operating expense	Total
Personnel Cost			
Payroll	$ 3,743,394	$ 714,831	$ 4,458,225
Labor and health insurance	309,066	52,380	361,446
Pension expense	184,032	39,870	223,902
Other	438,151	74,284	512,435
	$ 4,674,643	$ 881,365	$ 5,556,008
Depreciation	$ 4,734,013	$ 113,285	$ 4,847,298
Amortization	$ 269,549	$ 124,691	$ 394,240

	For the nine months ended September 30, 2005		
	Operating cost	Operating expense	Total
Personnel Cost			
Payroll	$ 2,803,587	$ 595,217	$ 3,398,804
Labor and health insurance	198,453	42,322	240,775
Pension expense	108,780	28,472	137,252
Other	328,519	48,677	377,196
	$ 3,439,339	$ 714,688	$ 4,154,027
Depreciation	$ 4,259,551	$ 107,101	$ 4,366,652
Amortization	$ 249,422	$ 98,629	$ 348,051

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
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) Sales

	For the nine months ended September 30,			
	2006		2005	
	Amount	% of net sales	Amount	% of net sales
Sigurd Microelectronics Corporation	$ 5,217	-	$ 22,705	-

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

(2) Purchases

	For the nine months ended September 30,			
	2006		2005	
	Amount	% of net purchase	Amount	% of net purchase
Phoenix Precision Technology Corporation	$ 2,558,882	16	$ 2,535,639	20

The purchase prices and payment term 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.

(3) Accounts Receivable

	September 30, 2006		September 30, 2005	
	Amount	% of accounts receivable	Amount	% of accounts receivable
Sigurd Microelectronics Corporation	$ 3,570	-	$ 13,911	-

(4) Accounts Payable

	September 30, 2006		September 30, 2005	
	Amount	% of accounts payable	Amount	% of accounts payable
Phoenix Precision Technology Corporation	$ 493,048	10	$ 715,505	16

(5) Commission Expense / Commission Payable

	For the nine months ended September 30,			
	2006		2005	
	Commission expense	Commission payable	Commission expense	Commission payable
Siliconware USA, Inc.	$ 431,418	$ 52,840	$ 287,165	$ 33,270

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

25. ASSETS PLEDGED AS COLLATERALS

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

	September 30,		
Assets	2006	2005	Subject of collaterals
Buildings	$ -	$ 317,691	Long-term loans
Machinery and other equipment	-	547,389	Long-term loans
Time deposits (shown in other financial assets, current)	206,705	196,905	Guarantees for custom duties and income tax liabilities
	$ 206,705	$ 1,061,985	

26. COMMITMENTS AND CONTINGENCIES

A. As of September 30, 2006, the Company's issued but unused letters of credit for imported machinery and equipment were $668,095.

B. For its future expansion, the Company entered into a real estate purchase contract with a total purchasing price of $809,021, of which a total amount of $204,000 has not been paid as of September 30, 2006.

C. 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.

D. 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 September 30, 2005 financial statements have been reclassified to conform to the presentation of September 30, 2006 financial statements.

B. Fair Values of Financial Instruments:

	September 30, 2006			September 30, 2005		
		Fair Value			Fair Value	
Non-derivative financial instruments	Book Value	The active market quotation price	Price from estimation	Book Value	The active market quotation price	Price from estimation
Financial Assets						
Financial assets with book value equal to fair value	$ 20,784,217	$ -	$ 20,784,217	$ 17,993,126	$ -	$ 17,993,126
Available-for-sale financial assets -noncurrent	7,853,256	7,853,256	-	2,432,326	5,497,294	-
Financial assets carried at cost-noncurren	3,891	-	-	3,891	-	-
	$ 28,641,364	$ 7,853,256	$ 20,784,217	$ 20,429,343	$ 5,497,294	$ 17,993,126
Financial Liabilities						
Financial liabilities with book value equal to fair value	$ 12,771,410	$ -	$ 12,771,410	$ 9,348,307	$ -	$ 9,348,307
Bonds payable (including current portion	6,422,911	7,843,958	-	11,744,558	12,505,099	-
Long-term loans	-	-	-	3,333,229	-	3,333,229
	$ 19,194,321	$ 7,843,958	$ 12,771,410	$ 24,426,094	$ 12,505,099	$ 12,681,536

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

i. Financial assets and liabilities with book value proxied to fair value are cash, 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.

ii.Financial assets carried at cost are recorded at costs due to the lack of quoted market prices derived from the active market and the reasonable measurement for the fair value.

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

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

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

As of September 30, 2006, the Company’s financial assets and liabilities with fair value risk of interest rate fluctuation were $10,338,005 and $6,422,911, respectively. The financial liabilities with cash flow risk of interest rate fluctuation were $3,300,000.

D. 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 $262,428 and $94,444 for the nine months ended September 30, 2006. Available-for-sale financial assets recorded as the adjustment of the shareholders' equity for the nine-month period were $4,830,413.

E. 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.

F. Financial risk information:

1. Financial Assets: investments in equity instruments

	September 30, 2006
Available-for-sale financial asset	$ 7,853,256
Financial assets carried at cost	3,891
	$ 7,857,147

(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

		September 30, 2006
Bonds payable	$	6,422,911
Long-term loans		3,300,000
	$	9,722,911

(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 nine months ended September 30, 2006: None.

(2) Endorsement and guarantee provided to third parties:

For the nine months ended September 30, 2006: None.

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

As of September 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	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	$ 1,307,605	100.00%	15.23	(Note 1)
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	2,317,159	100.00%	29.78	(Note 1)
Siliconware Precision Industries Co., Ltd.	Stock	Phoenix Precision Technology Corporation	The company holds directorship	Available-for-sale financial assets	109,854	4,833,564	16.46%	44.00	
Siliconware Precision Industries Co., Ltd.	Stock	King Yuan Electronics Co., Ltd.	—	Available-for-sale financial assets	85,698	2,099,593	7.86%	24.50	
Siliconware Precision Industries Co., Ltd.	Stock	Sigurd Microelectronics Corp.	The company holds directorship	Available-for-sale financial assets	46,236	920,099	17.78%	19.90	
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 September 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 nine months ended September 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		Addition		Disposal				Ending balance	
					Number of shares/unit (in thousands)	Amount	Number of shares/unit (in thousands)	Amount	Number of shares/unit (in thousands)	Sale price	Book value	Gain (loss) from disposal	Number of shares/unit (in thousands)	Amount (Note 1)
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	2,317,159

Note 1: 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 nine months ended September 30, 2006:

						Related party as counter party						
Name of the properties	Date of transaction	Transaction amount	Status of payment	Counter party	Relation-ship with the Company	Original owner which sold the property to the counter party	The relationship of the original owner with the Company	Date of the original transaction	Amount		Purpose and status of the acquisition	Other commitment
Building	November 2005	$ 169,000	$ 169,000	Sheng-Hui Construction Corporation Ltd.	-	-	-	-	$ -	As specified in contract	For operating use	Payment made according to construction
Building	December 2005	$ 125,000	125,000	Chung-Rui Construction Corporation Ltd.	-	-	-	-	-	As specified in contract	For operating use	Payment made according to construction
Building	February 2006	$ 180,000	180,000	CNet Technology Inc.	-	-	-	-	-	As specified in contract	For operating use	-
Land	August 2006	$ 809,021	605,021	Jou Mu Textile Corporation, and etc.	-	-	-	-	-	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 nine months ended September 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 nine months ended September 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 e counter partie	Relationship with the ounter 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	$ 2,558,882	16%	Three months	$ -	-	493,048	10%

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

As of September 30, 2006: None.

(9) Transaction of derivative financial instruments:

For the nine months ended September 30, 2006: None.

B. Related Information on Investee Companies

(1) Basic information on investee companies:

For the nine months ended September 30, 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%	$1,307,605	$161,509	$108,118	(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%	4,186,586	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%	2,317,159	(10,924)	(10,924)	(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%	134,348	66,597	66,597	(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%	1,250,678	(100,107)	(100,107)	(Note 3)
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%	1,249,786	(99,362)	(99,362)	(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 September 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	Available-for-sale financial assets (non-current)	35,176	$1,387,695	1.27%	$39.45
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	246,074	0.84%	44.00
Siliconware Investment Company Ltd.	Stock	Mega Mission Limited Partnership	—	Financial assets carried at cost	(Note 4)	195,523	4.00%	-
Siliconware Investment Company Ltd.	Stock	Others (Note 1)	—	Available-for-sale financial assets (non-current) and financial assets carried at costs	-	189,886	-	-
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	134,348	100.00%	107.48 (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	1,250,678	100.00%	24.96 (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)	1,249,786	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.

(4) The contributed capital was US$6,000 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 nine months ended September 30, 2006:

				The relationship of the issuers with the Company	Beginning balance		Addition		Disposal				Ending balance		
Investor	Name of the security	General ledger accounts	Name of the counter party		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	
Siliconware Investment Company Ltd.	Mega Mission Limited Partnership	Financial assets carried at costs	—	—	—	—	(Note 5)	195,523	—	—	—	—	(Note 5)	195,523	
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	$1,250,678	(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	(Note 2)	487,050	—	—	—	—	(Note 3)	1,249,786	(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.
Note 5 : The contributed capital was US$6,000 thousand dollars.

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 December 31,2004	Remitted or (collected) this period	Accumulated remittance as of September 30, 2005	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%

Investment income (loss) recognized by the Company during the period	Ending balance of investment	The investment income (loss) remitted back as of September 30, 2005	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
($ 99,362)	$1,249,786 (Note 2)	$ -	$1,620,500	$1,620,500	$12,626,755

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.