**SILICONWARE PRECISION INDUSTRIES CO., LTD.**

**AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND**

**REPORT OF INDEPENDENT ACCOUNTANTS**

**DECEMBER 31, 2009 AND 2008**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Siliconware Precision Industries Co., Ltd. and its subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "Rules Governing Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Siliconware Precision Industries Co., Ltd. and its subsidiaries as of December 31, 2009 and 2008, and the results of their consolidated operations and their consolidated cash flows for the years then ended, in conformity with the "Rules Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

As discussed in Note 3, commencing from January 1, 2008, the Company adopted R.O.C. EITF 96-052, “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration”, issued by the Accounting Research and Development Foundation, R.O.C.

February 26, 2010

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

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

| | December 31, | |
|---|---|---|
| | 2009 | 2008 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 4) | $ 19,615,161 | $ 18,840,965 |
| Notes receivable, net | 40,545 | 46,173 |
| Accounts receivable, net (Note 5) | 11,299,418 | 7,290,315 |
| Other financial assets, current (Note 23) | 462,428 | 464,557 |
| Inventories (Note 6) | 2,992,331 | 2,383,067 |
| Deferred income tax assets, current (Note 19) | 799,410 | 425,761 |
| Other current assets - other | 773,861 | 696,466 |
| | 35,983,154 | 30,147,304 |
| Long-term Investments | | |
| Available-for-sale financial assets, noncurrent (Notes 7 and 27) | 3,825,793 | 1,075,480 |
| Financial assets carried at cost, noncurrent (Notes 8 and 27) | 315,394 | 322,036 |
| | 4,141,187 | 1,397,516 |
| Property, Plant and Equipment (Note 10) | | |
| Cost: | | |
| Land | 2,903,192 | 2,902,823 |
| Buildings | 13,108,575 | 11,435,051 |
| Machinery and equipment | 53,002,069 | 53,528,647 |
| Utility equipment | 1,117,124 | 1,225,810 |
| Furniture and fixtures | 722,071 | 829,769 |
| Other equipment | 2,189,994 | 2,356,471 |
| | 73,043,025 | 72,278,571 |
| Less: Accumulated depreciation | ( 37,909,299) | ( 34,090,559) |
| Construction in progress and prepayments for equipment | 1,182,399 | 651,621 |
| | 36,316,125 | 38,839,633 |
| Other Assets | | |
| Refundable deposits | 8,248 | 10,034 |
| Deferred charges | 487,234 | 727,025 |
| Deferred income tax asset, noncurrent (Note 19) | 1,106,205 | 2,061,567 |
| Other assets - other | 268,434 | 197,122 |
| | 1,870,121 | 2,995,748 |
| TOTAL ASSETS | $ 78,310,587 | $ 73,380,201 |

(Continued)

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

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Short-term loans (Notes 11 and 27) | $ 225,488 | $ 654,933 |
| Notes payable | - | 655 |
| Accounts payable (Note 22) | 7,953,743 | 4,836,163 |
| Income tax payable (Note 19) | 849,351 | 821,878 |
| Accrued expenses | 3,526,756 | 3,184,879 |
| Other payables (Notes 12 and 22) | 2,253,304 | 1,253,730 |
| Current portion of long-term loans (Note 13) | - | 749,354 |
| Other current liabilities | 196,346 | 164,589 |
| | 15,004,988 | 11,666,181 |
| Long-term Liabilities | | |
| Long-term loans (Notes 13 and 27) | - | 2,248,065 |
| Other Liabilities (Note 14) | 224,373 | 151,834 |
| Total Liabilities | 15,229,361 | 14,066,080 |
| Stockholders' Equity | | |
| Capital stock (Notes 1 and 15) | 31,163,611 | 31,525,899 |
| Capital reserve (Note 16) | | |
| Additional paid-in capital | 14,290,224 | 14,456,352 |
| Premium arising from merger | 1,929,136 | 1,951,563 |
| Other | 234,167 | 412,296 |
| Retained earnings (Note 17) | | |
| Legal reserve | 5,720,419 | 5,089,066 |
| Unappropriated earnings | 8,937,249 | 6,453,435 |
| Unrealized gain on available-for-sale financial assets | 767,157 | - |
| Cumulative translation adjustments | 208,577 | 296,866 |
| Net loss not recognized as pension cost | ( 169,314) | ( 77,172) |
| Treasury stock (Note 18) | - | ( 794,184) |
| Total Stockholders' Equity | 63,081,226 | 59,314,121 |
| Commitments and Contingencies (Note 24) | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $ 78,310,587 | $ 73,380,201 |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 26, 2010.

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

| | For the years ended December 31, 2009 | 2008 |
|---|---|---|
| Operating Revenues | | |
| Sales | $ 60,448,899 | $ 63,090,247 |
| Sales allowances | ( 1,154,307) | ( 687,313) |
| Net operating revenues | 59,294,592 | 62,402,934 |
| Cost of Goods Sold (Notes 6 and 22) | ( 47,851,772) | ( 49,453,501) |
| Gross Profit | 11,442,820 | 12,949,433 |
| Operating Expenses (Note 22) | | |
| Selling expenses | ( 622,208) | ( 942,653) |
| General and administrative expenses | ( 1,401,541) | ( 1,677,753) |
| Research and development expenses | ( 1,276,041) | ( 1,382,560) |
| | ( 3,299,790) | ( 4,002,966) |
| Operating Income | 8,143,030 | 8,946,467 |
| Non-operating Income and Gain | | |
| Interest income (Note 27) | 49,221 | 366,086 |
| Gain on disposal of investments (Note 7) | 1,947,879 | - |
| Others (Note 9) | 263,511 | 351,465 |
| | 2,260,611 | 717,551 |
| Non-operating Expenses and Losses | | |
| Interest expenses (Note 27) | ( 36,850) | ( 89,017) |
| Impairment loss (Notes 7 and 8) | - | ( 3,030,605) |
| Others (Note 23) | ( 153,653) | ( 20,343) |
| | ( 190,503) | ( 3,139,965) |
| Income from Continuing Operations before Income Tax | 10,213,138 | 6,524,053 |
| Income Tax Expense (Note 19) | ( 1,423,309) | ( 210,523) |
| Consolidated Net Income | $ 8,789,829 | $ 6,313,530 |
| Attributable to: | | |
| Consolidated net income | $ 8,789,829 | $ 6,313,530 |

| | 2009 Before tax | 2009 After tax | 2008 Before tax | 2008 After tax |
|---|---|---|---|---|
| Basic Earnings Per Share (in dollars) (Note 20) | | | | |
| Consolidated net income | $ 3.28 | $ 2.82 | $ 2.09 | $ 2.03 |
| Diluted Earnings Per Share (in dollars) (Note 20) | | | | |
| Consolidated net income | $ 3.25 | $ 2.80 | $ 2.08 | $ 2.01 |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 26, 2010.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | | | Retained Earnings | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | Capital Reserve | Legal Reserve | Unappropriated Earnings | Unrealized Gain (Loss) on Available-for-sale Financial Assets | Cumulative Translation Adjustments | Net Loss Not Recognized as Pension Cost | Treasury Stock | Total |
| Balance at January 1, 2008 | $ 30,734,245 | $ 16,658,624 | $ 3,340,131 | $ 17,761,366 | $ 1,160,659 | $ 84,926 | ($ 37,613) | ($ 794,184) | $ 68,908,154 |
| Appropriations of earnings for prior years : | | | | | | | | | |
| Legal reserve | - | - | 1,748,935 | ( 1,748,935) | - | - | - | - | - |
| Remuneration to directors and supervisors | - | - | - | ( 157,405) | - | - | - | - | ( 157,405) |
| Employees' cash bonuses | - | - | - | ( 1,100,058) | - | - | - | - | ( 1,100,058) |
| Employees' stock bonuses | 471,454 | - | - | ( 471,454) | - | - | - | - | - |
| Cash dividends | - | - | - | ( 13,836,139) | - | - | - | - | ( 13,836,139) |
| Stock dividends | 307,470 | - | - | ( 307,470) | - | - | - | - | - |
| Employee stock option exercised | 12,730 | ( 5,335) | - | - | - | - | - | - | 7,395 |
| Long-term investment adjustment for investee company's additional paid-in capital | - | 5,507 | - | - | - | - | - | - | 5,507 |
| Long-term investment adjustment for investee company's cumulative translation adjustments | - | - | - | - | - | 211,940 | - | - | 211,940 |
| Unrealized loss on available-for-sale financial assets | - | - | - | - | ( 1,160,659) | - | - | - | ( 1,160,659) |
| Net loss not recognized as pension cost | - | - | - | - | - | - | ( 39,559) | - | ( 39,559) |
| Cash dividends from treasury stock held by subsidiary | - | 161,415 | - | - | - | - | - | - | 161,415 |
| Consolidated net income | - | - | - | 6,313,530 | - | - | - | - | 6,313,530 |
| Balance at December 31, 2008 | $ 31,525,899 | $ 16,820,211 | $ 5,089,066 | $ 6,453,435 | $ - | $ 296,866 | ($ 77,172) | ($ 794,184) | $ 59,314,121 |

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SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

| | | | Retained Earnings | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Stock | Capital Reserve | Legal Reserve | Unappropriated Earnings | Unrealized Gain on Available-for-sale Financial Assets | Cumulative Translation Adjustments | Net Loss Not Recognized as Pension Cost | Treasury Stock | Total |
| Balance at January 1, 2009 | $ 31,525,899 | $ 16,820,211 | $ 5,089,066 | $ 6,453,435 | $ - | $ 296,866 | ($ 77,172) | ($ 794,184) | $ 59,314,121 |
| Appropriations of earnings for prior years : (Note) | | | | | | | | | |
| Legal reserve | - | - | 631,353 | ( 631,353) | - | - | - | - | - |
| Cash dividends | - | - | - | ( 5,674,662) | - | - | - | - | ( 5,674,662) |
| Long-term investment adjustment for investee company's cumulative translation adjustments | - | - | - | - | - | ( 88,289) | - | - | ( 88,289) |
| Unrealized gain on available-for-sale financial assets | - | - | - | - | 767,157 | - | - | - | 767,157 |
| Net loss not recognized as pension cost | - | - | - | - | - | - | ( 92,142) | - | ( 92,142) |
| Cash dividends from treasury stock held by subsidiary | - | 65,212 | - | - | - | - | - | - | 65,212 |
| Retirement of treasury stock | ( 362,288) | ( 431,896) | - | - | - | - | - | 794,184 | - |
| Consolidated net income | - | - | - | 8,789,829 | - | - | - | - | 8,789,829 |
| Balance at December 31, 2009 | $ 31,163,611 | $ 16,453,527 | $ 5,720,419 | $ 8,937,249 | $ 767,157 | $ 208,577 | ($ 169,314) | $ - | $ 63,081,226 |

Note: The directors' and supervisors' remunerations and employees' bonuses amounted to $56,822 thousand and $630,518 thousand, respectively, have been deducted from the statements of income.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 26, 2010.

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

| | For the years ended December 31, 2009 | 2008 |
|---|---|---|
| Cash flows from operating activities | | |
| Consolidated net income | $ 8,789,829 | $ 6,313,530 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 8,448,458 | 8,845,225 |
| Amortization | 505,687 | 586,439 |
| Provision for bad debt expense | 79,754 | 271,091 |
| Provision for sales allowance | 290,109 | 120,153 |
| Provision for loss on obsolescence and decline in market value of inventories | 6,946 | 9,065 |
| Gain on disposal of investments | ( 1,947,879) | - |
| Gain on liquidation of investment | ( 5,871) | - |
| Impairment loss | - | 3,030,605 |
| Gain on disposal of property, plant and equipment | ( 8,469) | ( 30,473) |
| Provision for loss on idle assets | 73,882 | 43,093 |
| Amortization of discount of long-term notes | 2,581 | 1,548 |
| (Increase) decrease in assets: | | |
| Notes receivable | 5,629 | 70,449 |
| Accounts receivable | ( 4,389,987) | 3,611,376 |
| Other financial assets, current | ( 2,706) | 248,323 |
| Inventories | ( 620,639) | 1,085,907 |
| Deferred income tax assets | 546,367 | ( 691,318) |
| Other current assets - other | ( 78,480) | ( 66,688) |
| Increase (decrease) in liabilities: | | |
| Notes payable | ( 655) | ( 114) |
| Accounts payable | 3,121,234 | ( 1,618,261) |
| Income tax payable | 27,473 | ( 679,778) |
| Accrued expenses | 346,707 | 737,548 |
| Other payables | 273,954 | ( 312,998) |
| Other current liabilities | 33,022 | 20,847 |
| Other liabilities - others | ( 797) | 928 |
| Accrued pension liabilities | ( 3,867) | 8,195 |
| Net cash provided by operating activities | 15,492,282 | 21,604,692 |

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

| | For the years ended December 31, 2009 | For the years ended December 31, 2008 |
|---|---|---|
| Cash flows from investing activities | | |
| Increase in security deposits | $ - | ($ 19,500) |
| Decrease of financial assets carried at cost | 6,642 | 3,559 |
| Proceeds from liquidation of long-term investment | 5,871 | - |
| Acquisition of property, plant and equipment | ( 5,303,328) | ( 10,048,005) |
| Acquisition of leased assets | ( 87,732) | - |
| Proceeds from disposal of property, plant and equipment | 9,277 | 48,911 |
| Payment for deferred charges | ( 253,402) | ( 540,914) |
| Receipt of refundable deposits | 1,754 | 479 |
| Net cash used in investing activities | ( 5,620,918) | ( 10,555,470) |
| | | |
| Cash flows from financing activities | | |
| Proceeds from short-term loans | 1,137,549 | 687,298 |
| Repayment of short-term loans | ( 1,551,573) | ( 603,309) |
| Repayment of long-term loans | ( 3,000,000) | - |
| Refund of deposit-in | ( 30,083) | ( 86,331) |
| Proceeds from exercise of employee stock option | - | 7,395 |
| Remuneration to directors and supervisors | - | ( 157,405) |
| Payment of cash dividends and employees' bonuses | ( 5,609,430) | ( 14,774,769) |
| Net cash used in financing activities | ( 9,053,537) | ( 14,927,121) |
| Effect on foreign currency exchange | ( 43,631) | 94,206 |
| Net increase (decrease) in cash | 774,196 | ( 3,783,693) |
| Cash at the beginning of the year | 18,840,965 | 22,624,658 |
| Cash at the end of the year | $ 19,615,161 | $ 18,840,965 |
| | | |
| Supplemental disclosures of cash flow information: | | |
| Cash paid for interest | $ 33,779 | $ 91,999 |
| Cash paid for income tax | $ 851,721 | $ 1,575,888 |
| | | |
| Supplemental disclosures of partial cash paid for investing activities: | | |
| Acquisition of property, plant and equipment | $ 6,039,790 | $ 8,974,422 |
| Deduction on payment due to exchange of assets | ( 8,631) | - |
| Add: Payable at the beginning of the year | 642,928 | 1,716,511 |
| Less: Payable at the end of the year | ( 1,370,759) | ( 642,928) |
| Cash paid | $ 5,303,328 | $ 10,048,005 |
| | | |
| Non-cash financing activities: | | |
| Current portion of long-term loans | $ - | $ 749,354 |

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated February 26, 2010

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
UNLESS STATED OTHERWISE)

## 1. HISTORY AND ORGANIZATION

(1) Siliconware Precision Industries Co., Ltd. (the "Company") was incorporated as a company limited by shares under the Company Law of the Republic of China (R.O.C.) in May 1984 and was listed on the Taiwan Stock Exchange in April 1993. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. On August 31, 2009, the Company merged with its wholly owned subsidiary, Siliconware Investment Company Ltd. (SIC). The Company is the surviving entity while SIC is the dissolved entity. As of December 31, 2009, the Company and its subsidiaries had 16,077 employees.

(2) Consolidated subsidiaries:

| | | | % of ownership held by the named investors as of December 31, | |
|---|---|---|---|---|
| Name of investor | Name of subsidiaries | Main operating activities | 2009 | 2008 |
| The Company | SPIL (B.V.I.) Holding Limited | Investment activities | 100% | 100% |
| SPIL (B.V.I.) Holding Limited | Siliconware USA, Inc. (SUI) | Communications and relationship maintenance with companies headquartered in North America | 100% | 100% |
| SPIL (B.V.I.) Holding Limited | SPIL (Cayman) Holding Limited | Investment activities | 100% | 100% |
| SPIL (Cayman) Holding Limited | Siliconware Technology (Suzhou) Limited | Assembly and testing service providing | 100% | 100% |

(3) Non-consolidated subsidiaries:

None.

(4) Adjustments for subsidiaries with different accounting periods:

None.

(5) Extraordinary risks from foreign subsidiaries:

None.

(6) Material limitations for capital transfer from subsidiaries to the parent company:

None.

(7) The parent company's stocks held by subsidiaries:

Please refer to Note 18.

(8) Convertible bonds and stocks issued by subsidiaries:

Please refer to Note 28.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basic of Consolidation

The Company adopted the Statement of Accounting Standards No. 7, "Consolidated Financial Statements", which requires an entity to consolidate all of the subsidiaries which it owns, directly or indirectly, more than 50% of the voting rights and which it owns, directly or indirectly, less than 50% of the voting rights but has effective control. Significant inter-company transactions and balances between the Company and its subsidiaries are eliminated.

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UUUUUse of Estimates

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

Translation of Foreign Currency Transactions on Subsidiaries' Financial Statements

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

Foreign Currency Transactions

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

Classification of Current and Noncurrent Assets / Liabilities

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

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

(2) Assets held mainly for trading purposes;

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

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

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

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

(2) Liabilities arising mainly from trading activities;

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

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

Cash Equivalents

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

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 difference between the maturity value and the fair value discounted by implicit interest rate is immaterial and the frequency of transactions is high.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is estimated based on the evaluation of collectibility 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 adjusted to cost using the weighted–average method at the balance sheet date. The allowance for loss on obsolescence and decline in market value is recorded based on inventory aging and obsolescence, when necessary. Prior to January 1, 2009, inventories were stated by category at the lower of aggregate cost or market value and total inventory approach as of the balance sheet date. Effective January 1, 2009, inventories are stated at the lower of cost or net realizable value by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and necessary selling expenses.

Available-for-sale Financial Assets

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

B. Available-for-sale securities are measured at fair value at 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.

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

Financial Assets Carried at Cost

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

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

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

Long-term Investments Accounted for under Equity Method

A. Long-term equity investments in which the Company owns at least 20% of the voting stocks 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 retrospective adjustment is required for amortization recognized in previous years. Long-term equity investments in which the Company holds more than 50% of the voting stocks or has controlling interests over the investee companies are accounted for under the equity method and are included in the quarterly 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 noncurrent liabilities. Gains or losses on sales from equity method investees to the Company are deferred in proportion to the Company's ownership percentages in the investees until those are realized through transactions with third parties.

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

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

Property, Plant and Equipment

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

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

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

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

Deferred Charges

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

Land Use Right

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

Pension Cost

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

Income Tax

A. The Company computes its income tax based on the income before tax. In accordance with R.O.C. SFAS No. 22, “Accounting for Income Taxes”, the income tax effect resulting from temporary differences and investment tax credits is recorded as deferred income tax assets or liabilities using the asset and liability method. Deferred tax assets or liabilities are further classified into current or noncurrent and carried at net balance. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized.
B. The Company adopted R.O.C. SFAS No. 12, “Accounting for Investment Tax Credits”, in determining the investment tax credits. The investment tax credits relating to the acquisition cost of qualifying equipment or technology, qualifying research and development expenditure, and qualifying personnel training expenditure are recognized as income tax adjustments in the period the tax credits arise.
C. Over or under provisions of prior years’ income tax liabilities are included in the current period’s income tax expense.
D. The Taiwan imputation tax system requires that any undistributed earnings be subject to an additional 10% corporate income tax, which is recognized as income tax expense at the time when the stockholders resolve the distribution of retained earnings.
E. Pursuant to the R.O.C. Alternative Minimum Tax Act, the domestic consolidated entities are required to calculate Alternative Minimum Tax (AMT), a supplemental 10% tax on taxable income including most income that is exempted from regular income tax under various legislations, in addition to the regular tax. If the amount of alternative minimum tax is greater than that of the regular tax, the excess amount shall be reported as current tax expense.
F. When a change in tax law is enacted, the Company will recalculate deferred tax assets and liabilities accordingly. The amount of difference shall be recognized as current income tax adjustment.

Revenues and Costs

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

Employee Stock Option Plan

According to R.O.C. EITF 92-070, R.O.C. EITF 92-071 and R.O.C. EITF 92-072, “Accounting for Employee Stock Option Plans” as prescribed by the Accounting Research and Development Foundation, R.O.C., the Company adopts intrinsic value method for the recording of compensation expenses.

Employees’ Bonuses and Directors’ and Supervisors’ Remunerations

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

Treasury Stock

A. The Company records treasury stock 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. When retiring treasury stock, the Company shall credit treasury stock and debit capital and capital reserve – additional paid-in capital. If the book value of treasury stock exceeds the aggregated amount of par value and capital reserve – additional paid-in capital, the excess is charged to capital reserve – treasury stock and to retained earnings for the remaining amount. If the book value of treasury stock is lower than the aggregated amount of par value and capital reserve – additional paid-in capital, the difference is credited to capital reserve – treasure stock in the same category.

D. The book value of treasury stock is calculated using the weighted-average method.

E. Stock of the Company held by the subsidiaries is treated as treasury stock. Subsidiaries’ gain on disposal of the Company’s stock and the cash dividend income received from the Company are recorded as capital reserve – 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. 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. In computing the dilutive effects of the employee stock options, the Company applies the treasury stock method.

Impairment Loss of Non-financial Assets

A. The Company recognizes impairment loss whenever an event occurs or evidence indicates the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is measured at the higher of 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 in its remained useful life.

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

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

A. Effective January 1, 2008, the Company adopted R.O.C. EITF 96-052, “Accounting for Employees’ Bonuses and Directors’ and Supervisors’ Remuneration” as prescribed by the Accounting Research and Development Foundation, R.O.C. As a result of the adoption of R.O.C. EITF 96-052, total expenses increased by $687,340, consolidated net income decreased by $515,505, and basic earnings per share decreased by approximately $0.17 (in dollars) for the year ended December 31, 2008.

B. Effective January 1, 2009, the Company adopted the amendments of R.O.C. SFAS No. 10, “Accounting for Inventories”. The change in accounting principle does not cause significant impact toward the consolidated financial statements for the year ended December 31, 2009.

4. CASH AND CASH EQUIVALENTS

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Cash on hand and petty cash | $ 1,918 | $ 2,068 |
| Cash equivalents | 23,187 | - |
| Savings accounts and checking accounts | 1,752,314 | 1,293,207 |
| Time deposits | 17,837,742 | 17,545,690 |
| | $ 19,615,161 | $ 18,840,965 |

As of December 31, 2009 and 2008, the interest rates for time deposits ranged from 0.11% to 2.69 % and from 0.2 % to 7.11 %, respectively.

5. ACCOUNTS RECEIVABLE, NET

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Accounts receivable | $ 12,078,003 | $ 7,750,698 |
| Less : | | |
| Allowance for sales discounts | ( 446,049) | ( 156,096) |
| Allowance for doubtful accounts | ( 332,536) | ( 304,287) |
| | $ 11,299,418 | $ 7,290,315 |

## 6. INVENTORIES

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Raw materials and supplies | $ 2,392,684 | $ 2,040,999 |
| Work in process | 455,406 | 245,016 |
| Finished goods | 226,672 | 172,633 |
| | 3,074,762 | 2,458,648 |
| Less : Allowance for loss on obsolescence and decline in market value of inventories | ( 82,431) | ( 75,581) |
| | $ 2,992,331 | $ 2,383,067 |

| Expense / loss incurred related to inventories : | For the years ended December 31, 2009 | For the years ended December 31, 2008 |
|---|---|---|
| Cost of goods sold | $ 47,904,790 | $ 49,456,149 |
| Decline in market value and loss on obsolescence | 6,946 | 8,823 |
| Others | ( 59,964) | ( 11,471) |
| | $ 47,851,772 | $ 49,453,501 |

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NONCURRENT

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Cost of listed securities | $ 5,167,332 | $ 3,712,625 |
| Valuation adjustment | 802,434 | - |
| Accumulated impairment loss | ( 2,143,973) | ( 2,637,145) |
| | $ 3,825,793 | $ 1,075,480 |

A. Under the impact of global financial crisis, the Company performed evaluation of impairment toward its investments of equity securities based on R.O.C. SFAS No. 34 and recognized other-than-temporary impairment loss of $2,637,145 for the year ended December 31, 2008.

B. Phoenix Precision Technology Corporation (PPT), an investee of the Company, merged with Unimicron Technology Corporation (Unimicron) on December 1, 2009. Unimicron is the surviving entity while PPT is the dissolved entity. One PPT’s common share is converted to 0.628 shares of Unimicron’s common share. The shares of PPT held by the Company were converted to Unimicron’s common shares. The Company owns 4.94% of Unimicron’s common shares and recognized gains on disposal of investment of $1,947,879 from the above merger.

## 8. FINANCIAL ASSETS CARRIED AT COST, NONCURRENT

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Unlisted securities | $ 708,854 | $ 715,496 |
| Accumulated impairment loss | ( 393,460) | ( 393,460) |
| | $ 315,394 | $ 322,036 |

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

B. Under the impact of global financial crisis, the Company performed an evaluation of impairment toward its investments of equity securities in accordance with R.O.C. SFAS No. 34 and recognized other-than-temporary impairment loss of $393,460 based on the proportional interests on these financial assets for the year ended December 31, 2008.

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

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| Investee company | Amount | Percentage of ownership | Amount | Percentage of ownership |
| Equity method : | | | | |
| Double Win Enterprise Co., Ltd. | $ - | - | $ 84,450 | 24.14% |
| Less : Accumulated impairment loss | - | | ( 84,450) | |
| | $ - | | $ - | |

In March 2009, Double Win Enterprise Co., Ltd. (Double Win) was completely dissolved and the Company received $5,871 for return on capital from Double Win (recognized in other income). As of December 31, 2009, the book value of Double Win held by the Company was nil.

## 10. PROPERTY, PLANT AND EQUIPMENT

| | December 31, 2009 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Book value |
| Land | $ 2,903,192 | $ - | $ 2,903,192 |
| Buildings | 13,108,575 | ( 3,837,362) | 9,271,213 |
| Machinery and equipment | 53,002,069 | ( 31,781,058) | 21,221,011 |
| Utility equipment | 1,117,124 | ( 554,471) | 562,653 |
| Furniture and fixtures | 722,071 | ( 452,793) | 269,278 |
| Other equipment | 2,189,994 | ( 1,283,615) | 906,379 |
| Construction in progress and prepayments for equipment | 1,182,399 | - | 1,182,399 |
| | $ 74,225,424 | ($ 37,909,299) | $ 36,316,125 |

| | December 31, 2008 | | |
|---|---|---|---|
| | Cost | Accumulated depreciation | Book value |
| Land | $ 2,902,823 | $ - | $ 2,902,823 |
| Buildings | 11,435,051 | ( 3,224,764) | 8,210,287 |
| Machinery and equipment | 53,528,647 | ( 28,564,096) | 24,964,551 |
| Utility equipment | 1,225,810 | ( 560,254) | 665,556 |
| Furniture and fixtures | 829,769 | ( 479,881) | 349,888 |
| Other equipment | 2,356,471 | ( 1,261,564) | 1,094,907 |
| Construction in progress and prepayments for equipment | 651,621 | - | 651,621 |
| | $ 72,930,192 | ($ 34,090,559) | $ 38,839,633 |

## 11. SHORT-TERM LOANS

| | December 31, | |
|---|---|---|
| Nature of loans | 2009 | 2008 |
| Credit loans | $ 225,488 | $ 654,933 |
| Interest rates | 1.2445% | 3.61% |

## 12. OTHER PAYABLES

| | December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Payables for equipment | $ 1,370,759 | $ 642,928 |
| Other payables | 882,545 | 610,802 |
| | $ 2,253,304 | $ 1,253,730 |

## 13. LONG-TERM LOANS

| Nature of loans | Repayment period | December 31, 2009 | December 31, 2008 |
|---|---|---|---|
| Commercial paper | Repayable in 4 semi-annual installments from November 2009 | $ - | $ 3,000,000 |
| Less: Discount on commercial paper | | - | ( 2,581) |
| | | - | 2,997,419 |
| Less: Current portion of long-term loans | | - | ( 749,354) |
| | | $ - | $ 2,248,065 |
| Interest rates | | - | 2.093% |

A. The loan agreements require, among other things, the maintenance of certain specific financial ratios and consent obtained from the majority banks on certain covenants.

B. The Company repaid the outstanding long-term loans in June 2009 before the maturity dates.

## 14. PENSION PLAN AND NET PERIODIC PENSION COST

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

B. In accordance with the Labor Pension Act, effective July 1, 2005, the Company has a defined contribution pension plan covering employees (excluding foreign employees) who chose to be subject to the pension mechanism under this Act. The Company makes monthly contributions to the employees’ individual pension accounts on a basis no less than 6% of each employee’s monthly salary or wage. The principal and accrued dividends from an employee’s personal pension account are claimed monthly or in full at one time. Under this pension plan, net periodic pension costs amounting to $272,177 and $312,441 were recognized for the years ended December 31, 2009 and 2008, respectively.

C. SUI has established a 401(K) pension plan (“the Plan”) covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code, as well as discretionary matching contributions determined annually by its Board of Directors from SUI to its employees’ individual pension accounts. Contributions made in accordance with the Plan amounted to $8,782 and $8,812, respectively, for the years ended December 31, 2009 and 2008.

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

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

(1) Assumptions used in actuarial calculations:

| | For the years ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Discount rate | 2.25% | 2.20% |
| Long-term rate of compensation increase | 2.00% | 1.00% |
| Expected rate of return on plan assets | 2.00% | 2.50% |
| | December 31, | |
| | 2009 | 2008 |
| Vested benefit | ($ 77,782) | ($ 47,463) |
| Vested benefit obligation | ($ 68,100) | ($ 44,852) |
| Accumulated benefit obligation | ($ 1,365,669) | ($ 1,249,343) |

(2) Changes in benefit obligation during the years ended December 31, 2009 and 2008:

| | For the years ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Projected benefit obligation at the beginning of the year | ($ 1,544,731) | ($ 1,620,782) |
| Service cost | ( 29,786) | ( 36,001) |
| Interest cost | ( 34,630) | ( 45,252) |
| Plan amendments | ( 73,596) | 59,238 |
| (Loss) gain on projected benefit obligation | ( 284,261) | 77,386 |
| Benefit paid | 44,408 | 20,680 |
| Projected benefit obligation at the end of the year | ($ 1,922,596) | ($ 1,544,731) |

(3) Changes in plan assets during the years ended December 31, 2009 and 2008:

| | For the years ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Fair value of plan assets at the beginning of the year | $ 1,130,537 | $ 1,059,039 |
| Actual return on plan assets | 7,487 | 38,553 |
| Employer contributions | 49,660 | 53,625 |
| Benefits paid | ( 44,408) | ( 20,680) |
| Fair value of plan assets at the end of the year | $ 1,143,276 | $ 1,130,537 |

(4) Funded status at December 31, 2009 and 2008:

| | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Fair value of plan assets | $ 1,143,276 | $ 1,130,537 |
| Projected benefit obligation | ( 1,922,596) | ( 1,544,731) |
| Funded status | ( 779,320) | ( 414,194) |
| Unrecognized transition assets | ( 912) | ( 1,825) |
| Prior service cost | 15,312 | ( 57,814) |
| Unrecognized net actuarial loss | 727,153 | 432,199 |
| Additional pension liability | ( 184,626) | ( 77,172) |
| Accured pension liabilities | ($ 222,393) | ($ 118,806) |

(5) Components of net periodic pension cost for the years ended December 31, 2009 and 2008:

| | For the years ended December 31, 2009 | For the years ended December 31, 2008 |
|---|---|---|
| Service cost | $ 29,786 | $ 36,001 |
| Interest cost | 34,630 | 45,252 |
| Expected return on plan assets | ( 28,862) | ( 32,470) |
| Amortization of unrecognized net transition assets | ( 913) | ( 913) |
| Amortization of prior service cost | 470 | ( 1,424) |
| Amortization of unrecognized loss | 10,682 | 15,374 |
| Net periodic pension cost | $ 45,793 | $ 61,820 |

15. CAPITAL STOCK

A. As of December 31, 2009, the authorized capital of the Company was $36,000,000 and the paid-in-capital was $31,163,611 with par value of $10 (in dollars) per share.

B. On August 31, 2009, the Company merged with SIC and retired 36,229 thousand shares of the Company's shares held by SIC. The capital reduction was approved by the Ministry of Economic Affairs on September 18, 2009.

C. The Company issued $1,500,000 American Depositary Shares ("ADSs"), represented by 30,000,000 units of ADSs, in June 2000. Each ADS represents five shares of common stock of the Company with an offering price of US$8.49 per ADS. As of December 31, 2009, the outstanding ADSs amounted to 124,828,695 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. The exercise price of the employee stock option was decided according to the closing price at the measurement date and 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.

For the year ended December 31, 2008, details of the employee stock options granted, exercised and canceled and exercise prices of the employee stock options are as follows: (Numbers of options are presented in thousands)

| | For the year ended December 31, 2008 | |
|---|---|---|
| | Number of options | Weighted average exercise price |
| | | (in dollars) |
| Outstanding options at the beginning of the year | 1,514 | $5.83 |
| Number of options exercised | ( 1,273) | 5.81 |
| Number of options forfeited | ( 241) | 5.97 |
| Outstanding options at the end of the year | - | |
| Vested options at the end of the year | - | |
| Authorized options available for future grant at the end of the year | - | |

## 16. CAPITAL RESERVE

A. According to the Company Law of the R.O.C., the capital reserve arising from paid-in capital in excess of par on the issuance of stocks, from merger, from the conversion of convertible bonds and from donation shall be exclusively used to cover accumulated deficits or transferred to capital. 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 R.O.C., the capital reserve is allowed to be transferred to capital in the following year after the registration of capitalization is approved.

## 17. 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 no more than 1% of the remaining amount after deducting items (1), (2), and (3) as directors' and supervisors' remunerations.

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

B. Among the total dividend distributed, at least 50% of which is distributed as cash dividend and the rest is stock dividend. The appropriation of the profit is subject to the resolution adopted by the Board and approval by the shareholders. As of February 26, 2010, the Board of Directors of the Company has not resolved the distribution of the 2009 earnings. Therefore, any information in relation to the appropriation of the Company's 2009 earnings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchanges after the Board's resolution and the shareholders' approval.

C. 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.

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

E. The Taiwan imputation tax system requires that any undistributed current earnings of a company derived on or after January 1, 1998 be subject to an additional 10% corporate income tax if the earnings are not distributed in the following year. As of December 31, 2009, the undistributed earnings derived on or after January 1, 1998 was $8,937,249.

F. As of December 31, 2009, the balance of stockholders' imputation tax credit account of the Company was $26,308. The rate of stockholders' imputation tax credit to undistributed earnings for the earnings distributed in 2009 is 13.78%. The rate of stockholders' imputation tax credit to undistributed earnings for the earnings distributed in the following year is expecting to be approximately 9.8%. However, the rate is subject to changes based on the balance of stockholders' imputation tax credit account, the undistributed earnings, and other tax credit amount in accordance with the R.O.C. tax law at the dividend allocation date.

G. The distributions of 2008 and 2007 dividends had been resolved at the stockholders' meeting on June 10, 2009 and June 13, 2008, respectively. Details are summarized below:

| | 2008 | | 2007 | |
|---|---|---|---|---|
| | Amounts | Dividends per share (in dollars) | Amounts | Dividends per share (in dollars) |
| Stock dividends | $ - | $ - | $ 307,470 | $ 0.10 |
| Cash dividends | 5,674,662 | 1.80 | 13,836,139 | 4.50 |
| | $ 5,674,662 | $ 1.80 | $ 14,143,609 | $ 4.60 |

At the stockholders' meeting on June 10, 2009, the Company's stockholders also resolved to distribute $630,518 as employees' cash bonuses and $56,822 as directors' and supervisors' remunerations, respectively. The distributed amount is the same as the estimated amount accrued in 2008. Any information in relation to the Company's earnings of distribution after the shareholders' approval will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchanges.

H. According to the Articles of Incorporation of the Company, for the year ended December 31, 2009, the Company accrued $893,357 as employees' bonuses and $79,108 as directors' and supervisors' remuneration, respectively, which were accrued based on 10% and 1% of net income after considering the required capital reserve.

## 18. TREASURY STOCK

As of December 31, 2008, SIC, the subsidiary of the Company, holds 36,229 thousand shares of the Company's stock, with book value of $21.92 (in dollars) per share. The closing price of the Company's stock was $28 (in dollars) per share on December 31, 2008. SIC was merged into the Company on August 31, 2009 and all 36,229 thousand shares of the Company's stock held by SIC were retired for capital reduction.

19. INCOME TAX

| | For the years ended December 31, 2009 | 2008 |
|---|---|---|
| Income tax expense calculated at the statutory tax rate | $ 2,556,486 | $ 1,578,720 |
| Permanent differences | ( 860,778) | ( 566,347) |
| Investment tax credits | ( 355,923) | ( 863,441) |
| Adjustment for deferred tax assets due to change of statutory tax rate | 134,747 | - |
| Under (over) provision from prior years | 22,375 | ( 1,739) |
| Changes in allowance for deferred tax assets | ( 74,349) | 63,330 |
| Additional 10% tax on unappropriated earnings | 751 | - |
| Income tax expense | 1,423,309 | 210,523 |
| Adjustment: | | |
| Net changes of deferred tax assets | ( 581,645) | 690,683 |
| Directly debit shareholders' equity | 35,277 | - |
| Increase in income tax payable | ( 14,168) | ( 33,987) |
| Prepaid and withholding taxes | ( 13,601) | ( 52,796) |
| Subsidiary's tax refundable (shown as other financial assets, current) | 179 | 7,455 |
| Income tax payable | $ 849,351 | $ 821,878 |
| Income tax refundable carried over from prior year | $ 7,270 | $ - |

A. For the years ended December 31, 2009 and 2008, significant portion of the permanent differences were derived from the revenue from assembly of certain integrated circuit products exempted from income tax, the income tax exemption of long-term investment income (loss) accounted for under the equity method and of capital gain resulted from the security transactions.

B. As of December 31, 2009 and 2008, deferred income tax assets and liabilities were as follows:

| | December 31, 2009 | 2008 |
|---|---|---|
| Deferred income tax assets, current | $ 799,410 | $ 425,761 |
| Deferred income tax assets, noncurrent | $ 1,410,247 | $ 2,460,298 |
| Deferred income tax liabilities, noncurrent | ( 144,348) | ( 142,017) |
| | 1,265,899 | 2,318,281 |
| Valuation allowance for deferred income tax assets | ( 159,694) | ( 256,714) |
| | $ 1,106,205 | $ 2,061,567 |

C. The details of deferred income tax assets and liabilities arising from temporary differences, investment tax credits and loss carryforwards as of December 31, 2009 and 2008 were as follows:

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | Amount | Tax Effect | Amount | Tax Effect |
| Current: | | | | |
| Temporary differences: | | | | |
| Unrealized loss on obsolescence and decline in market value of inventories | $ 135,368 | $ 27,074 | $ 111,896 | $ 27,974 |
| Unrealized sales allowance | 441,212 | 88,242 | 156,097 | 39,024 |
| Unrealized foreign currency exchange loss | 1,655 | 331 | 155,016 | 38,754 |
| Allowance for doubtful accounts | 218,944 | 43,789 | 233,422 | 58,355 |
| Others | 4,871 | 974 | 6,614 | 1,654 |
| Investment tax credits | | 639,000 | | 260,000 |
| | | $ 799,410 | | $ 425,761 |
| Noncurrent : | | | | |
| Temporary differences: | | | | |
| Impairment loss | $ 2,273,476 | $ 454,695 | $ 2,277,036 | $ 569,259 |
| Depreciation expense | ( 545,356) | ( 109,071) | ( 568,069) | ( 142,017) |
| Unrealized gain arising from valuation for financial assets | ( 176,384) | ( 35,277) | - | - |
| Deferred asset - intercompany profit | 51,946 | 10,389 | 21,933 | 5,483 |
| Unrealized loss on idle assets | 247,196 | 49,439 | 336,348 | 84,087 |
| Others | 5,268 | 1,055 | 4,321 | 1,080 |
| Loss carryforwards | 109,850 | 12,083 | 219,118 | 27,390 |
| Investment tax credits | | 882,586 | | 1,772,999 |
| | | 1,265,899 | | 2,318,281 |
| Valuation allowance for deferred income tax assets | | ( 159,694) | | ( 256,714) |
| | | $ 1,106,205 | | $ 2,061,567 |

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

D. The Company’s income tax returns have been assessed and approved by the Tax Authority through 2007.

E. SIC’s income tax returns have been assessed and approved by the Tax Authority through 2009.

F. According to the amended Enterprise of Income Tax Law of the Peoples Republic of China, effective January 1, 2008, Siliconware Technology (Suzhou) Limited that is eligible for five-year tax holiday would be qualified for a five-year transition period to move up its tax rate to 25%. The annual tax rates are gradually adjusted from 2008 to 2012 at 18%, 20%, 22%, 24% and 25%, respectively. From January 1, 2008, two-year tax exemption and subsequent three-year 50% reduction of applicable tax rate are effective.

G. As of December 31, 2009, 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 | $ 1,516,349 | $ 913,038 | 2010 to 2013 |
| Qualifying research and development expenditure | 864,366 | 608,548 | 2011 to 2013 |
| | $ 2,380,715 | $ 1,521,586 | |

H. As of December 31, 2009, the unused loss carryforward of Siliconware Technology（Suzhou）Ltd. was as follow:

| Year of Loss Occurred | Deductible Amount | Expiration Year |
|---|---|---|
| 2006 | $ 12,083 | 2011 |

I. The Company has met the requirement of "Incentives for Emerging Important Strategic Industries in Manufacturing and Technology Services" for its capitalization plans in 2004, 2005, and 2006 and is exempted from income tax for revenues arising from the assembly and testing of certain integrated circuit products for a five-year period from 2006 and 2008, respectively. The five-year income tax exemptions will expire in December 2010, December 2012 and May 2013, respectively. Also, the Industrial Development Bureau of Ministry of Economic Affairs has issued permission for the five-year income tax exemption of the Company's 2007 registered capitalization plan in 2008.

20. EARNINGS PER SHARE

| | For the year ended December 31, 2009 | | | | |
|---|---|---|---|---|---|
| | Income | | Weighted average outstanding common stock | Earnings per share | |
| | Before tax | After tax | | Before tax | After tax |
| | | | (in thousands) | (in dollars) | |
| Basic earnings per share | $ 10,213,138 | $ 8,789,829 | 3,116,361 | $ 3.28 | $ 2.82 |
| Dilutive effect of employee bonuses | - | - | 21,912 | | |
| Diluted earnings per share | $ 10,213,138 | $ 8,789,829 | 3,138,273 | $ 3.25 | $ 2.80 |

| | For the year ended December 31, 2008 | | | | |
|---|---|---|---|---|---|
| | Income | | Weighted average outstanding common stock | Earnings per share | |
| | Before tax | After tax | | Before tax | After tax |
| | | | (in thousands) | (in dollars) | |
| Basic earnings per share | $ 6,524,053 | $ 6,313,530 | 3,115,321 | $ 2.09 | $ 2.03 |
| Dilutive effect of employee bonuses | - | - | 24,125 | | |
| Dilutive effect of employee stock option | - | - | 13 | | |
| Diluted earnings per share | $ 6,524,053 | $ 6,313,530 | 3,139,459 | $ 2.08 | $ 2.01 |

Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would be increased from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting year, which taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends (or retained earnings and capital reserve capitalized), the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively. However, the accounting treatment for the appropriation of employees' bonus for 2007 earnings resolved at the stockholders' meeting held in 2008 is still in accordance with the regulations on capitalization of employees' bonus under paragraphs 19 and 39 of R.O.C. SFAS No. 24, "Earnings per Share".

## 21. PERSONNEL COSTS, DEPRECIATION AND AMORTIZATION

| | For the year ended December 31, 2009 | | |
|---|---|---|---|
| | Operating costs | Operating expenses | Total |
| Personnel Costs | | | |
| Payroll | $ 6,357,938 | $ 1,583,168 | $ 7,941,106 |
| Labor and health insurance | 439,657 | 106,281 | 545,938 |
| Pension expense | 258,825 | 67,927 | 326,752 |
| Other | 528,544 | 166,604 | 695,148 |
| | $ 7,584,964 | $ 1,923,980 | $ 9,508,944 |
| Depreciation | $ 8,266,502 | $ 181,956 | $ 8,448,458 |
| Amortization | $ 403,365 | $ 91,326 | $ 494,691 |

| | For the year ended December 31, 2008 | | |
|---|---|---|---|
| | Operating costs | Operating expenses | Total |
| Personnel Costs | | | |
| Payroll | $ 6,586,012 | $ 1,766,164 | $ 8,352,176 |
| Labor and health insurance | 495,590 | 109,989 | 605,579 |
| Pension expense | 309,474 | 73,599 | 383,073 |
| Other | 547,882 | 124,923 | 672,805 |
| | $ 7,938,958 | $ 2,074,675 | $ 10,013,633 |
| Depreciation | $ 8,632,102 | $ 213,123 | $ 8,845,225 |
| Amortization | $ 478,892 | $ 104,733 | $ 583,625 |

## 22. RELATED PARTY TRANSACTIONS

A. Name and Relationship with Related Parties:

| Name of Related Parties | Relationship with the Company |
|---|---|
| Phoenix Precision Technology Corporation (PPT) | The Company holds directorship (Note) |

Note: PPT merged with Unimicron on December 1, 2009 and PPT is the dissolved entity. Therefore, the named company ceased to be a related party of the Company commencing December 1, 2009.

B. Significant Transactions with Related Parties:

(1) Purchases

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Amount | % of net purchase | Amount | % of net purchase |
| Phoenix Precision Technology Corporation | $ 2,084,971 | 7 | $ 2,093,426 | 8 |

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

(2) Accounts Payable

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| | Amount | % of accounts payable | Amount | % of accounts payable |
| Phoenix Precision Technology Corporation | $ - | - | $ 435,777 | 9 |

(3) Other Expenses / Other Payables

| | As of and for the years ended December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| | Other expenses | Other payables | Other expenses | Other payables |
| Phoenix Precision Technology Corporation | $ 7,201 | $ - | $ 12,284 | $ 1,733 |

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

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

| | For the years ended December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Salary | $ 54,394 | $ 53,917 |
| Remuneration / compensation | 35,333 | 14,178 |
| Operating expenses | 506 | 474 |
| Earnings distribution | 145,620 | 137,475 |
| | $ 235,853 | $ 206,044 |

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

23. ASSETS PLEDGED AS COLLATERALS

As of December 31, 2009 and 2008, the following assets have been pledged as collaterals against certain obligations of the Company:

| Assets | December 31, 2009 | December 31, 2008 | Subject of collaterals |
|---|---|---|---|
| Time deposits | | | Guarantees for custom duties |
| (shown as other financial assets, current) | $ 278,600 | $ 278,600 | |

24. COMMITMENTS AND CONTINGENCIES

A. For the needs of its future operations, the Company entered into several purchase agreements amounting to $3,042,000, of which $1,442,000 remained unpaid as of December 31, 2009.

B. The Company entered into several contracts with six foreign companies for the use of certain technologies and patents. The Company agreed to pay royalty fees based on the total number of certain products sold. Contracts are valid through January 2010, December 2010, March 2012, May 2014 and May 2018, until all patents included in the contracts expire and until both parties agree to terminate the contracts, respectively.

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

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

Because litigation is inherently unpredictable, the Company is unable to accurately predict the ultimate outcome and the outcome could have a material adverse effect on the business, financial condition and the results of operation of the Company.

25. SIGNIFICANT DISASTER LOSS

None.

26. SIGNIFICANT SUBSEQUENT EVENT

A. On February 26, 2010, the Company's Board of Directors resolved to sell certain equipments to ChipMOS Technologies Inc. (ChipMOS Taiwan). Proceeds of the transaction totaled $1,630,580, which is determined based on the appraisal report issued by China Credit Information Service, Ltd. as well as mutual agreement between the Company and ChipMOS Taiwan. Both parties signed the equipment purchase / sales agreement on the same day. Under the terms of the equipment purchase / sales agreement, the Company commits not to build up capacity for DRAM testing and LCD driver assembling and testing services within five years from February 26, 2010.

B. On February 26, 2010, the Company's Board of Directors also resolved to purchase 133,000 thousand common shares of ChipMOS Taiwan from ChipMOS Technologies (Bermuda) Ltd. (ChipMOS Bermuda). ChipMOS Taiwan is a 100% owned subsidiary of ChipMOS Bermuda. The share purchase represents approximately 15.77% of the outstanding shares of ChipMOS Taiwan. Consideration of the share purchase totaled $1,630,580, which is determined based on the valuation report provided by Horizon Securities Ltd. as well as mutual agreement between us and ChipMOS Bermuda. Both parties signed the share purchase / sales agreements on the same day.

27. OTHERS

A. Presentation of Consolidated Financial Statements:

Certain accounts in 2008 consolidated financial statements have been reclassified to conform to the 2009 consolidated financial statement presentation.

B. Fair Values of Financial Instruments:

| Non-derivative financial instruments | December 31, 2009 Book Value | December 31, 2009 Fair Value: Quotation in an active market | December 31, 2009 Fair Value: Estimated using a valuation technique | December 31, 2008 Book Value | December 31, 2008 Fair Value: Quotation in an active market | December 31, 2008 Fair Value: Estimated using a valuation technique |
|---|---|---|---|---|---|---|
| Financial Assets | | | | | | |
| Financial assets with fair values equal to book values | $31,425,800 | $ - | $31,425,800 | $26,652,044 | $ - | $26,652,044 |
| Available-for-sale financial assets, noncurrent | 3,825,793 | 3,825,793 | - | 1,075,480 | 1,075,480 | - |
| Financial assets carried at cost, noncurrent | 315,394 | - | - | 322,036 | - | - |
| | $35,566,987 | $ 3,825,793 | $31,425,800 | $28,049,560 | $ 1,075,480 | $26,652,044 |
| Financial Liabilities | | | | | | |
| Financial liabilities with fair values equal to book values | $14,872,398 | $ - | $14,872,398 | $10,837,281 | $ - | $10,837,281 |
| Long-term loans (including current portion) | - | - | - | 2,997,419 | - | 3,053,716 |
| | $14,872,398 | $ - | $14,872,398 | $13,834,700 | $ - | $13,890,997 |

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

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

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

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

iv. The fair value of long-term loans and current portion of long-term loans is estimated by the discounted future cash flows. The discount rate of 1.011% for 2008 is based on the interest rate of the similar long-term loan, which the Company would have acquired.

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

As of December 31, 2009 and 2008, the Company and its subsidiaries' financial assets with fair value risk of interest rate fluctuation were $18,116,342 and $17,824,290, respectively. As of December 31, 2009 and 2008, the Company and its subsidiaries' financial liabilities with fair value risk of interest rate fluctuation were $225,488 and $3,652,352, respectively. As of December 31, 2009 and 2008, the Company and its subsidiaries did not have financial assets and liabilities with cash flow risk of interest rate fluctuation.

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

The Company and its subsidiaries' interest incomes from financial assets whose changes in fair value were not recognized in earnings were $49,221 and $366,086, respectively, for the years ended December 31, 2009 and 2008. The Company and its subsidiaries' interest expenses from financial liabilities whose changes in fair value were not recognized in earnings were $36,850 and $89,017, respectively, for the years ended December 31, 2009 and 2008. Available-for-sale financial assets are measured at fair value at balance sheet date. For the years ended December 31, 2009 and 2008, balance of the increase (decrease) to the shareholders' equity due to changes in fair value were $2,715,036 and ($3,797,804), respectively. Unrealized gain (unrealized loss) on available-for-sale financial assets reclassified from equity to current earnings was $1,947,879 and ($2,637,145), respectively, for the years ended December 31, 2009 and 2008.

E. Financial risk control:

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

F. Financial risk information:

1. Financial assets: investments in equity instruments

| | December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Available-for-sale financial assets | $ 3,825,793 | $ 1,075,480 |
| Financial assets carried at cost | 315,394 | 322,036 |
| | $ 4,141,187 | $ 1,397,516 |

(1) Market risk:

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

(2) Credit risk:

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

(3) Liquidity risk:

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

(4) Cash flow risk of interest rate:

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

2. Financial liabilities: debt instruments

| | December 31, | |
|---|---|---|
| | 2009 | 2008 |
| Short-term loans | $ 225,488 | $ 654,933 |
| Long-term loans | - | 2,997,419 |
| | $ 225,488 | $ 3,652,352 |

(1) Market risk:

The Company and its subsidiaries' loans are fixed interest rate for short-term and long-term loans, so there is no market risk of interest rate fluctuating.

(2) Credit risk:

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

(3) Liquidity risk:

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

(4) Cash flow risk of interest rate:

The Company and its subsidiaries' long-term loans are fixed interest rate borrowing. Therefore, there is no cash flow risk of interest rate.

28. SPECIAL DISCLOSURE ITEMS

A. Significant Transaction Information

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

For the year ended December 31, 2009: None.

(2) Endorsement and guarantee provided to third parties:

For the year ended December 31, 2009: None.

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

As of December 31, 2009:

| 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 | SPIL (B.V.I.) Holding Limited | Investee accounted for under the equity method | Long-term investments accounted for under the equity method | 98,400 | $3,637,473 | 100.00% | $36.97 (Notes 3 and 5) |
| Siliconware Precision Industries Co., Ltd. | Stock | Unimicron Technology Corporation | - | Available-for-sale financial assets, noncurrent | 76,502 | 3,549,696 | 4.94% | 46.40 |
| Siliconware Precision Industries Co., Ltd. | Stock | ChipMOS Technologies (Bermuda) Ltd. | - | Available-for-sale financial assets, noncurrent | 12,175 | 276,097 | 14.50% | 22.68 (Note 4) |
| Siliconware Precision Industries Co., Ltd. | Stock | Hsieh Yong Capital Co., Ltd. | - | Financial assets carried at cost, noncurrent | 57,810 | 170,000 | 7.58% | 8.33 (Note 3) |
| Siliconware Precision Industries Co., Ltd. | - | Mega Mission Limited Partnership | - | Financial assets carried at cost, noncurrent | (Note 2) | 132,063 | 4.00% | - |
| Siliconware Precision Industries Co., Ltd. | - | Others (Note 1) | - | Financial assets carried at cost, noncurrent | - | 13,331 | - | - |

Note 1: The book value of individual marketable security does not exceed $100,000.

Note 2: The contributed capital was US $6,000 thousand.

Note 3: The market value is not available. Therefore, the net equity per share as of December 31, 2009 was used.

Note 4: The closing price of US$0.71 (in dollars) per share on December 31, 2009 was used. (Exchange rate at US$1: NT$31.94)

Note 5: Eliminated under consolidation.

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

For the year ended December 31, 2009:

| 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 (Notes 1 & 2) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Siliconware Precision Industries Co., Ltd. | SPIL (BVI) Holding Limited | Long-term investments accounted for under equity method | Capital increase by cash | - | 88,400 | $3,167,712 | 10,000 | $331,100 | - | $ - | $ - | $ - | 98,400 | $3,637,473 |

Note 1: The ending balance includes the investment income and cumulative translation adjustments.
Note 2: Eliminated under consolidation.

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

For the year ended December 31, 2009:

| Name of the properties | Date of transaction | Transaction amount | Status of payment | Counter party | Relation-ship 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 / Building improvements | December 2009 | $ 1,780,000 | $ 1,600,000 | Powerchip Semiconductor Corporation | - | - | - | - | $ - | As specified in valuation report | For operating use | - |
| Building | December 2009 | 824,000 | - | Jun-Biau Construction Corporation Ltd. | - | - | - | - | - | As specified in contract | For operating use | Payment made according to construction progress |
| Building improvements | December 2009 | 438,000 | - | Chung-Rui Construction Corporation Ltd. | - | - | - | - | - | As specified in contract | For operating use | Payment made according to construction progress |

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

For the year ended December 31, 2009: None.

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

For the year ended December 31, 2009:

| | | | 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 party | Relationship with the counter party | 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 (Note) | Purchases | $2,084,971 | 7% | Three months | $ - | - | Accounts payable $ - | - |
| Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirect subsidiary of the Company | Purchases | 347,248 | 1% | Three months | - | - | 189,952 | 2% |

Note: PPT merged with Unimicron on December 1, 2009 and PPT is the dissolved entity. Therefore, PPT ceased to be a related party of the Company commencing December 1, 2009.

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

As of December 31, 2009: None.

(9) Transaction of derivative financial instruments:

For the year ended December 31, 2009: None.

B. Related Information on Investee Companies

(1) Basic information on investee companies:

For the year ended December 31, 2009:

| | | | | 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. | Double Win Enterprise Co., Ltd. | Ping-chen City, Taoyuan | SMT process and hand insert | $ - | $ 152,100 | - | - | $ - | $ - | $ - | (Note 1) |
| Siliconware Precision Industries Co., Ltd. | SPIL (B.V.I.) Holding Limited | British Virgin Islands | Investment activities | 3,142,896 | 2,823,496 | 98,400 | 100.00% | 3,637,473 | 226,951 | 226,951 | (Notes 1, 2, 7 and 8) |
| SPIL (B.V.I.) Holding Limited | Siliconware USA, Inc. | San Jose, CA, USA | Communications and relationship maintenance with companies headquartered in North America | 39,925 | 39,925 | 1,250 | 100.00% | 143,937 | 4,006 | 4,006 | (Notes 3, 7 and 8) |
| SPIL (B.V.I.) Holding Limited | SPIL (Cayman) Holding Limited | Cayman Islands, British West India | Investment activities | 3,200,388 | 2,880,988 | 100,200 | 100.00% | 3,483,293 | 223,034 | 223,034 | (Notes 3, 7 and 8) |
| SPIL (Cayman) Holding Limited | Siliconware Technology (Suzhou) Limited | Suzhou Jiangsu, China | Assembly and testing service providing | 3,194,000 | 2,874,600 | (Note 5) | 100.00% | 3,481,359 | 226,495 | 223,792 | (Notes 4, 6, 7 and 8) |

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

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

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

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

Note 5: The contributed capital was US$100,000 thousand.

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

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

Note 8: Eliminated under consolidation.

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

As of December 31, 2009:

| Investor | Type of securities | Name of securities | The relationship of the issuers with the Company | General ledger accounts | Number of shares (in thousands) | Book value (Notes 3 and 4) | Percentage of ownership | Market value per share (in dollars) (Note 2) |
|---|---|---|---|---|---|---|---|---|
| SPIL (B.V.I.) Holding Limited | Stock | Siliconware USA, Inc. | Indirect subsidiary of the Company | Long-term investments accounted for under the equity method | 1,250 | $ 143,937 | 100.00% | $ 115.15 |
| 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 | 100,200 | 3,483,293 | 100.00% | 34.76 |
| SPIL (Cayman) Holding Limited | - | Siliconware Technology (Suzhou) Limited | Indirect subsidiary of the Company | Long-term investments accounted for under the equity method | (Note 1) | 3,481,359 | 100.00% | - |

Note 1: The contributed capital was US$100,000 thousand.

Note 2: The market value is not available. Therefore, the net equity per share as of December 31, 2009 was used.

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

Note 4: Eliminated under consolidation.

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

For the year ended December 31, 2009:

| 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 (Note 5) | Addition: Number of shares/unit (in thousands) | Addition: Amount (Note 5) | 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 (Notes 4, 5 and 6) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SPIL (B.V.I.) Holding Limited | SPIL (Cayman) Holding Limited | Long-term investments accounted for under the equity method | Capital increase by cash | - | 90,200 | $2,880,988 | 10,000 | $ 319,400 | - | $ - | $ - | $ - | 100,200 | $ 3,483,293 |
| SPIL (Cayman) Holding Limited | Siliconware Technology (Suzhou) Limited | Long-term investments accounted for under the equity method | Capital increase by cash | - | (Note 1) | 2,874,600 | (Note 2) | 319,400 | - | - | - | - | (Note 3) | 3,481,359 |

Note 1: The contributed capital was US$90,000 thousand.

Note 2: The contributed capital was US$10,000 thousand.

Note 3: The contributed capital was US$100,000 thousand.

Note 4: The ending balance includes the investment income and cumulative translation adjustments.

Note 5: The foreign currency exchange rates prevailing at the balance sheet date were used for the currency translation.

Note 6: Eliminated under consolidation.

C. Information of investment in Mainland China:

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

| Name of investee in Mainland China | Main activities of investee | Capital | Investment method | Accumulated remittance as of January 1, 2009 | Remitted or (collected) this period | Accumulated remittance as of December 31, 2009 | Ownership held by the Company (Direct and indirect) |
|---|---|---|---|---|---|---|---|
| Siliconware Technology (Suzhou) Limited | Assembly and testing service providing | $ 3,194,000 (USD 100,000) (Note 3) | (Note 1) | $ 2,874,600 (USD 90,000) (Note 3) | $ 319,400 (USD 10,000) (Note 3) | $ 3,194,000 (USD 100,000) (Note 3) | 100% |

| Investment income (loss) recognized by the Company during the period | Ending balance of investment | The investment income (loss) remitted back as of December 31, 2009 | 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 |
|---|---|---|---|---|---|
| $223,792 (Notes 2, 3 and 4) | $3,481,359 (Notes 3 and 4) | - | $3,194,000 (USD 100,000) | $4,152,200 (USD 130,000) | (Note 5) |

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

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

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

Note 4: Eliminated under consolidation.

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

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

i. Property transactions between the parent company and the subsidiary for the years ended December 31, 2009 and 2008:

For the year ended December 31, 2009

| | Name of the property | Sales amount | Book value | Gain on disposal of property, plant and equipment | Other receivables |
|---|---|---|---|---|---|
| Siliconware Technology (Suzhou) Limited | Equipment | $ 163,522 | $ 116,162 | $ 47,360 | $ 20,230 |

| | Name of the property | Purchase amount | Other payables |
|---|---|---|---|
| Siliconware Technology (Suzhou) Limited | Equipment | $ 2,991 | $ - |

For the year ended December 31, 2008

| | Name of the property | Sales amount | Book value | Gain on disposal of property, plant and equipment | Other receivables |
|---|---|---|---|---|---|
| Siliconware Technology (Suzhou) Limited | Equipment | $ 48,382 | $ 25,252 | $ 23,130 | $ 25,563 |

ii. Transactions above were eliminated under consolidation.

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

(1) For the year ended December 31, 2009:

| | | | | Transaction | | | |
|---|---|---|---|---|---|---|---|
| No. | Company Name | Counterparty | Relationship | General ledger account | Amount | Transaction terms | Percentage of consolidated revenues or total assets |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware USA, Inc. | Indirect owned subsidiary | Commision | $ 368,058 | As specified in contract | 0.62% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware USA, Inc. | Indirect owned subsidiary | Accrued expense | 62,350 | Comparable to those provided by non-related parties | 0.08% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirect owned subsidiary | Purchase | 347,248 | As specified in contract | 0.59% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware Technology (Suzhou) Limited | Indirect owned subsidiary | Accounts payable | 189,952 | Comparable to those provided by non-related parties | 0.24% |

(2) For the year ended December 31, 2008:

| | | | | Transaction | | | |
|---|---|---|---|---|---|---|---|
| No. | Company Name | Counterparty | Relationship | General ledger account | Amount | Transaction terms | Percentage of consolidated revenues or total assets |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware USA, Inc. | Indirect owned subsidiary | Commision | $ 500,451 | As specified in contract | 0.80% |
| 0 | Siliconware Precision Industries Co., Ltd. | Siliconware USA, Inc. | Indirect owned subsidiary | Accrued expense | 155,016 | Comparable to those provided by non-related parties | 0.21% |

## 27. SEGMENT INFORMATION

A. Operation in Different Industries:

The Company principally operates in one industry. The Company's operation involves assembly, testing and turnkey services of integrated circuits.

B. Operations in Different Geographic Areas:

The Company has no significant foreign operations.

C. Export Sales:

| | For the years ended December 31, | |
|---|---|---|
| Geographic areas | 2009 | 2008 |
| U.S. and Canada | $ 29,874,711 | $ 32,301,420 |
| Others | 9,321,931 | 9,482,889 |
| | $ 39,196,642 | $ 41,784,309 |

D. Major Customers:

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

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2009 | | 2008 | |
| Customers | Amount | % of net sale | Amount | % of net sale |
| Customer A | $ 6,960,529 | 12 | $ 6,874,567 | 11 |
| Customer B | 6,293,643 | 11 | 5,164,169 | 8 |
| | $13,254,172 | 23 | $12,038,736 | 19 |