

CHIPMOS TECHNOLOGIES BERMUDA LTD

Form 20-F/A

December 31, 2014

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As filed with the Securities and Exchange Commission on December 31, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 20-F/A

Amendment No. 1

.. **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OR

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number 0 31106

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(Jurisdiction of Incorporation or Organization)

No. 1, R&D Road 1, Hsinchu Science Park

Hsinchu, Taiwan

Republic of China

(Address of Principal Executive Offices)

Shou-Kang Chen

Chief Financial Officer

ChipMOS TECHNOLOGIES (Bermuda) LTD.

No. 1, R&D Road 1, Hsinchu Science Park

Hsinchu, Taiwan

Republic of China

Telephone: (886) 3 563 3988

Facsimile: (886) 3 563 3998

(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contract Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|--|--|
| Common Shares, par value US\$0.04 each | The NASDAQ Capital Market |

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of December 31, 2013, 29,684,530 Common Shares, par value US\$0.04 each, were outstanding (not including 2,093,705 Common Shares held by our subsidiary).

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or (15)(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

US GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board Other

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If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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EXPLANATORY NOTE

This Amendment No. 1 to Form 20-F/A (this Form 20-F/A) amends ChipMOS TECHNOLOGIES (Bermuda) LTD.'s (ChipMOS or Company) annual report on Form 20-F for the year ended December 31, 2013, which was originally filed with the United States Securities and Exchange Commission (the SEC) on April 25, 2014 (the Form 20-F).

This Form 20-F/A is being filed in response to a comment letter from the staff of the SEC to the Company dated December 16, 2014 (the SEC Comment Letter). We expect that the SEC Comment Letter and our response letter will be released in due course on the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system at www.sec.gov under the Central Index Key (CIK) 0001133478 for the Company.

The purpose of this Form 20-F/A is to amend the Form 20-F to correctly file The Report of Independent Registered Public Accounting Firm to the Board of Directors and Shareholders of ChipMOS TECHNOLOGIES (Bermuda) LTD. (the Report) included in the disclosure presented under Item 8 and Item 18 of the Form 20-F with the financial statements and related information of the Company (the Financial Statements and Related Information). The Report as previously filed in the Form 20-F inadvertently omitted the signature of the Company's independent registered public accounting firm.

This amendment consists of a cover page (with continuation sheets), this explanatory note, excerpts of the disclosure provided under Item 8, Item 17, Item 18 and Item 19 of the Form 20-F, a signature page, the Report (Form 20-F pages F-2 and F-3) with the signature of the Company's independent registered public accounting firm included (Form 20-F page F-3, as amended by this amendment), the Financial Statements and Related Information, Exhibit 12.1, Exhibit 12.2, Exhibit 13.1, Exhibit 13.2 and Exhibit 15.1.

Other than this Form 20-F/A's amendment of Form 20-F page F-3 to include the signature of the Company's independent registered public accounting firm on the Report, this Form 20-F/A does not amend or modify any information included in any of the disclosure presented in the Form 20-F.

The Form 20-F, as amended by this Form 20-F/A, speaks as of the original filing date of the Form 20-F and does not reflect events that may have occurred subsequent to the original filing date of the Form 20-F.

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Item 8. Financial Information
Consolidated Financial Statements and Other Financial Information

Please see Item 18. Financial Statements and pages F-1 through F-60.

Legal Proceedings

In February 2006, ChipMOS Taiwan and ChipMOS USA received notice of a lawsuit filed by Tessera Technologies, Inc., or Tessera. The complaint was initially filed in United States District Court for the Northern District of California (Civil Action No. C05-04063CW), or the California court. In an amended complaint, Tessera added ChipMOS Taiwan and ChipMOS USA, among several other semiconductor companies, as co-defendants. The amended complaint alleges that ChipMOS Taiwan, ChipMOS USA and the other co-defendants infringed certain patents owned by Tessera and that ChipMOS Taiwan is in breach of a license agreement with Tessera, or the Tessera license agreement. Tessera also sought unspecified damages and injunctive relief. ChipMOS Taiwan and ChipMOS USA have responded to the lawsuit by denying Tessera's claims of patent infringement and breach of contract. ChipMOS USA and ChipMOS Taiwan have also raised various counterclaims for declaratory judgment and related affirmative defenses that the Tessera patents are invalid and unenforceable. In May 2007, the California court, with the concurrence of ChipMOS Taiwan and ChipMOS USA, stayed all litigation in the California court as a result of a related investigation by the International Trade Commission, or ITC, initiated by Tessera against certain other co-defendants. In addition, a co-defendant in the Tessera lawsuit requested the United States Patent and Trademark Office to reexamine the patentability of each of Tessera's patents that are at issue in the case in the California court. The requests were granted and, in February 2007, the U.S. Patent and Trademark Office concluded that certain claims of the patents were invalid on the basis of prior art. In April 2008, ChipMOS Bermuda, ChipMOS USA and ChipMOS Taiwan received notice that Tessera requested the ITC to initiate another investigation alleging that the sale for and after importation into the United States as well as importation into the United States of certain small format non-tape based BGA semiconductor packages by ChipMOS Bermuda, ChipMOS Taiwan and ChipMOS USA infringe three of the five Tessera patents at issue in the case pending in the California court. Tessera sought, among other things, an investigation by the ITC and general exclusion orders to prohibit the infringing products from entry into the United States. The ITC initiated the investigation in May 2008. On March 13, 2009, after the close of discovery, Tessera submitted a request to terminate the proceedings at the ITC, which the judge granted on July 17, 2009. No petitions for review were filed. The ITC issued an order to terminate the investigation on August 7, 2009. Due to the completion of a companion investigation against other companies by ITC, the stayed litigations in the Northern District of California resumed in January 2012. On July 19, 2012, Tessera filed a stipulation with the California court dismissing its breach of contract claim against the companies. Accordingly, this litigation was then limited to only Tessera's patent infringement allegations against the companies. A court-ordered mediation was held on December 13, 2012 but was unsuccessful. On November 8, 2013, we entered into a settlement agreement with Tessera settling the subject matter. As part of the Settlement Agreement, ChipMOS Taiwan agreed to pay a one-time payment of US\$1,375 thousand, including 20% Taiwan tax withholding, to Tessera in exchange for Tessera releasing, discharging and agreeing to never sue ChipMOS Bermuda, ChipMOS Taiwan and ChipMOS USA relating to the license agreement. On November 9, 2013, the parties filed a stipulation with the Court to dismiss the pending litigation.

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In April 1999, Motorola, Inc. (Motorola) and ChipMOS Taiwan entered into an immunity agreement (the Agreement) whereby each party covenanted not to sue each other for the use of certain Ball Grid Array (BGA) patents. In December 2004, Motorola spun off its semiconductor division, and thereby formed Freescale Semiconductor, Inc. (Freescale), who then assumed Motorola s rights and obligations under the Agreement. On October 16, 2006, Freescale unilaterally terminated the Agreement, alleging that ChipMOS Taiwan breached the Agreement. ChipMOS Taiwan argued that Freescale s unilateral termination of the Agreement has no legal effect, and continues to accrue royalty payments for products it believes are covered by the Agreement. The payments previously returned by Freescale and accrued by ChipMOS Taiwan have been deposited in a separate escrow account. On July 13, 2009, Freescale alleged that ChipMOS Taiwan breached the Agreement by failing to pay royalties on certain BGA packages assembled by ChipMOS Taiwan. ChipMOS Taiwan filed an answer to deny all allegations, and also filed counterclaims against Freescale alleging that Freescale engaged in patent misuse by seeking to obtain royalties on certain of ChipMOS Taiwan s BGA products that were not covered by any Freescale patent included under the Agreement, and for declaratory judgment of patent non-infringement and invalidity. On December 11, 2009, Freescale filed a motion to dismiss the declaratory judgment counterclaims filed by ChipMOS Taiwan and to stay all other patent related claims and issues until its breach of contract claims could be decided. On July 29, 2010, the Court found that the Agreement constituted a Total Sales Royalty agreement, however, Freescale s motion was partly denied for patent misuse issue. A mediation was held between the parties on October 28, 2010 but was unsuccessful. The fact discovery and expert discovery process regarding patent misuse issue closed in middle June 2011. An Order granting Freescale s motion for partial summary judgment and denying ChipMOS cross-motion for partial judgment was given on September 8, 2011. An Order granting in part and denying in part ChipMOS Motion for Reconsideration was given on March 30, 2012. The Court reinstated ChipMOS claims for patent misuse and its affirmative defenses for patent exhausted, mutual mistake and license. Freescale refiled its motions to strike ChipMOS jury demand and for summary judgment on ChipMOS affirmative defenses of exhaustion, mutual mistake and license. The Court has granted those motions on January 24, 2013 and later denied ChipMOS Taiwan motion for reconsideration of those rulings in April 2013. On June 20, 2013, ChipMOS Taiwan entered into a settlement agreement with Freescale to resolve pending lawsuit between the parties in a judicial settlement conference conducted in the Court. As part of the settlement agreement, ChipMOS Taiwan agreed to pay Freescale US\$8 million to settle the claims in exchange the parties entering into a new License Agreement for the use of Freescale s BGA packaging technology from 2011 to 2015 and filing a Joint Stipulation for the Dismissal of all claims pending between them. The Joint Stipulation for Dismissal was filed on July 26, 2013 and the case was closed by the Court.

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Other than the matters described above, we were not involved in any material litigation in 2013 and are not currently involved in any material litigation.

For certain information regarding legal proceedings relating to certain of our current and former directors, see Item 3. Key Information Risk Factors Risks Related to Our Business The ongoing criminal proceeding of and adverse publicity associated with Mr. Shih-Jye Cheng, our Chairman and Chief Executive Officer, and Mr. Hung-Chiu Hu, our former director, could have a material adverse effect on our business and cause our stock price to decline .

Dividend Policy

Company paid a cash dividend of US\$0.14 per common share for a total cash cost of US\$4.1 million on October 30, 2013 to all common shareholders of record on relevant record date. The payment of future dividends is subject to the Board's continuing determination that the payment of dividends are in the best interests of the Company's shareholders and are in compliance with all laws and agreements of the Company applicable to the declaration and distribution.

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PART III

Item 17. Financial Statements

The Company has elected to provide the financial statements and related information specified in Item 18 in lieu of Item 17.

Item 18. Financial Statements

The financial statements and related information of the Company are located at pages F-1 to F-60.

Item 19. Exhibits

| Exhibits | Description |
|-----------------|--|
| 1.1 | Memorandum of Association of ChipMOS TECHNOLOGIES (Bermuda) LTD. ⁽¹⁾ |
| 1.2 | Bye-laws of ChipMOS TECHNOLOGIES (Bermuda) LTD. ⁽¹⁰⁾ |
| 2.1 | Certificate of Incorporation of ChipMOS TECHNOLOGIES (Bermuda) LTD., dated August 15, 2000. ⁽¹⁾ |
| 4.1 | Joint Venture Agreement, dated July 14, 1997, between Mosel Vitelic Inc. and Siliconware Precision Industries Co., Ltd. ⁽¹⁾ |
| 4.2 | Asset Sales Agreement, dated June 14, 1999, between Microchip Technology Taiwan and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.3 | Tessera Compliant Chip License Agreement, dated April 20, 1999, between Tessera Inc. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.4 | License Agreement, dated April 1, 1999, between Fujitsu Ltd. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.5 | Sales Agreement, dated February 10, 2000, between Sharp Corp. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |

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| Exhibits | Description |
|-----------------|--|
| 4.6 | Raw Materials Processing Agreement, dated August 10, 2000, between Mosel Vitelic Inc. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.7 | Raw Materials Processing Agreement, dated January 1, 2001, between Siliconware Precision Co. Ltd. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.8 | Integrated Circuit Processing Agreement, dated January 1, 2001, between Siliconware Precision Co. Ltd. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.9 | Integrated Circuit Processing and Warehousing Management Agreement, dated August 10, 2000, between Mosel Vitelic Inc. and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.10 | Land Lease Agreement, dated November 26, 1997, between Science Based Industrial Park Administration and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.11 | Land Lease Agreement, dated November 26, 1997, between Science Based Industrial Park Administration and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.12 | Land Lease Agreement, dated September 1, 1997, between Science Based Industrial Park Administration and ChipMOS TECHNOLOGIES INC. ⁽¹⁾ |
| 4.13 | Purchase Agreement, dated July 31, 1997, between ChipMOS TECHNOLOGIES INC. and Mosel Vitelic Inc. ⁽¹⁾ |
| 4.14 | Form of Share Exchange Covenant Letter from the Company to the Shareholders. ⁽¹⁾ |
| 4.15 | Amendment to the Integrated Circuit Processing and Warehousing Management Agreement, dated August 10, 2000, between Mosel Vitelic Inc. and ChipMOS TECHNOLOGIES INC, dated September 1, 2001. ⁽²⁾ |
| 4.16 | Purchase Agreement, dated October 15, 2003, between ChipMOS TECHNOLOGIES INC. and DenMOS Technology Inc. ⁽²⁾ |
| 4.17 | Sale and Purchase Agreement, dated April 25, 2003, between ChipMOS TECHNOLOGIES INC. and Ron How Investment Corp. (English Translation) ⁽³⁾ |
| 4.18 | Sale and Purchase Agreement, dated April 25, 2003, between ChipMOS TECHNOLOGIES INC. and Yuan Shan Investment Corp. (English Translation) ⁽³⁾ |
| 4.19 | Sale and Purchase Agreement, dated April 25, 2003, between ChipMOS TECHNOLOGIES INC. and Mosel Vitelic Inc. (English Translation) ⁽³⁾ |
| 4.20 | Laser Stamping Machine Lease Agreement, dated November 1, 2002, between ChipMOS TECHNOLOGIES INC. and CHANTEK ELECTRONIC CO., LTD. (English Translation) ⁽³⁾ |
| 4.21 | Automatic Stamping Machine Lease Agreement, dated December 1, 2002, between ChipMOS TECHNOLOGIES INC. and CHANTEK ELECTRONIC CO., LTD. (English Translation) ⁽³⁾ |
| 4.22 | Raw Materials Processing Agreement, dated January 1, 2003, between ChipMOS TECHNOLOGIES INC. and CHANTEK ELECTRONIC CO., LTD. (English Translation) ⁽³⁾ |
| 4.23 | Integrated Circuit Processing Agreement, dated January 1, 2003, between ChipMOS TECHNOLOGIES INC. and CHANTEK ELECTRONIC CO., LTD. (English Translation) ⁽³⁾ |
| 4.24 | Technology Transfer Agreement, dated December 24, 2002, between ChipMOS TECHNOLOGIES INC. and ThaiLin Semiconductor Corp. (English Translation) ⁽³⁾ |
| 4.25 | Tester Equipment Lease Agreement, dated November 14, 2002, between ChipMOS TECHNOLOGIES INC. and ThaiLin Semiconductor Corp. (English Translation) ⁽³⁾ |
| 4.26 | Tester Equipment Lease Agreement, dated December 3, 2002, between ChipMOS TECHNOLOGIES INC. and ThaiLin Semiconductor Corp. (English Translation) ⁽³⁾ |
| 4.27 | Joint Engagement Letter, undated, by and among Ultima Electronics Corp., ChipMOS TECHNOLOGIES INC. and Sun-Fund Securities Ltd. (English Translation) ⁽³⁾ |
| 4.28 | Lease Agreement, dated June 1, 2002, between ChipMOS TECHNOLOGIES INC. and SyncMOS Technologies, Inc. (English Translation) ⁽³⁾ |

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| Exhibits | Description |
|-----------------|--|
| 4.29 | Technology Transfer Agreement, dated August 1, 2002, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES (Shanghai) LTD. ⁽³⁾ |
| 4.30 | Promissory Note from Modern Mind Technology Limited to Jesper Limited, dated November 4, 2002. ⁽³⁾ |
| 4.31 | Deed of Variation, dated December 2, 2002, between Modern Mind Technology Limited and Jesper Limited. ⁽³⁾ |
| 4.32 | Deed of Assignment, dated December 27, 2002, between Jesper Limited and ChipMOS TECHNOLOGIES (Bermuda) LTD. ⁽³⁾ |
| 4.33 | Deed of Assignment, dated June 25, 2003, between Jesper Limited and ChipMOS TECHNOLOGIES INC. ⁽³⁾ |
| 4.34 | Agreement, dated May 3, 2003, between Jesper Limited and Modern Mind Technology Limited. ⁽³⁾ |
| 4.35 | Master loan agreement, dated July 12, 2004, among ChipMOS TECHNOLOGIES (Bermuda) LTD., Modern Mind Technology Limited and Jesper Limited. ⁽⁵⁾ |
| 4.36 | Cooperation Agreement, dated March 27, 2002, between Shanghai Qingpu Industrial Zone Development (Group) Company and ChipMOS TECHNOLOGIES (Bermuda) LTD. (English Translation) ⁽³⁾ |
| 4.37 | Deed of assignment, dated December 17, 2003, between ChipMOS TECHNOLOGIES INC. and ChipMOS TECHNOLOGIES (Bermuda) LTD. ⁽⁴⁾ |
| 4.38 | Supplemental deed of assignment, dated May 14, 2004 between ChipMOS TECHNOLOGIES INC. and ChipMOS TECHNOLOGIES (Bermuda) LTD. ⁽⁴⁾ |
| 4.39 | Second supplemental deed of assignment, dated October 11, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁵⁾ |
| 4.40 | Assignment agreement, dated April 7, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁴⁾ |
| 4.41 | Supplemental assignment agreement, dated May 14, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁴⁾ |
| 4.42 | Second supplemental assignment agreement, dated October 11, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁵⁾ |
| 4.43 | Patent license agreement, dated April 7, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁴⁾ |
| 4.44 | Supplemental patent license agreement dated July 8, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁵⁾ |
| 4.45 | Second supplemental patent license agreement dated October 11, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁵⁾ |
| 4.46 | Third supplemental patent license agreement dated December 30, 2004, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁵⁾ |
| 4.47 | Assembly and Testing Service Agreement, dated November 27, 2005, between ChipMOS TECHNOLOGIES INC. and Spansion LLC. ⁽⁶⁾ |
| 4.48 | Share Purchase and Subscription Agreement, dated February 13, 2007, among ChipMOS TECHNOLOGIES (Bermuda) LTD., ChipMOS TECHNOLOGIES INC. and Siliconware Precision Industries Co., Ltd. ⁽⁷⁾ |
| 4.49 | Registration Rights Agreement, dated March 27, 2007, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and Siliconware Precision Industries Co., Ltd. ⁽⁷⁾ |
| 4.50 | Share Exchange Agreement, dated as of April 12, 2007, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁹⁾ |
| 4.51 | Assignment Agreement, dated April 12, 2007, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ChipMOS TECHNOLOGIES INC. ⁽⁸⁾ |

4.52 Form of Change In Control Severance Agreement.⁽⁹⁾

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| Exhibits | Description |
|-----------------|--|
| 4.53 | Southern Taiwan Science Park Administration Land Lease Agreement, dated June 1, 2007, between Southern Taiwan Science Park Administration and ChipMOS TECHNOLOGIES INC. (English Translation) ⁽⁹⁾ |
| 4.54 | Second Amendment to Assembly and Test Service Agreement, dated July 16, 2007, by and between Spansion LLC and ChipMOS TECHNOLOGIES INC. ⁽⁹⁾ |
| 4.55 | Service Agreement for Integrated Circuit Products, dated July 17, 2007, by and between ProMOS Technologies Inc. and ChipMOS TECHNOLOGIES INC. (English Translation) ⁽⁹⁾ |
| 4.56 | Registration Rights Agreement, dated August 8, 2007, among ChipMOS TECHNOLOGIES (Bermuda) LTD., Giant Haven Investment Limited, ProMOS Technologies Inc. and Powertech Technology Inc. ⁽⁹⁾ |
| 4.57 | Third Amendment to Assembly and Test Services Agreement, dated November 30, 2007, by and between Spansion LLC and ChipMOS TECHNOLOGIES INC. ⁽⁹⁾ |
| 4.58 | Science Park Administration Land Lease Agreement, dated December 1, 2007, between Science Park Administration and ChipMOS TECHNOLOGIES INC. (English Translation) ⁽⁹⁾ |
| 4.59 | Lease Agreement, dated April 2, 2008, between ChipMOS TECHNOLOGIES INC. and ThaiLin Semiconductor Corp. (English Translation) ⁽⁹⁾ |
| 4.60 | Master Lease Agreement and Addendums to the Master Lease Agreement, dated November 9, 2009, between ChipMOS TECHNOLOGIES INC. and GE Money Taiwan Limited. ⁽¹¹⁾ |
| 4.61 | Transfer of Claim Agreement, dated January 25, 2010, between ChipMOS TECHNOLOGIES INC. and Citigroup Financial Products Inc. ⁽¹¹⁾ |
| 4.62 | Share Purchase Agreement, dated February 26, 2010, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and Siliconware Precision Industries Co., Ltd. ⁽¹¹⁾ |
| 4.63 | Equipment Purchase Agreement, dated February 26, 2010, between ChipMOS TECHNOLOGIES INC. and Siliconware Precision Industries Co., Ltd. ⁽¹¹⁾ |
| 4.64 | Assignment and Assumption Agreement, effective on April 22, 2011 between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ThaiLin Semiconductor Corp. ⁽¹²⁾ |
| 4.65 | Syndicated Loan Agreement, dated July 14, 2011, between ChipMOS TECHNOLOGIES INC. and Taiwan Cooperative Bank, Bank of Taiwan and Land Bank of Taiwan as the lead Arrangers. ⁽¹³⁾ |
| 4.66 | Underwriting Agreement, dated October 26, 2012, between the Company, ThaiLin, Siliconware Precision, Cowen and Company, LLC and Craig-Hallum Capital Group LLC. ⁽¹⁴⁾ |
| 4.67 | Share Purchase Agreement, dated November 21, 2013, between ChipMOS TECHNOLOGIES (Bermuda) LTD. and ThaiLin Semiconductor Corp. ⁽¹⁵⁾ |
| 8.1 | List of principal subsidiaries of ChipMOS TECHNOLOGIES (Bermuda) LTD. ⁽¹⁵⁾ |
| 11.1 | Code of Business Conduct and Ethics. ⁽⁴⁾ |
| 12.1 | Certification of Chief Executive Officer required by Rule 13a-14(a) under the Exchange Act. |
| 12.2 | Certification of Chief Financial Officer required by Rule 13a-14(a) under the Exchange Act. |
| 13.1 | Certification of Chief Executive Officer required by Rule 13a-14(b) under the Exchange Act. |
| 13.2 | Certification of Chief Financial Officer required by Rule 13a-14(b) under the Exchange Act. |
| 15.1 | Consent of independent registered public accounting firm. |

(1) Incorporated by reference to our Registration Statement on Form F-1 (File No. 333-13218), filed on February 28, 2001.

(2) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 17, 2002.

(3) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 30, 2003.

(4) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 17, 2004.

(5) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 29, 2005.

(6) Incorporated by reference to our Registration Statement on Form F-3 (File No. 333-130230), filed on December 9, 2005.

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- (7) Incorporated by reference to Schedule 13D filed with the United States Securities and Exchange Commission by Siliconware Precision Industries Co., Ltd. on April 4, 2007.
- (8) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 8 2007.
- (9) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 6, 2008.
- (10) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 4, 2009.

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- (11) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 4, 2010.
- (12) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 3, 2011.
- (13) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on April 26, 2012.
- (14) Incorporated by reference to our Interim Report on Form 6-K (File No. 0-31106), filed on October 26, 2012.
- (15) Previously filed in our Annual Report on Form 20-F (File No. 0-31106), filed on April 25, 2014.

We have not included as exhibits certain instruments with respect to our debt, the amount of debt authorized under each of which does not exceed 10% of our total assets, and we agree to furnish a copy of any such instrument to the Commission upon request.

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant certifies that it meets all the requirements for filing on Form 20-F and it has duly caused this Amendment No. 1 to the Annual Report on Form 20-F/A to be signed on its behalf by the undersigned, thereunto duly authorized, in Taipei, Taiwan, Republic of China, on December 31, 2014.

ChipMOS TECHNOLOGIES (Bermuda) LTD.

By: /s/ Shih-Jye Cheng

Name: Shih-Jye Cheng

Title: Chairman and Chief Executive Officer

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm to the Board of Directors and Shareholders of

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Incorporated in Bermuda with limited liability)

We have audited the accompanying consolidated statements of financial position of ChipMOS TECHNOLOGIES (Bermuda) LTD. and subsidiaries (collectively, the Group) as of January 1, 2012, December 31, 2012 and 2013, and the related consolidated income statements, statements of comprehensive income, changes in equity, and cash flows for each of the two years in the period ended December 31, 2013, all expressed in New Taiwan dollars. We have also audited the Group's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Group's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Group's internal control over financial reporting based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Report of Independent Registered Public Accounting Firm to the Board of Directors and Shareholders of

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Incorporated in Bermuda with limited liability) (Continued)

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of January 1, 2012, December 31, 2012 and 2013, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control – Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ Moore Stephens

Certified Public Accountants

Hong Kong

March 11, 2014

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Income Statements****For the years ended December 31, 2012 and 2013**

| | Note | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|---|------|------------------|------------------|-----------------|
| Revenue | 4 | 19,220,560 | 19,361,930 | 649,076 |
| Cost of revenue | | (16,767,941) | (15,922,395) | (533,771) |
| Gross profit | | 2,452,619 | 3,439,535 | 115,305 |
| Other operating income | 6 | 127,949 | 442,411 | 14,831 |
| Research and development expenses | | (505,429) | (564,476) | (18,923) |
| Sales and marketing expenses | | (79,936) | (107,651) | (3,609) |
| Administrative and general expenses | | (637,566) | (699,126) | (23,437) |
| Other operating expenses | | (48,745) | (100,849) | (3,381) |
| Operating profit | | 1,308,892 | 2,409,844 | 80,786 |
| Finance costs | 7 | (228,565) | (183,005) | (6,135) |
| Other non-operating income (expense), net | 8 | (232,555) | 289,256 | 9,697 |
| Profit before tax | | 847,772 | 2,516,095 | 84,348 |
| Income tax | 9 | (178,116) | (827,094) | (27,727) |
| Profit for the year | | 669,656 | 1,689,001 | 56,621 |
| Attributable to: | | | | |
| Equity holders of the Company | | 629,781 | 1,335,348 | 44,765 |
| Non-controlling interests | | 39,875 | 353,653 | 11,856 |
| | | 669,656 | 1,689,001 | 56,621 |
| Earnings per share: | 10 | | | |
| Basic | | 22.92 | 45.55 | 1.53 |
| Diluted | | 22.25 | 44.27 | 1.48 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2012 and 2013

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|---|-----------------|------------------|-----------------|
| Profit for the year | 669,656 | 1,689,001 | 56,621 |
| Other comprehensive income (loss): | | | |
| <i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Exchange differences on translation of foreign operations | (20,192) | 27,438 | 920 |
| Net other comprehensive income (loss) to be reclassified to profit or loss in the subsequent periods | (20,192) | 27,438 | 920 |
| <i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Net actuarial losses | (75,079) | (30,574) | (1,025) |
| Income tax effect | 12,763 | 5,198 | 174 |
| Net other comprehensive loss not to be reclassified to profit or loss in the subsequent periods | (62,316) | (25,376) | (851) |
| Other comprehensive income (loss) for the year, net of tax | (82,508) | 2,062 | 69 |
| Total comprehensive income for the year, net of tax | 587,148 | 1,691,063 | 56,690 |
| Attributable to: | | | |
| Equity holders of the Company | 553,522 | 1,325,326 | 44,429 |
| Non-controlling interests | 33,626 | 365,737 | 12,261 |
| | 587,148 | 1,691,063 | 56,690 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Statements of Financial Position****January 1, 2012, December 31, 2012 and 2013**

| | Note | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|-------------------------------------|------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Assets | | | | | |
| Non-current assets | | | | | |
| Available-for-sale financial assets | 12 | 39,121 | 11,635 | 8,594 | 288 |
| Property, plant and equipment | 13 | 14,364,194 | 12,475,283 | 12,811,953 | 429,499 |
| Deferred tax assets | 9 | 716,993 | 593,062 | 194,926 | 6,535 |
| Refundable deposits | | 21,415 | 21,070 | 20,460 | 686 |
| Prepaid rent non-current portion | 14 | 98,022 | 91,873 | 94,657 | 3,173 |
| Other non-current assets | | 22,537 | 20,154 | 20,325 | 681 |
| | | 15,262,282 | 13,213,077 | 13,150,915 | 440,862 |
| Current assets | | | | | |
| Inventories | 15 | 1,533,866 | 1,687,889 | 1,519,403 | 50,935 |
| Accounts and notes receivable | 16 | 3,790,847 | 4,120,115 | 4,114,626 | 137,936 |
| Other receivables | | 107,448 | 179,473 | 164,233 | 5,506 |
| Short-term deposits | 17 | 396,979 | 629,893 | 181,931 | 6,099 |
| Other current assets | | 68,759 | 105,286 | 104,437 | 3,501 |
| Cash and cash equivalents | 17 | 7,246,056 | 8,863,616 | 13,372,770 | 448,299 |
| | | 13,143,955 | 15,586,272 | 19,457,400 | 652,276 |
| Total assets | | 28,406,237 | 28,799,349 | 32,608,315 | 1,093,138 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Statements of Financial Position (Continued)****January 1, 2012, December 31, 2012 and 2013**

| | Note | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---|------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Equity and liabilities | | | | | |
| Capital and reserves | | | | | |
| Issued capital | 18 | 39,041 | 39,013 | 37,165 | 1,246 |
| Reserves | 19 | 11,211,865 | 11,773,443 | 13,386,426 | 448,757 |
| Other component of equity | 19 | 433,902 | 416,896 | 438,652 | 14,705 |
| Treasury stock | 20 | (924,781) | (635,741) | (297,580) | (9,976) |
| Equity attributable to equity holders of the Company | | 10,760,027 | 11,593,611 | 13,564,663 | 454,732 |
| Non-controlling interests | | 3,974,843 | 3,995,690 | 7,024,963 | 235,500 |
| Total equity | | 14,734,870 | 15,589,301 | 20,589,626 | 690,232 |
| Non-current liabilities | | | | | |
| Bank loans non-current portion | 21 | 8,484,300 | 6,739,927 | 3,888,972 | 130,371 |
| Long term deferred revenue | | 95,304 | 89,350 | 92,084 | 3,087 |
| Accrued pension cost | 22 | 259,192 | 474,338 | 490,489 | 16,443 |
| Guarantee deposit | | 1,940 | 2,478 | 2,192 | 73 |
| | | 8,840,736 | 7,306,093 | 4,473,737 | 149,974 |
| Current liabilities | | | | | |
| Accounts payable | | 1,130,730 | 890,077 | 956,799 | 32,075 |
| Payables to contractors and equipment suppliers | | 415,391 | 484,659 | 858,239 | 28,771 |
| Other payables | | 1,667,353 | 1,669,206 | 1,541,409 | 51,673 |
| Current tax payable | | 20,283 | 34,308 | 320,687 | 10,751 |
| Receipts in advance | | 185,469 | 26,117 | 30,579 | 1,025 |
| Deferred revenue | | 2,383 | 2,291 | 2,423 | 81 |
| Other current liabilities | | 178,078 | 203,016 | 173,380 | 5,812 |
| Bank loans current portion | 21 | 684,028 | 2,227,800 | 2,874,756 | 96,372 |
| Short-term bank loans | 23 | 546,916 | 366,481 | 786,680 | 26,372 |
| | | 4,830,631 | 5,903,955 | 7,544,952 | 252,932 |
| Total liabilities | | 13,671,367 | 13,210,048 | 12,018,689 | 402,906 |
| Total equity and liabilities | | 28,406,237 | 28,799,349 | 32,608,315 | 1,093,138 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity**

For the years ended December 31, 2012 and 2013

| | Attributable to equity holders of the Company | | | | | | | Total equity NT\$000 |
|--|---|---|------------------------------|--|--|-------------------|--------------------------------------|-------------------------|
| | Share capital NT\$000 | Reserves Capital surplus (Note 19) NT\$000 | Retained earnings NT\$000 | Other component of equity Foreign currency translation reserve NT\$000 | Treasury stock (Note 20) NT\$000 | Total NT\$000 | Non-controlling interests NT\$000 | |
| January 1, 2012 | 39,041 | 15,123,913 | (3,912,048) | 433,902 | (924,781) | 10,760,027 | 3,974,843 | 14,734,870 |
| Profit for the year | | | 629,781 | | | 629,781 | 39,875 | 669,656 |
| Other comprehensive income | | | (59,253) | (17,006) | | (76,259) | (6,249) | (82,508) |
| Total comprehensive income | | | 570,528 | (17,006) | | 553,522 | 33,626 | 587,148 |
| Share-based payments | 792 | 187,872 | | | | 188,664 | | 188,664 |
| Repurchase / Cancellation of shares | (820) | (234,273) | (70,742) | | | (305,835) | | (305,835) |
| Disposal of shares held by a subsidiary | | 244,188 | | | 284,108 | 528,296 | | 528,296 |
| Capital surplus used to cover accumulated deficits | | (3,787,431) | 3,787,431 | | | | | |
| Cash dividend (Note 11) | | | (117,521) | | | (117,521) | | (117,521) |
| Other movement | | (27,811) | 9,337 | | 4,932 | (13,542) | (12,779) | (26,321) |
| December 31, 2012 | 39,013 | 11,506,458 | 266,985 | 416,896 | (635,741) | 11,593,611 | 3,995,690 | 15,589,301 |
| Profit for the year | | | 1,335,348 | | | 1,335,348 | 353,653 | 1,689,001 |
| Other comprehensive income | | | (31,778) | 21,756 | | (10,022) | 12,084 | 2,062 |
| Total comprehensive income | | | 1,303,570 | 21,756 | | 1,325,326 | 365,737 | 1,691,063 |
| Share-based payments | 593 | 187,501 | | | | 188,094 | | 188,094 |
| Repurchase / Cancellation of shares | (102) | (28,428) | (11,675) | | | (40,205) | | (40,205) |
| Disposal of shares held by a subsidiary | (2,339) | (190,900) | | | 338,161 | 144,922 | | 144,922 |
| Partial disposal of a subsidiary | | 399,626 | (9,755) | | | 389,871 | 3,146,906 | 3,536,777 |
| Cash dividend (Note 11) | | | (122,491) | | | (122,491) | | (122,491) |
| Changes in non-controlling interests | | | | | | | (483,370) | (483,370) |
| Other movement | | 71,554 | 13,981 | | | 85,535 | | 85,535 |
| December 31, 2013 | 37,165 | 11,945,811 | 1,440,615 | 438,652 | (297,580) | 13,564,663 | 7,024,963 | 20,589,626 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the years ended December 31, 2012 and 2013**

| | 2012 | 2013 | 2013 |
|--|--------------------|--------------------|------------------|
| | NT\$000 | NT\$000 | US\$000 |
| Cash flows from operating activities | | | |
| Profit before tax | 847,772 | 2,516,095 | 84,348 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation of property, plant and equipment | 4,623,038 | 3,292,144 | 110,364 |
| Amortization of assets | 8,775 | 2,804 | 94 |
| (Reversal) / allowance for impairment of accounts and notes receivable | (2,410) | 7,415 | 249 |
| Reversal of impairment of other receivables | | (64,779) | (2,172) |
| Interest expense | 227,765 | 180,426 | 6,049 |
| Interest income | (31,823) | (42,722) | (1,432) |
| Impairment of available-for-sale financial assets | 27,486 | 3,041 | 101 |
| Impairment of property, plant and equipment | 6,843 | 671 | 22 |
| Impairment of other non-current assets | 1,540 | 220 | 7 |
| Loss (gain) on disposal of property, plant and equipment, net | 14,013 | (121,212) | (4,063) |
| Share-based payments | 181,763 | 232,590 | 7,797 |
| Deferred income | (2,324) | (2,375) | (80) |
| Accrued pension cost | 167,012 | (22,797) | (764) |
| Changes in operating assets and liabilities: | | | |
| Accounts and notes receivables | (326,855) | (1,926) | (64) |
| Other receivables | (68,905) | 81,401 | 2,729 |
| Inventories | (154,023) | 168,486 | 5,648 |
| Other current assets | (35,971) | (1,103) | (37) |
| Short-term deposits | (343,560) | 354,006 | 11,867 |
| Accounts payable | (240,653) | 66,722 | 2,237 |
| Other payables | 2,574 | (127,698) | (4,281) |
| Receipts in advance | (159,352) | 4,464 | 150 |
| Other current liabilities | 24,940 | (29,638) | (994) |
| | 4,767,645 | 6,496,235 | 217,775 |
| Interest received | 28,659 | 41,343 | 1,386 |
| Interest paid | (228,486) | (180,525) | (6,052) |
| Income tax paid | (40,809) | (133,881) | (4,488) |
| Net cash generated from operating activities | 4,527,009 | 6,223,172 | 208,621 |
| Cash flows from investing activities | | | |
| Proceeds from sales of property, plant and equipment | 37,848 | 151,093 | 5,065 |
| Acquisition of property, plant and equipment | (2,748,627) | (3,251,283) | (108,994) |
| Decrease in refundable deposits | 345 | 610 | 20 |
| Decrease in financial assets | 110,647 | 93,955 | 3,150 |
| Net cash used in investing activities | (2,599,787) | (3,005,625) | (100,759) |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Consolidated Statements of Cash Flows (Continued)****For the years ended December 31, 2012 and 2013**

| | 2012 | 2013 | 2013 |
|---|------------------|-------------------|----------------|
| | NT\$000 | NT\$000 | US\$000 |
| Cash flows from financing activities | | | |
| Proceeds from short-term bank loans | | 420,199 | 14,087 |
| Proceeds from long-term bank loans | 595,927 | 23,801 | 798 |
| Payments on short-term bank loans | (180,435) | | |
| Payments on long-term bank loans | (796,528) | (2,227,800) | (74,683) |
| Increase (decrease) in guarantee deposits | 538 | (286) | (10) |
| Cash received (paid) in respect of share-based payments | 6,901 | (44,496) | (1,492) |
| Payments on repurchase of shares | (305,835) | (40,205) | (1,348) |
| Proceeds from disposal of shares held by a subsidiary | 528,296 | 144,922 | 4,858 |
| Proceeds from partial disposal of a subsidiary | | 3,536,777 | 118,565 |
| Cash dividend | (117,521) | (122,491) | (4,106) |
| Changes in non-controlling interests | (43,688) | (385,194) | (12,913) |
| Net cash (used in) generated from financing activities | (312,345) | 1,305,227 | 43,756 |
| Net increase in cash and cash equivalents | 1,614,877 | 4,522,774 | 151,618 |
| Effect of foreign exchange rate changes | 2,683 | (13,620) | (457) |
| Cash and cash equivalents at beginning of year | 7,246,056 | 8,863,616 | 297,138 |
| Cash and cash equivalents at end of year | 8,863,616 | 13,372,770 | 448,299 |
| Partial cash paid for investing activities | | | |
| Cash paid for acquisition of property, plant and equipment : | | | |
| Total acquisitions | 2,817,895 | 3,624,863 | 121,517 |
| Decrease in payable to contractors and equipment suppliers | (69,268) | (373,580) | (12,523) |
| | 2,748,627 | 3,251,283 | 108,994 |

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2012 and 2013

1. Corporate and group information

ChipMOS TECHNOLOGIES (Bermuda) LTD. (the Company or ChipMOS Bermuda) was incorporated under the laws of Bermuda on August 1, 2000, and its common shares have been traded on the NASDAQ Global Select Market since June 2001. In February 2010, ChipMOS Bermuda submitted an application to the NASDAQ Stock Market to transfer its listing to the NASDAQ Capital Market from the NASDAQ Global Select Market. The NASDAQ Stock Market has determined that the Company meets the NASDAQ Capital Market initial listing criteria set forth in Listing Rule 5505. Its common shares have been traded on the NASDAQ Capital Market since March 17, 2010.

On January 21, 2011, the Company's shareholders approved a one-for-four share combination of its common stock which became effective on January 21, 2011. As a result of this reverse stock split, every four shares of the Company's common stock that were issued and outstanding as of January 21, 2011 were automatically combined into one issued and outstanding share with par value change from US\$0.01 to US\$0.04 per share, and the number of authorized but unissued shares of the Company's common stock was proportionally reduced. A proportionate adjustment was also made to the Company's outstanding stock options and convertible notes. No fractional shares were issued in connection with this reverse stock split, but rather shareholders who were entitled to fractional shares received cash in aggregate of NT\$239 thousand in lieu of receiving fractional shares.

As of December 31, 2013, the consolidated financial statements of the Company include:

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013*****1. Corporate and group information (continued)***

ChipMOS TECHNOLOGIES INC. (ChipMOS Taiwan) was incorporated in Taiwan on July 28, 1997 as a joint venture company between Mosel Vitelic Inc. (MVI) and Siliconware Precision Industries Co. Ltd. (SPIL). Its operations consist of testing and assembly of semiconductors. In connection with a corporate restructuring on January 12, 2001, the holders of an aggregate of 583,419 thousand common shares of ChipMOS Taiwan executed a Purchase and Subscription Agreement whereby they transferred their shares of ChipMOS Taiwan to ChipMOS Bermuda in exchange for 14,585 thousand common shares in ChipMOS Bermuda. The selling shareholders, who previously held an aggregate of 70.25% of the entire outstanding common shares of ChipMOS Taiwan, thus became the holder of the entire outstanding common shares of ChipMOS Bermuda. Because 100% of the outstanding common shares of ChipMOS Bermuda were owned by former shareholders of ChipMOS Taiwan, the exchange of shares has been accounted for as a merger as if ChipMOS Bermuda was the acquirer. Equity and operations attributable to ChipMOS Taiwan shareholders not participating in the exchange offer were reflected as noncontrolling interests in the historical financial statements. In March 2007, ChipMOS Bermuda, ChipMOS Taiwan and SPIL completed a share purchase and subscription transaction whereby ChipMOS Bermuda purchased 100% of SPIL 's equity interest in ChipMOS Taiwan at US\$0.75 per share. SPIL also subscribed to 3,043,749 newly issued common shares of ChipMOS Bermuda through a private placement of US\$6.28 per share. After the transaction, ChipMOS Taiwan became a 99.14% subsidiary of ChipMOS Bermuda and SPIL owned 14.7% of ChipMOS Bermuda. In September 2007, another share exchange transaction was completed whereby ChipMOS Bermuda offered to exchange one share of ChipMOS Bermuda for 8.4 shares of ChipMOS Taiwan shares. The exchange was completed in September 2007 and ChipMOS Taiwan became a wholly-owned subsidiary of ChipMOS Bermuda. In February 2010, ChipMOS Bermuda entered into a Share Purchase Agreement with SPIL to sell to SPIL the holding of 133,000 thousand common shares of ChipMOS Taiwan for a consideration of NT\$1,630,580 thousand. In January 2011, the transaction was completed. As part of ChipMOS Taiwan 's listing plan on the Taiwan Stock Exchange (TWSE), on April 16, 2013, ChipMOS Bermuda completed the sale of 6.5 million outstanding ChipMOS Taiwan shares, at the price of NT\$15.0 per share to ChipMOS Taiwan 's underwriters of the TWSE listing plan and to certain others, including non-US employees of ChipMOS Taiwan (Note 27). Also, on October 3, 2013, ChipMOS Bermuda completed another sale of 180.0 million outstanding ChipMOS Taiwan shares, at the price of NT\$20.0 per shares to investors and certain non-US employees of ChipMOS Taiwan (Note 27). As of December 31, 2013, ChipMOS Bermuda owned 62.09% (2012:84.22%) of ChipMOS Taiwan 's outstanding shares.

ThaiLin Semiconductor Corp. (ThaiLin) was incorporated on May 15, 1996 and is listed on the GreTai Securities Market in Taiwan. ThaiLin is engaged in wafer and semiconductor testing services. On December 31, 2002, ChipMOS Taiwan acquired an equity interest of 41.8% in ThaiLin. On December 1, 2003, ChipMOS Taiwan obtained controlling influence over ThaiLin 's decisions on its operations, personnel and financial policies. Therefore, ThaiLin has been consolidated into these financial statements from December 1, 2003 in spite of the fact that ChipMOS Taiwan holds an equity interest of less than 50% in ThaiLin. As of December 31, 2013, ChipMOS Taiwan held a 47.54% (2012: 42.87%) equity interest in ThaiLin.

ChipMOS U.S.A., Inc. (ChipMOS USA) was incorporated in the United States of America in October 1999. It engages in sales and customer services and all the expenses incurred from these activities are charged to current income. ChipMOS USA began generating revenue in 2001. As of December 31, 2013, ChipMOS Taiwan owned 100% (2012: 100%) of the outstanding shares of ChipMOS USA.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

1. Corporate and group information (continued)

MODERN MIND TECHNOLOGY LIMITED (Modern Mind) was incorporated in the British Virgin Islands on January 29, 2002. Modern Mind conducts its operations through ChipMOS TECHNOLOGIES (Shanghai) LTD. (ChipMOS Shanghai). ChipMOS Shanghai a wholly-owned subsidiary of Modern Mind was established in the People's Republic of China (PRC) on June 7, 2002. ChipMOS Shanghai is engaged in wafer testing, semiconductor assembly and testing, and module and subsystem manufacturing. ChipMOS Shanghai commenced commercial production in 2003. ChipMOS Bermuda acquired a 100% equity interest in Modern Mind on December 12, 2002, and then transferred it to Jesper Limited (Jesper) on December 31, 2002. In December 2002 and 2003, ChipMOS Bermuda acquired from Jesper and ChipMOS Taiwan, respectively, convertible notes issued by Modern Mind (MMT Notes) that are convertible into a controlling equity interest in Modern Mind if the repayment is not made when due. Under an Assignment and Assumption Agreement signed on April 22, 2011, ChipMOS Bermuda agreed to sell the MMT Notes to ThaiLin for a purchase price US\$39,950 thousand. On October 3, 2011, the transaction was completed. On October 3, 2011, ThaiLin converted the MMT Notes into common shares of Modern Mind and purchased all of the remaining common shares of Modern Mind from Jesper. Modern Mind and its wholly-owned subsidiary, ChipMOS Shanghai, became a wholly-owned subsidiaries of ThaiLin. ChipMOS Bermuda's interest in ChipMOS Shanghai was reduced to 36.11% then. Prior to October 3, 2011, ChipMOS Bermuda consolidated Modern Mind and its wholly-owned subsidiary, ChipMOS Shanghai in reliance on International Accounting Standard 27 (Revised) Consolidated and Separate Financial Statements . ChipMOS Bermuda had a parent-subsidiary relationship with Modern Mind by means other than record ownership of voting stock. This relationship was based on ChipMOS Bermuda's power to direct or cause the direction of the management and policies of Modern Mind and ChipMOS Shanghai. As of December 31, 2013, ThaiLin owned 100% (2012: 100%) of the outstanding shares of Modern Mind and Modern Mind owned 100% (2012: 100%) of the outstanding shares of ChipMOS Shanghai.

2. Basis of preparation of financial statements and principal accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost convention and are presented in New Taiwan dollars (NT\$), which is the Company's functional currency.

First time adoption of IFRSs

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the Group) were previously prepared in accordance with accounting principles generally accepted in the Republic of China (ROC GAAP), which differ from IFRSs in some significant areas. To prepare the consolidated financial statements, management has modified certain of its accounting policies that were previously applied under ROC GAAP in order to comply with the IFRSs.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

a) *Basis of preparation (continued)*

Comparative figures and figures as of the transition date (January 1, 2012) have been modified to reflect such adjustments. Note 34 includes a reconciliation between equity figures of consolidated financial statements prepared in accordance with the ROC GAAP on the transition date (January 1, 2012) and on the adoption date (December 31, 2012) and the profit and total comprehensive income figures for the year ended December 31, 2012 and those presented in accordance with the IFRSs in these consolidated financial statements, as well as the effects of the adjustments to cash flows.

The format of the primary financial statements under ROC GAAP is governed by Financial Supervisory Commission. International Accounting Standard (IAS) 1 Presentation of Financial Statements requires certain disclosures to be made on the face of the primary statements and other required disclosures may be made in the notes or on the face of the financial statements, unless another standard specifies otherwise. The transition to IFRSs has resulted in the Group changing the format of its income statements, statements of financial position and statements of cash flows, as well as the disclosure of certain line items not prescribed by ROC GAAP.

As a general rule, the Group is required to establish its IFRSs accounting policies for the year ended December 31, 2013 and apply these retrospectively. However, advantage has been taken of certain exemptions granted by IFRS 1 First-time adoption of International Financial Reporting Standards (IFRS 1) as further described below:

- 1) The Group elected not to apply IFRS 3 Business Combinations , retrospectively to business combinations which occurred before January 1, 2012.
- 2) The Group elected to take the optional exemption from applying IFRS 2 Share-based Payment , retrospectively for the share-based payment transactions granted and vested before January 1, 2012.
- 3) The Group elected not to apply IAS 19 Employee Benefits , retrospectively to employee benefits and recognize all cumulative actuarial gains and losses in retained earnings as of January 1, 2012.
- 4) The Group elected to take the optional exemption from applying IAS 32 Financial Instruments: Presentation , retrospectively from the transactions occurred before January 1, 2012.
- 5) The Group elected not to apply IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), retrospectively for the transactions occurred before January 1, 2012.
- 6) The Group elected not to apply IAS 23 Borrowing Costs , retrospectively for the transactions occurred before January 1, 2012.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

b) Basis of consolidation

The consolidated financial statements include the accounts of ChipMOS Bermuda and all entities controlled by ChipMOS Bermuda. Control is achieved where the Company has power over the investees, that expose or give rights to variable returns from its involvement with the investees, and the Company is able to use its power to affect the amount of returns from the investees. Generally control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

The Company's consolidated financial statements for the years ended December 31, 2012 and 2013 include the financial results of ChipMOS Taiwan and its subsidiaries, ThaiLin, ChipMOS USA, and Modern Mind and its wholly-owned subsidiary, ChipMOS Shanghai.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to the consolidated income statements or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

c) Significant judgements and estimates

The preparation of consolidated financial statements requires management to make estimates and judgements that affect the recorded amounts of assets, liabilities, revenue and expenses of the Group. The Group continually evaluates these estimates, including those related to share-based payments, impairment of receivables, impairment of non-financial assets, defined benefit plans and deferred tax assets. The Group bases its estimates on historical experience and other assumptions, which it believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions and conditions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Management has considered the development, selection and disclosure of the Group's critical accounting policies and estimates.

Judgements

In the process of applying the Group's accounting policies, management have made the following judgements which have the most significant effect on the amounts recognized in the consolidated financial statements:

Entities in which the Group holds less than 50% of the voting rights

ChipMOS Bermuda consolidated ThaiLin in reliance on IFRS 10 Consolidated Financial Statements which requires a company to consolidate an entity, notwithstanding the lack of majority ownership, if such consolidation is necessary to present fairly its financial position and results of operations because of the existence of a parent-subsiary relationship by means other than record ownership and by means other than record ownership of voting stock. This relationship is based on ChipMOS Bermuda's power to direct or cause the direction of the management and policies of ThaiLin.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payments are disclosed in Note 31.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

c) *Significant judgements and estimates (continued)*

Estimates and assumptions (continued)

Impairment of receivables

Receivables are assessed for indicators of impairment at the end of each reporting period, and are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the receivables, the estimated future cash flows of the receivables have been impacted. For the customer that we have reason to believe may have an inability to meet its financial obligations, we conduct an individual examination based on the available facts and circumstances to record a specific reserve. For the customers other than this, a general reserve is established based on a range of percentages applied to aging categories. These percentages are based on historical collection and write-off experience. If circumstances change, the estimate of the recoverability of amounts due to us could be reduced by a material amount.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for the extrapolation purposes.

Defined benefit plans

The cost of the defined benefit pension plan and post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details are disclosed in Note 22.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and tax credit to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine that amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has NT\$1,218,080 thousand (US\$40,834 thousand) (2012: NT\$1,522,756 thousand) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward. If the Group was able to recognize all unrecognized deferred tax assets, profit and equity would have increased by NT\$304,520 thousand (US\$10,209

thousand).

Further details on deferred taxes are disclosed in Note 9.

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****2. Basis of preparation of financial statements and principal accounting policies (continued)****d) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses, if any. Details are set out in Note 13.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statements in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalized as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in consolidated income statements.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

| | |
|-----------------------------------|---------------|
| Buildings and auxiliary equipment | 1 to 54 years |
| Machinery and equipment | 1 to 6 years |
| Tools | 1 to 3 years |
| Other equipment | 1 to 7 years |

e) Impairment of non-financial assets

Where an indication of impairment exists, or when periodical impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statements in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years. A reversal of such impairment loss is credited to the consolidated income statements in the period in which it arises.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

f) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value 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.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

g) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period, subsequent to initial recognition, loans and receivables (including accounts and notes receivables, other receivables, short-term deposits and cash and cash equivalents) are carried at amortized cost using the effective interest method, less any identified impairment losses.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

g) *Financial instruments (continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories.

The Group's available-for-sale equity investments do not have a quoted market price in an active market and their fair value cannot be reliably measured. They are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are evaluated 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.

For financial assets carried at amortized cost, such as accounts receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. The Group assesses the collectability of receivables by performing the account aging analysis and examining current trends in the credit quality of its customers.

For financial assets 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 similar financial assets, such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss either directly or through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated income statements. When an account receivable is considered uncollectible, it is written off either directly or against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated income statements.

Derecognition of financial assets

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

Financial liabilities

Financial liabilities include bank loans, accounts payable and other monetary liabilities. All financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortized cost using the effective interest method. Financial liabilities are derecognized when they are extinguished, i.e. when the obligation is discharged or cancelled, or expires.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

h) Dividends

Dividends are simultaneously proposed and declared, because the Company's By Laws grant the directors the authority to declare dividends. Consequently, dividends are recognized immediately as a liability when they are proposed and declared.

i) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the consolidated income statements in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognized in the consolidated income statements as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to the consolidated income statements in the accounting period in which they are incurred.

j) Treasury stock

Treasury stock is stated at cost and shown as a deduction in equity. When the Company retires treasury stock, the treasury stock account is reduced and the share capital as well as the capital surplus share premium are reversed on a pro rata basis. When the book value of the treasury stock exceeds the sum of par value and share premium, the difference is charged to capital surplus and to retained earnings for any remaining amount. The Company's stock held by its subsidiary is treated as treasury stock.

k) Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statements.

l) Foreign currency translation

The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

l) Foreign currency translation (continued)

The functional currencies of certain overseas subsidiaries are currencies other than the New Taiwan dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their income and expense items are translated into New Taiwan dollars at the weighted average exchange rates for the year. The resulting exchange differences are recorded in other comprehensive income and the cumulative balance is included in exchange reserve in the consolidated statements of changes in equity. On disposal of a foreign entity, the deferred cumulative amount recognized in exchange reserve relating to that particular foreign operation is recognized in the consolidated income statements.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into New Taiwan dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into New Taiwan dollars at the weighted average exchange rates for the year.

m) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits arising in the course of business will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rendering of services

The Group recognized revenue upon completion of testing and assembly services. Other criteria that the Group uses to determine when to recognize revenue are: (1) existence of persuasive evidence of the services provided, (2) customers' fixed commitment to use our service, (3) the selling price is fixed or determinable and (4) collectability is reasonably measured.

The Group does not take ownership of: (1) bare semiconductor wafers received from customers that are assembled into finished semiconductors, and (2) assembled semiconductors received from the customers that it tests. The title and risk of loss remains with the customer for those bare semiconductors and/or assembled semiconductors. Accordingly, the customer-supplied semiconductor materials are not included in the consolidated financial statements.

The Group does not provide warranties to customers except in cases of defects in the assembly services provided and deficiencies in testing services provided. An appropriate sales allowance is recognized in the period during which the sale is recognized, and is estimated based on historical experience.

Interest income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

n) Government grant

A government grant is recognized at its fair value and credited to the consolidated income statements. The grant relates to land use rights in the People's Republic of China. The fair value of the land use rights is credited to a deferred income account and is recognized as income in the consolidated income statements over the period of the rights.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

o) Research and development costs

Research and development costs are expensed as incurred as the expenses do not fulfill the criteria for capitalization under IAS 38 Intangible Assets .

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the consolidated income statements in the period in which they are incurred.

q) Pension and other post-employment benefits

The Group operates defined contribution and defined benefit plans in the Republic of China. For defined contribution retirement benefit plans, payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution. For defined benefit retirement plans, the cost of providing benefit is recognized based on actuarial calculations.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the year end. Actuarial gains and losses are recognized in other comprehensive income in the period which they incur. Past service costs are recognized in the consolidated income statements on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the changes in the net defined benefit obligation, including i) service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements, and ii) net interest expense or income, under cost of revenue, research and development expenses, sales and marketing expenses and administrative and general expenses in the consolidated income statements.

The employees of the subsidiary within the Group which operates in the PRC are required to participate in the central pension scheme operated by the local municipal government. The PRC subsidiary is required to contribute a percentage of its payroll costs to the central pension scheme as specified by the local municipal government.

Employee entitlements to annual leave are recognized when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

r) Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) or share appreciation rights, which are settled in cash (cash-settled transactions).

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

r) Share-based payments (continued)

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized, together with a corresponding increase in capital surplus in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense that had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using an appropriate valuation model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognized in employee benefits expense.

s) Income tax

Income tax represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated income statements because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profit will be available to allow all or part of the asset to be recovered.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

2. *Basis of preparation of financial statements and principal accounting policies (continued)*

s) *Income tax (continued)*

Deferred tax is calculated, without discounting, at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the consolidated income statements, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

t) *Cash and cash equivalents*

For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

u) *Related parties*

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Translation into U.S. dollar amounts

The Company maintains its accounts and expresses its consolidated financial statements in New Taiwan dollars. For convenience purposes, U.S. dollar amounts presented in the accompanying consolidated financial statements have been translated from New Taiwan dollars to U.S. dollars at the noon buying rate in the City of New York for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York as of December 31, 2013, which was NT\$29.83 to US\$1.00. These convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****4. Segment Information**

The Group engages mainly in the research and development, manufacturing, assembly and testing of semiconductors. In accordance with IFRS 8

Operating Segments, the Group's chief operating decision maker has been identified as the Chief Executive Officer/Chairman, who reviews these segment results by Testing, Assembly, Testing and Assembly for Liquid Crystal Display (LCD) and other Flat-Panel Display Driver Semiconductors and Bumping when making decisions about allocating resources and assessing the performance of the Group. Financial segment information is as below:

The Group uses operating profit (loss) as the measurement for segment profit (loss) and the basis of performance assessment. There was no material inconsistency between the accounting policies of the operating segment and the accounting policies described in Note 2.

| | 2012 | | | | | | |
|---|--------------------|------------------|--------------------|------------------|------------------|--------------------|--------------------|
| | Testing | Assembly | LCD | Bumping | Others | Elimination | Total |
| | NT\$000 | NT\$000 | NT\$000 | NT\$000 | NT\$000 | NT\$000 | NT\$000 |
| Revenue | | | | | | | |
| External customers | 5,563,238 | 6,380,612 | 4,356,271 | 2,920,439 | | | 19,220,560 |
| Inter-segment | 14,070 | 42,407 | | | 45,263 | (101,740) | |
| Total revenue | 5,577,308 | 6,423,019 | 4,356,271 | 2,920,439 | 45,263 | (101,740) | 19,220,560 |
| Gross profit | 561,247 | 401,568 | 1,270,199 | 221,247 | 45,263 | (46,905) | 2,452,619 |
| Operating profit | 163,574 | 52,081 | 1,019,533 | 102,623 | (70,475) | 41,556 | 1,308,892 |
| Depreciation and amortization | (2,449,194) | (788,438) | (1,087,279) | (372,653) | (54,295) | 120,046 | (4,631,813) |
| Interest income | | | | | 31,823 | | 31,823 |
| Interest expense | | | | | (227,765) | | (227,765) |
| Impairment loss recognized during the year | | | | | (35,869) | | (35,869) |
| Expenditure for segment assets | 528,846 | 418,014 | 980,716 | 917,714 | 38 | (27,433) | 2,817,895 |
| Property, plant and equipment | 4,192,179 | 2,465,372 | 3,527,329 | 2,429,603 | 547 | (139,747) | 12,475,283 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****4. Segment Information (continued)**

| | 2013 | | | | | | Total NT\$000 | Total US\$000 |
|--|--------------------|---------------------|--------------------|--------------------|-------------------|------------------------|--------------------|------------------|
| | Testing NT\$000 | Assembly NT\$000 | LCD NT\$000 | Bumping NT\$000 | Others NT\$000 | Elimination NT\$000 | | |
| Revenue | | | | | | | | |
| External customers | 4,596,117 | 6,273,672 | 4,781,221 | 3,710,920 | | | 19,361,930 | 649,076 |
| Inter-segment | 4,923 | 130,634 | | | 44,211 | (179,768) | | |
| Total revenue | 4,601,040 | 6,404,306 | 4,781,221 | 3,710,920 | 44,211 | (179,768) | 19,361,930 | 649,076 |
| Gross profit | 720,015 | 768,267 | 1,352,510 | 529,290 | 44,211 | 25,242 | 3,439,535 | 115,305 |
| Operating profit | 336,959 | 374,420 | 1,057,372 | 332,364 | 165,130 | 143,599 | 2,409,844 | 80,786 |
| Depreciation and amortization | (1,314,987) | (590,899) | (1,008,206) | (390,963) | (53,963) | 64,070 | (3,294,948) | (110,458) |
| Interest income | | | | | 43,983 | (1,261) | 42,722 | 1,432 |
| Interest expense | | | | | (180,426) | | (180,426) | (6,049) |
| Impairment recognized during the year | | | | | (3,932) | | (3,932) | (130) |
| Expenditure for segment assets | 350,081 | 770,218 | 2,053,704 | 455,367 | 74 | (4,581) | 3,624,863 | 121,517 |
| Property, plant and equipment | 3,239,589 | 2,672,015 | 4,564,714 | 2,470,019 | 379 | (134,763) | 12,811,953 | 429,499 |

Geographic information:

| Area | 2012 | 2013 | 2013 |
|-------------|------------|------------|---------|
| | NT\$000 | NT\$000 | US\$000 |
| ROC | 13,631,585 | 13,955,389 | 467,831 |
| U.S. | 1,400,707 | 830,911 | 27,855 |
| Singapore | 2,779,346 | 2,838,978 | 95,172 |
| Korea | 310,419 | 611,357 | 20,495 |
| Japan | 491,092 | 516,995 | 17,331 |
| Others | 607,411 | 608,300 | 20,392 |
| | 19,220,560 | 19,361,930 | 649,076 |

Net revenue from customers representing at least 10% of the total revenue:

| 2012 | | 2013 | | 2013 |
|---------|---|---------|---|---------|
| Amount | % | Amount | % | Amount |
| NT\$000 | | NT\$000 | | US\$000 |

Customers

| | | | | | |
|--|-----------|----|-----------|----|---------|
| Novatek Microelectronics Corp. (Novatek) | 3,941,108 | 21 | 3,838,436 | 20 | 128,677 |
| Micron Technology, Inc. Group (Micron) | 2,713,780 | 14 | 2,896,514 | 15 | 97,101 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****5. Operating costs and expenses**

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|---|-----------------|-----------------|-----------------|
| Included in cost of revenue: | | | |
| Employee benefit cost | | | |
| Salaries | 3,046,720 | 3,389,330 | 113,622 |
| Labor and health insurance | 240,827 | 273,121 | 9,156 |
| Pension | 274,760 | 180,017 | 6,035 |
| Other personnel expenses | 227,603 | 208,545 | 6,991 |
| Share-based payments | 91,469 | 103,840 | 3,481 |
| Depreciation | 4,575,024 | 3,242,409 | 108,696 |
| Amortization | 1,019 | 959 | 32 |
| Operating leases | 90,615 | 205,494 | 6,889 |
| Costs of inventories recognized as an expense | 4,805,978 | 4,521,841 | 151,587 |
| Included in research and development expenses: | | | |
| Employee benefit cost | | | |
| Salaries | 293,933 | 351,991 | 11,800 |
| Labor and health insurance | 22,213 | 27,062 | 907 |
| Pension | 33,954 | 16,265 | 545 |
| Other personnel expenses | 10,471 | 10,191 | 342 |
| Share-based payments | 33,015 | 38,933 | 1,305 |
| Depreciation | 19,572 | 18,392 | 617 |
| Operating leases | 1,100 | 887 | 30 |
| Included in sales and marketing expenses: | | | |
| Employee benefit cost | | | |
| Salaries | 44,433 | 51,751 | 1,735 |
| Labor and health insurance | 2,195 | 2,657 | 89 |
| Pension | 6,821 | 5,249 | 176 |
| Other personnel expenses | 2,705 | 2,233 | 75 |
| Share-based payments | 2,787 | 6,879 | 230 |
| Depreciation | 857 | 776 | 26 |
| Amortization | 8 | 15 | 1 |
| Operating leases | 136 | 120 | 4 |
| Allowance for impairment of accounts and notes receivable | | 7,415 | 249 |
| Included in administrative and general expenses: | | | |
| Employee benefit cost | | | |
| Salaries | 270,030 | 278,512 | 9,337 |
| Labor and health insurance | 16,045 | 17,243 | 578 |
| Pension | 25,082 | 9,241 | 310 |
| Other personnel expenses | 12,440 | 7,570 | 254 |
| Share-based payments | 54,492 | 82,938 | 2,780 |
| Depreciation | 27,585 | 30,567 | 1,025 |
| Amortization | 7,748 | 1,830 | 61 |
| Operating leases | 6,014 | 6,971 | 234 |

Included in other operating expenses:

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| | | | |
|---|--------|-----|----|
| Loss on disposal of property, plant and equipment | 37,327 | 85 | 3 |
| Impairment of property, plant and equipment | 6,843 | 671 | 22 |
| Impairment of other non-current assets | 1,540 | 220 | 7 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****6. Other operating income**

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|---|-----------------|-----------------|-----------------|
| Gain on disposal of property, plant and equipment | 23,314 | 121,297 | 4,066 |
| Deferred income | 2,324 | 2,375 | 80 |
| Gain on disposal of patent | 8,979 | | |
| Reversal of allowance for impairment of accounts and notes receivable | 2,410 | | |
| Reversal of allowance for impairment of other receivable | | 64,779 | 2,172 |
| Gain on disposal of scrapped material | 54,700 | 38,322 | 1,285 |
| Reversal of accrued royalty fees (Note 24a) | | 140,435 | 4,708 |
| Others | 36,222 | 75,203 | 2,520 |
| | 127,949 | 442,411 | 14,831 |

7. Finance costs

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|--|-----------------|-----------------|-----------------|
| Interest on bank loans | 253,364 | 204,710 | 6,863 |
| Less: amounts capitalized in qualifying assets | (25,599) | (24,284) | (814) |
| | 227,765 | 180,426 | 6,049 |
| Finance expenses | 800 | 2,579 | 86 |
| | 228,565 | 183,005 | 6,135 |

8. Other non-operating income (expenses), net

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|--|------------------|-----------------|-----------------|
| Interest income | 31,823 | 42,722 | 1,432 |
| Foreign exchange gains (losses), net | (248,288) | 233,990 | 7,844 |
| Impairment of available-for-sale investments | (27,486) | (3,041) | (101) |
| Others | 11,396 | 15,585 | 522 |
| | (232,555) | 289,256 | 9,697 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****9. Income tax**

The Company is an exempted company incorporated in Bermuda, a tax-free country.

Income tax expense arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions, based on existing legislation, interpretations and practices in respect thereof.

The statutory tax rates for the years ended December 31, 2012 and 2013 for ChipMOS Taiwan, ThaiLin and ChipMOS Shanghai were 17%, 17% and 25%, respectively.

The major components of income tax expense for the years ended December 31, 2012 and 2013 are:

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|---|-----------------|-----------------|-----------------|
| <i>Current income tax:</i> | | | |
| Current income tax charge | 41,421 | 402,119 | 13,481 |
| Adjustments in respect of current income tax of previous year | 1 | 21,641 | 725 |
| <i>Deferred tax:</i> | | | |
| Relating to origination and reversal of temporary differences | 136,694 | 403,334 | 13,521 |
| Income tax expense reported in the consolidated income statements | 178,116 | 827,094 | 27,727 |

Deferred tax charged to other comprehensive income:

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|----------------------|-----------------|-----------------|-----------------|
| Net actuarial losses | 12,763 | 5,198 | 174 |

Reconciliation of income tax expense and the accounting profit before income tax:

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|---|-----------------|-----------------|-----------------|
| Profit before tax | 847,772 | 2,516,095 | 84,348 |
| Income tax at 17% | 144,121 | 427,736 | 14,339 |
| Income tax effect of different tax rates | 85,228 | 232,652 | 7,799 |
| Permanent differences | (56,285) | (38,485) | (1,290) |
| Deferred tax assets not recognized | 55,403 | 45,171 | 1,514 |
| Temporary differences not recognized | (109,393) | 8,262 | 278 |
| 10% income tax on unappropriated earnings | 59,042 | 151,758 | 5,087 |

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| | | | |
|---|---------|---------|--------|
| Income tax expense reported in the consolidated income statements | 178,116 | 827,094 | 27,727 |
|---|---------|---------|--------|

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****9. Income tax (continued)**

The details of deferred tax assets (liabilities) are as follows:

| | January 1, NT\$000 | Profit and loss NT\$000 | Other comprehensive income NT\$000 | December 31, NT\$000 | December 31, US\$000 |
|---|-----------------------|-------------------------------|---|-------------------------|-------------------------|
| Year of 2012 | | | | | |
| Unrealized exchange gains (losses) | 2,085 | (2,188) | | (103) | |
| Accounts receivable | 31,180 | 732 | | 31,912 | |
| Inventories | 16,620 | (8,898) | | 7,722 | |
| Property, plant and equipment | 27,668 | 6,488 | | 34,156 | |
| Deferred income | 88,627 | (9,551) | | 79,076 | |
| Share-based payments | | 362 | | 362 | |
| Losses carried forward | 469,580 | (120,904) | | 348,676 | |
| Tax credit | 41,151 | 27,935 | | 69,086 | |
| 10% income tax on unappropriated earnings | (3,259) | (53,612) | | (56,871) | |
| Accrued pension costs | 43,341 | 22,942 | 12,763 | 79,046 | |
| | 716,993 | (136,694) | 12,763 | 593,062 | |
| Year of 2013 | | | | | |
| Unrealized exchange gains (losses) | (103) | (6,784) | | (6,887) | (231) |
| Accounts receivable | 31,912 | (20,041) | | 11,871 | 398 |
| Inventories | 7,722 | 5,867 | | 13,589 | 456 |
| Property, plant and equipment | 34,156 | (21,479) | | 12,677 | 425 |
| Deferred income | 79,076 | (9,551) | | 69,525 | 2,331 |
| Share-based payments | 362 | 280 | | 642 | 21 |
| Losses carried forward | 348,676 | (348,676) | | | |
| Tax credit | 69,086 | (69,086) | | | |
| 10% income tax on unappropriated earnings | (56,871) | 56,871 | | | |
| Provision | | 7,038 | | 7,038 | 236 |
| Financing charges | | 4,312 | | 4,312 | 145 |
| Accrued pension costs | 79,046 | (2,716) | 5,198 | 81,528 | 2,733 |
| Other | | 631 | | 631 | 21 |
| | 593,062 | (403,334) | 5,198 | 194,926 | 6,535 |

At December 31, 2013, the Group has tax losses arising in the PRC of approximately NT\$1,218,080 thousand (US\$40,834 thousand) (2012: NT\$1,522,756 thousand) that are available for offsetting against future taxable profits of the Group companies in which the losses arose and will expire after five years if not fully utilized by the Group. Deferred tax assets have not been recognized in respect of these losses as it is not considered probable that taxable profits will be available against which these tax losses can be utilized.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****10. Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|--|-----------------|-----------------|-----------------|
| Profit attributable to equity holders of the Company for basic earnings | 629,781 | 1,335,348 | 44,765 |
| Weighted average number of ordinary shares for basic EPS (in thousands)* | 27,477 | 29,319 | 29,319 |
| Earnings per shares basic | NT\$ 22.92 | NT\$ 45.55 | US\$ 1.53 |
| Profit attributable to equity holders of the Company for diluted earnings | 629,781 | 1,335,348 | 44,765 |
| Weighted average number of ordinary shares for basic EPS (in thousands)* | 27,477 | 29,319 | 29,319 |
| Effect of dilution: | | | |
| Share options (in thousands) | 828 | 843 | 843 |
| Weighted average number of ordinary shares for diluted EPS (in thousands)* | 28,305 | 30,162 | 30,162 |
| Earnings per shares diluted | NT\$ 22.25 | NT\$ 44.27 | US\$ 1.48 |

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transaction during the year.

11. Dividend

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|--|-----------------|-----------------|-----------------|
| Dividend declared and paid of US\$0.14 (2012: US\$0.14) per ordinary share | 117,521 | 122,491 | 4,106 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****12. Available-for-sale financial assets**

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---------------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Unlisted equity investments, at cost | 247,216 | 48,550 | 28,594 | 958 |
| Less: Allowance for impairment losses | (208,095) | (36,915) | (20,000) | (670) |
| | 39,121 | 11,635 | 8,594 | 288 |

13. Property, plant and equipment

| | Land NT\$000 | Buildings and auxiliary equipment NT\$000 | Machinery and equipment NT\$000 | Tools NT\$000 | Other equipment NT\$000 | Total NT\$000 | Total US\$000 |
|--|-----------------|--|---------------------------------------|------------------|-------------------------------|------------------|------------------|
| Cost | | | | | | | |
| January 1, 2012 | 452,738 | 9,550,052 | 38,704,377 | 3,056,053 | 4,077,423 | 55,840,643 | |
| Additions | | 71,400 | 653,182 | 238,395 | 1,854,918 | 2,817,895 | |
| Disposals | | (249,496) | (607,277) | (37,005) | (212,240) | (1,106,018) | |
| Reclassification | | 439,370 | 1,097,099 | 62,805 | (1,599,274) | | |
| Exchange adjustments | | (49,036) | (50,488) | (11,638) | (36,669) | (147,831) | |
| December 31, 2012 | 452,738 | 9,762,290 | 39,796,893 | 3,308,610 | 4,084,158 | 57,404,689 | |
| Additions | | 166,241 | 883,934 | 139,420 | 2,435,268 | 3,624,863 | |
| Disposals | | (164,826) | (1,073,909) | (25,073) | (128,115) | (1,391,923) | |
| Reclassification | | 180,094 | 2,433,078 | 22,361 | (2,635,533) | | |
| Exchange adjustments | | 71,342 | 72,854 | 19,100 | 54,472 | 217,768 | |
| December 31, 2013 | 452,738 | 10,015,141 | 42,112,850 | 3,464,418 | 3,810,250 | 59,855,397 | 2,006,550 |
| Accumulated depreciation and impairment | | | | | | | |
| January 1, 2012 | | 4,086,122 | 31,542,231 | 2,672,943 | 3,175,153 | 41,476,449 | |
| Depreciation charge for the year | | 554,690 | 3,626,404 | 238,748 | 203,196 | 4,623,038 | |
| Impairment | | | 219 | | 6,624 | 6,843 | |
| Disposals | | (219,536) | (588,234) | (36,534) | (209,853) | (1,054,157) | |
| Reclassification | | | 134,584 | | (134,584) | | |
| Exchange adjustments | | (33,476) | (45,022) | (8,699) | (35,570) | (122,767) | |
| December 31, 2012 | | 4,387,800 | 34,670,182 | 2,866,458 | 3,004,966 | 44,929,406 | |

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| | | | | | | |
|----------------------------------|-----------|-------------|-----------|-----------|-------------|------------|
| Depreciation charge for the year | 573,805 | 2,287,543 | 241,543 | 189,253 | 3,292,144 | |
| Impairment | | | | 671 | 671 | |
| Disposals | (164,825) | (1,038,662) | (30,311) | (128,244) | (1,362,042) | |
| Reclassification | (661) | 12,646 | (2,159) | (9,826) | | |
| Exchange adjustments | 49,869 | 66,843 | 13,996 | 52,557 | 183,265 | |
| December 31, 2013 | 4,845,988 | 35,998,552 | 3,089,527 | 3,109,377 | 47,043,444 | 1,577,051 |
| Net book value | | | | | | |
| January 1, 2012 | 452,738 | 5,463,930 | 7,162,146 | 383,110 | 902,270 | 14,364,194 |
| December 31, 2012 | 452,738 | 5,374,490 | 5,126,711 | 442,152 | 1,079,192 | 12,475,283 |
| December 31, 2013 | 452,738 | 5,169,153 | 6,114,298 | 374,891 | 700,873 | 12,811,953 |
| | | | | | | 429,499 |

As of December 31, 2013, certain of the above property, plant and equipment were pledged as collateral for long-term and short-term bank loans (Notes 21, 23 and 28).

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****14. Prepaid rent**

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|--------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Prepaid rent-current | 2,476 | 2,381 | 2,519 | 84 |
| Prepaid rent-non-current | 98,022 | 91,873 | 94,657 | 3,173 |
| | 100,498 | 94,254 | 97,176 | 3,257 |

Prepaid rent represents grant of land use rights. The land use rights were pledged as collateral for a banking facility. (Note 28) The current portion is included in other current assets.

15. Inventories

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---------------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Raw materials | 1,328,441 | 1,473,978 | 1,302,652 | 43,669 |
| Work in process | 218,870 | 196,360 | 220,044 | 7,377 |
| Finished goods | 107,138 | 75,411 | 84,394 | 2,829 |
| | 1,654,449 | 1,745,749 | 1,607,090 | 53,875 |
| Less: Allowance for impairment losses | (120,583) | (57,860) | (87,687) | (2,940) |
| | 1,533,866 | 1,687,889 | 1,519,403 | 50,935 |

During 2013, NT\$22,628 thousand (US\$759 thousand) was recognized as an expense for inventories carried at net realizable value. This is recognized in cost of revenue.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****16. Accounts and notes receivable**

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---------------------------------------|--|--|--|--|
| Accounts receivable | 3,787,650 | 4,115,213 | 4,119,891 | 138,112 |
| Notes receivable | 5,710 | 4,959 | 2,207 | 74 |
| Less: Allowance for impairment losses | (2,513) | (57) | (7,472) | (250) |
| | 3,790,847 | 4,120,115 | 4,114,626 | 137,936 |

The movements in allowance for impairment of accounts and notes receivable during the year are as follows:

| | Individually impaired NT\$000 |
|------------------------------------|--|
| January 1, 2012 | 2,513 |
| Impairment losses reversed | (2,410) |
| Amount written off | (43) |
| Exchange adjustments | (3) |
| December 31, 2012 | 57 |
| Impairment losses recognized | 7,415 |
| December 31, 2013 | 7,472 |
| December 31, 2013 (US\$000) | 250 |

Ageing of accounts receivable which are past due but not impaired is as follows:

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|------------|--|--|--|--|
| £ 1 month | 287,079 | 144,628 | 84,476 | 2,832 |
| 1 2 months | 1,330 | 1,203 | 7,289 | 244 |
| 2 3 months | 705 | 372 | 732 | 25 |
| 3 4 months | 61 | 6,456 | 531 | 18 |
| > 4 months | 978 | 738 | 2 | |
| | 290,153 | 153,397 | 93,030 | 3,119 |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****17. Cash and cash equivalents and short-term deposits**

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|--|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Short-term deposits | 899,104 | 5,214,415 | 5,029,105 | 168,592 |
| Cash | 563 | 530 | 534 | 18 |
| Cash at banks | 6,743,368 | 4,278,564 | 8,525,062 | 285,788 |
| | 7,643,035 | 9,493,509 | 13,554,701 | 454,398 |
| Less: | | | | |
| Short-term deposits with a maturity date of more than three months | (111,846) | (455,407) | (101,400) | (3,399) |
| Restricted short-term deposits (Note 28) | (285,133) | (174,486) | (80,531) | (2,700) |
| | (396,979) | (629,893) | (181,931) | (6,099) |
| Cash and cash equivalents | 7,246,056 | 8,863,616 | 13,372,770 | 448,299 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 24 days and 1 year, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

As of December 31, 2013, the above restricted short-term deposits were pledged as collateral for long-term bank loans (Note 28).

18. Issued capital

| | January 1, 2012 thousands | December 31, 2012 thousands | December 31, 2013 thousands |
|--|---------------------------------|-----------------------------------|-----------------------------------|
| Authorized shares | | | |
| Ordinary shares | 62,500 | 62,500 | 62,500 |
| Preferred shares | 18,750 | 18,750 | 18,750 |
| | January 1, 2012 | December 31, 2012 | December 31, 2013 |
| Ordinary shares issued and fully paid | | | |
| Thousand shares | 33,398 | 33,366 | 31,778 |
| Share capital (NT\$000) | 39,041 | 39,013 | 37,165 |
| Share capital (US\$000) | | | 1,246 |

The par value of ordinary shares issued was US\$0.04 per share.

The movement of ordinary shares issued is set out below:

| | 2012 | 2013 |
|----------------|------------------|------------------|
| | thousands | thousands |
| January 1 | 33,398 | 33,366 |
| Share option | 668 | 499 |
| Treasury stock | (700) | (2,087) |
| December 31 | 33,366 | 31,778 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****19. Reserves and other component of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity.

Details of the Group's capital surplus are set out below:

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Share premium | 11,336,987 | 7,388,384 | 6,932,632 | 232,405 |
| Share-based payment | 849,190 | 995,610 | 1,080,108 | 36,209 |
| Treasury stock | 460,293 | 548,457 | 808,159 | 27,092 |
| Convertible notes | 2,477,443 | 2,574,007 | 2,627,120 | 88,070 |
| Others | | | 497,792 | 16,687 |
| | 15,123,913 | 11,506,458 | 11,945,811 | 400,463 |

20. Treasury stock

The movement of treasury stock is set out below:

| | 2012 | | 2013 | | |
|--------------------------|----------|-----------|----------|-----------|----------|
| | thousand | NT\$000 | thousand | NT\$000 | US\$000 |
| January 1 | 6,474 | 924,781 | 4,474 | 635,741 | 21,312 |
| Disposal by a subsidiary | (2,000) | (284,108) | (2,381) | (338,161) | (11,336) |
| Other | | (4,932) | | | |
| December 31 | 4,474 | 635,741 | 2,093 | 297,580 | 9,976 |

The Company's stock held by its subsidiary is treated as treasury stock. As of December 31, 2013, the Company's subsidiary, ThaiLin, held 2,093 thousand (2012: 4,474 thousand) shares of the Company's ordinary shares.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****21. Long-term bank loans**

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Syndicated bank loans collateralized by equipment, repayable quarterly from May 2007 to February 2012, interest at floating rate (2.315% as of January 1, 2012) | 95,828 | | | |
| Banks loan collateralized by buildings, repayable quarterly from April 2011 to January 2015, interest at floating rate (1.92% as of January 1, 2012) | 162,500 | | | |
| Syndicated bank loans collateralized by equipment, repayable semi-annually from January 2012 to July 2015, interest at floating rate (3.0421% and 2.7789% and 2.5158% as of January 1, 2012 and December 31, 2012 and December 31, 2013, respectively) | 5,382,000 | 4,843,800 | 2,691,000 | 90,211 |
| Syndicated bank loans collateralized by land and buildings, repayable semi-annually from January 2014 to July 2016, interest at floating rate (3.0421% and 2.7789% and 2.5158% as of January 1, 2012 and December 31, 2012 and December 31, 2013, respectively) | 3,028,000 | 3,028,000 | 3,028,000 | 101,509 |
| Bank loans collateralized by buildings, repayable quarterly from July 2013 to March 2018, interest at floating rate (1.92% as of January 1, 2012 and December 31, 2012 and December 31, 2013) | 500,000 | 500,000 | 425,000 | 14,247 |
| Bank loans collateralized by buildings, repayable quarterly from February to November 2014, interest at floating rate (1.73% as of December 31, 2012 and December 31, 2013) | | 400,000 | 400,000 | 13,410 |
| Bank loans collateralized by buildings and land use right, repayable quarterly from June 2014 to March 2015, interest at floating rate (3.91% and 3.1645% as of December 31, 2012 and December 31, 2013, respectively) | | 174,241 | 178,770 | 5,993 |
| Bank loans collateralized by equipment, repayable quarterly from July 2014 to April 2015, interest at floating rate (3.91% and 3.1645% as of December 31, 2012 and December 31, 2013, respectively) | | 21,686 | 40,958 | 1,373 |
| | 9,168,328 | 8,967,727 | 6,763,728 | 226,743 |
| Less: current portion | (684,028) | (2,227,800) | (2,874,756) | (96,372) |
| | 8,484,300 | 6,739,927 | 3,888,972 | 130,371 |

Unused credit lines of long-term bank loans are as follows:

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| | January 1, 2012 | December 31, 2012 | December 31, 2013 |
|---------|--------------------|----------------------|----------------------|
| NT\$000 | | | 400,000* |
| US\$000 | | 2,453 | 1,825 |

* Combined limit with short-term loan is NT\$600,000 thousand.

The Group's bank loans are mortgaged by certain land and buildings and machinery and land use rights as collateral (Note 28).

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****21. Long-term bank loans (continued)**

Details of the repayment schedule in respect of the bank loans are as follows:

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|--------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| ≤ 1 year | 684,028 | 2,227,800 | 2,874,756 | 96,372 |
| 2 to 5 years | 8,359,300 | 6,714,927 | 3,888,972 | 130,371 |
| > 5 years | 125,000 | 25,000 | | |
| | 9,168,328 | 8,967,727 | 6,763,728 | 226,743 |

Under syndicated bank loans facility agreements, ChipMOS Taiwan is required to maintain certain financial ratios. As of December 31, 2012 and 2013, ChipMOS Taiwan was in compliance with the financial ratio requirements. ThaiLin is not required to maintain any financial ratio as of December 2012 and 2013 as the syndicated loans were repaid during 2012.

22. Accrued pension cost*a) Defined benefit plans*

- ChipMOS Taiwan and ThaiLin have defined benefit plans that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The aforementioned companies contribute an amount equal to 2% of salaries paid each month to their respective pension funds (Funds), which are administered by the Labor Pension Fund Supervisory Committee (Committee) and deposited in the Committee's name in Bank of Taiwan.
- The amounts arising from the defined benefit obligation of the Group under the consolidated statements of financial position were as follows:

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|--|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Present value of funded defined benefit obligation | (631,001) | (787,869) | (808,621) | (27,108) |
| Fair value of plan assets | 371,809 | 313,531 | 318,132 | 10,665 |
| Accrued pension cost | (259,192) | (474,338) | (490,489) | (16,443) |

3) Changes in present value of funded defined benefit obligation:

| | 2012 | 2013 | 2013 |
|---|----------------|----------------|----------------|
| | NT\$000 | NT\$000 | US\$000 |
| Benefit obligation at beginning of year | 631,001 | 787,869 | 26,412 |
| Service cost | 155,738 | 638 | 21 |
| Interest cost | 13,009 | 11,741 | 394 |
| Actuarial losses | 72,376 | 29,846 | 1,001 |
| Benefit paid from plan assets | (84,255) | (21,473) | (720) |
| Benefit obligation at end of year | 787,869 | 808,621 | 27,108 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****22. Accrued pension cost (continued)***a) Defined benefit plans (continued)*

4) Changes in plan assets:

| | 2012 | 2013 | 2013 |
|---|----------------|----------------|----------------|
| | NT\$000 | NT\$000 | US\$000 |
| Fair value of assets at beginning of year | 371,809 | 313,531 | 10,511 |
| Expected return on plan assets | 5,963 | 4,802 | 160 |
| Actuarial losses | (2,703) | (728) | (24) |
| Employer contributions | 22,717 | 22,000 | 738 |
| Benefits paid from plan assets | (84,255) | (21,473) | (720) |
| Fair value of assets at end of year | 313,531 | 318,132 | 10,665 |

5) The amounts recognized in the consolidated income statements, consist of:

| | 2012 | 2013 | 2013 |
|--------------------------------|----------------|----------------|----------------|
| | NT\$000 | NT\$000 | US\$000 |
| Service cost | 839 | 638 | 21 |
| Interest cost | 13,009 | 11,741 | 394 |
| Expected return on plan assets | (5,963) | (4,802) | (161) |
| Plan amendments | 154,899 | | |
| Net periodic benefit cost | 162,784 | 7,577 | 254 |

6) The pension costs in 2012 and 2013 were as follows:

| | 2012 | 2013 | 2013 |
|-------------------------------------|----------------|----------------|----------------|
| | NT\$000 | NT\$000 | US\$000 |
| Cost of revenue | 123,027 | 5,748 | 193 |
| Research and development expenses | 20,434 | 713 | 24 |
| Sales and marketing expenses | 2,397 | 74 | 2 |
| Administrative and general expenses | 16,926 | 1,042 | 35 |
| | 162,784 | 7,577 | 254 |

7) Amounts recognized in other comprehensive income (losses) in 2012 and 2013 were as follows:

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|--------------|-------------------------------|-------------------------------|-------------------------------|
| Current year | (75,079) | (30,574) | (1,025) |
| Accumulated | (75,079) | (105,653) | (3,542) |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****22. Accrued pension cost (continued)**

a) Defined benefit plans (continued)

- 8) Bank of Taiwan was commissioned to manage the Fund of ChipMOS Taiwan and ThaiLin's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of January 1, 2012, December 31, 2012 and 2013 is given in the Annual Labor Retirement Fund Utilization Report published by the government.
- 9) The overall expected rate of return on plan assets was based on the historical return trends, analysts' predictions of the market over the life of related obligation, reference to the performance of the Funds operated by the Committee and the consideration of the effect that the minimum return should not be less than the average interest rate on a two-year time deposit published by the local banks.
- 10) The major assumptions of the actuarial valuation were as follows:

| | 2011 | 2012 | 2013 |
|--|------------|------------|-------------|
| Discount rate used in determining present values | 1.75% | 1.50% | 1.50%~2.15% |
| Future salary increase rate | 3.00~4.00% | 2.00~3.00% | 3.00%~5.00% |

The representative rates of mortality based on Taiwan Standard Ordinary Mortality Table of 2011 are shown below:

| Age | Males | Females |
|-----|---------|---------|
| 25 | 0.0821% | 0.0356% |
| 30 | 0.1061% | 0.0401% |
| 35 | 0.1532% | 0.0559% |
| 40 | 0.2254% | 0.0822% |
| 45 | 0.3418% | 0.1231% |
| 50 | 0.5136% | 0.1992% |
| 55 | 0.7189% | 0.3022% |
| 60 | 1.0943% | 0.4984% |
| 65 | 1.6404% | 0.7993% |

For employees eligible for early retirement before age 65, assumed annual retirement rate is 5% for all employees.

Disability is 10% of mortality.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****22. Accrued pension cost (continued)**

a) Defined benefit plans (continued)

10) The major assumptions of the actuarial valuation were as follows: (continued)

The turnover rates derived from turnover experience from November 2008 to November 2011 are shown below:

| Sample Age | Rate |
|--------------|---------|
| 20 and below | 15%~30% |
| 25 | 15%~24% |
| 30 | 10%~22% |
| 35 | 6%~20% |
| 40 | 5%~10% |
| 45 | 3%~7% |
| 50 | 2%~5% |
| 55 and above | 0% |

11) The historical information of experience adjustments is as follows:

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|--|-----------------|-----------------|-----------------|
| Present value of defined benefit obligation | (787,869) | (808,621) | (27,108) |
| Fair value of plan assets | 313,531 | 318,132 | 10,665 |
| Present value of unfunded defined benefit obligation | (474,338) | (490,489) | (16,443) |
| Experience adjustments on plan liabilities | (72,376) | (29,846) | (1,001) |
| Experience adjustments on plan assets | (2,703) | (728) | (24) |

The Group expects to make contributions of NT\$22,803 thousand (US\$764 thousand) during 2014.

b) Defined contribution plans

The pension mechanism under the Labor Pension Act (Act) is deemed a defined contribution plan effective July 1, 2005. Pursuant to the plan, ChipMOS Taiwan and ThaiLin have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Pursuant to the aforementioned Act and local regulations, the Group recognized expenses of NT\$162,849 thousand (US\$5,459 thousand) and

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NT\$148,503 thousand in the consolidated income statements in 2013 and 2012, respectively.

ChipMOS Shanghai is required to participate in the central pension scheme operated by the local municipal government and to contribute a percentage of its payroll costs to the central pension scheme as specified by the local municipal government. ChipMOS Shanghai recognized expenses of NT\$40,348 thousand (US\$1,353 thousand) and NT\$29,330 thousand in the consolidated income statements in 2013 and 2012, respectively.

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****23. Short-term bank loans**

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|----------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Secured bank loans | 115,319 | 705 | | |
| Unsecured bank loans | 431,597 | 365,776 | 786,680 | 26,372 |
| | 546,916 | 366,481 | 786,680 | 26,372 |

Annual interest rate 1.50% - 2.2611% 0.9514% - 3.91% 0.8621% - 1.6913%

Unused credit lines of short-term bank loans are as follows:

| | January 1, 2012 | December 31, 2012 | December 31, 2013 |
|---------|--------------------|----------------------|----------------------|
| NT\$000 | 532,804 | 1,465,619 | 2,275,416 |
| US\$000 | | | 25,000 |
| CNY000 | 70,000 | | |

The Group's bank loans are secured by certain assets as collateral (Note 28).

24. Significant commitments and contingencies**Operating leases commitments**

ChipMOS Taiwan entered into several operating lease contracts for land. These renewable operating leases will expire in 2017 and 2032, respectively.

ChipMOS USA entered in several operating lease contracts for office space. These renewable operating leases will expire in 2015 and 2016, respectively.

Future minimum lease payments under those leases are as follows:

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|--------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| £ 1 year | 26,197 | 30,358 | 127,497 | 4,274 |
| 2 to 5 years | 101,378 | 115,360 | 143,540 | 4,812 |
| > 5 years | 76,439 | 113,585 | 113,095 | 3,791 |
| | 204,014 | 259,303 | 384,132 | 12,877 |

Capital commitments

Capital expenditures that are contracted for, but not provided for are as follows:

| | January 1, 2012 | December 31, 2012 | December 31, 2013 |
|-------------------------------|--------------------|----------------------|----------------------|
| Property, plant and equipment | | | |
| NT\$000 | 649,539 | 862,810 | 265,271 |
| US\$000 | | 874 | |
| CNY000 | 7,151 | 6,551 | 2,518 |
| EUR000 | 76 | | |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****24. Significant commitments and contingencies (continued)****Contingencies arising from a legal claim**

- a. On April 1, 1999, Motorola, Inc. (Motorola) and ChipMOS Taiwan entered into an immunity agreement (the Agreement), that each party covenanted not to sue each other for the use of certain Ball Grid Array (BGA) patents pursuant to the Agreement. In December 2004, Motorola spun off its semiconductor division and thereby formed Freescale Semiconductor, Inc. (Freescale). Subsequently, Freescale assumed Motorola's rights and obligations under the Agreement. On October 16, 2006, Freescale unilaterally terminated the Agreement, alleging ChipMOS Taiwan breach of the Agreement. Under the Agreement, ChipMOS Taiwan agreed to pay running royalties for its manufacturing of certain BGA packages covered by Motorola (now Freescale) patents pursuant to the Agreement. As such, ChipMOS Taiwan argued Freescale's unilateral termination of the Agreement has no legal effect. ChipMOS Taiwan has continued to accrue royalty payments for products it believes are covered by the Agreement. The payments previously returned by Freescale and accrued by ChipMOS Taiwan have been deposited in a separate escrow account. On July 13, 2009, Freescale alleged that ChipMOS Taiwan breached the Agreement by failing to pay royalties on certain BGA packages assembled by ChipMOS Taiwan. Freescale claims that such packages are covered by one or more Freescale patents identified in the Agreement while ChipMOS Taiwan contends that such packages are not covered by any of Freescale's patents in the Agreement. ChipMOS Taiwan filed an answer to deny all allegations and also filed counterclaims against Freescale alleging Freescale engaged in patent misuse by seeking to obtain royalties on certain of ChipMOS Taiwan's BGA products that were not covered by any Freescale patent included under the Agreement, and for declaratory judgment of patent non-infringement and invalidity. In response, on December 11, 2009, Freescale filed a motion to dismiss the declaratory judgment counterclaims filed by ChipMOS Taiwan and to stay all other patent related claims and issues until its breach of contract claims could be decided. A Summary Judgment granting in part and denying in part the motions of both Freescale and ChipMOS Taiwan was given by court on July 29, 2010. The above order finds that the Agreement constituted a Total Sales Royalty agreement, however, Freescale's motion was partly denied for patent misuse. A mediation was held by both parties on October 28, 2010, but was unsuccessful. The fact discovery process regarding patent misuse issue closed in late April 2011. The expert discovery process regarding patent misuse issue closed in the middle of June 2011. An Order granting Freescale's motion for partial summary judgment and denying ChipMOS Taiwan's cross-motion for partial judgment was given on September 8, 2011. An Order granting in part and denying in part ChipMOS Taiwan's Motion for Reconsideration was given on March 30, 2012. The Court reinstated ChipMOS Taiwan's claims for patent misuse and its affirmative defenses for patent exhausted, mutual mistake and license. Freescale refiled its motions to strike ChipMOS Taiwan's jury demand and for summary judgment on ChipMOS Taiwan's affirmative defenses of exhaustion, mutual mistake and license. The Court has granted those motions on January 24, 2013 and later denied ChipMOS Taiwan's motion for reconsideration of those rulings in April 2013. On June 20, 2013 both parties reached a settlement agreement to settle the pending litigation in a judicial settlement conference conducted in Court. As part of the settlement agreement, ChipMOS Taiwan agreed to pay US\$ 8,000 thousand (NT\$238,640 thousand) to settle the claims in exchange for the parties entering into a new License Agreement for the use of Freescale's BGA packaging technology from 2011 to 2015 by a royalty fee of US\$1,000 thousand (NT\$29,830 thousand) per year and filing a Joint Stipulation for the Dismissal of all claims pending between them. The Joint Stipulation for Dismissal was filed on July 26, 2013 and the case was closed by the Court. ChipMOS Taiwan previously accrued royalty of NT\$457,888 thousand to Freescale. After settlement, ChipMOS Taiwan reversed the over-accrued royalty of NT\$140,435 thousand (Note 6) to other operating income.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****24. Significant commitments and contingencies (continued)****Contingencies arising from a legal claim (continued)**

- b. On April 20, 1999, ChipMOS Taiwan entered into a semiconductor packaging technology license agreement with Tesser Technologies, Inc. (Tessera). In February 2006, ChipMOS Taiwan and ChipMOS USA received notice of a patent infringement lawsuit brought by Tessera, alleging infringement of several Tessera patents and breach of an existing license agreement with ChipMOS Taiwan. The fact discovery has been stayed in accordance with a Northern District of California Court order issued on May 24, 2007. On April 21, 2008, Tessera requested that the International Trade Commission (ITC) investigate ChipMOS Bermuda, ChipMOS Taiwan and ChipMOS USA (collectively referred to as the Companies) on the basis of alleged violations of Section 337 of the Tariff Act of 1930. In its request for investigation (ITC-649 Investigation), Tessera alleged that the Companies infringed certain patents among which are three that were the subject of the stayed litigation in the Northern District of California. Tessera also requested that the ITC issue an exclusion order to enjoin the importation of accused products into the United States. On September 30, 2008, Judge of Northern District of California Court (Judge) granted a motion to extend the hearing date from March 16 to March 24, 2009 and target date from August 28 to November 2, 2009. On February 10, 2009, the Judge ordered the procedural schedule in the ITC-649 Investigation be stayed until the ITC issues its Final Determination in the ITC-605 Investigation. The target date of Initial Determination was also extended from December 7, 2009 to February 8, 2010. On March 13, 2009, after the close of discovery, Tessera submitted a request to terminate the ITC-649 Investigation. On July 17, 2009, the Judge issued an order granting the request to terminate the ITC-649 Investigation. No petitions for review were filed. The ITC had determined not to review the Initial Determination and issued an order to terminate the investigation on August 7, 2009. The ITC's Final Determination for the ITC-605 Investigation issued in May 2009 was appealed to the Court of Appeals for the Federal Circuit (CAFC). CAFC confirmed ITC's finding in May 2011. CAFC's above decision was appealed to the United States Supreme Court. The United States Supreme Court denied the above petition for review of the 605 Investigation in December 2011. Due to the denial of the petition for review of the 605 Investigation by the United States Supreme Court, the stayed litigation in the Northern District of California Court resumed. On July 19, 2012, Tessera filed a stipulation with the court dismissing its breach of contract claim against the Companies. Accordingly, this litigation was then limited to only Tessera's patent infringement allegations against the Companies. A court-ordered mediation was held on December 13, 2012 but was unsuccessful. On November 8, 2013, the parties reached a settlement agreement to settle the pending litigation. As part of the settlement agreement, ChipMOS Taiwan agreed to pay a one-time payment of US\$1,375 thousand (NT\$40,418 thousand), including 20% Taiwan tax withholding, to Tessera in exchange for Tessera releasing, discharging and agreeing to never sue ChipMOS Bermuda, ChipMOS Taiwan and ChipMOS USA relating to the license agreement. On November 9, 2013, the parties filed a stipulation with the Court to dismiss the pending litigation.

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Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

| | Country of incorporation and operation | 2012 | 2013 |
|---|--|----------------|----------------|
| ChipMOS Taiwan | Republic of China | 15.78% | 37.91% |
| ThaiLin | Republic of China | 63.89% | 70.48% |
| ChipMOS Shanghai | People's Republic of China | 63.89% | 70.48% |
| | | 2012 | 2013 |
| | | NT\$000 | NT\$000 |
| Accumulated balances of material non-controlling interests: | | | |
| ChipMOS Taiwan | | 1,524,546 | 4,500,684 |
| ThaiLin | | 1,778,862 | 1,756,413 |
| ChipMOS Shanghai | | 697,084 | 770,648 |
| Profit (loss) allocated to material non-controlling interests: | | | |
| ChipMOS Taiwan | | 129,701 | 312,240 |
| ThaiLin | | (28,933) | 80,682 |
| ChipMOS Shanghai | | (61,296) | (39,312) |

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of comprehensive income for 2012:

| | ChipMOS Taiwan | ThaiLin | ChipMOS |
|---|------------------|----------------|-----------------|
| | NT\$000 | NT\$000 | Shanghai |
| | NT\$000 | NT\$000 | NT\$000 |
| Revenue | 16,995,004 | 1,371,316 | 910,717 |
| Cost of revenue | (14,747,403) | (1,196,677) | (981,795) |
| Operating expenses | (851,905) | (175,824) | (27,732) |
| Finance costs | (213,096) | (12,588) | (2,881) |
| Other non-operating income (expenses), net | (39,507) | 196,536 | 7,848 |
| Profit (loss) before tax | 1,143,093 | 182,763 | (93,843) |
| Income tax | (124,763) | (46,389) | |
| Profit (loss) for the year | 1,018,330 | 136,374 | (93,843) |
| Total comprehensive income (loss) for the year | 1,207,537 | 693,982 | (93,843) |
| Attributable to non-controlling interests | 129,701 | (28,933) | (61,296) |

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****25. Material partly-owned subsidiaries (continued)****Summarized statement of comprehensive income for 2013:**

| | ChipMOS Taiwan NT\$000 | ThaiLin NT\$000 | ChipMOS Shanghai NT\$000 |
|---|---------------------------------------|----------------------------|---|
| Revenue | 17,255,088 | 1,257,033 | 985,366 |
| Cost of revenue | (14,094,981) | (1,025,210) | (1,003,123) |
| Operating expenses | (737,767) | (81,078) | (34,988) |
| Finance costs | (160,047) | (16,244) | (7,975) |
| Other non-operating income (expenses), net | 550,515 | 729,712 | 621 |
| Profit (loss) before tax | 2,812,808 | 864,213 | (60,099) |
| Income tax | (534,559) | (207,874) | |
| Profit (loss) for the year | 2,278,249 | 656,339 | (60,099) |
| Total comprehensive income (loss) for the year | 2,275,203 | 775,106 | (60,099) |
| Attributable to non-controlling interests | 312,240 | 80,682 | (39,312) |
| Dividends paid to non-controlling interests | 69,750 | 55,815 | |

Summarized statement of financial position as of December 31, 2012:

| | ChipMOS Taiwan NT\$000 | ThaiLin NT\$000 | ChipMOS Shanghai NT\$000 |
|-------------------------|---------------------------------------|----------------------------|---|
| Current assets | 12,354,637 | 1,597,012 | 834,254 |
| Non-current assets | 12,832,408 | 4,040,538 | 721,934 |
| Current liabilities | 5,409,245 | 274,873 | 176,755 |
| Non-current liabilities | 6,596,818 | 904,644 | 286,358 |
| Total equity | 13,180,982 | 4,458,033 | 1,093,075 |

Summarized statement of financial position as of December 31, 2013:

| | ChipMOS Taiwan NT\$000 | ThaiLin NT\$000 | ChipMOS Shanghai NT\$000 |
|---------------------|---------------------------------------|----------------------------|---|
| Current assets | 12,552,424 | 3,465,355 | 920,256 |
| Non-current assets | 13,397,291 | 2,582,928 | 701,349 |
| Current liabilities | 6,279,516 | 814,498 | 368,827 |

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| | | | |
|-------------------------|------------|-----------|-----------|
| Non-current liabilities | 4,401,754 | 499,476 | 157,911 |
| Total equity | 15,268,445 | 4,734,309 | 1,094,867 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****25. Material partly-owned subsidiaries (continued)****Summarized cash flow information for year ended December 31, 2012:**

| | ChipMOS Taiwan NT\$000 | ThaiLin NT\$000 | ChipMOS Shanghai NT\$000 |
|---|------------------------------|--------------------|--------------------------------|
| Operating | 4,593,227 | 420,093 | (171,604) |
| Investing | (2,267,410) | 337,609 | (141,494) |
| Financing | (419,721) | (158,328) | 194,614 |
| Effect of foreign exchange rate changes | | | (17,704) |
| Net increase (decrease) in cash and cash equivalents | 1,906,096 | 599,374 | (136,188) |

Summarized cash flow information for year ended December 31, 2013:

| | ChipMOS Taiwan NT\$000 | ThaiLin NT\$000 | ChipMOS Shanghai NT\$000 |
|--|------------------------------|--------------------|--------------------------------|
| Operating | 5,552,317 | 315,912 | 170,930 |
| Investing | (2,847,667) | 978,197 | (77,352) |
| Financing | (2,153,171) | (577,249) | 11,035 |
| Effect of foreign exchange rate changes | | | 18,134 |
| Net increase in cash and cash equivalents | 551,479 | 716,860 | 122,747 |

26. Changes in ownership interest in subsidiaries

During the year, ChipMOS Bermuda disposed of approximately 22% of its interest in ChipMOS Taiwan which in turn becomes a 62.09% owned subsidiary of the Company. The consideration of NT\$3,536,777 thousand was received in cash. An amount of NT\$3,146,906 thousand, being the proportionate share of the carrying amount of the net assets of ChipMOS Taiwan at the date of partial disposal, has been transferred to non-controlling interests. The difference of NT\$399,626 thousand and NT\$9,755 thousand between the amount of additional non-controlling interests recognised and the consideration received was credited to capital surplus and debited to retained earnings, respectively.

27. Related party transactions

During the year, as part of ChipMOS Taiwan's listing plan on the TWSE, ChipMOS Bermuda disposed of 23,268 thousand ChipMOS Taiwan shares to certain key management personnel and their close family members with a total consideration of NT\$463,395 thousand.

No other significant transactions with related party need to be disclosed for the relevant years.

Key management personnel compensation

| | 2012 NT\$000 | 2013 NT\$000 | 2013 US\$000 |
|------------------------------|-----------------|-----------------|-----------------|
| Short-term employee benefits | 139,993 | 155,969 | 5,229 |
| Post-employment pension | 1,919 | 1,825 | 61 |
| Share-based payments | 27,826 | 49,044 | 1,644 |
| | 169,738 | 206,838 | 6,934 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****28. Pledged or mortgaged assets**

The Group provided certain assets as collateral mainly for long-term bank loans (Note 21), short-term bank loans (Note 23) and customs duty guarantee, which were as follows:

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|--------------------------------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Property, plant and equipment | 11,076,026 | 7,689,907 | 6,149,767 | 206,161 |
| Restricted short-term deposits | 285,133 | 174,486 | 80,531 | 2,700 |
| Prepaid rents | 100,498 | 94,254 | 97,176 | 3,257 |
| | 11,461,657 | 7,958,647 | 6,327,474 | 212,118 |

29. Financial instruments by category

| | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Financial assets | | | | |
| Available-for-sale financial assets | 39,121 | 11,635 | 8,594 | 288 |
| Loans and receivables | 11,541,330 | 13,793,097 | 17,833,560 | 597,840 |
| | 11,580,451 | 13,804,732 | 17,842,154 | 598,128 |
| Financial liabilities | | | | |
| Financial liabilities at amortized cost | 12,928,718 | 12,378,150 | 10,906,855 | 365,634 |

30. Financial risk management and fair values of financial instruments

a) Financial risk management

The Group's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

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a) Financial risk management (continued)

1) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise foreign currency risk, interest rate risk, and other price risk (such as equity price risk).

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rate relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries. The currencies giving rise to this risk are primarily United States dollars (US\$) and Japanese Yen (JPY). The Group does not hold or issue any derivative for trading purposes or to hedge against fluctuations in foreign exchange rates. The Group mitigates this risk by conducting sales and purchases transactions in the same currency, whenever possible. Furthermore, as net investments in foreign subsidiaries are for strategic purpose, they are not hedged by the Group.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized monetary assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

| | | January 1, 2012 | Effect |
|------------------------------|-----------|------------------|-----------|
| | Change in | Effect on profit | on |
| | exchange | before tax | equity |
| | rate | (NT\$000) | (NT\$000) |
| <u>Financial assets</u> | | | |
| US\$000 | 5% | 286,608 | |
| JPY000 | 5% | 11,445 | |
| <u>Financial liabilities</u> | | | |
| US\$000 | 5% | 23,919 | |
| JPY000 | 5% | 31,758 | |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****30. Financial risk management and fair values of financial instruments (continued)**

a) Financial risk management (continued)

1) Market risk (continued)

i) Foreign currency risk (continued)

| | December 31, 2012 | | |
|------------------------------|--|--|---|
| | Change in exchange rate | Effect on profit before tax (NT\$000) | Effect on equity (NT\$000) |
| <u>Financial assets</u> | | | |
| US\$000 | 5% | 359,674 | |
| JPY000 | 5% | 42,987 | |
| <u>Financial liabilities</u> | | | |
| US\$000 | 5% | 29,451 | |
| JPY000 | 5% | 25,406 | |

| | December 31, 2013 | | |
|------------------------------|--|--|---|
| | Change in exchange rate | Effect on profit before tax (NT\$000) | Effect on equity (NT\$000) |
| <u>Financial assets</u> | | | |
| US\$000 | 5% | 431,099 | |
| JPY000 | 5% | 39,559 | |
| <u>Financial liabilities</u> | | | |
| US\$000 | 5% | 73,205 | |
| JPY000 | 5% | 33,071 | |

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate bank loans.

At December 31, 2013, it is estimated that a general increase or decrease of 100 basis points (1%) in interest rates, with all other variables held constant, would decrease or increase the Group's profit by approximately NT\$75,504 thousand (2012: NT\$93,342 thousand).

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a) Financial risk management (continued)

1) Market risk (continued)

iii) Equity price risk

The Group is exposed to equity price risk through its investments in listed equity securities classified as financial assets at fair value through profit or loss. The Group manages this exposure by maintaining a portfolio of investments with different risk and return profiles. At the reporting date, no aforesaid equity security was held and no sensitivity analysis was disclosed.

2) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily accounts and other receivables) and from its financing activities (primarily deposits with banks and financial instruments).

Each business unit performs ongoing credit evaluation of the debtors' financial condition according to the Group's established policy, procedures and control relating to customer credit risk management. The Group maintains an account for allowance for doubtful receivables based upon the available facts and circumstances, historical collection and write-off experiences of all trade and other receivables which consequently minimizes the Group's exposure to bad debts.

The Group has three customers that had balances greater than ten percent of total notes and accounts receivable as of January 1, 2012, December 31, 2012 and December 31, 2013, respectively, as detailed in the below table. The credit concentration risk of other accounts and notes receivable is insignificant.

| Customers | January 1, 2012 | December 31, 2012 | December 31, 2013 |
|---------------------------------|--------------------|----------------------|----------------------|
| Micron | 18% | 7% | 13% |
| Novatek | 13% | 18% | 17% |
| Winbond Electronics Corporation | 6% | 11% | 7% |

Credit risk from balances with banks and financial institutions is managed by the Group's finance unit in accordance with the Group's policy. Bank balances are held with financial institutions of good standing. The Group's exposure to credit risk arising from the default of counter-parties is limited to the carrying amount of these instruments.

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****30. Financial risk management and fair values of financial instruments (continued)**

a) Financial risk management (continued)

3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group monitors and maintains adequate cash and banking facilities to finance the Group's operations. See Notes and 21 and 23 about the unused credit lines of the Group.

The maturity profile of the Group's non-derivative financial liabilities as of January 1, 2012, December 31, 2012 and 2013 based on the contracted undiscounted payments, is as follows:

| | £ 1 year NT\$000 | January 1, 2012 | | Total NT\$000 |
|--|---------------------|-------------------------|----------------------|-------------------|
| | | 2 to 5 years NT\$000 | > 5 years NT\$000 | |
| Long-term bank loans (including current portion) | 942,053 | 8,804,230 | 127,990 | 9,874,273 |
| Accounts payable and payables to contractors and equipment suppliers | 1,546,121 | | | 1,546,121 |
| Other payables | 1,667,353 | | | 1,667,353 |
| Short-term bank loans | 549,438 | | | 549,438 |
| | 4,704,965 | 8,804,230 | 127,990 | 13,637,185 |

| | £ 1 year NT\$000 | December 31, 2012 | | Total NT\$000 |
|--|---------------------|-------------------------|----------------------|-------------------|
| | | 2 to 5 years NT\$000 | > 5 years NT\$000 | |
| Long-term bank loans (including current portion) | 2,430,465 | 6,949,434 | 25,355 | 9,405,254 |
| Accounts payable and payables to contractors and equipment suppliers | 1,374,736 | | | 1,374,736 |
| Other payables | 1,669,206 | | | 1,669,206 |
| Short-term bank loans | 367,724 | | | 367,724 |
| | 5,842,131 | 6,949,434 | 25,355 | 12,816,920 |

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| | £ 1 year NT\$000 | 2 to 5 years NT\$000 | > 5 years NT\$000 | Total NT\$000 | Total US\$000 |
|--|---------------------|-------------------------|----------------------|-------------------|------------------|
| Long-term bank loans (including current portion) | 2,995,869 | 3,974,915 | | 6,970,784 | 233,684 |
| Accounts payable and payables to contractors and equipment suppliers | 1,815,038 | | | 1,815,038 | 60,846 |
| Other payables | 1,541,409 | | | 1,541,409 | 51,673 |
| Short-term bank loans | 790,438 | | | 790,438 | 26,498 |
| | 7,142,754 | 3,974,915 | | 11,117,669 | 372,701 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****30. Financial risk management and fair values of financial instruments (continued)**

b) Fair values of financial instruments

i) The Group's financial assets and financial liabilities measured at amortized cost approximate their fair values.

ii) The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices.

Derivative financial instruments are measured with reference to quoted market prices. If no quoted market price exists, the non-optional derivative financial instruments are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The optional derivative financial instruments are measured using option pricing models.

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

31. Share-based payments**Stock option plan**

The Group adopted three option plans in 2001, 2006 and 2011 which have 2,250,000, 1,750,000 and 1,000,000 shares available for issuance, respectively. The stock option plans provide that the directors, officers, employees and consultants of ChipMOS Bermuda and its affiliates may be granted options to purchase ordinary shares of ChipMOS Bermuda at specified exercise prices.

During the year, the Group recognized NT\$101,928 thousand (2012: NT\$65,991 thousand) compensation expenses in respect of option plans.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

| | 2012 | 2012 | 2013 | 2013 |
|---------------------------|------------------|-------------|------------------|-------------|
| | Number of | WAEP | Number of | WAEP |
| | options | US\$ | options | US\$ |
| Outstanding at January 1 | 2,562,172 | 9.47 | 1,705,548 | 9.02 |
| Granted during the year | 204,316 | 11.14 | 688,996 | 13.89 |
| Forfeited during the year | (103,426) | 10.27 | (75,944) | 11.72 |
| Exercised during the year | (668,246) | 6.21 | (500,383) | 5.81 |

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| | | | | |
|----------------------------|-----------|-------|-----------|-------|
| Expired during the year | (289,268) | 20.58 | (253,194) | 21.65 |
| Outstanding at December 31 | 1,705,548 | 9.02 | 1,565,023 | 10.01 |
| Exercisable at December 31 | 901,343 | 11.51 | 462,032 | 7.39 |

The weighted average share price at the date of exercise of these options exercised in 2013 was US\$17.93 (2012: US\$13.18).

The weighted average remaining contractual life for the share options outstanding as of December 31, 2013 was 4.61 years (2012: 3.7 years).

The weighted average fair value of options granted during 2013 was US\$13.69 (2012: US\$12.24).

Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****31. Share-based payments (continued)****Stock option plan (continued)**

The range of exercise prices for options outstanding at the end of 2013 was US\$2.3796~21.488 (2012: US\$0.748~25.908).

The following tables list the inputs to the Black-Scholes Option Pricing Model used for the option plans for the years ended December 31, 2013 and 2012, respectively.

| | 2012 | 2013 |
|-------------------------|---------------|---------------|
| Dividend yield | 0~1.33% | 0~1.33% |
| Expected volatility | 70.88~239.76% | 70.88~239.76% |
| Risk-free interest rate | 0.3725~3.41% | 0.3725~3.04% |
| Expected life | 3.25~7 years | 3.5~7 years |

Share appreciation rights (SARs)

The Group adopted three SARs plans in 2006, 2008 and 2013 which have 500,000, 750,000 and 1,000,000 rights available for issuance, respectively. The SARs plans provide that the directors, officers and employees of ChipMOS Bermuda and its affiliates may be granted cash-settled share appreciation rights.

During the year, the Group recognized NT\$130,662 thousand (2012: NT\$115,772 thousand) compensation expenses in respect of SARs plans.

The following table illustrates the number and WAEP of, and movements in, SARs during the year:

| | 2012 | 2012 | 2013 | 2013 |
|----------------------------|------------------|-------------|------------------|-------------|
| | Number of | WAEP | Number of | WAEP |
| | rights | US\$ | rights | US\$ |
| Outstanding at January 1 | 1,049,939 | 8.32 | 640,848 | 6.83 |
| Granted during the year | 43,660 | 11.14 | 521,020 | 13.95 |
| Forfeited during the year | (67,375) | 8.55 | (46,501) | 7.26 |
| Exercised during the year | (231,270) | 4.76 | (249,563) | 5.01 |
| Expired during the year | (154,106) | 20.58 | (53,375) | 22.88 |
| Outstanding at December 31 | 640,848 | 6.83 | 812,429 | 10.87 |
| Exercisable at December 31 | 198,712 | 10.12 | 67,329 | 4.73 |

The weighted average share price at the date of exercise of these SARs exercised in 2013 was US\$17.76 (2012: US\$13.44).

The weighted average remaining contractual life for the SARs outstanding as of December 31, 2013 was 2.68 years (2012: 3.87 years).

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The weighted average fair value of SARs granted during 2013 was US\$15.00 (2012: US\$9.94).

The range of exercise prices for SARs outstanding at the end of 2013 was US\$2.448~14.0675 (2012: US\$0.748~25.908).

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****31. Share-based payments (continued)****Share appreciation rights (SARs) (continued)**

The following tables list the inputs to the Black-Scholes Option Pricing Model used for the SARs plans for the years ended December 31, 2013 and 2012, respectively.

| | 2012 | 2013 |
|-------------------------|-----------------|-----------------|
| Dividend yield | 1.33% | 0.85% |
| Expected volatility | 30.99~188.49% | 15.9~144.56% |
| Risk-free interest rate | 0.05~0.675% | 0.07~1.62875% |
| Expected life | 0.25~4.75 years | 0.25~4.75 years |

32. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the balance between debt and equity.

The capital structure of the Group consists of debt, which includes bank loans of NT\$7,550,408 thousand (disclosed in Notes 21 and 23), less cash and cash equivalents of NT\$13,372,770 thousand (disclosed in Note 17) and equity attributable to equity holders of the Company, comprising share capital of NT\$37,165 thousand and all other equity reserves attributable to the equity holders of the Company of NT\$13,527,498 thousand disclosed in the consolidated statements of changes in equity.

The Group reviews the capital structure on an ongoing basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the repayment of existing debt.

The Group's overall strategy remains unchanged from 2012.

The Group monitors capital using the net debt-to-equity ratio, the percentages of which as of January 1, 2012 and December 31, 2012 and 2013 were as follows:

| | Note | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 | December 31, 2013 NT\$000 | December 31, 2013 US\$000 |
|---------------------------------|--------|-------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Bank loans | 21, 23 | 9,715,244 | 9,334,208 | 7,550,408 | 253,115 |
| Less: Cash and cash equivalents | 17 | (7,246,056) | (8,863,616) | (13,372,770) | (448,299) |
| Net debt | | 2,469,188 | 470,592 | (5,822,362) | (195,184) |

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| | | | | |
|--|---------------|--------------|----------------|----------------|
| Equity attributable to the equity holders of the Company | 10,760,027 | 11,593,611 | 13,564,663 | 454,732 |
| Net debt-to-equity ratio | 22.95% | 4.06% | -42.92% | -42.92% |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****33. Events after the reporting period**

- a) On January 16, 2014, ChipMOS Bermuda repurchased its 2,094 thousand common shares held by ThaiLin and the shares were then retired and cancelled.
- b) On June 17, 2013, the proposal to invest in Modern Mind an aggregate amount of US\$10 million and Modern Mind then to reinvest the proceeds of US\$10 million in ChipMOS Shanghai was approved by ThaiLin's shareholders. On August 29, 2013, the US\$10 million investment was approved by the Investment Commission, Ministry of Economic Affairs. On January 21, 2014, ThaiLin wired US\$10 million to Modern Mind to increase its investment amount in Modern Mind to US\$49,951 thousand from US\$39,951 thousand. On January 22, 2014, Modern Mind injected the same to ChipMOS Shanghai.
- c) On March 10, 2014, ChipMOS Taiwan's Board of Directors approved to issue 21,764 thousand common shares at par value of NT\$10 per share to increase its capital for listing on TWSE. The issuance price is not yet confirmed.

34. Reconciliation between ROC GAAP and IFRSs

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flow for comparative periods. In preparing these consolidated financial statements, the Group has adjusted amounts reported previously in financial statements prepared in accordance with ROC GAAP. An explanation of how the transition from ROC GAAP to IFRSs has affected the Group's statements of financial position, net profit, comprehensive income and cash flows is provided below:

- a) Reconciliation of assets, liabilities and equity

The below table provides a summary of the IFRSs adjustments to the Group's statements of financial position as of January 1, 2012 and December 31, 2012:

| | Note | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 |
|---|------|-------------------------------|---------------------------------|
| Total assets under ROC GAAP | | 28,281,065 | 28,749,393 |
| Adjustment for accrued pension cost | 1) | 9,799 | (16,110) |
| Adjustment for income tax on unappropriated earnings | 2) | (3,257) | (56,871) |
| Reclassification of allowance for sales returns and discounts | 3) | 118,630 | 122,937 |
| Total assets under IFRSs | | 28,406,237 | 28,799,349 |

| Note | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 |
|------|-------------------------------|---------------------------------|
|------|-------------------------------|---------------------------------|

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| | | | |
|---|----|-------------------|-------------------|
| Total liabilities under ROC GAAP | | 13,297,795 | 12,780,315 |
| Adjustment for accrued pension cost | 1) | 254,942 | 301,369 |
| Adjustment for income tax on unappropriated earnings | 2) | | 5,427 |
| Reclassification of allowance for sales returns and discounts | 3) | 118,630 | 122,937 |
| Total liabilities under IFRSs | | 13,671,367 | 13,210,048 |

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a) Reconciliation of assets, liabilities and equity (continued)

| | Note | January 1, 2012 NT\$000 | December 31, 2012 NT\$000 |
|---|------|-------------------------------|---------------------------------|
| Total equity under ROC GAAP | | 14,983,270 | 15,969,078 |
| Adjustment for pension cost | 1) | (245,143) | (317,479) |
| Adjustment for tax on unappropriated earnings | 2) | (3,257) | (62,298) |
| Total equity under IFRSs | | 14,734,870 | 15,589,301 |

b) Reconciliation of net profit

The below table provides a summary of the IFRSs adjustments to net profit for the year ended December 31, 2012:

| | Note | 2012 NT\$000 |
|--|------|-----------------|
| Net profit for the year under ROC GAAP | | 789,348 |
| Adjustment for accrued pension cost | 1) | (60,651) |
| Adjustment for income tax on unappropriated earnings | 2) | (59,041) |
| Net profit for the year under IFRSs | | 669,656 |
| Net profit attributable to equity holders of the Company | | 629,781 |
| Net profit attributable to non-controlling interests | | 39,875 |
| Net profit for the year under IFRSs | | 669,656 |

c) Reconciliation of comprehensive income

The below table provides a summary of the IFRSs adjustments to comprehensive income for the year ended December 31, 2012:

| | 2012 NT\$000 |
|---|-----------------|
| Comprehensive income for the year under ROC GAAP | 789,348 |
| IFRS adjustments to net profit (see table above) | (119,692) |

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| | |
|--|----------------|
| Adjustment for exchange difference on translation of foreign operations | (17,006) |
| Adjustment for net actuarial losses | (59,253) |
| Non-controlling interest share of exchange difference on translation of foreign operations | (3,186) |
| Non-controlling interest share of net actuarial losses | (3,063) |
| Comprehensive income for the year under IFRSs | 587,148 |
| Comprehensive income attributable to equity holders of the Company | 553,522 |
| Comprehensive income attributable to non-controlling interests | 33,626 |
| Total comprehensive income for the year under IFRSs | 587,148 |

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Table of Contents**ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES****Notes to the Consolidated Financial Statements (Continued)****December 31, 2012 and 2013****34. Reconciliation between ROC GAAP and IFRSs (continued)**

The items noted above in the reconciliations of the statements of financial position, net profit and comprehensive income from ROC GAAP to IFRSs are described below:

1) Adjustment for accrued pension cost:

The Group arranged an actuarial valuation in accordance with IAS 19. As of January 1, 2012, accrued pension cost was adjusted for an increase of NT\$254,942 thousand, prepaid pension cost was adjusted for a decrease of NT\$33,541 thousand, deferred income tax assets were adjusted for an increase of NT\$43,340 thousand, retained earnings were adjusted for a decrease of NT\$199,309 thousand and non-controlling interests were adjusted for a decrease of NT\$45,834 thousand. For the year ended December 31, 2012, pension cost recognized in cost of revenue was adjusted for an increase of NT\$49,357 thousand, pension cost recognized in operating expense was adjusted for an increase of NT\$23,716 thousand, income tax expense was adjusted for a decrease of NT\$12,422 thousand, and non-controlling interests was adjusted for a decrease of NT\$16,535 thousand. As of December 31, 2012, prepaid pension cost was adjusted for a decrease of NT\$84,636 thousand, accrued pension cost was adjusted for an increase of NT\$301,369 thousand, deferred income tax assets was adjusted for an increase of NT\$68,526 thousand, retained earnings were adjusted for a decrease of NT\$291,560 thousand, unrealized pension cost was adjusted for a decrease of NT\$42,642 thousand and non-controlling interests was adjusted for a decrease of NT\$68,561 thousand.

2) Adjustment for income tax:

Under ROC income tax rules, a 10% extra income tax will be charged on the unappropriated earnings of the previous year and an income tax expense will be recognized. Under IFRSs, income tax expense should be accrued in the year the earnings arise. The difference between actual and accrued income tax expense will be adjusted and recognized in the following year. As of January 1, 2012, deferred tax asset was adjusted for a decrease of NT\$3,257 thousand, retained earnings was adjusted for a decrease of NT\$2,748 thousand and non-controlling interests was adjusted for a decrease of NT\$509 thousand. For the year ended December 31, 2012, income tax expense increased by NT\$59,041 thousand. As of December 31, 2012, deferred tax asset was adjusted for a decrease of NT\$56,871 thousand, income tax payable was adjusted for an increase of NT\$5,427 thousand, retained earnings were adjusted for a decrease of NT\$50,689 thousand and non-controlling interests was adjusted for a decrease of NT\$11,609 thousand.

3) Reclassification of allowance for sales returns and discounts:

Under ROC GAAP, the allowance for sales returns and discounts was presented as an allowance for notes and accounts receivable. Under IFRSs, it was classified as a provision and is recorded in current liabilities. As of January 1, 2012 and December 31, 2012, notes and accounts receivable was adjusted for an increase and other current liabilities was adjusted for an increase of NT\$118,630 thousand and NT\$122,937 thousand, respectively.

4) Other reclassification:

As of January 1, 2012, land use rights of NT\$100,498 thousand was reclassified to prepaid expense and other current assets of NT\$2,476 thousand and other assets of NT\$98,022 thousand. Deferred income tax-current of NT\$76,559 thousand was reclassified to deferred income tax-noncurrent. Deferred charges of NT\$130,157 thousand was reclassified to prepaid expense and other current asset of NT\$8,267 thousand, property, plant and equipment of NT\$108,352 thousand, and other assets of NT\$13,538 thousand. Employee dormitory buildings of

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NT\$248,429 thousand and idle assets of NT\$111,365 thousand were reclassified to property, plant and equipment. Capital surplus of long-term investments of NT\$77,440 thousand was reclassified to retained earnings.

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- 4) Other reclassification: (continued)

For the year ended December 31, 2012, since the reclassification of other assets to property, plant and equipment, the depreciation recognized in non-operating expense of NT\$82,486 thousand was reclassified to cost of revenue of NT\$80,069 thousand and operating expense of NT\$2,417 thousand.

As of December 31, 2012, land use rights of NT\$94,254 thousand was reclassified to prepaid expense and other current assets of NT\$2,381 thousand and other assets of NT\$91,873 thousand. Deferred income tax-current of NT\$77,825 thousand was reclassified to deferred income tax-noncurrent. Deferred charges of NT\$96,919 thousand was reclassified to prepaid expense and other current asset of NT\$736 thousand and property, plant and equipment of NT\$96,183 thousand. Employee dormitory buildings of NT\$221,115 thousand and idle assets of NT\$50,008 thousand were reclassified to property, plant and equipment. Capital surplus of long-term investments of NT\$77,440 thousand was reclassified to retained earnings.

- 5) The adoption of IFRSs decreased cash and cash equivalents as at January 1, 2012 and December 31, 2012 by NT\$111,846 thousand and NT\$455,406 thousand, respectively as ROC GAAP included bank deposits maturing over three months as cash and cash equivalents.

35. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective for the year ended December 31, 2013 and which have not been early adopted by the Group are disclosed below:

| | | Effective for annual reporting periods beginning on or after |
|--|--|--|
| IAS 32 Amendment | Presentation - Offsetting Financial Assets and Financial Liabilities | January 1, 2014 |
| IAS 36 Amendments | Recoverable Amount Disclosures for Non-Financial Assets | January 1, 2014 |
| IAS 39 Amendments | Novation of Derivative and Continuation of Hedge Accounting | January 1, 2014 |
| IFRS 7 Amendment | Mandatory Effective Date and Transition Disclosures | January 1, 2015 |
| IFRS 9 | Financial Instruments | Not yet established by the IASB |
| IFRS 10, IFRS 12 and IAS 27 Amendments | Investment Entities | January 1, 2014 |
| IFRIC 21 | Levies | January 1, 2014 |

The Group has already commenced an assessment of the related impact of adopting the above new standards and interpretation and amendments to standards in the period of initial application. So far, it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

36. *Approval of the financial statements*

The financial statements were approved and authorized for issue by the board of directors on March 11, 2014.