Winbond Electronics Corporation

Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

Deloitte.
勤業眾信

勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, Taiwan, ROC

Tel :+886 (2) 2545-9988
Fax:+886 (2) 2545-9966
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Winbond Electronics Corporation

We have audited the accompanying balance sheets of Winbond Electronics Corporation (the "Company") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Deloitte & Touche

March 28, 2014

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

WINBOND ELECTRONICS CORPORATION

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 4,957,922	9	$ 3,707,404	7	$ 3,812,987	7
Financial assets at fair value through profit or loss, current (Note 7)	-	-	23,551	-	1,703	-
Available-for-sale financial assets, current (Note 8)	1,736,895	3	704,091	1	707,542	1
Notes and accounts receivable, net (Note 9)	3,152,950	6	3,004,861	6	2,448,280	4
Accounts receivable due from related parties, net (Note 27)	868,460	2	578,568	1	701,771	1
Other receivables (Note 10)	242,054	-	168,037	-	111,595	-
Inventories (Note 11)	6,111,134	12	7,107,687	13	6,427,420	11
Other current assets	605,843	1	370,674	1	328,827	1
Total current assets	17,675,258	33	15,664,873	29	14,540,125	25
NON-CURRENT ASSETS						
Available-for-sale financial assets, non-current (Note 8)	281,070	1	64,530	-	64,800	-
Held-to-maturity financial assets, non-current (Note 12)	97,770	-	-	-	-	-
Financial assets measured at cost, non-current (Note 13)	40,161	-	56,481	-	61,855	-
Investments accounted for using equity method (Note 14)	6,224,488	12	5,285,053	10	4,770,395	8
Property, plant and equipment (Note 15)	24,132,155	46	28,396,274	53	34,395,036	59
Intangible assets (Note 16)	52,000	-	38,430	-	548,754	1
Deferred income tax assets (Note 21)	3,742,000	7	3,742,000	7	3,742,000	7
Other non-current assets (Notes 6 and 10)	610,813	1	191,597	1	193,602	-
Total non-current assets	35,180,457	67	37,774,365	71	43,776,442	75
TOTAL	$ 52,855,715	100	$ 53,439,238	100	$ 58,316,567	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	$ 1,893,878	4	$ 2,716,474	5	$ 1,539,592	3
Short-term bills payable (Note 17)	-	-	499,376	1	199,763	-
Financial liabilities at fair value through profit or loss, current (Note 7)	15,841	-	-	-	-	-
Notes payable	517,550	1	812,253	2	849,714	1
Accounts payable	2,708,454	5	2,798,923	5	2,640,929	5
Payable on equipment	427,371	1	125,116	-	632,910	1
Other payables	1,664,721	3	1,597,160	3	1,663,850	3
Current portion of long-term borrowings (Note 17)	3,863,097	7	4,483,330	8	7,158,327	12
Other current liabilities	34,514	-	22,962	-	23,503	-
Total current liabilities	11,125,426	21	13,055,594	24	14,708,588	25
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 17)	6,076,193	11	6,550,000	12	7,966,663	14
Accrued pension liabilities (Note 18)	460,911	1	489,363	1	388,147	1
Other non-current liabilities	379,265	1	338,229	1	226,423	-
Total non-current liabilities	6,916,369	13	7,377,592	14	8,581,233	15
Total liabilities	18,041,795	34	20,433,186	38	23,289,821	40
EQUITY						
Common stock (Note 19)	36,940,232	70	36,856,012	69	36,802,302	63
Capital surplus	2,148,359	4	2,177,342	4	2,211,059	4
Accumulated deficits	(4,187,772)	(8)	(4,430,750)	(8)	(2,418,258)	(4)
Exchange differences on translation of foreign financial statements	(59,567)	-	(81,748)	-	-	-
Unrealized gains (losses) on available-for-sale financial assets	79,055	-	(1,408,417)	(3)	(1,461,970)	(3)
Treasury stock	(106,387)	-	(106,387)	-	(106,387)	-
Total equity	34,813,920	66	33,006,052	62	35,026,746	60
TOTAL	$ 52,855,715	100	$ 53,439,238	100	$ 58,316,567	100

The accompanying notes are an integral part of the financial statements.

WINBOND ELECTRONICS CORPORATION

STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE	$ 26,165,961	100	$ 25,418,819	100
OPERATING COSTS (Note 10)	22,226,165	85	23,473,328	92
GROSS PROFIT	3,939,796	15	1,945,491	8
OPERATING EXPENSES				
Selling expenses	629,159	3	686,821	3
General and administrative expenses	531,366	2	682,647	3
Research and development expenses	2,434,587	9	2,599,685	10
Total operating expenses	3,595,112	14	3,969,153	16
PROFIT (LOSS) FROM OPERATIONS	344,684	1	(2,023,662)	(8)
NON-OPERATING INCOME AND LOSSES				
Interest income	33,656	-	18,901	-
Dividend income	816	-	-	-
Gain on doubtful debt recoveries	6,330	-	79,951	-
Other income	20,889	-	17,313	-
Gains (losses) on disposal of property, plant and equipment	(659)	-	4,456	-
Loss on disposal of investments	(467)	-	(16,940)	-
Foreign exchange gains (losses)	122,733	1	(56,097)	-
Gains (losses) on financial instruments at fair value through profit or loss	(80,353)	-	93,806	-
Share of profit of subsidiaries and associates accounted for using equity method (Note 13)	44,211	-	407,806	2
Interest expense	(259,105)	(1)	(362,797)	(1)
Other expense	(26,171)	-	(22,698)	-
Impairment loss on financial assets (Note 13)	-	-	(2,922)	-
Total non-operating income and losses	(138,120)	-	160,779	1
PROFIT (LOSS) BEFORE INCOME TAX	206,564	1	(1,862,883)	(7)
INCOME TAX EXPENSE (Note 21)	-	-	-	-
NET PROFIT (LOSS)	206,564	1	(1,862,883)	(7)

(Continued)

WINBOND ELECTRONICS CORPORATION

STATEMENT OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange difference on translation of foreign financial statements	$ 22,181	-	$ (81,748)	-
Unrealized gains on available-for-sale financial assets	1,487,472	6	53,553	-
Actuarial gains and losses on defined benefit plans	36,414	-	(149,609)	(1)
Other comprehensive income	1,546,067	6	(177,804)	(1)
TOTAL COMPREHENSIVE INCOME	$ 1,752,631	7	$ (2,040,687)	(8)
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	$ 0.06		$ (0.51)	
Diluted	$ 0.06		$ -	

The accompanying notes are an integral part of the financial statements. (Concluded)

WINBOND ELECTRONICS CORPORATION

STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Accumulated Deficits	Other Equity: Exchange Differences on Translation of Foreign Financial Statements	Other Equity: Unrealized Gains (Losses) on Available-for-sale Financial Assets	Treasury Stock	Total
BALANCE, JANUARY 1, 2012	$ 36,802,302	$ 2,211,059	$ (2,418,258)	$ -	$ (1,461,970)	$ (106,387)	$ 35,026,746
Change in equity of subsidiaries and associates accounted for using equity method	-	3,631	-	-	-	-	3,631
Net loss for 2012	-	-	(1,862,883)	-	-	-	(1,862,883)
Other comprehensive income for 2012	-	-	(149,609)	(81,748)	53,553	-	(177,804)
Total comprehensive income for 2012	-	-	(2,012,492)	(81,748)	53,553	-	(2,040,687)
Issue of ordinary shares under employee stock options	53,710	(37,489)	-	-	-	-	16,221
Compensation cost of employee stock options	-	141	-	-	-	-	141
BALANCE, DECEMBER 31, 2012	36,856,012	2,177,342	(4,430,750)	(81,748)	(1,408,417)	(106,387)	33,006,052
Change in equity of subsidiaries and associates accounted for using equity method	-	29,347	-	-	-	-	29,347
Net income for 2013	-	-	206,564	-	-	-	206,564
Other comprehensive income for 2013	-	-	36,414	22,181	1,487,472	-	1,546,067
Total comprehensive income for 2013	-	-	242,978	22,181	1,487,472	-	1,752,631
Issue of ordinary shares under employee stock options	84,220	(58,330)	-	-	-	-	25,890
BALANCE, DECEMBER 31, 2013	$ 36,940,232	$ 2,148,359	$ (4,187,772)	$ (59,567)	$ 79,055	$ (106,387)	$ 34,813,920

The accompanying notes are an integral part of the financial statements.

WINBOND ELECTRONICS CORPORATION

STATEMENT OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 206,564	$ (1,862,883)
Adjustments for:		
Depreciation expenses	6,124,453	8,489,074
Amortization expenses	61,241	529,041
Reversal of allowance for doubtful accounts	(2,330)	(68,209)
Gain on reversal of decline in market value and obsolescence and abandonment of inventories	(193,725)	(69,515)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	39,392	(21,849)
Interest expense	259,105	362,797
Interest income	(33,656)	(18,901)
Dividend income	(816)	-
Share of profit of subsidiaries and associates accounted for using equity method	(44,211)	(407,806)
Impairment loss on financial assets	-	2,922
Compensation cost of employee stock options	-	141
Loss (gain) on disposal of property, plant and equipment	659	(4,456)
Loss on disposal of investments	467	16,940
Gain on foreign currency exchange of held-to-maturity financial assets	(3,186)	-
Changes in operating assets and liabilities		
Increase in notes and accounts receivable	(152,088)	(574,873)
(Increase) decrease in accounts receivable due from related parties	(295,683)	122,828
Increase in other receivables	(38,714)	(74,689)
Decrease (increase) in inventories	1,190,278	(610,753)
Increase in other current assets	(235,169)	(41,846)
Increase in other non-current assets	(23)	(16,711)
Decrease in notes payable	(294,703)	(37,460)
(Decrease) increase in accounts payable	(90,468)	157,993
Increase (decrease) in other payables	16,363	(58,802)
Increase (decrease) in other current liabilities	11,552	(541)
Increase in other non-current liabilities	11,524	19,708
Cash inflow generated from operations	6,536,826	5,832,150
Interest received	20,184	18,297
Dividend received	216,071	215,254
Interest paid	(298,402)	(420,219)
Income tax (paid) refund	(427)	18,850
Net cash flows generated from operating activities	6,474,252	5,664,332

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WINBOND ELECTRONICS CORPORATION

STATEMENT OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (402,085)	$ (86,915)
Proceeds from disposal of available-for-sale financial assets	5,863	71,285
Acquisition of held-to-maturity financial assets	(94,584)	-
Acquisition of financial assets measured at cost	-	(58,950)
Proceeds from disposal of financial assets measured at cost	-	62,708
Proceeds from capital reduction of financial assets measured at cost	16,320	-
Acquisition of investments accounted for using equity method	(400,425)	(403,856)
Proceeds from capital reduction of investments accounted for using equity method	24,951	188,874
Acquisitions of property, plant and equipment	(2,050,634)	(2,969,088)
Proceeds from disposal of property, plant and equipment	3,360	24,584
Decrease in finance lease receivables	64,246	-
Net cash used in investing activities	(2,832,988)	(3,171,358)
CASH FLOWS USED IN FINANCING ACTIVITIES		
(Decrease) increase in short-term borrowings	(822,596)	1,176,882
(Decrease) increase in short-term bills payable	(500,000)	300,000
Increase in long-term borrowings	3,510,000	3,200,000
Repayments of long-term borrowings	(4,604,040)	(7,291,660)
Proceeds from exercise of employee stock options	25,890	16,221
Net cash used in financing activities	(2,390,746)	(2,598,557)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,250,518	(105,583)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,707,404	3,812,987
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,957,922	$ 3,707,404

The accompanying notes are an integral part of the financial statements.

(Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China ("ROC") on September 29, 1987 and is engaged in the design, development, manufacture and marketing of Very Large Scale Integration ("VLSI") integrated circuits ("ICs") used in a variety of microelectronic applications.

The Company's shares have been listed on the Taiwan Stock Exchange since October 18, 1995. Walsin Lihwa is a major stockholder of the Company and held approximately 23% ownership interest in the Company as of December 31, 2013 and 2012.

These financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 28, 2014.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. New, amended and revised standards and interpretations (the "New IFRSs") in issue but not yet effective

The Company has not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013

(Continued)

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
Revise of IAS 19 "Employee Benefits"	January 1, 2013
Revise of IAS 27 "Separate Financial Statements"	January 1, 2013
Revise of IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Effective date not determined
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures"	Effective date not determined
IFRS14 "Interim Standard on regulatory deferral accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

b. Significant impending changes in accounting policy that would result from the adoption of New IFRSs in issue but not yet effective

Except for the following, the impending application of the above New IFRSs, whenever applied, would not have not any material impact on the Company's accounting policies:

1) IFRS 9, "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Effective date

The mandatory effective date of IFRS 9, which was previously set at January 1, 2015, was removed and will be reconsidered once the standard is complete with a new impairment model and any limited amendments to classification and measurement have been finalized.

2) IFRS 13, "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

3) Amendments to IAS 1, "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS, there were no such requirements.

4) Amendments to IAS 36, "Recoverable Amount Disclosures for Non-financial Assets"

   In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

5) Annual Improvements to IFRSs: 2010-2012 Cycle

   Several standards including IFRS 2 "Share-based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

   IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

   IAS 24 was amended to clarify that a management entity providing key management personnel services to the Company is a related party of the Company. Consequently, the Company is required to disclose as related party transactions the amounts incurred for the service and paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

6) Annual Improvements to IFRSs: 2011-2013 Cycle

   Several standards including IFRS 3, IFRS 13 and IAS 40 "Investment Property" were amended in this annual improvement.

   The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

As of the date the financial statements were authorized for issue, the Company is continuing to assess the possible impact of the application of other standards, interpretations and amendments to Regulations Governing the Preparation of Financial Reports by Securities Issuers on the Company's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Company's financial statements for the year ended December 31, 2013 are its first IFRS financial statements prepared in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers ("the Regulation").

Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries and associates. The amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements are the same with the amounts attributable to the owner of the Company in its consolidated financial statements since there is no difference in accounting treatment between parent company only basis and consolidated basis.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange difference arising are recognized in other comprehensive income.

Financial Instruments

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

   The categories of financial assets held by Company are financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial assets are either held for trading or designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Available-for-sale financial assets

Listed shares held by the Company that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Held-to-maturity financial assets

Bonds which have a specific credit rating and the Company has positive intent and ability to hold to maturity are classified as held-to-maturity financial assets.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

4) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalent, notes and accounts receivable, account receivable due from related parties, other receivables and refundable deposits are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivable when the effect of discounting is immaterial.

Cash equivalents include time deposits with original maturities within one year from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as accounts receivable and held-to-maturity financial assets are assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, the amount is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

d. Financial liabilities

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities are measured at amortized cost using the effective interest method, except financial liabilities at fair value through profit or loss.

e. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

f. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

g. Information about fair value of financial instruments

The Company determined the fair value of financial assets and liabilities as follow:

1) The fair values of financial assets and liabilities which have standard terms and conditions and traded in active liquid market are determined by reference to quoted market price. If there is no quoted market price in active market, valuation techniques are applied.

2) The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts use individual maturity rate to calculate the fair value of each contract.

3) The fair values of other financial assets and financial liabilities are determined by discounted cash flow analysis in accordance with of generally accepted pricing models.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments Accounted for using Equity Method

a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses equity method to recognize investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that in substances, from part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Company's property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	9-21 years
Machinery and equipment	4-6 years
Other equipment	6 years

Furthermore, on April 29, 2013, the board of directors determined to change the accounting-basis of estimated useful life of assets and reported the change in the stockholders' meeting on June 19, 2013. Since July 1, 2013, the useful life of facilities (recorded as "buildings") is from 11 years to 15 years, and useful life of machinery and equipment is from 6 years to 8 years.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For potential product risk, the Company accrues reserve for product guarantee based on commitment to specific customers.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns; a liability is recognized a liability for returns based on previous experience and other relevant factors. Sales of goods are recognized when the goods are delivered and title is passed to the buyer.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Under finance lease, the Company as lessor recognizes amounts due from lessees as receivables at the amount of the Company's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Under operating lease, the Company as lessor recognizes rental income from operating leases on a straight-line basis over the term of the relevant lease. Contingent rents receivable arising under operating leases are recognized as income in the period in which they are earned. As lessee, operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents payable arising under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Employee Stock Options

The value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus. The fair value determined at the grant date of the employee stock options is recognized as an expense in full at the grant date when the stock options granted vest immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Deferred tax

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Valuation of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Useful lives and impairment of plant, property and equipment

As described in Note 4, the Company reviews the estimated useful lives and recoverable amount of property, plant and equipment at the end of each reporting period. During the current period, the Company reassessed the useful lives of plant, property, and equipment in view of expected economic benefits. Since July 1, 2013, the useful life of facilities ranged from 11 years to 15 years and of machinery and equipment from 6 years to 8 years. The financial effect of this reassessment is to decrease depreciation expense by $987,784 thousand from July 1 to December 31, 2013.

d. Recognition and measurement of defined benefit retirement plans

Accrued pension liabilities and the resulting pension expense under defined benefit retirement plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

e. Impairment of accounts receivable

Objective evidence of impairment used in evaluating impairment loss includes estimated future cash flows. The amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the future cash flows are lower than expected, significant impairment loss may be recognized.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 230	$ 230	$ 230
Checking accounts and demand deposits	4,148,092	1,978,774	3,175,744
Repurchase agreements collateralized by bonds	809,600	1,728,400	637,013
	$ 4,957,922	$ 3,707,404	$ 3,812,987

The Company has time deposits pledged to secure land lease at a science park, customs tariff obligation, purchase orders of materials and sales deposits which are reclassified as "other non-current assets".

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposits	$ 70,781	$ 70,733	$ 77,836

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at FVTPL - current			
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	$ -	$ 23,551	$ 1,703
Financial liabilities at FVTPL - current			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts	$ 15,841	$ -	$ -

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2013			
Sell forward exchange contracts	USD to NTD	2014.01.02-2014.03.28	USD65,300/NTD1,929,443
December 31, 2012			
Sell forward exchange contracts	USD to NTD	2013.01.03-2013.03.14	USD116,000/NTD3,378,206
Buy forward exchange contracts	NTD to USD	2013.02.07	NTD289,220/USD10,000
January 1, 2012			
Sell forward exchange contracts	USD to NTD	2012.01.05-2012.02.02	USD41,000/NTD1,241,738
Sell forward exchange contracts	USD to JPY	2012.01.05	USD925/JPY72,000

The Company entered into derivative financial instruments to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Listed stocks			
Hannstar Display Corporation	$ 696,747	$ 192,061	$ 123,082
Walton Advanced Engineering Inc.	535,670	420,526	480,601
Walsin Technology Corporation	102,958	91,504	103,859
Walsin Lihwa Corporation	401,520	-	-
Private-placement shares of listed company			
Hannstar Display Corporation	281,070	64,530	64,800
	$ 2,017,965	$ 768,621	$ 772,342
Current	$ 1,736,895	$ 704,091	$ 707,542
Non-current	281,070	64,530	64,800
	$ 2,017,965	$ 768,621	$ 772,342

In January 2011, the Company acquired 54,000,000 private-placement shares of Hannstar Display Corporation, dividend per share NT$5 dollars. According to Securities and Exchange Act, the private-placement shares of Hannstar Display Corporation could be resold freely in an active market only after 3 years from the delivery date and permitted by the controlling authorities. In September 2012, Hannstar Display Corporation carried out a capital reduction to offset a deficit, and the proportion of capital reduction is 50%. The Company deducted 27,000,000 private-placement shares of Hannstar Display Corporation. As of December 31, 2013, the Company held 27,000,000 of Hannstar Display Corporation's private-placement shares.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	$ 365	$ 286	$ 382
Accounts receivable	3,235,073	3,083,063	2,726,898
Less: Allowance for doubtful accounts	(82,488)	(78,488)	(279,000)
	$ 3,152,950	$ 3,004,861	$ 2,448,280

The average credit period for sales of goods was 30-60 days. Allowance for doubtful accounts is based on estimated irrecoverable amounts determined by reference to aging of receivables, past default experience of the counterparties and an analysis of their financial position.

The aging of accounts receivable were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not overdue	$ 2,969,298	$ 2,859,790	$ 2,404,558
Overdue under 30 days	249,901	208,114	96,663
Overdue 31-60 days	4,379	5,032	2,670
Overdue 61 days and longer	11,495	10,127	223,007
	$ 3,235,073	$ 3,083,063	$ 2,726,898

Movements in the allowance for doubtful accounts recognized on accounts receivable were as follows:

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 78,488	$ 279,000
Less: Amounts written off	-	(212,254)
Add: Impairment losses recognized on accounts receivable	4,000	11,742
Balance at December 31	$ 82,488	$ 78,488

The Company's receivables were aged on a collective basis and not on individual account basis.

10. FINANCE LEASE RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Gross investment in leases			
Not later than one year	$ 148,734	$ -	$ -
Later than one year and not later than five years	672,610	-	-
	821,344	-	-
Less: Unearned finance income	(348,261)	-	-
Present value of minimum lease payments	$ 473,083	$ -	$ -
Finance lease receivables			
Not later than one year (recorded as "other receivables")	$ 32,647	$ -	$ -
Later than one year and not later than five years (recorded as "other non-current assets")	440,436	-	-
Financial lease receivables	$ 473,083	$ -	$ -

The Company entered into finance lease arrangements for certain machinery. All leases were denominated in New Taiwan dollars. The term of finance leases entered into was 3 years.

The interest rate inherent in the leases was fixed at contract date for the entire lease term. As of December 31, 2013, the interest rate inherent in the finance lease was 1.7% per annum.

Finance lease receivables are secured by the leased machinery. The Company is not permitted to sell or pledge the collateral in the absence of default by the lessee.

During 2013, the carrying value of $527,656 thousand of the machinery which was reclassified to financial lease receivables was pledged to secure long-term borrowings.

The finance lease receivables as of December 31, 2013 were neither past due nor impaired.

11. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Finished goods	$ 1,359,542	$ 1,505,625	$ 1,606,347
Work-in-process	4,487,058	5,321,377	4,517,692
Raw materials and supplies	247,412	263,894	289,609
Inventories in transit	17,122	16,791	13,772
	$ 6,111,134	$ 7,107,687	$ 6,427,420

a. Gain on recovery of loss of inventory of $193,725 thousand and $69,515 thousand were recognized in cost of sales for the years ended December 31, 2013 and 2012, respectively. Gain on recovery of decline in market value amounted to $260,374 thousand and $109,608 thousand in the years ended December 31, 2013 and 2012, due to net realizable value improvement.

b. Unallocated fixed manufacturing costs recognized as cost of sales in the years ended December 31, 2013 and 2012 amounted to $553,302 thousand and $513,589 thousand, respectively.

12. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Chinatrust Commercial Bank 1st Unsecured Financial Debentures in 2013	$ 97,770	$ -	$ -

On March 12, 2013, the Company bought 3-year financial bonds issued by Chinatrust Commercial Bank with a coupon rate and an effective interest rate of 2.9%, at par value of RMB20,000 thousand.

13. FINANCIAL ASSETS MEASURED AT COST, NON-CURRENT

	December 31, 2013	December 31, 2012	January 1, 2012
Harbinger III Venture Capital Corp.	$ 26,908	$ 43,228	$ -
YH Bio Explore & Application Co., Ltd.	-	-	35,520
Vita Genomic, Inc.	-	-	13,082
Others	13,253	13,253	13,253
	$ 40,161	$ 56,481	$ 61,855

a. Management believed that the above unlisted equity investments held by the Company have fair value that cannot be reliably measured because the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

b. The board of directors of Harbinger III Venture Capital Corp. resolved capital reduction in the amount of $16,320 thousand in June 2013.

c. The Company assessed the recoverable amount of the above financial assets; as a result, the Company recognized an impairment loss of $2,922 thousand, recorded as "impairment loss on financial assets" for the year ended December 31, 2012.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investments in subsidiaries	$ 3,901,430	$ 3,630,950	$ 4,770,395
Investments in associates	2,323,058	1,654,103	-
	$ 6,224,488	$ 5,285,053	$ 4,770,395

a. Investments in subsidiaries

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Listed companies						
Nuvoton Technology Corporation	$ 1,712,259	61	$ 1,735,764	61	$ 1,645,164	61
Unlisted companies						
Winbond Int'l Corporation	1,688,192	100	1,617,587	100	1,651,184	100
Pine Capital Investment Limited	266,236	100	37,684	100	42,805	100
Landmark Group Holding Ltd.	212,026	100	239,915	100	372,332	100
Winbond Technology LTD	22,717	100	-	-	-	-
Win Investment Corporation	-	-	-	-	1,058,307	-
Mobile Magic Design Corporation	-	100	-	100	603	100
Newfound Asian Corp.	-	100	-	100	-	100
Winbond Electronics (H.K.) Limited	-	100	-	100	-	100
	$ 3,901,430		$ 3,630,950		$ 4,770,395	

1) Fair value of investment in subsidiaries for which there are published price quotations are summarized as follows, based on closing price of those investments at the balance sheet date:

Name of Subsidiary	December 31, 2013	December 31, 2012	January 1, 2012
Nuvoton Technology Corporation	$ 3,266,798	$ 4,026,519	$ 2,665,353

2) In December 2013, the Company subscribed shares Pine Capital Investment Limited for cash of $227,052 thousand.

3) In May 2013 and September 2012, the board of directors of Landmark Group Holding Ltd. resolved capital reduction in the amounts of $24,951 thousand and $188,874 thousand, respectively.

4) Winbond Technology LTD ("WECI") was incorporated in September 2013. WECI's principal activity is in the design, development and marketing of VLSI ICs used in a variety of microelectronic applications. As of December 31, 2013, the balance of WECI's capital account amounted to ILS2,500 thousand and the Company held a 100% ownership interest directly.

5) In 2013 and 2012, the Company recognized share of profit of subsidiaries under equity method in the amounts of $152,362 thousand and $407,806 thousand, respectively.

b. Investments in associates

	December 31, 2013		December 31, 2012		January 1, 2012	
Name of Associate	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies:						
Chin Xin Investment Co., Ltd.	$ 2,323,058	38	$ 1,654,103	35	$ -	-

The summarized financial information in respect of the Company's associates is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 6,270,285	$ 5,749,226	$ -
Total liabilities	$ 16,090	$ 549	$ -

	For the Year Ended December 31	
	2013	2012
Revenue	$ 46,890	$ -
Net loss	$ (955,413)	$ -
Other comprehensive income	$ 1,476,715	$ -
Company's share of profits of associates for the year	$ (108,151)	$ -

In November 2012, the Company bought 40,000 thousand shares of Chin Xin Investment Co., Ltd. from related-party Walsin Lihwa Corporation. On December 31, 2012, Win Investment Corporation, a subsidiary of the Company was merged into Chin Xin Investment Co., Ltd. and accordingly Win Investment Corporation was dissolved. The Company acquired 130,713 thousand shares of Chin Xin Investment Co., Ltd. after such merger. In fourth quarter of 2013, the Company acquired 12,128 thousand shares of Chin Xin Investment Co., Ltd. from related-party Walsin Lihwa Corporation. As of December 31, 2013, the Company had 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2013 and 2012 were based on the subsidiaries' and associates' financial statements audited by independent auditors for the same years.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 799,147	$ 799,147	$ 799,147
Building	8,361,611	9,358,233	10,403,121
Machinery and equipment	13,728,569	17,819,762	22,593,191
Other equipment	250,582	326,187	473,906
Construction in progress and prepayments on purchase of equipment	992,246	92,945	125,671
	$ 24,132,155	$ 28,396,274	$ 34,395,036

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments on Purchase of Equipment	Total
Cost						
Balance at January 1, 2013	$ 799,147	$ 16,357,176	$ 66,351,722	$ 2,560,421	$ 92,945	$ 86,161,411
Additions	-	27,873	1,366,325	46,395	951,416	2,392,009
Disposals	-	-	(177,848)	(7,155)	-	(185,003)
Reclassified	-	51,475	(599,360)	-	(52,115)	(600,000)
Balance at December 31, 2013	$ 799,147	$ 16,436,524	$ 66,940,839	$ 2,599,661	$ 992,246	$ 87,768,417

(Continued)

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments on Purchase of Equipment	Total
Accumulated depreciation and impairment						
Balance at January 1, 2013	$ -	$ 6,998,943	$ 48,531,960	$ 2,234,234	$ -	$ 57,765,137
Depreciation expense	-	1,075,970	4,926,507	121,976	-	6,124,453
Disposals	-	-	(173,853)	(7,131)	-	(180,984)
Reclassified	-	-	(72,344)	-	-	(72,344)
Balance at December 31, 2013	$ -	$ 8,074,913	$ 53,212,270	$ 2,349,079	$ -	$ 63,636,262

(Concluded)

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments on Purchase of Equipment	Total
Cost						
Balance at January 1, 2012	$ 799,147	$ 16,148,157	$ 64,599,851	$ 2,504,366	$ 125,671	$ 84,177,192
Additions	-	138,460	2,262,451	37,065	72,464	2,510,440
Disposals	-	-	(523,412)	(2,809)	-	(526,221)
Reclassified	-	70,559	12,832	21,799	(105,190)	-
Balance at December 31, 2012	$ 799,147	$ 16,357,176	$ 66,351,722	$ 2,560,421	$ 92,945	$ 86,161,411
Accumulated depreciation and impairment						
Balance at January 1, 2012	$ -	$ 5,745,036	$ 42,006,660	$ 2,030,460	$ -	$ 49,782,156
Depreciation expense	-	1,253,907	7,028,596	206,571	-	8,489,074
Disposals	-	-	(503,296)	(2,797)	-	(506,093)
Balance at December 31, 2012	$ -	$ 6,998,943	$ 48,531,960	$ 2,234,234	$ -	$ 57,765,137

a. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying values of $13,458,619 thousand, $20,557,599 thousand and $20,906,790 thousand of land and 12-inch Fab manufacturing facilities were pledged to secure long-term borrowing. The Company was not permitted to sell or pledge all of these pledged assets.

b. Information about capitalized interest

	For the Year Ended December 31 2013	2012
Capitalized interest amounts	$ 39,120	$ 49,146
Capitalized interest rate	2.40%-2.65%	2.62%-2.70%

16. INTANGIBLE ASSET

	December 31, 2013	December 31, 2012	January 1, 2012
Deferred technical assets, net	$ 52,000	$ 38,430	$ 548,754

	Deferred Technical Assets
Cost	
Balance at January 1, 2013	$ 17,711,553
Addition	52,000
Balance at December 31, 2013	$ 17,763,553
Accumulated amortization and impairment	
Balance at January 1, 2013	$ 17,673,123
Amortization expense	38,430
Balance at December 31, 2013	$ 17,711,553
Cost	
Balance at January 1, 2012	$ 17,711,553
Balance at December 31, 2012	$ 17,711,553
Accumulated amortization and impairment	
Balance at January 1, 2012	$ 17,162,799
Amortization expense	510,324
Balance at December 31, 2012	$ 17,673,123

The amounts of deferred technical assets were the technical transfer fee in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production.

17. BORROWINGS

	December 31, 2013	December 31, 2012	January 1, 2012
Short-term borrowings	$ 1,893,878	$ 2,716,474	$ 1,539,592
Short-term bills payable	$ -	$ 499,376	$ 199,763
Long-term borrowings	$ 9,939,290	$ 11,033,330	$ 15,124,990

a. Short-term borrowings

	December 31, 2013		December 31, 2012		January 1, 2012	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
Bank lines of credit	1.08%-2.36%	$ 1,847,740	1.33%-1.87%	$ 2,562,100	-	$ -
Materials procurement loans	1.06%	46,138	1.11%-1.70%	154,374	1.09%-2.73%	1,539,592
		$ 1,893,878		$ 2,716,474		$ 1,539,592

b. Short-term bills payable

	December 31, 2013	December 31, 2012	January 1, 2012
Commercial paper payable	$ -	$ 500,000	$ 200,000
Less: Unamortized discount on commercial paper payable	-	(624)	(237)
	$ -	$ 499,376	$ 199,763

Outstanding short-term bills payable were as follows:

December 31, 2012

Bills Financial Corporation	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
China bills	$ 200,000	$ 142	$ 199,858	0.85%
MEGA bills	300,000	482	299,518	1.15%
	$ 500,000	$ 624	$ 499,376	

January 1, 2012

Bills Financial Corporation	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
China bills	$ 200,000	$ 237	$ 199,763	0.92%

c. Long-term borrowings

	December 31, 2013			December 31, 2012	January 1, 2012
	Period	Interest Rate	Amount	Amount	Amount
Chinatrust Commercial Bank syndication agreement (II)	2008.06.27-2013.06.27	-	$ -	$ 1,283,330	$ 3,849,990
Bank of Taiwan syndication agreement (I)	2009.07.27-2012.07.27	-	-	-	2,775,000
Bank of Taiwan syndication agreement (II)	2010.06.18-2015.06.18	2.81%-3.11%	1,650,000	4,850,000	6,000,000
Bank of Taiwan syndication agreement (III)	2011.12.23-2016.12.23	2.33%-2.64%	3,289,290	2,900,000	2,500,000
Chinatrust Commercial Bank syndication agreement (III)	2012.12.27-2015.12.27	2.24%-2.65%	5,000,000	2,000,000	-
			9,939,290	11,033,330	15,124,990
Less: Current portion			(3,863,097)	(4,483,330)	(7,158,327)
			$ 6,076,193	$ 6,550,000	$ 7,966,663

1) Chinatrust Commercial Bank Syndication Agreement (II)

a) On June 4, 2008, the Company entered into a syndication agreement, amounting to $7.7 billion, with a group of financial institutions to procure equipment for 12-inch Fab.

b) The principal will be repaid every six months from December 27, 2010 until maturity.

c) Please refer to Note 15 for collateral on bank borrowing.

d) The agreement was fully redeemed on January 25, 2013.

2) Bank of Taiwan Syndication Agreement (I)

   a) On July 15, 2009, the Company entered into a syndication agreement, amounting to $3.7 billion, with a group of financial institutions to fund the long-term loan payments and finance the working capital.

   b) The principal will be repaid every three months from October 27, 2011 until maturity.

   c) Please refer to Note 15 for collateral on bank borrowing and the chairman of the Company is a joint guarantor.

   d) The agreement was fully redeemed on July 27, 2012.

3) Bank of Taiwan Syndication Agreement (II)

   a) On May 31, 2010, the Company entered into a syndication agreement, with a group of financial institutions to procure equipment for 12-inch Fab and fund the long-term loan payments, credit line was divided into parts a and b, which amounted to $3.3 billion and $3.5 billion, respectively; the total line of credit $6.8 billion.

   b) Part A will be repaid every six months from December 18, 2012 until maturity; part B will be repaid from June 18, 2012 at 20%, 20% and 60% of the principal, respectively.

   c) Please refer to Note 15 for collateral on bank borrowing and Note 27 for the joint guarantor.

4) Bank of Taiwan Syndication Agreement (III)

   a) On September 19, 2011, the Company entered into a syndication agreement, the original amount of $7 billion was deducted $0.25 billion because prepayment, finally amounting to $6.75 billion, with a group of financial institutions to procure equipment for 12-inch Fab.

   b) The Company changed the terms and repayment schedule of the agreement on December 18, 2013. The loan utilized before December 22, 2013 will be repaid every six months from June 23, 2014 and the loan utilized after December 22, 2013 will be repaid every six months at 30%, 30% and 40% from December 23, 2015, respectively.

   c) Please refer to Note 15 for collateral on bank borrowing.

5) Chinatrust Commercial Bank Syndication Agreement (III)

   a) On November 19, 2012, the Company entered into a syndication agreement, amounting to $5 billion, with a group of financial institutions to fund the long-term loan payments and finance the working capital.

   b) The principal will be repaid every six months from December 27, 2014 until maturity.

   c) Please refer to Note 15 for collateral on bank borrowing.

The Company is required to maintain certain financial covenants, including current ratio, debt ratio and tangible net equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on December 31 during the tenors of the loans except for the interest coverage ratio of Bank of Taiwan Syndication Agreement (II), (III) and Chinatrust Commercial Bank Syndication Agreement (III) which should be maintained on June 30 and December 31. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	2.25%	1.75%	2.00%
Expected return on plan assets	1.25%	2.00%	2.00%
Expected rate of salary increase	3.00%	3.00%	3.00%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 16,777	$ 17,677
Interest cost	16,827	17,316
Expected return on plan assets	(9,580)	(9,687)
	$ 24,024	$ 25,306
An analysis by function		
Manufacturing expense	$ 13,685	$ 14,502
Selling expenses	2,211	2,318
General and administrative expenses	2,634	2,785
Research and development expenses	5,494	5,701
	$ 24,024	$ 25,306

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 were gain of $38,828 thousand and loss of $89,434 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 and 2012 was loss of $50,606 thousand and $89,434 thousand, respectively.

The amount included in the balance sheet in respect of the Company's obligation on its defined benefit plan was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 955,348	$ 980,045	$ 880,412
Fair value of plan assets	(494,437)	(490,682)	(492,265)
Accrued pension liabilities	$ 460,911	$ 489,363	$ 388,147

Movements in present value of funded defined benefit obligation were as follows:

	For the Year Ended December 31 2013	2012
Opening defined benefit obligation	$ 980,045	$ 880,412
Current service cost	16,777	17,677
Interest cost	16,827	17,316
Actuarial (gain) loss	(42,212)	84,432
Benefit paid of plan assets	(16,089)	(19,792)
Closing defined benefit obligation	$ 955,348	$ 980,045

Movements in fair value of plan assets were as follows:

	For the Year Ended December 31 2013	2012
Opening fair value of plan assets	$ 490,682	$ 492,265
Actual return on plan assets	6,195	4,685
Contribution of plan assets	13,648	13,524
Benefit paid of plan assets	(16,089)	(19,792)
Closing fair value of plan assets	$ 494,436	$ 490,682

The major categories of plan assets at the end of reporting period were disclosed based on the information announced by Labor Pension Fund Supervisory Committee.

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Company expects to make a contribution of $31,415 thousand to the defined benefit plan during the annual period beginning after 2014.

19. EQUITY

a. Common stock

	December 31, 2013	December 31, 2012	January 1, 2012
Number of shares authorized (in thousands)	6,700,000	6,700,000	6,700,000
Share authorized	$ 67,000,000	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	3,694,023	3,685,601	3,680,230
Share issued	$ 36,940,232	$ 36,856,012	$ 36,802,302

Reconciliation of outstanding share:

	Shares (In Thousands)	Capital
January 1, 2013	3,685,601	$ 36,856,012
Employee executed the stock options	8,422	84,220
December 31, 2013	3,694,023	$ 36,940,232
January 1, 2012	3,680,230	$ 36,802,302
Employee executed the stock options	5,371	53,710
December 31, 2012	3,685,601	$ 36,856,012

As of December 31, 2012, the balance of the Company's capital account amounted to $36,856,012 thousand, divided into 3,685,601 thousand shares at par NT$10.00 per share. Employees executed the stock options at NT$3.02 to NT$6.46 per share totaling 8,422 thousand shares during the year of 2013. As of December 31, 2013, the balance of the Company's capital account amount to $36,940,232 thousand, divided into 3,694,023 thousand shares at par NT$10.00 per share.

b. Retained earnings and dividend policy

According to the Company Law of the ROC and the Company's Articles of Incorporation, if the Company has surplus earnings at the end of a fiscal year, after covering all losses incurred in prior years and paying all taxes, the Company shall set aside 10% of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities from (1) the remaining amount plus undistributed retained earnings; or (2) the differences between the undistributed retained earnings and the losses suffered by the Company at the end of a fiscal year if the losses can be fully covered by the undistributed retained earnings, the Company shall distribute the remaining amount (if not otherwise set aside as special reserve and reserved based on business needs) in the following order:

a. 1% to 2% as remuneration to directors and supervisors;

b. 10% to 15% as bonus to employees;

c. The remaining amount as bonus to shareholders. Not less than 10% of the total shareholders bonus shall be distributed in form of cash.

"Employees" referred to in item b of the preceding paragraph, when distributing the stock bonus, include the employees of subsidiaries of the Company meeting certain criteria. The board of directors is authorized to determine the above "certain criteria" or the board of directors may authorize the Chairman to ratify the above "certain criteria".

The Company's results were loss for the years ended December 31, 2012 and 2011, so the stockholders' meetings on June 19, 2013 and June 15, 2012 did not include appropriations of earnings. The Company's results were loss for the year ended December 31, 2013; the Company's board of directors determined not to make appropriation of earnings on March 28, 2014. The relevant information about the Company is available on MOPS. The Company had operating loss in the years 2013, 2012 and 2011; thus it did not estimate bonus to employees, directors and supervisors.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate a special reserve of an amount the same as that of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. At the transition date for the first-time adoption of IFRS, the Company had negative retained earnings; thus, the rule was not applicable to the Company.

c. Capital surplus

Movements in the capital surplus for the year ended December 31, 2013 and 2012 were as follows:

	Employee Stock Options	Treasury Stock	Change in Equity of Subsidiaries and Associates Accounted for Using Equity Method	Others	Total
January 1, 2012	$ 13,960	$ 1,971,862	$ 2,453	$ 222,784	$ 2,211,059
Change in equity of subsidiaries and associates accounted for using equity method	-	-	(255)	-	(255)
Write-off of equity due to merger of subsidiary	-	-	3,886	-	3,886
Issuance of ordinary shares under employee stock options	(4,816)	-	-	(32,673)	(37,489)
Compensation cost of employee stock options	141	-	-	-	141
December 31, 2012	9,285	1,971,862	6,084	190,111	2,177,342
Issuance of ordinary shares under employee stock options	(7,588)	-	-	(50,742)	(58,330)
Change in equity of subsidiaries and associates accounted for using equity method	-	-	29,347	-	29,347
December 31, 2013	$ 1,697	$ 1,971,862	$ 35,431	$ 139,369	$ 2,148,359

The capital surplus arising from treasury stock transactions, and the excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition may be distributed as cash dividends or transferred to share capital, provided, the Company has no deficit, and transfer is limited to a certain percentage of the Company's capital surplus and made once a year.

The capital surplus from investments accounted for using equity method and employee stock options may not be used for any purpose.

d. Other equity items

Exchange differences on translation of foreign financial statements are the exchange differences on net assets of foreign operations translated into the Company's functional currency (New Taiwan dollar), which are recognized directly in other comprehensive income. For the years ended December 31, 2013 and 2012, the Company recognized gain of $22,181 thousand and loss of $81,748 thousand in other comprehensive income, respectively.

Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2013	2012
Balance, beginning of year	$ (1,408,417)	$ (1,461,970)
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	847,259	(90,636)
Share of unrealized gain on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for using the equity method	640,213	144,189
Balance, end of year	$ 79,055	$ (1,408,417)

e. Treasury stock

Treasury stock transactions for the year of 2013 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2013	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2013
Common shares held by subsidiaries	7,518,364	-	-	7,518,364

Treasury stock transactions for the year of 2012 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2012	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2012
Common shares held by subsidiaries	7,518,364	-	-	7,518,364

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Value	Market Value
December 31, 2013			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 60,147
December 31, 2012			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 37,968
January 1, 2012			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 31,571

The purpose of holding the shares is to maintain Stockholders' equity. The Company's shares held by subsidiaries were treated as treasury stock, and the holders are entitled to the rights of stockholders, except for the right to participate in the Company's share issuance for cash and vote in stockholders' meeting when the subsidiary held more than 50%. Other rights are the same as common stock.

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	Year Ended December 31, 2013			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 1,376,854	$ 920,782	$ -	$ 2,297,636
Post-employment benefits	$ 74,435	$ 44,116	$ -	$ 118,551
Depreciation	$ 5,979,165	$ 145,288	$ -	$ 6,124,453
Amortization	$ -	$ 38,430	$ 22,811	$ 61,241

	Year Ended December 31, 2012			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 1,332,467	$ 854,684	$ -	$ 2,187,151
Post-employment benefits	$ 72,873	$ 42,099	$ -	$ 114,972
Depreciation	$ 8,372,380	$ 116,694	$ -	$ 8,489,074
Amortization	$ -	$ 510,324	$ 18,717	$ 529,041

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of income tax expense (benefit) were as follows:

	Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 35,000	$ (377,000)
Deferred tax		
In respect of the current year	(35,000)	377,000
Income tax expense recognized in profit or loss	$ -	$ -

Reconciliation of accounting profit and income tax expense is as follows:

	Year Ended December 31	
	2013	2012
Profit (loss) before tax from continuing operations	$ 35,000	$ (377,000)
Deferred tax		
Temporary difference	(35,000)	377,000
Income tax expense recognized in profit or loss	$ -	$ -

b. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current income tax assets			
Tax refund receivable	$ 5,994	$ 7,136	$ 25,986

c. As of December 31, 2013, December 31, 2012 and January 1, 2012, deferred tax assets of $3,742,000 thousand were mainly net operating loss carryforwards.

d. Information about the Company's investment tax credit and operating loss carryforwards as of December 31, 2013 was as follows:

Law	Tax Credit Item	Credit	Expiry Year
Statute for Upgrading Industries	Machinery equipment	$ 239,000	2014

Operating loss carryforwards as of December 31, 2013 comprised of:

Operating Loss Carryforwards	Expiry Year
$ 3,700,000	2015-2019
559,000	2022
$ 4,259,000	

e. The information on the integrated income tax was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Balance of imputation credit account	$ 297,186	$ 252,935	$ 217,239
Undistributed earnings for the years of 1997 and before	$ -	$ -	$ -
Undistributed deficits for the years of 1998 and thereafter	$ (4,187,772)	$ (4,430,750)	$ (2,418,258)

f. The tax returns through 2010 have been assessed by the tax authorities.

22. EARNINGS (LOSS) PER SHARE

	Year Ended December 31, 2013				
	Amounts (Numerator)		Shares	Earnings Per Share (NT$)	
	Before Tax	After Tax	(Denominator) (In Thousands)	Before Tax	After Tax
Basic earnings per share					
Net income attributed to common shareholders	$ 206,564	$ 206,564	3,682,410	$ 0.06	$ 0.06
Effect of potentially dilutive ordinary shares					
Employee stock option	-	-	287		
Diluted earnings per share					
Net income attributed to common shareholders	$ 206,564	$ 206,564	3,682,697	$ 0.06	$ 0.06

	Year Ended December 31, 2012				
	Amounts (Numerator)		Shares	Loss Per Share (NT$)	
	Before Tax	After Tax	(Denominator) (In Thousands)	Before Tax	After Tax
Basic loss per share					
Net loss attributed to common shareholders	$ (1,862,883)	$ (1,862,883)	3,676,698	$ (0.51)	$ (0.51)

23. SHARE-BASED PAYMENT ARRANGEMENT

Employee Stock Option

In 2008 and 2009, the Company granted employee stock options in the quantity of 45,764 thousand and 1,585 thousand units, respectively. Each individual employee stock options is granted the right to purchase the Company's new issued one common share. The stock options were granted to qualified employees of the Company and its subsidiaries. The stock options granted are valid for 5 years and exercisable at certain percentages after the second anniversary year from the grant date. The stock options were granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price and the number of options are adjusted accordingly.

Employee stock options were summarized as follows:

Employee Stock Options	Year Ended December 31			
	2013		2012	
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT$)
Outstanding balance, beginning of year	9,774	$ 3.28	15,516	$ 3.20
Options exercised	(8,422)	3.07	(5,371)	3.02
Options expired	(393)	3.32	(371)	3.49
Outstanding balance, end of year	959	5.08	9,774	3.28
Options exercisable, end of year	959	5.08	9,751	3.28

Information about outstanding options was as follows:

December 31			
2013		2012	
Range of Exercise Price (NT$)	Weighted Average Remaining Contractual Life (Years)	Range of Exercise Price (NT$)	Weighted Average Remaining Contractual Life (Years)
$3.19-$6.46	0.39	$3.02-$6.46	0.90

The Company used the fair value method to evaluate the option using Black-Scholes model, the assumptions and proforma result were as follows:

Grant-date share price (NT$)	$3.02-$6.46
Exercise price (NT$)	$3.02-$6.46
Expected volatility	52.03%-74.48%
Expected duration (years)	3.75
Expected dividend yield	0%
Risk-free interest rate	0.94%-1.95%

Compensation costs recognized under the fair value method were zero and $141 thousand for the years ended December 31, 2013 and 2012, respectively.

24. NON-CASH TRANSACTIONS

	2013	2012
Non-cash investing and financing activities		
Current portion of long-term borrowings	$ 3,863,097	$ 4,483,330
Exchange differences on translation of foreign financial statements	$ 22,181	$ (81,748)
Unrealized gain on available-for-sale financial assets	$ 1,487,472	$ 53,553
Change in equity of subsidiaries and associates accounted for using equity method	$ 29,347	$ 3,631
Acquisitions of available-for-sale financial assets by offset with accounts receivable	$ 6,330	$ 86,501
Property, plant and equipment was reclassified to finance lease receivable	$ 527,656	$ -

25. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

a. Lease arrangements

The Company leased land from Science Park Administration until 2023, and the lease term can extended after the expiration of the lease period. The Company leased some of the offices, and the lease terms will expire between 2013 and 2015 which can be extended after the expiration of the lease periods.

As of December 31, 2013, December 31, 2012 and January 1, 2012, deposits paid under operating leases amounted to $2,688 thousand, $2,772 thousand and $2,602 thousand, respectively (recorded as "other non-current assets").

b. Lease expense

	2013	2012
Lease expenditure	$ 10,352	$ 10,107

26. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, debt repayments and dividends payments.

27. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Company
Walsin Lihwa Corporation	Investor that exercises significant influence over the Company
Winbond Electronics (H.K.) Limited	Subsidiary
Mobile Magic Design Corporation	Subsidiary
Win Investment Corporation (Note)	Subsidiary
Winbond Electronics (Suzhou) Limited	Subsidiary
Winbond Electronics Corporation America	Subsidiary
Winbond Electronics Corporation Japan	Subsidiary
Winbond Technology LTD	Subsidiary
Nuvoton Technology Corporation	Subsidiary
Global Brands Manufacture Ltd.	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Global Brands Manufacture (Dongguan) Ltd.	Related party in substance
Walton Advanced Engineering (Suzhou) Inc.	Related party in substance

Note: As of December 31, 2012, Win was merged into Chin Xin Investment Co., Ltd.

b. Operating activities

	For the Year Ended December 31	
	2013	2012
1) Operating revenue		
Subsidiaries	$ 7,493,745	$ 6,723,423
Related party in substance	108,814	153,884
	$ 7,602,559	$ 6,877,307
2) Manufacturing expenses		
Related party in substance	$ 2,329,857	$ 2,142,353
Subsidiaries	-	2,563
	$ 2,329,857	$ 2,144,916
3) Selling expenses		
Subsidiaries	$ 125,548	$ 119,855
4) General and administrative expenses		
Investor that exercises significant influence over the Company	$ 8,651	$ 7,891
5) Research and development expenses		
Subsidiaries	$ 512,392	$ 447,868
6) Service revenue (recorded as "non-operating income and losses-other income ")		
Subsidiaries	$ 396	$ 396

	December 31, 2013	December 31, 2012	January 1, 2012
7) Accounts receivable due from related parties			
Subsidiaries	$ 849,717	$ 563,653	$ 687,703
Related party in substance	18,743	14,915	14,068
	$ 868,460	$ 578,568	$ 701,771
8) Accounts payable from related parties			
Related party in substance	$ 518,745	$ 531,278	$ 713,278
Investor that exercises significant influence over the Company	2,609	2,654	2,113
Subsidiaries	478	-	-
	$ 521,832	$ 533,932	$ 715,391

	December 31, 2013	December 31, 2012	January 1, 2012
9) Other receivables and other current assets			
Subsidiaries	$ 99	$ 3,125	$ 2,301
Investor that exercises significant influence over the Company	-	20	1,438
	$ 99	$ 3,145	$ 3,739
10) Other payables			
Subsidiaries	$ 292,692	$ 199,745	$ 238,373
Related party in substance	7,178	6,487	9,359
Investor that exercises significant influence over the Company	1,048	1,076	2,496
	$ 300,918	$ 207,308	$ 250,228
11) Refundable deposits (recorded as "other non-current assets")			
Subsidiaries	$ 440	$ 440	$ 440
Investor that exercises significant influence over the Company	203	203	203
	$ 643	$ 643	$ 643

The related party transactions were conducted under normal terms.

c. Property, plant and machinery acquired

Related Parties Types	Items	Price For the Year Ended December 31 2013	2012
Subsidiaries	Machinery and equipment	$ 485	$ -

d. Other assets acquired

Related Parties Types	Items	Price For the Year Ended December 31 2013	2012
Subsidiaries	Professional technical	$ 52,000	$ -

e. Investment properties acquired

For the year ended December 31, 2013

Related Parties Types	Securities Name	Shares (Thousand)	Acquired Price
Investor that exercises significant influence over the Company	Chin Xin Investment Co., Ltd.	12,128	$ 151,236

For the year ended December 31, 2012

Related Parties Types	Securities Name	Shares (Thousand)	Acquired Price
Investor that exercises significant influence over the Company	Chin Xin Investment Co., Ltd.	40,000	$ 403,856
Subsidiaries	Harbinger III Venture Capital Corp.	4,080	43,228
Subsidiaries	Dynacard Co., Ltd.	2,495	12,138
			$ 459,222

f. Investment properties disposed of

For the year ended December 31, 2012

Related Parties Types	Securities Name	Shares (Thousand)	Price	Gain (Loss) on Disposal
Subsidiaries	YH Bio Explore & Application Co., Ltd.	6,955	$ 36,472	$ 952
Subsidiaries	Vita Genomic Inc.	1,115	10,065	(96)
			$ 46,537	$ 856

g. Guarantee

As of December 31, 2013, the chairman of the Company is a joint guarantor of the long-term borrowings - Bank of Taiwan Syndication Agreement (II). Please refer to Note 17.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2013	2012
Short-term employment benefits	$ 62,851	$ 59,616
Post-employment benefits	307	307
Share - based payments	6,708	795
	$ 69,866	$ 60,718

The remuneration of directors and key management personnel was determined by the remuneration committee having regard to the performance of individuals and market trends.

28. PLEDGED AND COLLATERALIZED ASSETS

Please refer to Note 6, Note 10, Note 15 and Note 17.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Amounts available under unused letters of credit as of December 31, 2013 were approximately US$8,485 thousand and JPY58,451 thousand.

30. FINANCIAL INSTRUMENT

a. Categories of financial instruments

1) Fair values of financial instruments were summarized as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Loans and receivables						
Cash and cash equivalents	$ 4,957,922	$ 4,957,922	$ 3,707,404	$ 3,707,404	$ 3,812,987	$ 3,812,987
Notes and accounts receivable (included related parties)	4,021,410	4,021,410	3,583,429	3,583,429	3,150,051	3,150,051
Other receivables	242,054	242,054	168,037	168,037	111,595	111,595
Refundable deposits (recorded in other non-current assets)	73,544	73,544	73,522	73,522	80,455	80,455
Finance lease receivable (recorded in other non-current assets)	440,436	440,436	-	-	-	-
Financial assets at FVTPL	-	-	23,551	23,551	1,703	1,703
Available-for-sale financial assets (current and non-current)	2,017,965	2,017,965	768,621	768,621	772,342	772,342
Held-to-maturity financial assets	97,770	96,792	-	-	-	-
Financial assets measured at cost	40,161	40,161	56,481	56,481	61,855	61,855
	$ 11,891,262	$ 11,890,284	$ 8,381,045	$ 8,381,045	$ 7,990,988	$ 7,990,988
Financial liabilities						
Measured at amortized cost						
Short-term borrowings	$ 1,893,878	$ 1,893,878	$ 2,716,474	$ 2,716,474	$ 1,539,592	$ 1,539,592
Short-term bills payable	-	-	499,376	499,376	199,763	199,763
Notes and accounts payable	3,226,004	3,226,004	3,611,176	3,611,176	3,490,643	3,490,643
Payable on equipment and other payables	2,092,092	2,092,092	1,722,276	1,722,276	2,296,760	2,296,760
Long-term borrowings	9,939,290	9,939,290	11,033,330	11,033,330	15,124,990	15,124,990
Financial liabilities at FVTPL	15,841	15,841	-	-	-	-
	$ 17,167,105	$ 17,167,105	$ 19,582,632	$ 19,582,632	$ 22,651,748	$ 22,651,748

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

	December 31, 2013	December 31, 2012	January 1, 2012
Available-for-sale financial assets	$ 1,736,895	$ 704,091	$ 707,542
Held-to-maturity financial assets	96,792	-	-
	$ 1,833,687	$ 704,091	$ 707,542

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at FVTPL	$ -	$ 23,551	$ 1,703
Available-for-sale financial assets	281,070	64,530	64,800
	$ 281,070	$ 88,081	$ 66,503
Financial liabilities at FVTPL	$ 15,841	$ -	$ -

The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, borrowings, accounts receivable and accounts payable. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses forward foreign exchange contracts to hedge the exchange rate risk on export.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against U.S. dollars. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income in the amounts of $17,229 thousand and $28,975 thousand and on equity in the amounts of $16,982 thousand and $28,785 thousand for the years ended December 31, 2013 and 2012.

b) Interest rate risk

The Company's interest rate risk arises primarily from floating rate deposits and borrowings.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash flow interest rate risk			
Financial assets	$ -	$ 9,192	$ 272,836
Financial liabilities	9,939,290	11,200,934	15,463,475

The sensitivity analyses below were determined based on the Company's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Company's cash flows for the years ended December 31, 2013 and 2012 would have increased by $99,393 thousand and $111,917 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual accounts receivable at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

3) Liquidity risk

The Company has enough operating capital to comply with loan covenants; liquidity risk is low.

a) The Company's non-derivative financial liabilities and their agreed repayment period were as follows:

	December 31, 2013			
Non-derivative financial liabilities	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	$ 5,318,096	$ -	$ -	$ 5,318,096
Variable interest rate liabilities	3,863,097	4,979,763	1,096,430	9,939,290
Fixed interest rate liabilities	1,893,878	-	-	1,893,878
	$ 11,075,071	$ 4,979,763	$ 1,096,430	$ 17,151,264

	December 31, 2012			
Non-derivative financial liabilities	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-interest bearing	$ 5,333,452	$ -	$ -	$ 5,333,452
Variable interest rate liabilities	4,650,934	2,733,333	3,816,667	11,200,934
Fixed interest rate liabilities	3,048,246	-	-	3,048,246
	$ 13,032,632	$ 2,733,333	$ 3,816,667	$ 19,582,632

	January 1, 2012			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 5,787,403	$ -	$ -	$ 5,787,403
Variable interest rate liabilities	7,496,812	4,216,663	3,750,000	15,463,475
Fixed interest rate liabilities	1,400,870	-	-	1,400,870
	$ 14,685,085	$ 4,216,663	$ 3,750,000	$ 22,651,748

31. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were follows:

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)
Financial assets									
Monetary items									
USD	$ 166,036	29.805	$ 4,948,691	$ 171,780	29.04	$ 4,988,486	$ 139,235	30.275	$ 4,215,347
EUR	1,451	41.09	59,626	951	38.49	36,586	2,049	39.18	80,298
JPY	832,166	0.2839	236,252	316,678	0.3364	106,531	2,264,748	0.3906	884,611
RMB	70,005	4.8885	342,218	46,856	4.6202	216,483	-	-	-
Financial liabilities									
Monetary items									
USD	108,229	29.805	3,225,768	72,005	29.04	2,091,023	107,175	30.275	3,244,717
EUR	24,479	41.09	1,005,861	1,264	38.49	48,656	2,197	39.18	86,063
JPY	642,330	0.2839	182,357	747,460	0.3364	251,445	2,336,787	0.3906	912,749

32. FIRST-TIME ADOPTION OF THE REGULATIONS

The Company's date of transition to the Regulations was January 1, 2012. The impact of the transition to the Regulations on the Company's balance sheets and statement of comprehensive income is stated as follows:

a. Reconciliation of balance sheet as of January 1, 2012

ROC GAAP		Impact of Transition		Regulations		
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	Notes
Current assets					Current assets	
Cash and cash equivalents	$ 3,812,987	$ -	$ -	$ 3,812,987	Cash and cash equivalents	
Financial assets at fair value through profit or loss - current	1,703	-	-	1,703	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	707,542	-	-	707,542	Available-for-sale financial assets - current	
Note and accounts receivable	2,448,280	-	-	2,448,280	Note and accounts receivable, net	
Accounts receivable due from related parties	701,771	-	-	701,771	Accounts receivable due from related parties, net	
Other financial assets - current	111,595	-	-	111,595	Other receivables	
Inventories	6,427,420	-	-	6,427,420	Inventories	
Deferred income tax assets - current	210,000	-	(210,000)	-	-	Note 1
Other current assets	328,827	-	-	328,827	Other current assets	
Total current assets	14,750,125	-	(210,000)	14,540,125	Total current assets	
Fund and investment					Non-current assets	
Available-for-sale financial assets - non-current	64,800	-	-	64,800	Available-for-sale financial assets, non-current	
Financial assets measured at cost - non-current	61,855	-	-	61,855	Financial assets measured at cost, non-current	
Long-term equity investments at equity method	4,825,200	(54,805)	-	4,770,395	Investments accounted for using equity method	Note 2
Total fund and investment	4,951,855	(54,805)	-	4,897,050		
Property, plant and equipment	34,395,036	-	-	34,395,036	Property, plant and equipment	
Intangible assets	548,754	-	-	548,754	Intangible assets	
Other assets						
Deferred income tax assets, non-current	3,532,000	-	210,000	3,742,000	Deferred income tax assets	Note 1
Other non-current assets	193,602	-	-	193,602	Other non-current assets	
Total other assets	3,725,602	-	210,000	3,935,602	Total non-current assets	
Total	$ 58,371,372	$ (54,805)	$ -	$ 58,316,567	Total	

(Continued)

ROC GAAP Item	ROC GAAP Amount	Impact of Transition: Recognition and Measurement Difference	Impact of Transition: Presentation Difference	Regulations Amount	Regulations Item	Notes
Current liabilities					Current liabilities	
Short-term borrowings	$ 1,539,592	$ -	$ -	$ 1,539,592	Short-term borrowings	
Short-term bills payable	199,763	-	-	199,763	Short-term bills payable	
Notes payable	849,714	-	-	849,714	Notes payable	
Accounts payable	2,640,929	-	-	2,640,929	Accounts payable	
Payable for equipment	632,910	-	-	632,910	Payable on equipment	
Accrued expense and other payables	1,623,695	40,155	-	1,663,850	Other payables	Note 3
Current portion of long-term borrowings	7,158,327	-	-	7,158,327	Current portion of long-term borrowings	
Other current liabilities	23,503	-	-	23,503	Other current liabilities	
Total current liabilities	14,668,433	40,155	-	14,708,588	Total current liabilities	
Long-term liabilities					Non-current liabilities	
Long-term borrowings	7,966,663	-	-	7,966,663	Long-term borrowings	
Other liabilities						
Accrued pension liabilities	154,308	233,839	-	388,147	Accrued pension liabilities	Note 4
Others	226,468	(45)	-	226,423	Other non-current liabilities	
Total other liabilities	380,776	233,794	-	614,570	Total non-current liabilities	
Total liabilities	23,015,872	273,949	-	23,289,821	Total liabilities	
Stockholders' equity					Equity	
Common stock	36,802,302	-	-	36,802,302	Common stock	
Capital surplus	2,232,519	(21,460)	-	2,211,059	Capital surplus	Note 5
Accumulated deficit	(2,483,440)	65,182	-	(2,418,258)	Accumulated deficits	
Cumulative translation adjustments	359,900	(359,900)	-	-	Exchange difference on translation of foreign financial statements	Note 6
Unrealized loss on financial instrument	(1,449,394)	(12,576)	-	(1,461,970)	Unrealized gain (loss) on available-for-sale financial assets	Note 7
Treasury shares	(106,387)	-	-	(106,387)	Treasury stock	
Total stockholders' equity	35,355,500	(328,754)	-	35,026,746	Total equity	
Total	$ 58,371,372	$ (54,805)	$ -	$ 58,316,567	Total	

(Concluded)

Note 1: Deferred income tax assets - current, in accordance with the Regulations are classified as non-current items. Please see Note e) 1)

Note 2: The difference is net effect of equity changes in the subsidiaries after adoption of the Regulations.

Note 3: Under the Regulations, the Company recognized the accumulating compensated absences as expense when employees provide service to increase their vocation. Please see Note e) 2).

Note 4: Under the Regulations, the Company elects to recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income. The subsequent reclassification to earnings is not permitted. Please see Note e) 3).

Note 5: The changes of investment percentage arise when the investment company did not subscribe for new shares issued by the investee; the increase or decrease in the investment company's equity is adjusted in the capital surplus. In accordance with the Regulations, the above-mentioned capital surplus should be restoratively adjusted to accumulated deficit. Please see Note e) 4).

Note 6: In accordance with the Regulations, the Company elected to set to zero its cumulative translation adjustment in stockholders' equity by reclassifying the amount to retained earnings at the date of transition to the Regulations. Please see Note d).

Note 7: The translation of functional currency of subsidiaries restoratively and adjustment of unrealized loss on financial instruments. Please see Note e) 5).

b. Reconciliation of balance sheet as of December 31, 2012

ROC GAAP		Impact of Transition		Regulations		
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	Notes
Current assets					Current assets	
Cash and cash equivalents	$ 3,707,404	$ -	$ -	$ 3,707,404	Cash and cash equivalents	
Financial assets at fair value through profit or loss - current	23,551	-	-	23,551	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	704,091	-	-	704,091	Available-for-sale financial assets - current	
Notes and accounts receivable	3,004,861	-	-	3,004,861	Notes and accounts receivable, net	
Accounts receivable due from related parties	578,568	-	-	578,568	Accounts receivable due from related parties, net	
Other financial assets - current	168,037	-	-	168,037	Other receivables	
Inventories	7,107,687	-	-	7,107,687	Inventories	
Deferred income tax assets - current	147,000	-	(147,000)	-	-	Note 1
Other current assets	370,674	-	-	370,674	Other current assets	
Total current assets	15,811,873	-	(147,000)	15,664,873	Total current assets	
Fund and investment					Non-current assets	
Available-for-sale financial assets - non-current	64,530	-	-	64,530	Available-for-sale financial assets - non-current	
Financial assets measured at cost - non-current	56,481	-	-	56,481	Financial assets measured at cost - non-current	
Long-term equity investment at equity method	5,387,887	(102,834)	-	5,285,053	Investments accounted for using equity method	Note 2
Total fund and investment	5,508,898	(102,834)	-	5,406,064		
Property, plant and equipment	28,396,274	-	-	28,396,274	Property, plant and equipment	
Intangible assets	38,430	-	-	38,430	Intangible assets	
Other assets						
Deferred income tax assets, non-current	3,595,000	-	147,000	3,742,000	Deferred income tax assets	Note 1
Other non-current assets	208,504	(16,907)	-	191,597	Other non-current assets	Note 4
Total other assets	3,803,504	(16,907)	147,000	3,933,597	Total non-current assets	
Total	$ 53,558,979	$ (119,741)	$ -	$ 53,439,238	Total	
Current liabilities					Current liabilities	
Short-term borrowings	$ 2,716,474	$ -	$ -	$ 2,716,474	Short-term borrowings	
Short-term bills payable	499,376	-	-	499,376	Short-term bills payable	
Notes payable	812,253	-	-	812,253	Notes payable	
Accounts payable	2,798,923	-	-	2,798,923	Accounts payable	
Payable for equipment	125,116	-	-	125,116	Payable on equipment	
Accrued expenses and other payables	1,551,004	46,156	-	1,597,160	Other payables	Note 3
Current portion of long-term borrowings and bonds payable	4,483,330	-	-	4,483,330	Current portion of long-term borrowings	
Other current liabilities	22,962	-	-	22,962	Other current liabilities	
Total current liabilities	13,009,438	46,156	-	13,055,594	Total current liabilities	
Long-term liabilities					Non-current liabilities	
Long-term borrowings	6,550,000	-	-	6,550,000	Long-term borrowings	
Other liabilities						
Accrued pension liabilities	193,077	296,286	-	489,363	Accrued pension liabilities	Note 5
Others	334,025	4,204	-	338,229	Other non-current liabilities	
Total other liabilities	527,102	300,490	-	827,592	Total non-current liabilities	
Total liabilities	20,086,540	346,646	-	20,433,186	Total liabilities	
Stockholders' Equity					Equity	
Common stock	36,856,012	-	-	36,856,012	Common stock	
Capital surplus	2,199,126	(21,784)	-	2,177,342	Capital surplus	Note 5
Accumulated deficit	(4,335,976)	(94,774)	-	(4,430,750)	Accumulated deficits	
Cumulative translation adjustments	268,081	(349,829)	-	(81,748)	Exchange difference on translation of foreign financial statements	Note 6
Unrealized loss on financial instrument	(1,408,417)	-	-	(1,408,417)	Unrealized gain (loss) on available-for-sale financial assets	
Treasury shares	(106,387)	-	-	(106,387)	Treasury stock	
Total stockholders' equity	33,472,439	(466,387)	-	33,006,052	Total equity	
Total	$ 53,558,979	$ (119,741)	$ -	$ 53,439,238	Total	

Note 1: Deferred income tax asset - current, in accordance with the Regulations are classified as non-current items. Please see Note e) 1)

Note 2: The difference is net effect of equity change in the subsidiaries after adoption of the Regulations.

Note 3: Under the Regulations, the Company recognized the accumulating compensated absences as expense when employees provide service to increase their vocation. Please see Note e) 2).

Note 4: Under the Regulations, the Company elects to recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income. The subsequent reclassification to earnings is not permitted. The Company reclassified unrecognized actuarial loss into accumulated deficits, which increased by $233,859 thousand accrued pension liabilities. Furthermore, under the Regulations, the Company reclassified net pension cost and difference in actuarial loss into other comprehensive income, which decreased non-current assets by $16,907 thousand and increased accrued pension liabilities by $62,447 thousand. As a result, accrued pension liabilities increased by $296,286 thousand. Please see Note e) 3).

Note 5: The changes of investment percentage arise when the investment company did not subscribe for new shares issued by the investee; the increase or decrease in the investment company's equity is adjusted in the capital surplus. In accordance with the Regulations, the above-mentioned capital surplus should be retrospectively adjusted to accumulated deficits. The capital surplus had decreased by $21,784 thousand. Please see Note e) 4).

Note 6: In accordance with the Regulations, the Company elected to set to zero its cumulative translation adjustment in stockholders' equity by reclassifying the amount to retained earnings at the date of transition to the Regulations. The cumulative translation adjustment decreased by $359,900 thousand. The translation of functional currency increased cumulative translation adjustments by $10,071 thousand. Please see Note d).

c. Reconciliation of statement of comprehensive income for the year ended December 31, 2012

ROC GAAP		Impact of Transition	Regulations		
Item	**Amount**	**Amount**	**Amount**	**Item**	**Note**
Operating revenue	$ 25,418,819	$ -	$ 25,418,819	Operating revenue	
Operating cost	23,475,716	(2,388)	23,473,328	Operating cost	Note 1
Gross profit	1,943,103	2,388	1,945,491	Gross profit	
Operating expense	3,970,845	(1692)	3,969,153	Total operating expenses	Note 1
Loss from operations	(2,027,742)	4,080	(2,023,662)	Loss from operations	
Non-operating income and expense	175,206	(14,427)	160,779	Non-operating income and losses	Note 2
Loss before income tax	(1,852,536)	(10,347)	(1,862,883)	Loss before income tax	
Income tax expense	-	-	-	Income tax expense	
Net loss	$ (1,852,536)	$ (10,347)	(1,862,883)	Net loss	
			(81,748)	Exchange difference on translation of foreign financial statements	
			53,553	Unrealized gain on available-for-sale financial assets	
			(149,609)	Actuarial gain and loss arising from defined benefit plans	
			(177,804)	Other comprehensive loss for the year	
			$ (2,040,687)	Total comprehensive income for the year	

Note 1: According to the Regulations, the Company evaluated deferred vacation and re-estimated actual defined benefit plan in 2012. This resulted in a decrease in pension cost; there was decrease in operating cost and increase in operating expenses. Please see Note e) 2) and 3).

Note 2: In accordance with the Regulations, the subsidiaries' and associates' income had been adjusted; as a result, the share of profit of subsidiaries and associates decreased.

d. Exemptions

Except for optional exemptions and mandatory exceptions to retrospective application provided under the Regulations, the Company retrospectively applied the Regulations to prepare its opening balance sheet at the date of transition, January 1, 2012. The major optional exemptions the Company elected are summarized as follows:

Share-based payment transactions

The Company elected to take the optional exemption from applying the Regulations retrospectively for the shared-based payment transactions granted and vested before the date of transition.

Employee benefits

The Company elected to recognize all cumulative actuarial gains and losses in accumulated deficit as of the date of transition.

Exchange differences on translation of foreign financial statements

The Company elected to set to zero its cumulative translation adjustment in stockholders' equity by reclassifying the amount to retained earnings at the date of transition to the Regulations.

Compound financial instruments

As the liability component was no longer outstanding at the date of transition to the Regulations, the Company elected not to split the compound financial instruments issued before the date of transition to the Regulations into two separate portions of equity.

Borrowing costs

The Company elected to capitalize borrowing costs. The capitalization starts from the date of transition to the Regulations.

The effect of the above mentioned optional exemptions elected by the Company was stated in the following Note e Explanations of significant reconciling items in the transition.

e. Explanations of significant reconciling items in the transition

The Company-specific areas of possible material differences between the existing accounting policies and the accounting policies to be adopted under the Regulations were as follows:

1) Deferred income tax asset/liability

Under ROC GAAP, valuation allowance is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. In accordance with the Regulations "Income Taxes," deferred income tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits and the valuation allowance account is no longer used.

In addition, under ROC GAAP, a deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or non-current based on the expected length of time before it is realized or settled. Under the Regulations, a deferred income tax asset or liability is classified as non-current asset or liability.

2) Short-term employee benefits

Short-term employee benefits under ROC GAAP are not expressly stipulated and usually recorded when paid. After the date of transition to the Regulations, it is recognized the accumulating compensated absences as an expense when employees provided services to increase their vacation.

3) Employee benefits - gain or loss on actuarial valuation of defined benefit plan

According to SFAS No. 18, the unrecognized transition obligation due to first adoption of SFAS No. 18, "Accounting for Pension," should be amortized over the expected remaining working lives of employees. On the date of transition to the Regulations, the retained earnings should be adjusted for unrecognized transition obligation.

Under ROC GAAP, when using the corridor approach, actuarial gains and losses should be amortized over the expected average remaining working lives of the participating employees. Under IAS No. 19, "Employee Benefits," the Company elects to recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income. The subsequent reclassification to earnings is not permitted.

4) Long-term equity investments when associates/subsidiaries issue new shares and the shareholder is not subscribing in accordance with its percentage of shares of the investee/parent company

According to ROC GAAP, the changes of investment percentage arise when the investment company did not subscribe for new shares issued by the investee in accordance with its percentage of ownership before the new subscription; the increase or decrease in the investment company's equity is adjusted in the "capital surplus and "long-term equity investment."

Under the Regulations, such transaction is deemed a disposal and any difference is recognized in the same accounts accordingly. In addition, according to "Q&A for adopting IFRSs" issued by the TSE, accounts that do not conform to IFRSs or not covered under the Company Law as well as capital surplus items required by the Ministry of Economics Affairs should be adjusted at the date of transition to the Regulations.

5) Translation of functional currency of foreign operations

Under ROC GAAP, various indicators are comprehensively adopted to identify functional currency. Under the Regulations, primary indicators should be considered first and then the secondary indicators in the determination of functional currency. According to the rules, the overseas associates and subsidiaries changed their functional currency from U.S. dollars to NT dollars and adjusted retroactively the balances of assets and liabilities in NT dollars at the date of transition to the Regulations.