

Net gain arising from all of our foreign currency trading, hedging and derivative financial instruments for the year ended December 31, 2010 was NT\$63.1 million, including realized settlement gain of NT\$35.2 million and valuation gain of NT\$27.9 million.

Net loss arising from all of our foreign currency trading, hedging and derivative financial instruments for the year ended December 31, 2011 was NT\$72.8 million (US\$2.4 million), including realized settlement loss of NT\$40.9 million (US\$1.35 million) and valuation loss of NT\$31.9 million (US\$1.05 million).

Equity Price Risk

We are exposed to equity price risk as a result of our available-for-sale equity securities, including publicly-traded equities, NT dollar- and foreign currency-denominated mutual funds, and exchange-traded funds, or ETFs, and we manage our equity investment portfolio in accordance with our internal regulations.

The table below presents the carrying amount and unrealized gain or loss for our available-for-sale equity securities as of December 31, 2011.

	Carrying Amount	December 31, 2011 Unrealized Gain	Unrealized Loss
	NT\$	NT\$	NT\$
	(In Millions)		
Available-for-sale equity securities			
Open-end mutual funds	\$ 2,137	\$ 77	\$ 9
Domestic listed stocks	343	55	54
	<u>2,480</u>	<u>132</u>	<u>63</u>

The total value of our available-for-sale equity portfolio amounted to NT\$2.5 billion (US\$81.9 million) as of December 31, 2011, which was approximately 19% more than the total value of our equity portfolio as of December 31, 2010. This increase was mainly due to the net-increase in purchase of our portfolio, partially offset by the decline in equity prices over 2011. Compared to a net unrealized gain of NT\$208.2 million on our equity portfolio at the end of 2010, we recognized a net unrealized gain of NT\$69.0 million (US\$2.3 million) on our equity portfolio as of December 31, 2011. The decrease in unrealized gain was mainly due to the decline in global equity markets, in particular that of Taiwan with domestic stock index falling 21% during 2011.

For the year ended December 31, 2011, pursuant to R.O.C. and U.S. accounting regulations, no impairment charge was recognized. The value of our equity holdings fluctuates depending on the market conditions. However, we do not expect the gains and losses in the values of the equities that we hold to have a material impact on our financial condition and results of operations.

Other Market Risk

We have made investments in convertible bonds and corporate bonds issued by domestic public companies with strong industry leadership and solid profits. Industries we invested include financial holdings, semiconductors, electronics, and so on. As of December 31, 2011, total value of our investments in convertible bonds and corporate bonds amounted to NT\$117 million (US\$3.8 million), of which, NT\$40 million (US\$1.3 million) convertible bonds were classified as financial assets at fair value through profit or loss and NT\$77 million (US\$2.5 million) corporate bonds were classified as available-for-sale financial assets on recognition. The fair values of these convertible bonds and corporate bonds are either based on quoted market prices or valued using market-based observable inputs including duration, yield rate and credit rating, which are subject to fluctuation based on many factors such