

CHIPMOS TECHNOLOGIES BERMUDA LTD

Form 20-F/A

December 31, 2014

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

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 20-F/A

Amendment No. 1

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

OR

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

For the fiscal year ended December 31, 2013

OR

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

For the transition period from to

OR

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

Date of event requiring this shell company report

Commission file number 0 31106

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(Jurisdiction of Incorporation or Organization)

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

Hsinchu, Taiwan

Republic of China

(Address of Principal Executive Offices)

Shou-Kang Chen

Chief Financial Officer

ChipMOS TECHNOLOGIES (Bermuda) LTD.

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

Hsinchu, Taiwan

Republic of China

Telephone: (886) 3 563 3988

Facsimile: (886) 3 563 3998

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

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

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

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

None

(Title of Class)

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

None

(Title of Class)

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

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

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

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

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

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

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

US GAAP

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

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

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EXPLANATORY NOTE

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

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

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

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

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

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

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

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

Legal Proceedings

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

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

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

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

Dividend Policy

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

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PART III

Item 17. Financial Statements

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

Item 18. Financial Statements

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

Item 19. Exhibits

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

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

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

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

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

(1) Incorporated by reference to our Registration Statement on Form F-1 (File No. 333-13218), filed on February 28, 2001.
(2) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 17, 2002.
(3) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 30, 2003.
(4) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 17, 2004.
(5) Incorporated by reference to our Annual Report on Form 20-F (File No. 0-31106), filed on June 29, 2005.
(6) Incorporated by reference to our Registration Statement on Form F-3 (File No. 333-130230), filed on December 9, 2005.

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

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

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

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SIGNATURES

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

ChipMOS TECHNOLOGIES (Bermuda) LTD.

By: /s/ Shih-Jye Cheng

Name: Shih-Jye Cheng

Title: Chairman and Chief Executive Officer

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

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

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Incorporated in Bermuda with limited liability)

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

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

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

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

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

ChipMOS TECHNOLOGIES (Bermuda) LTD.

(Incorporated in Bermuda with limited liability) (Continued)

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

/s/ Moore Stephens

Certified Public Accountants

Hong Kong

March 11, 2014

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

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

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

For the years ended December 31, 2012 and 2013

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

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

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

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

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

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

For the years ended December 31, 2012 and 2013

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

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

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

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

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

December 31, 2012 and 2013

1. Corporate and group information

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

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

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

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

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

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

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

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.

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

a) *Basis of preparation (continued)*

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

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

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

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

b) Basis of consolidation

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

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

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

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

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

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

c) Significant judgements and estimates

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

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

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

Judgements

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

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

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

Estimates and assumptions

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

Share-based payments

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

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

c) *Significant judgements and estimates (continued)*

Estimates and assumptions (continued)

Impairment of receivables

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

Impairment of non-financial assets

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

Defined benefit plans

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

Deferred tax assets

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

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

thousand).

Further details on deferred taxes are disclosed in Note 9.

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

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

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

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

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

e) Impairment of non-financial assets

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

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

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

f) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

g) Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

g) Financial instruments (continued)

Available-for-sale financial assets

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

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

Impairment of financial assets

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

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

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

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

Derecognition of financial assets

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

Financial liabilities

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

h) Dividends

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

i) Operating lease charges

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

j) Treasury stock

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

k) Provisions

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

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

l) Foreign currency translation

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

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ChipMOS TECHNOLOGIES (Bermuda) LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements (Continued)

December 31, 2012 and 2013

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

l) Foreign currency translation (continued)

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

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

m) Revenue recognition