

Securities issued by a subsidiary that enable their holders to obtain the subsidiary's common stock shall be included in computing the subsidiary's earnings per share data. Those per-share earnings of the subsidiary shall then be included in the consolidated earnings per share computations based on the consolidated Company's holding of the subsidiary's securities.

3. U.S. DOLLAR AMOUNTS

The Company maintains its accounts and expresses its consolidated financial statements in New Taiwan dollars. For convenience only, U.S. dollar amounts presented in the accompanying consolidated financial statements have been translated from New Taiwan dollars as set forth in the statistical release of the Federal Reserve Board as of December 30, 2011, which was NT\$30.27 to US\$1.00. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

4. EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES

The Company adopted the newly-revised Statements of Financial Accounting Standards No. 34, "Financial Instruments," ("SFAS No. 34") beginning from January 1, 2011. When an enterprise adopts the revised provisions, the initial recognition of loans and receivables shall be accounted for under SFAS No. 34. There was no effect on the consolidated net income and after-tax basic earnings per share for the year ended December 31, 2011 as a result of the adoption of SFAS No. 34.

5. CASH AND CASH EQUIVALENTS

	December 31	
	2010	2011
	NT\$	NT\$
	(In Millions)	
Cash		
Cash on hand	\$ 125	\$ 239
Bank deposits	7,047	6,258
Negotiable certificate of deposit, annual yield rate - ranging from 0.52%-0.91% and 0.80%-1.05% for 2010 and 2011, respectively	54,265	41,627
	<u>61,437</u>	<u>48,124</u>
Cash equivalents		
Commercial paper, annual yield rate - ranging from 0.41%-0.48% and 0.70%-0.80% for 2010 and 2011, respectively	26,550	18,966
Treasury bills, annual yield rate - ranging from 0.42%-0.43% and 0.70% for 2010 and 2011, respectively	2,888	300
	<u>29,438</u>	<u>19,266</u>
	<u>\$ 90,875</u>	<u>\$ 67,390</u>