

R.O.C. GAAP		Effect of Transition to IFRSs		IFRSs		Note
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	
Salary and bonus payable	\$ 7,535,296	\$ -	\$ -	\$ 7,535,296	Salary and bonus payable	
Accrued profit sharing to employees and bonus to directors and supervisors	11,186,591	-	-	11,186,591	Accrued profit sharing to employees and bonus to directors and supervisors	
Payables to contractors and equipment suppliers	44,831,798	-	-	44,831,798	Payables to contractors and equipment suppliers	
Accrued expenses and other current liabilities	13,148,944	-	-	13,148,944	Accrued expenses and other current liabilities	
Current portion of bonds payable and long-term bank loans	128,125	-	-	128,125	Current portion of bonds payable and long-term bank loans	
-	-	-	6,038,003	6,038,003	Provisions	a)
Total current liabilities	142,435,944	-	6,038,003	148,473,947	Total current liabilities	
Long-term liabilities						
Bonds payable	80,000,000	-	-	80,000,000	Bonds payable	
Long-term bank loans	1,359,375	-	-	1,359,375	Long-term bank loans	
Other long-term payable	54,000	-	-	54,000	Other long-term payable	
Obligations under capital leases	748,115	-	-	748,115	Obligations under capital leases	
Total long-term liabilities	82,161,490	-	-	82,161,490	Total long-term liabilities	
Other liabilities						
Accrued pension cost	3,979,541	2,941,693	-	6,921,234	Accrued pension cost	d)
Guarantee deposits	203,890	-	-	203,890	Guarantee deposits	
-	-	-	4,891	4,891	Provisions	
Others	500,041	-	(4,891)	495,150	Others	
Total other liabilities	4,683,472	2,941,693	-	7,625,165	Total other liabilities	
Total liabilities	229,280,906	2,941,693	6,038,003	238,260,602	Total liabilities	
Equity attributable to shareholders of the parent						
Capital stock	259,244,357	-	-	259,244,357	Capital stock	
Capital surplus	56,137,809	(462,469)	-	55,675,340	Capital surplus	e)
Retained earnings	410,601,289	(2,189,821)	-	408,411,468	Retained earnings	d), e)
Others						
Cumulative translation adjustments	(10,753,763)	(43)	-	(10,753,806)	Foreign currency translation reserve	e)
Net loss not recognized as pension cost	(5,299)	5,299	-	-	-	d)
Unrealized gain/loss on financial instruments	7,973,321	-	-	7,973,321	Unrealized gain/loss from available-for-sales financial assets	
-	(2,785,741)	5,256	-	(2,780,485)	-	
Equity attributable to shareholders of the parent	723,197,714	(2,647,034)	-	720,550,680	Equity attributable to shareholders of the parent	
Minority interests	2,555,985	(12,759)	-	2,543,226	Noncontrolling interests	d)
Total shareholders' equity	725,753,699	(2,659,793)	-	723,093,906	Total shareholders' equity	
Total	\$ 955,034,605	\$ 281,900	\$ 6,038,003	\$ 961,354,508	Total	

3) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

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Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	
Net sales	\$ 506,248,580	\$ -	\$ 496,654	\$ 506,745,234	Net sales	f)
Cost of sales	262,628,681	(45,583)	-	262,583,098	Cost of sales	d)
Gross profit before affiliates elimination	243,619,899	45,583	496,654	244,162,136	Gross profit before affiliates elimination	
Unrealized gross profit from affiliates	(25,029)	-	-	(25,029)	Unrealized profit from affiliates	
Gross profit	243,594,870	45,583	496,654	244,137,107	Gross profit	
Operating expenses						
Research and development	40,402,138	(18,943)	-	40,383,195	Research and development	d)
General and administrative	17,638,088	(6,394)	-	17,631,694	General and administrative	d)
Marketing	4,497,451	(1,465)	-	4,495,986	Marketing	d)
Total operating expenses	62,537,677	(26,802)	-	62,510,875		
-	-	-	(449,364)	(449,364)	Other operating gains and losses	f)
Income from operations	181,057,193	72,385	47,290	181,176,868	Income from operations	
Non-operating income and gains						
Equity in earnings of equity method investees, net	2,028,611	45,118	-	2,073,729	Equity in earnings of equity method investees, net	e)
Interest income	1,645,036	-	(1,645,036)	-	-	f)

(Continued)

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Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	
Settlement income	\$ 883,845	\$ -	\$ (883,845)	\$ -	-	f)
Foreign exchange gain, net	582,498	-	-	582,498	Foreign exchange gain, net	
Gain on settlement and disposal of financial assets, net	541,089	-	(541,089)	-	-	f)
Technical service income	496,654	-	(496,654)	-	-	f)
Others	604,304	-	(604,304)	-	-	f)
-	-	-	1,715,824	1,715,824	Other income	f)
-	-	4,977	(2,857,018)	(2,852,041)	Other gains and losses	e), f)
	<u>6,782,037</u>	<u>50,095</u>	<u>(5,312,122)</u>	<u>1,520,010</u>		
Non-operating expenses and losses						
Impairment of financial assets	4,231,602	-	(4,231,602)	-	-	f)
Interest expense	1,020,422	-	-	1,020,422	Finance cost	
Impairment loss on idle assets	444,505	-	(444,505)	-	-	f)
Loss on disposal of property, plant and equipment	31,816	-	(31,816)	-	-	f)
Others	556,909	-	(556,909)	-	-	f)
	<u>6,285,254</u>	<u>-</u>	<u>(5,264,832)</u>	<u>1,020,422</u>		
Income before income tax	181,553,976	122,480	-	181,676,456	Income before income tax	
Income tax expense	15,590,287	(37,633)	-	15,552,654	Income tax expense	d)
Net income	<u>\$ 165,963,689</u>	<u>\$ 160,113</u>	<u>\$ -</u>	<u>166,123,802</u>	Net income	
				(4,322,697)	Exchange differences on translating foreign operations	
				232	Cash flow hedges	
				9,534,269	Net valuation gain on available-for-sale financial assets	
				53,748	Share of other comprehensive income of associates and joint venture	d)
				(685,978)	Actuarial loss from defined benefit pension	d)
				(326,942)	Income tax expense relating to components of other comprehensive income	d)
				<u>4,252,632</u>	Other comprehensive income for the year, net of tax effect	
				<u>\$ 170,376,434</u>	Total comprehensive income for the year	

4) Notes to the reconciliation of the significant differences:

a) Allowance for sales returns and others

Under R.O.C. GAAP, provisions for estimated sales returns and others are recognized as a reduction in revenue in the period the related revenue is recognized based on historical experience. Allowance for sales returns and others is recorded as a deduction in accounts receivable. Under IFRSs, the allowance for sales returns and others is a present obligation with uncertain timing and an amount that arises from past events and is therefore reclassified as provisions (classified under current liabilities) in accordance with IAS No. 37, "Provisions, Contingent Liabilities and Contingent Assets."

As of December 31, 2012 and January 1, 2012, the amounts reclassified from allowance for sales returns and others to provisions were NT\$6,038,003 thousand and NT\$5,068,263 thousand, respectively.

b) Classifications of deferred income tax asset/liability and valuation allowance

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

In addition, under R.O.C. GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. In accordance with IAS No. 12, "Income Taxes," deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits and the valuation allowance account is no longer used.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets to non-current assets were NT\$8,001,202 thousand and NT\$5,936,490 thousand, respectively.