

CHIPMOS TECHNOLOGIES BERMUDA LTD

Form 20-F/A

December 31, 2014

Table of Contents

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

Table of Contents

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.

Table of Contents

TABLE OF CONTENTS

ChipMOS TECHNOLOGIES (Bermuda) LTD.

Item 8.	<u>Financial Information</u>	1
Item 17.	<u>Financial Statements</u>	4
Item 18.	<u>Financial Statements</u>	4
Item 19.	<u>Exhibits</u>	4

Table of Contents

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.

Table of Contents

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.

Table of Contents

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.

Table of Contents

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⁾

Table of Contents

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⁾

Table of Contents

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⁾

6

Table of Contents

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.

Table of Contents

- (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.

Table of Contents

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

Table of Contents

ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page(s)
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Income Statements</u>	F-4
<u>Consolidated Statements of Comprehensive Income</u>	F-5
<u>Consolidated Statements of Financial Position</u>	F-6
<u>Consolidated Statements of Changes in Equity</u>	F-8
<u>Consolidated Statements of Cash Flows</u>	F-9
<u>Notes to the Consolidated Financial Statements</u>	F-11

Table of Contents

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.

Table of Contents

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

F-3

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

Table of Contents

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:

F-11

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.

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)

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.

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)*

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.

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)*

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.

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)*

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-subsidiary 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.

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)*

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.

F-17

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.

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)*

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.

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)*

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.

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)*

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.

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)*

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.

F-22

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)*

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).

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)*

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.

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)*

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

F-26

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

F-27

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	2013	2013
	NT\$000	NT\$000	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

F-28

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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F-30

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

F-36

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

F-39

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)

F-40

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.

F-42

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		

F-43

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.

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**

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

F-47

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

F-48

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.

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

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	

F-50

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).

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)

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

December 31, 2013

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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

F-53

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).

F-55

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%

F-56

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

F-57

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)**

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

F-58

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.

F-59

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)**

- 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.