

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD

Form 6-K

September 02, 2011

1934 Act Registration No. 1-14700

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF

THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 2011

Taiwan Semiconductor Manufacturing Company Ltd.

(Translation of Registrant's Name Into English)

No. 8, Li-Hsin Rd. 6,

Hsinchu Science Park,

Taiwan

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(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If Yes is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82: .)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Taiwan Semiconductor Manufacturing Company Ltd.

Date: September 2, 2011

By /s/ Lora Ho
Lora Ho
Senior Vice President & Chief Financial Officer

Taiwan Semiconductor Manufacturing Company Ltd. (the Company ; TSMC (NYSE: TSM)) had been invited earlier in 2011 to participate as one of few companies listed on the Taiwan Stock Exchange in a case study project on using International Financial Reporting Standards (IFRS) in compiling listed company financial statements in Taiwan (ROC). The project is being coordinated by Taiwan 's official governmental agency in-charge of securities affairs, the ROC Financial Supervisory Commission, which is part of Taiwan 's executive branch or the Executive Yuan, to help Taiwanese listed companies better understand and apply the new IFRS accounting rules to be implemented in Taiwan in 2013.

In anticipation of the adoption of IFRS in the ROC in 2013, the Taiwan government project team has prepared a case-by-case analysis on each of the selected companies to illustrate the approach and effect of the adoption of IFRS on ROC GAAP financial statements. TSMC 's management has prepared an unaudited, pro forma presentation of its financial statements for the year ended and as of December 31, 2010, as if IFRS had been adopted by TSMC as of January 1, 2010 to assist in the case study and this presentation has been published today on the Taiwan Stock Exchange website at <http://www.twse.com.tw/ch/listed/IFRS/planDomestic.php>.

TSMC 's participation in this Taiwan government project is voluntary and that there is no legal requirement compelling TSMC to provide the unaudited, pro forma presentation of its financial statements at this point. The purpose of this case study 6-K filing is not for disclosure of material TSMC financial information, but is being furnished at this time as such information is being made public in the ROC. Investors who are seeking material TSMC financial information should instead be referred to other filings made by TSMC with the U.S. Securities Exchange Commission (such as its Annual Report on Form 20-F) or the Taiwan Financial Supervisory Commission.

An English summary version of the pro forma presentation of its financial statements is filed herewith. It is unaudited and in summary form, and is not necessarily indicative of the results of operations or related effects on our financial position that would have been obtained had we adopted IFRS at the beginning of 2010. Investors should not rely on the information filed herewith for any purpose.

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

IFRS PRO FORMA CONSOLIDATED BALANCE SHEET (unaudited)

AT DECEMBER 31, 2010 AND JANUARY 1, 2010

(In Thousands of New Taiwan Dollars, Except Par Value)

	December 31, 2010		January 1, 2010			December 31, 2010		January 1, 2010	
	Amount	%	Amount	%		Amount	%	Amount	%
ASSETS					LIABILITIES AND EQUITY				
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 147,886,955	20	\$ 171,276,341	28	Short-term borrowings	\$ 31,213,944	4	\$	
Financial assets measured at fair value through profit or loss	28,890,614	4	14,576,027	3	Financial liabilities measured at fair value through profit or loss	19,002		25	
Financial assets measured at amortized cost	4,796,589	1	9,944,843	2	Hedging derivative financial liabilities	814			
Trade receivables from related parties	2,722		12,524		Trade payables	12,104,173	2	10,905,884	2
Notes and trade receivables	50,525,856	7	44,094,317	7	Payables to related parties	867,085		783,007	
Other receivables from related parties	124,586		121,292		Current tax liabilities	8,564,303	1	12,388,257	2
Other receivables	1,021,552		1,849,987		Salary and bonus payables	6,424,064	1	9,317,035	2
Inventories	28,405,984	4	20,913,751	4	Accrued profit sharing to employees and bonus to directors and supervisors	11,096,147	2	6,818,343	1
Other current assets	2,037,647		1,368,838		Payables to contractors and equipment suppliers	43,259,857	6	28,924,265	5
					Accrued expenses and other current liabilities	10,779,923	1	12,635,182	2
Total current assets	263,692,505	36	264,157,920	44	Provisions	7,546,264	1	8,724,481	1
					Current portion of long-term borrowings	241,407		949,298	
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets measured at fair value through profit or loss	5,459,132	1	3,899,137	1	Total current liabilities	132,116,983	18	91,445,777	15
Financial assets measured at amortized cost	9,502,887	1	16,553,242	3					
Investments accounted for using the equity method	26,292,385	4	18,581,150	3	Bonds payable	4,500,000	1	4,500,000	1
Property, plant and equipment	388,488,412	53	273,724,914	45	Long-term borrowings	301,561		578,560	
Intangible assets	11,731,982	2	12,389,872	2	Other long-term payables	6,554,208	1	5,602,420	1
Deferred tax assets	13,154,703	2	12,358,612	2	Obligations under finance leases	694,986		707,499	
Refundable deposits	8,677,970	1	2,733,143		Retirement benefit obligations	6,536,340	1	4,058,190	1
Other non-current assets	1,372,911		210,737		Guarantee deposits	789,098		1,006,023	
Total non-current assets	464,680,382	64	340,450,807	56	Others	381,182		322,850	

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			Total non-current liabilities	19,757,375	3	16,775,542	3
			Total liabilities	151,874,358	21	108,221,319	18
			EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
			Share capital				
			Common stock - NT\$10 par value	259,100,787	35	259,027,066	43
			Capital surplus	55,701,695	8	55,486,010	9
			Retained earnings				
			Appropriated as legal capital reserve	86,239,494	12	77,317,710	12
			Appropriated as special capital reserve	1,313,047			
			Unappropriated earnings	175,630,328	24	101,681,795	17
			Total retained earnings	263,182,869	36	178,999,505	29
			Others	(6,045,608)	(1)	(1,072,381)	
			Equity attributable to owners of the Parent	571,939,743	78	492,440,200	81
			NON-CONTROLLING INTERESTS	4,558,786	1	3,947,208	1
			Total equity	576,498,529	79	496,387,408	82
TOTAL	\$ 728,372,887	100	\$ 604,608,727	100	TOTAL	\$ 728,372,887	100
						\$ 604,608,727	100

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

IFRS PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Amount	%
REVENUE	\$ 419,988,414	100
COST OF SALES	212,484,320	51
GROSS PROFIT	207,504,094	49
OPERATING EXPENSES		
Research and development	29,706,662	7
Administration	12,794,562	3
Marketing	5,367,597	1
Total operating expenses	47,868,821	11
OTHER OPERATING GAINS AND LOSSES	(689,606)	
OPERATING PROFIT	158,945,667	38
NON-OPERATING INCOME AND EXPENSES		
Settlement income	6,939,764	2
Share of profits of associates and joint venture accounted for using the equity method	2,252,325	1
Other income	1,717,630	
Other gains and losses	1,005,132	
Finance costs	(425,356)	
Net foreign exchange loss	(99,130)	
Total non-operating income and expenses	11,390,365	3
PROFIT BEFORE TAX	170,336,032	41
INCOME TAX EXPENSE	5,692,328	2
PROFIT FOR THE YEAR	164,643,704	39
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	(4,605,902)	(1)
Cash flow hedges	(814)	
Actuarial losses on defined benefit plan	(2,472,266)	
Share of other comprehensive income of associates and joint venture accounted for using the equity method	(359,736)	

(Continued)

	Amount	%
Tax effect on other comprehensive income	418,843	
OTHER COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)	\$ (7,019,875)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 157,623,829	38
PROFIT ATTRIBUTABLE TO:		
Owners of the Parent	\$ 163,939,741	39
Non-controlling interests	703,963	
	\$ 164,643,704	39
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Parent	\$ 156,918,257	38
Non-controlling interests	705,572	
	\$ 157,623,829	38
EARNINGS PER SHARE (NT\$)		
Basic	\$ 6.33	
Diluted	\$ 6.32	

(Concluded)

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

IFRS PRO FORMA CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2010

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Share Capital- Common Stock	Equity Attributable to Owners of the Parent						Exchange Differences on Translating Foreign Operations	Others		Equity Attributable to Owners of the Parent	Non- controlling Interests
	Retained Earnings	Legal	Special	Unappropriated Earnings	Total	Cash Flow Hedges		Investments in Equity Instruments			
Shares (In Thousands)	Amount	Capital Surplus	Capital Reserve	Capital Reserve	Unappropriated Earnings	Total	Operations	Cash Flow Hedges	Equity Instruments	of the Parent	Interests
25,902,706	\$ 259,027,066	\$ 55,486,010	\$ 77,317,710	\$	\$ 101,681,795	\$ 178,999,505	\$ (1,766,667)	\$ 255	\$ 694,031	\$ 492,440,200	\$ 3,947,208
			8,921,784		(8,921,784)						
				1,313,047	(1,313,047)						
					(77,708,120)	(77,708,120)				(77,708,120)	
25,902,706	259,027,066	55,486,010	86,239,494	1,313,047	13,738,844	101,291,385	(1,766,667)	255	694,031	414,732,080	3,947,208
					163,939,741	163,939,741				163,939,741	703,963
					(2,048,257)	(2,048,257)	(4,776,496)	(5,475)	(191,256)	(7,021,484)	1,609
					161,891,484	161,891,484	(4,776,496)	(5,475)	(191,256)	156,918,257	705,572
		(17,885)								(17,885)	4,387

7,372 73,721 171,103 244,824

62,467 62,467 31,702

(130,083)

25,910,078 \$ 259,100,787 \$ 55,701,695 \$ 86,239,494 \$ 1,313,047 \$ 175,630,328 \$ 263,182,869 \$ (6,543,163) \$ (5,220) \$ 502,775 \$ 571,939,743 \$ 4,558,786

Taiwan Semiconductor Manufacturing Company Limited and Subsidiaries

IFRS PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

FOR THE YEAR ENDED DECEMBER 31, 2010

(In Thousands of New Taiwan Dollars)

	Amount
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit for the year	\$ 170,336,032
Adjustments for:	
Net gain arising on financial assets measured at fair value through profit or loss	(815,188)
Amortization of premium/discount of financial assets	34,142
Impairment of other receivables	48,372
Share of profits of associates and joint venture accounted for using the equity method	(2,252,325)
Depreciation of property, plant and equipment	85,573,387
Impairment of property, plant and equipment	319
Net loss on disposal of property, plant and equipment and intangible assets	633,230
Amortization of intangible assets	2,236,716
Settlement income from receiving equity securities	(4,434,364)
Interest income	(1,665,193)
Dividends income	(52,437)
Interest expense	425,356
Net foreign exchange loss	219,241
Changes in operating assets and liabilities:	
Decrease (increase) in	
Derivative financial instruments	198,172
Trade receivables from related parties	9,802
Notes and trade receivables	(6,431,539)
Other receivables from related parties	(3,294)
Other receivables	519,421
Inventories	(7,492,233)
Other current assets	(827,520)
Increase (decrease) in:	
Trade payables	1,198,289
Payables to related parties	84,078
Salary and bonus payable	(2,892,971)
Accrued profit sharing to employees and bonus to directors and supervisors	4,277,804
Accrued expenses and other current liabilities	215,641
Provisions	(1,178,217)
Retirement benefit obligations	5,884
Deferred revenue	(59,150)
Net cash generated from operations	237,911,455
Income taxes paid	(9,818,418)
Net cash generated by operating activities	228,093,037

(Continued)

	Amount
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	\$ 1,886,731
Dividends received	372,439
Payments for property, plant and equipment	(186,944,203)
Payments to acquire financial assets measured at fair value through profit or loss	(50,153,262)
Payments to acquire financial assets measured at amortized cost	(4,101,501)
Payments for investments accounted for using the equity method	(6,242,350)
Proceeds from disposal of financial assets measured at fair value through profit or loss	38,058,623
Proceeds from redemption of financial assets measured at amortized cost	15,943,000
Proceeds from disposal of property, plant and equipment	115,524
Payments for intangible assets	(1,801,728)
Increase in refundable deposits	(6,440,410)
Proceeds from refundable deposits	59,547
Purchase of other assets	(1,063,058)
Net cash used in investing activities	(200,310,648)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from short-term borrowings	31,213,944
Repayment of long-term borrowings	(967,034)
Repayment of other long-term payables	(1,107,333)
Interest paid	(392,805)
Decrease in guarantee deposits	(232,925)
Proceeds from donation	49,021
Proceeds from issue of ordinary shares under employee share options	244,824
Cash dividends paid	(77,708,120)
Decrease in non-controlling interests	(130,083)
Net cash used in financing activities	(49,030,511)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,141,264)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,389,386)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	171,276,341
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 147,886,955

(Concluded)

Reconciliation of ROC GAAP to IFRS Pro Forma

(In Thousands of New Taiwan Dollars)

A. Condensed Consolidated Balance Sheet at January 1, 2010

ROC GAAP Item	Amount	Reconciliations Amount	Amount	IFRS Pro Forma (unaudited) Item	Notes
Current assets					
Cash and cash equivalents	\$ 171,276,341	\$	\$ 171,276,341	Cash and cash equivalents	
Financial assets	24,520,870		24,520,870	Financial assets	1
Accounts receivable-Trade	35,382,360	8,724,481	44,106,841	Accounts receivable-Trade	2
Inventories	20,913,751		20,913,751	Inventories	
Other current assets	7,710,426	(4,370,309)	3,340,117	Other current assets	3
Total current assets	259,803,748	4,354,172	264,157,920	Total current assets	
Long-term investments					
Investments accounted for using the equity method	\$ 17,871,208	\$ 709,942	\$ 18,581,150	Investments accounted for using the equity method	
Financial assets	19,974,295	478,084	20,452,379	Financial assets	1
Total long-term investments	37,845,503	1,188,026	39,033,529		
Property, plant and equipment	273,674,787	50,127	273,724,914	Property, plant and equipment	
Intangible assets	12,389,872		12,389,872	Intangible assets	
Other assets	10,982,310	4,320,182	15,302,492	Other assets	3
Total assets	\$ 594,696,220	\$ 9,912,507	\$ 604,608,727	Total assets	
Current liabilities					
Accounts payable	\$ 11,688,891	\$	\$ 11,688,891	Trade payables	
Income tax payable	8,800,249	3,588,008	12,388,257	Current tax liabilities	4
Payables to contractors and equipment suppliers	28,924,265		28,924,265	Payables to contractors and equipment suppliers	
Accrued expenses and other current liabilities	28,770,585		28,770,585	Accrued expenses and other current liabilities	
		8,724,481	8,724,481	Provisions	2
Current portion of long-term bank loans	949,298		949,298	Current portion of long-term borrowings	
Total current liabilities	79,133,288	12,312,489	91,445,777	Total current liabilities	
Long-term liabilities	11,388,479		11,388,479	Long-term liabilities	
Other liabilities	5,125,905	261,158	5,387,063	Other liabilities	5

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Total liabilities	95,647,672	12,573,647	108,221,319	Total liabilities
Equity attributable to shareholders equity of the parent	495,082,712	(2,642,512)	492,440,200	Equity attributable to owners of the Parent
Minority interests	3,965,836	(18,628)	3,947,208	Non-controlling interests
Total shareholders equity	499,048,548	(2,661,140)	496,387,408	Total equity 6
Total liabilities and shareholders equity	\$ 594,696,220	\$ 9,912,507	\$ 604,608,727	Total liabilities and equity

B. Condensed Consolidated Balance Sheet at December 31, 2010

ROC GAAP Item	Amount	Reconciliations Amount	Amount	IFRS Pro Forma (unaudited) Item	Notes
Current assets					
Cash and cash equivalents	\$ 147,886,955	\$	\$ 147,886,955	Cash and cash equivalents	
Financial assets	33,687,203		33,687,203	Financial assets	1
Accounts receivable-Trade	42,982,314	7,546,264	50,528,578	Accounts receivable-Trade	2
Inventories	28,405,984		28,405,984	Inventories	
Other current assets	8,556,861	(5,373,076)	3,183,785	Other current assets	3
Total current assets	261,519,317	2,173,188	263,692,505	Total current assets	
Long-term investments					
Investments accounted for using the equity method	\$ 25,815,385	\$ 477,000	\$ 26,292,385	Investments accounted for using the equity method	
Financial assets	13,960,143	1,001,876	14,962,019	Financial assets	1
Total long-term investments	39,775,528	1,478,876	41,254,404		
Property, plant and equipment	388,444,023	44,389	388,488,412	Property, plant and equipment	
Intangible assets	11,731,982		11,731,982	Intangible assets	
Other assets	17,458,054	5,747,530	23,205,584	Other assets	3
Total assets	\$ 718,928,904	\$ 9,443,983	\$ 728,372,887	Total assets	
Current liabilities					
Short-term loans	\$ 31,213,944	\$	\$ 31,213,944	Short-term borrowings	
Accounts payable	12,971,258		12,971,258	Trade payables	
Income tax payable	7,184,697	1,379,606	8,564,303	Current tax liabilities	4
Payables to contractors and equipment suppliers	43,259,857		43,259,857	Payables to contractors and equipment suppliers	
Accrued expenses and other current liabilities	28,319,950		28,319,950	Accrued expenses and other current liabilities	
Current portion of long-term bank loans	241,407	7,546,264	7,546,264	Provisions	2
			241,407	Current portion of long-term borrowings	
Total current liabilities	123,191,113	8,925,870	132,116,983	Total current liabilities	
Long-term liabilities	12,050,755		12,050,755	Long-term liabilities	
Other liabilities	4,982,631	2,723,989	7,706,620	Other liabilities	5
Total liabilities	140,224,499	11,649,859	151,874,358	Total liabilities	
Equity attributable to shareholders equity of the parent	574,144,918	(2,205,175)	571,939,743	Equity attributable to owners of the Parent	

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Minority interests	4,559,487	(701)	4,558,786	Non-controlling interests	
Total shareholders equity	578,704,405	(2,205,876)	576,498,529	Total equity	6
Total liabilities and shareholders equity	\$ 718,928,904	\$ 9,443,983	\$ 728,372,887	Total liabilities and equity	

C. Condensed Consolidated Statement of Comprehensive Income for the Year ended December 31, 2010

	ROC GAAP		Reconciliations		IFRS Pro Forma (unaudited)	
Item	Amount		Amount	Amount	Item	Notes
Net sales	\$ 419,537,911	\$	450,503	\$ 419,988,414	Revenue	7
Cost of sales	212,484,320			212,484,320	Cost of sales	
Gross profit	207,053,591		450,503	207,504,094	Gross profit	
Operating expenses						
Research and development	29,706,662			29,706,662	Research and development	
Administration	12,803,997	(9,435)		12,794,562	Administration	
Marketing	5,367,597			5,367,597	Marketing	
Total operating expenses	47,878,256	(9,435)		47,868,821		
			(689,606)	(689,606)	Other operating gains and losses	8
Operating profit	159,175,335	(229,668)		158,945,667	Operating profit	
Non-operating income and expenses, net	11,095,060	295,305		11,390,365	Non-operating income and expenses, net	
Profit before tax	170,270,395	65,637		170,336,032	Profit before tax	
Income tax expense	7,988,465	(2,296,137)		5,692,328	Income tax expense	9
Profit for the year	\$ 162,281,930	\$	2,361,774	164,643,704	Profit for the year	
				(4,605,902)	Exchange differences on translating foreign operations	
				(814)	Cash flow hedges	
				(2,472,266)	Actuarial losses on defined benefit plan	
				(359,736)	Share of other comprehensive income of associates and joint venture accounted for using the equity method	
				418,843	Tax effect of other comprehensive Income	
				(7,019,875)	Other comprehensive income for the year	
				\$ 157,623,829	Total comprehensive income for the year	

D. Condensed Consolidated Statement of Cash Flows for the Year ended December 31, 2010

ROC GAAP

Reconciliations

IFRS Pro Forma (unaudited)

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Item	Amount	Amount	Amount	Item	Notes
Net cash inflow (outflow) from:					
Operating activities	\$ 229,475,766	(\$ 1,382,729)	\$ 228,093,037	Operating activities	10
Investing activities	(202,086,182)	1,775,534	(200,310,648)	Investing activities	10
Financing activities	(48,637,706)	(392,805)	(49,030,511)	Financing activities	10
	(21,248,122)		(21,248,122)		
Cash and cash equivalents at the beginning of the year	171,276,341		171,276,341	Cash and cash equivalents at the beginning of the year	
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,141,264)		(2,141,264)	Effects of exchange rate changes on the balance of cash held in foreign currencies	
Cash and cash equivalents at the end of the year	\$ 147,886,955	\$	\$ 147,886,955	Cash and cash equivalents at the end of the year	

Notes of ROC GAAP to IFRS Pro Forma Reconciliation

(In Thousands of New Taiwan Dollars)

1. Financial assets

ROC GAAP Category	January 1, 2010		IFRS Pro Forma (unaudited) Category	Amount	Difference
	Amount				
Financial assets at fair value through profit or loss	\$ 186,081	Financial assets measured at fair value through profit or loss	\$ 18,475,164		
Available-for-sale financial assets	15,747,995	Financial assets measured at amortized cost	26,498,085		
Held-to-maturity financial assets	25,498,085				
Financial assets carried at cost	3,063,004				
	\$ 44,495,165		\$ 44,973,249	\$ 478,084	
Current Portion	(24,520,870)	Current Portion	(24,520,870)		
	\$ 19,974,295		\$ 20,452,379	\$ 478,084	

ROC GAAP Category	December 31, 2010		IFRS Pro Forma (unaudited) Category	Amount	Difference
	Amount				
Financial assets at fair value through profit or loss	\$ 6,886	Financial assets measured at fair value through profit or loss	\$ 34,349,746		
Available-for-sale financial assets	29,916,777	Financial assets measured at amortized cost	14,299,476		
Held-to-maturity financial assets	13,299,476				
Financial assets carried at cost	4,424,207				
	\$ 47,647,346		\$ 48,649,222	\$ 1,001,876	
Current Portion	(33,687,203)	Current Portion	(33,687,203)		
	\$ 13,960,143		\$ 14,962,019	\$ 1,001,876	

Under ROC GAAP, financial assets are classified as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, financial assets carried at cost, or loans and receivables.

Under IFRS, financial assets are classified either as financial assets measured at fair value through profit or loss, or as financial assets measured at amortized cost.

The amount difference is mainly due to certain financial assets carried at cost under ROC GAAP are required to be measured at fair value under IFRS.

2. Accounts receivables-trade / Provisions

Under IFRS, the allowance and others is a present obligation with uncertain timing and amount that arises from past events, and is reclassified as provisions accordingly.

3. Other current assets / Other assets

The reconciliation is mainly due to the deferred tax asset is classified as non-current asset under IFRS.

Under ROC GAAP, a deferred tax asset 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 does not relate to an asset 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.

4. Income tax payable (IFRS: Current tax liabilities)

In the ROC, a 10% tax is imposed on unappropriated earnings. For ROC GAAP purposes, the Company records the 10% tax on unappropriated earnings in the year of shareholders' approval.

Under IFRS, the 10% tax on unappropriated earnings should be accrued during the period the earnings arise and adjusted to the extent that distributions are approved by the shareholders in the following year.

5. Other liabilities

The reconciliation is mainly due to the accumulated actuarial gains and losses for all defined benefit plans reset to zero on the date of transition to IFRS. The actuarial gains and losses are subsequently recognized in other comprehensive income in the period in which they occur.

6. Total shareholders' equity

The reconciliation of shareholders' equity between ROC GAAP and IFRS is as follows:

	Note	December 31, 2010	January 01, 2010
ROC GAAP		\$ 578,704,405	\$ 499,048,548
Adjustments for:			
Recognition and measurement of financial assets	1	1,001,876	478,084
Unappropriated earnings tax on earnings	4	(1,379,606)	(3,588,008)
Defined benefit plans	5	(2,305,146)	(261,158)
Others		477,000	709,942
IFRS pro forma		\$ 576,498,529	\$ 496,387,408

7. Net sales (IFRS: Revenue)

Under IFRS, in addition to net sales, technical service income is classified under revenue based on the nature of operating transactions.

8. Other operating gains and losses

Under IFRS, certain non-operating gains and losses under ROC GAAP, including rental revenue, net loss on disposal of property, plant and equipment, and casualty loss, are classified as other operating gains and losses based on the nature of operating transactions.

9. Income tax expense

In the ROC, a 10% tax is imposed on unappropriated earnings. For ROC GAAP purposes, the Company records the 10% tax on unappropriated earnings in the year of shareholders' approval.

Under IFRS, the 10% tax on unappropriated earnings should be accrued during the period the earnings arise and adjusted to the extent that distributions are approved by the shareholders in the following year.

The reconciliation is mainly due to the accrued 10% tax on unappropriated earnings for 2010, offset by additional investment tax credits recognized in 2010 and the reversal of the accrued 10% tax on unappropriated earnings for 2009.

10. Consolidated statement of cash flow

Under ROC GAAP, the amounts of interest received, dividends received and interest paid should be classified as cash flow from operating activities.

Under IFRS, the amounts of interest and the dividends received are classified as cash flow from investing activity according to their nature. The amount of interest paid is classified as cash flow from financing activity.