China Steel Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2013 and 2012 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
China Steel Corporation

We have reviewed the accompanying consolidated balance sheets of China Steel Corporation (the "Corporation") and its subsidiaries as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except for the matters described in the third paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As discussed in Note 4 to the accompanying consolidated financial statements, certain subsidiaries (all unlisted companies) included in the consolidated financial statements were unreviewed. As of March 31, 2013 and 2012, these subsidiaries' total assets amounted to NT$67,363,853 thousand and NT$74,857,776 thousand, or 10% and 12%, respectively, of consolidated total assets, and their total liabilities amounted to NT$13,403,484 thousand and NT$22,972,603 thousand, or 4% and 7%, respectively, of consolidated total liabilities. For the three months ended March 31, 2013 and 2012, their comprehensive income amounted to NT$890,498 thousand and NT$1,312,903 thousand, or 12% and 223%, respectively, of consolidated comprehensive income. As discussed in Note 15 to the accompanying consolidated financial statements, the investments accounted for using equity method amounted to NT$10,896,459 thousand and NT$2,479,223 thousand as of March 31, 2013 and 2012, respectively, the related share of the profit or loss amounted to profit NT$38,250 thousand and loss NT$156,417 thousand for the three months ended March 31, 2013 and 2012, respectively, and the related share of the other comprehensive income amounted to NT$15,776 thousand and NT$11,930 thousand for the three months ended March 31, 2013 and 2012, respectively. These amounts were based on the investees' unreviewed financial statements for the same reporting periods as those of the Corporation.

Based on our reviews, except for the effects of any adjustments that might have been determined to be necessary had the financial statements of the investees referred to in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards No. 1 "First-time Adoption of International Financial Reporting Standards", and International Accounting Standards No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 13, 2013

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent accountants' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent accountants' review report and consolidated financial statements shall prevail.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2013, DECEMBER 31, 2012, MARCH 31, 2012 AND JANUARY 1, 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Notes 4, 6 and 31)	$ 16,091,435	2	$ 18,100,737	3	$ 14,410,214	2	$ 12,131,328	2
Financial assets at fair value through profit or loss - current (Notes 4, 5, 7 and 31)	4,939,400	1	3,940,343	1	3,889,863	1	3,439,676	1
Available-for-sale financial assets - current (Notes 4, 5, 8 and 31)	4,142,501	1	4,785,015	1	5,891,521	1	5,389,711	1
Held-to-maturity financial assets - current (Notes 4, 9 and 31)	-	-	-	-	59,020	-	60,550	-
Derivative financial assets for hedging - current (Notes 4, 10 and 31)	52,517	-	45,950	-	61,974	-	115,768	-
Notes receivable, net (Notes 4, 11, 31 and 32)	1,324,846	-	1,490,986	-	1,887,712	-	1,901,604	-
Accounts receivable, net (Notes 4, 5, 11, 31 and 32)	11,466,743	2	10,560,747	2	11,263,069	2	10,213,979	2
Amounts due from customers for construction contracts (Notes 4 and 12)	8,398,416	1	7,432,666	1	8,966,958	2	8,716,229	1
Other receivables (Notes 4 and 31)	2,327,236	-	1,474,155	-	2,366,103	-	1,893,546	-
Current tax assets	147,881	-	58,085	-	612,309	-	453,304	-
Inventories (Notes 4, 5 and 13)	74,734,540	12	76,867,018	12	99,478,197	16	107,277,509	17
Other financial assets - current (Notes 4, 16, 31 and 33)	14,984,133	2	13,523,714	2	18,055,657	3	15,902,288	3
Other current assets (Note 24)	4,510,390	1	4,775,722	1	6,419,509	1	5,777,149	1
Total current assets	143,120,038	22	143,055,138	23	173,362,106	28	173,272,641	28
NONCURRENT ASSETS								
Financial assets at fair value through profit or loss - noncurrent (Notes 4, 7 and 31)	3,225	-	259	-	115	-	23,979	-
Available-for-sale financial assets - noncurrent (Notes 4, 5, 8 and 31)	20,755,803	3	18,164,094	3	17,524,675	3	16,330,183	3
Held-to-maturity financial assets - noncurrent (Notes 4, 9 and 31)	204,539	-	185,159	-	121,167	-	109,171	-
Derivative financial assets for hedging - noncurrent (Notes 4, 10 and 31)	28,519	-	6,983	-	48,155	-	124,920	-
Bond investments with no active market - noncurrent (Notes 4, 14 and 31)	3,343,212	1	3,536,086	1	3,736,580	1	4,050,222	1
Investments accounted for using equity method (Notes 4 and 15)	10,896,459	2	2,616,833	1	2,479,223	1	2,608,514	1
Property, plant and equipment (Notes 4, 5, 10, 16, 17 and 33)	439,862,609	69	432,333,039	69	406,658,617	65	399,201,205	65
Investment properties (Notes 4, 5, 18 and 33)	8,640,684	1	8,689,136	1	8,581,725	1	8,690,127	1
Intangible assets	1,499,155	-	1,535,907	-	1,599,847	-	1,626,341	-
Deferred tax assets (Notes 4 and 5)	7,892,247	1	7,829,804	1	7,771,762	1	7,106,931	1
Refundable deposits (Notes 4 and 31)	453,487	-	431,779	-	286,754	-	428,431	-
Other financial assets - noncurrent (Notes 4, 16, 31 and 33)	391,564	-	458,971	-	880,072	-	2,518,424	-
Other noncurrent assets	5,890,157	1	4,606,777	1	2,206,627	-	2,130,072	-
Total noncurrent assets	499,861,660	78	480,394,827	77	451,895,319	72	444,948,520	72
TOTAL	$ 642,981,698	100	$ 623,449,965	100	$ 625,257,425	100	$ 618,221,161	100

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term borrowings and bank overdraft (Notes 19, 31 and 33)	$ 41,876,646	6	$ 25,637,077	4	$ 40,804,089	6	$ 59,918,010	10
Short-term bills payable (Notes 19, 31 and 33)	45,810,367	7	28,679,430	5	32,515,562	5	22,357,900	4
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 31)	9,871	-	4,362	-	4,302	-	90	-
Derivative financial liabilities for hedging - current (Notes 4, 10 and 31)	230,493	-	240,380	-	106,751	-	53,331	-
Notes payable (Notes 21, 31 and 32)	666,365	-	261,617	-	681,686	-	1,066,418	-
Accounts payable (Notes 21, 31 and 32)	10,735,540	2	10,332,163	2	11,320,617	2	10,131,244	2
Amounts due to customers for construction contracts (Notes 4 and 12)	4,634,097	1	3,647,356	1	3,703,421	1	2,203,481	-
Other payables (Notes 22, 24 and 31)	19,515,019	3	20,491,865	3	17,083,705	3	20,859,732	3
Current tax liabilities	2,919,737	-	2,098,817	-	3,870,060	1	3,376,691	1
Provisions - current (Notes 4, 5 and 23)	3,424,255	1	2,176,179	-	2,157,952	-	2,810,630	-
Current portion of bonds payable (Notes 20 and 31)	11,273,157	2	11,272,543	2	11,271,314	2	11,270,086	2
Current portion of long-term borrowings (Notes 19, 31 and 33)	19,294,771	3	20,979,088	3	20,393,498	3	11,715,737	2
Other current liabilities	2,527,180	-	2,357,360	-	2,970,988	-	2,961,332	-
Total current liabilities	162,917,498	25	128,178,237	20	146,883,945	23	148,724,682	24
NONCURRENT LIABILITIES								
Financial liabilities at fair value through profit or loss - noncurrent (Notes 4, 7 and 31)	1,610	-	1,739	-	168	-	-	-
Derivative financial liabilities for hedging - noncurrent (Notes 4, 10 and 31)	32,601	-	86,829	-	133,547	-	42,475	-
Bonds payable (Notes 20 and 31)	46,913,747	8	47,069,227	8	38,511,639	6	37,944,340	6
Long-term borrowings (Notes 19, 31 and 33)	76,403,763	12	92,255,495	15	86,182,793	14	75,533,461	12
Long-term bills payable (Notes 19 and 31)	25,180,376	4	31,783,731	5	19,865,337	3	24,813,719	4
Deferred tax liabilities (Note 4)	13,071,324	2	12,922,120	2	13,307,978	2	13,080,149	2
Accrued pension liabilities (Notes 4, 5 and 24)	7,394,499	1	7,439,282	1	7,623,952	2	7,671,000	2
Other noncurrent liabilities (Notes 5 and 23)	1,007,278	-	972,505	-	938,851	-	946,910	-
Total noncurrent liabilities	170,005,198	27	192,530,928	31	166,564,265	27	160,032,054	26
Total liabilities	332,922,696	52	320,709,165	51	313,448,210	50	308,756,736	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 10, 16 and 25)								
Share capital								
Ordinary shares	152,724,765	24	152,724,765	24	150,462,093	24	150,462,093	24
Preference shares	382,680	-	382,680	-	382,680	-	382,680	-
Total share capital	153,107,445	24	153,107,445	24	150,844,773	24	150,844,773	24
Capital surplus	36,621,543	6	36,575,997	6	36,185,788	6	36,184,596	6
Retained earnings								
Legal reserve	54,778,577	8	54,778,577	9	52,829,209	8	52,829,209	8
Special reserve	29,247,207	4	29,248,991	4	29,251,979	5	29,251,979	5
Unappropriated earnings	9,959,782	2	6,156,721	1	18,904,455	3	19,606,971	3
Total retained earnings	93,985,566	14	90,184,289	14	100,985,643	16	101,688,159	16
Other equity	6,534,912	1	4,585,717	1	6,765,609	1	5,824,756	1
Treasury shares	(8,582,187)	(1)	(8,582,297)	(1)	(8,292,447)	(1)	(8,290,245)	(1)
Total equity attributable to the owners of the Corporation	281,667,279	44	275,871,151	44	286,489,366	46	286,252,039	46
NON-CONTROLLING INTERESTS	28,391,723	4	26,869,649	5	25,319,849	4	23,212,386	4
Total equity	310,059,002	48	302,740,800	49	311,809,215	50	309,464,425	50
TOTAL	$ 642,981,698	100	$ 623,449,965	100	$ 625,257,425	100	$ 618,221,161	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2013)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 10, 26, 32 and 36)	$ 88,460,515	100	$ 93,862,467	100
OPERATING COSTS (Notes 13, 24 and 32)	79,373,906	90	90,984,263	97
GROSS PROFIT	9,086,609	10	2,878,204	3
REALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	7,809	-	7,809	-
REALIZED GROSS PROFIT	9,094,418	10	2,886,013	3
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	1,296,434	1	1,100,200	1
General and administrative expenses	1,467,616	2	1,255,915	1
Research and development expenses	420,265	1	402,801	1
Total operating expenses	3,184,315	4	2,758,916	3
PROFIT FROM OPERATIONS	5,910,103	6	127,097	-
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 27)	509,966	1	330,165	-
Other gains and losses (Notes 27 and 31)	(116,393)	-	(80,406)	-
Finance costs (Note 27)	(663,015)	(1)	(584,923)	-
Share of the profit (loss) of associates and joint ventures	37,992	-	(157,026)	-
Total non-operating income and expenses	(231,450)	-	(492,190)	-
PROFIT (LOSS) BEFORE INCOME TAX	5,678,653	6	(365,093)	-
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 28)	801,087	1	(57,212)	-
NET PROFIT (LOSS) FOR THE PERIOD	4,877,566	5	(307,881)	-
OTHER COMPREHENSIVE INCOME (Notes 4, 10, 16, 25, 28 and 31)				
Exchange differences on translating foreign operations	826,923	1	(316,583)	-

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	Three Months Ended March 31			
	2013		2012	
	Amount	%	Amount	%
Unrealized gain on available-for-sale financial assets	$ 1,319,859	2	$ 1,595,381	2
Cash flow hedges	144,153	-	(469,644)	(1)
Actuarial loss from defined benefit plans	(1,130)	-	-	-
Share of the other comprehensive income of associates and joint ventures	15,776	-	11,930	-
Income tax relating to the components of other comprehensive income	(42,713)	-	75,560	-
Total other comprehensive income, net of income tax	2,262,868	3	896,644	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 7,140,434	8	$ 588,763	1
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	$ 3,792,596		$ (702,516)	
Non-controlling interests	1,084,970		394,635	
	$ 4,877,566		$ (307,881)	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 5,750,472		$ 238,337	
Non-controlling interests	1,389,962		350,426	
	$ 7,140,434		$ 588,763	
EARNINGS (LOSS) PER SHARE (Note 29)				
Basic	$ 0.25		$ (0.05)	
Diluted	$ 0.25		$ (0.05)	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2013) (Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity attributable to the owners of the Corporation												
	Share Capital			Retained earnings			Other equity						
	Ordinary shares	Preference shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating foreign operations	Unrealized gain on available-for-sale financial assets	Cash flow hedges	Treasury shares	Total	Non-controlling interests	Total equity
BALANCE AT JANUARY 1, 2012	$ 150,462,093	$ 382,680	$ 36,184,596	$ 52,829,209	$ 29,251,979	$ 19,606,971	$ -	$ 5,507,672	$ 317,084	$ (8,290,245)	$ 286,252,039	$ 23,212,386	$ 309,464,425
Net profit (loss) for the three months ended March 31, 2012	-	-	-	-	-	(702,516)	-	-	-	-	(702,516)	394,635	(307,881)
Other comprehensive income for the three months ended March 31, 2012, net of income tax	-	-	-	-	-	-	(181,411)	1,515,982	(393,718)	-	940,853	(44,209)	896,644
Total comprehensive income for the three months ended March 31, 2012	-	-	-	-	-	(702,516)	(181,411)	1,515,982	(393,718)	-	238,337	350,426	588,763
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	(8,999)	(8,999)	(7,294)	(16,293)
Disposal of the Corporation's shares held by subsidiaries	-	-	1,192	-	-	-	-	-	-	14,548	15,740	12,758	28,498
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,751,573	1,751,573
Adjustment of other equity	-	-	-	-	-	-	-	-	-	(7,751)	(7,751)	-	(7,751)
BALANCE AT MARCH 31, 2012	$ 150,462,093	$ 382,680	$ 36,185,788	$ 52,829,209	$ 29,251,979	$ 18,904,455	$ (181,411)	$ 7,023,654	$ (76,634)	$ (8,292,447)	$ 286,489,366	$ 25,319,849	$ 311,809,215
BALANCE AT JANUARY 1, 2013	$ 152,724,765	$ 382,680	$ 36,575,997	$ 54,778,577	$ 29,248,991	$ 6,156,721	$ (417,820)	$ 5,283,803	$ (280,266)	$ (8,582,297)	$ 275,871,151	$ 26,869,649	$ 302,740,800
Reversal of special reserve	-	-	-	-	(1,784)	1,784	-	-	-	-	-	-	-
Net profit for the three months ended March 31, 2013	-	-	-	-	-	3,792,596	-	-	-	-	3,792,596	1,084,970	4,877,566
Other comprehensive income for the three months ended March 31, 2013, net of income tax	-	-	-	-	-	8,681	455,542	1,371,325	122,328	-	1,957,876	304,992	2,262,868
Total comprehensive income for the three months ended March 31, 2013	-	-	-	-	-	3,801,277	455,542	1,371,325	122,328	-	5,750,472	1,389,962	7,140,434
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	132,112	132,112
Adjustment of other equity	-	-	45,546	-	-	-	-	-	-	110	45,656	-	45,656
BALANCE AT MARCH 31, 2013	$ 152,724,765	$ 382,680	$ 36,621,543	$ 54,778,577	$ 29,247,207	$ 9,959,782	$ 37,722	$ 6,655,128	$ (157,938)	$ (8,582,187)	$ 281,667,279	$ 28,391,723	$ 310,059,002

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2013)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 5,678,653	$ (365,093)
Adjustments for:		
Depreciation expense	7,386,962	6,652,595
Amortization expense	62,361	52,149
Net gain on financial assets and liabilities at fair value through profit or loss	(75,862)	(62,043)
Finance costs	663,015	584,923
Interest income	(92,806)	(90,565)
Dividend income	(1,803)	(3,908)
Share of the loss (profit) of associates and joint ventures	(38,250)	156,417
Loss on disposal of property, plant and equipment	16,900	101,901
Gain on disposal of investments	(230,594)	(43,630)
Provision for loss on inventories	1,657,017	3,141,282
Realized gain on the transactions with associates	(7,809)	(7,809)
Recognition of provisions	1,700,649	67,314
Others	40,218	(35,088)
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(477,059)	(83,837)
Decrease in notes receivable	166,140	13,892
Increase in accounts receivable	(905,693)	(1,048,955)
Decrease (increase) in amounts due from customers for construction contracts	(965,750)	275,481
Increase in other receivables	(918,136)	(470,857)
Decrease in inventories	478,271	4,136,090
Decrease (increase) in other current assets	265,332	(642,360)
Increase (decrease) in notes payable	404,748	(384,732)
Increase in accounts payable	403,377	1,189,373
Increase in amounts due to customers for construction contracts	986,741	1,499,940
Decrease in other payables	(1,218,208)	(3,826,436)
Decrease in provisions	(396,516)	(719,992)
Increase in other current liabilities	113,763	8,355
Decrease in accrued pension liabilities	(44,783)	(47,048)
Cash generated from operations	14,650,878	10,047,359
Income taxes paid	(25,915)	(15,420)
Net cash generated from operating activities	14,624,963	10,031,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	(1,147,120)	(977,700)

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CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
Proceeds from disposal of financial assets designated as at fair value through profit or loss	$ 707,842	$ 724,861
Acquisition of available-for-sale financial assets	(1,524,327)	(1,555,683)
Proceeds from disposal of available-for-sale financial assets	1,156,629	1,336,098
Proceeds from the capital reduction on available-for-sale financial assets	14,403	-
Acquisition of bond investments with no active market	(14,488)	(908)
Acquisition of held-to-maturity financial assets	(44,122)	(14,852)
Proceeds from disposal of held-to-maturity financial assets	72,800	-
Net cash outflow on acquisition of subsidiaries	-	(125,724)
Acquisition of investments accounted for using equity method	(8,105,185)	-
Proceeds from disposal of investments accounted for using equity method	-	5,658
Payments for property, plant and equipment	(15,849,843)	(14,321,624)
Proceeds from disposal of property, plant and equipment	95,323	49,587
Decrease (increase) in refundable deposits	(21,708)	141,677
Payments for intangible assets	(3,303)	(5,755)
Payments for investment properties	(5,214)	-
Increase in other financial assets	(1,355,536)	(339,403)
Decrease in other noncurrent assets	474,864	28,814
Interest received	90,908	61,120
Dividends received	6,775	3,908
Net cash used in investing activities	(25,451,302)	(14,989,926)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	36,345,421	120,765,492
Repayments of short-term borrowings	(21,292,156)	(139,930,714)
Increase in short-term bills payable	17,130,937	10,157,662
Issuance of bonds payable	-	595,100
Proceeds from long-term borrowings	1,738,421	31,738,164
Repayments of long-term borrowings	(19,187,445)	(11,848,839)
Decrease in long-term bills payable	(6,603,355)	(4,948,382)
Increase (decrease) in other noncurrent liabilities	42,582	(2,444)
Dividends paid to owners of the Corporation	(2,668)	(2,350)
Purchase of the Corporation's shares by subsidiaries	-	(16,293)
Disposal of the Corporation's shares held by subsidiaries	-	28,498
Interest paid	(647,547)	(595,576)
Increase in non-controlling interests	132,112	1,739,252
Net cash generated from financing activities	7,656,302	7,679,570

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Three Months Ended March 31	
	2013	**2012**
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	$ 261,237	$ (657,303)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,908,800)	2,064,280
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	16,959,256	8,905,384
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 14,050,456	$ 10,969,664
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2013 and 2012:		
Cash and cash equivalents in the consolidated balance sheets	$ 16,091,435	$ 14,410,214
Bank overdraft	(2,040,979)	(3,440,550)
Cash and cash equivalents in the consolidated statements of cash flows	$ 14,050,456	$ 10,969,664

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2013) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Corporation (the "Corporation") was incorporated on December 3, 1971. It manufactures and sells steel products and engages in mechanical, communications, and electrical engineering.

The shares of the Corporation and its subsidiaries, including China Steel Structure Co., Ltd., China Steel Chemical Corporation, CHC Resources Corporation, China Ecotech Corporation and Chung Hung Steel Corporation Ltd., have been listed on the Taiwan Stock Exchange. The shares of the subsidiary Thintech Materials Technology Co., Ltd. have been traded on the Taiwan GreTai Securities Market since November 20, 2012. The subsidiary Dragon Steel Corporation has issued shares to the public.

As of March 31, 2013, the Ministry of Economic Affairs ("MOEA"), Republic of China owned 20.05% of the Corporation's issued ordinary shares.

The functional and presentation currency of the Corporation is New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and approved for issue on May 3, 2013.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations ("IFRIC") that have been issued by the International Accounting Standards Board ("IASB") were not applied in the consolidated financial statements. As of the date of the board of directors' approval to issue the consolidated financial statements, the Financial Supervisory Commission ("FSC") has not announced the effective dates for the following new, revised or amended standards and interpretations:

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB (Note)
<u>Endorsed by the FSC</u>		
Amendments to IFRSs	Improvements to IFRSs 2009 - Amendments to IAS 39	January 1, 2009 or January 1, 2010
IFRS 9 (2009)	Financial Instruments	January 1, 2015
Amendments to IAS 39	Embedded Derivatives	Effective in fiscal year beginning on or after June 30, 2009

(Continued)

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB (Note)
Not yet endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2010 - Amendments to IAS 39	July 1, 2010 or January 1, 2011
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Government Loans	January 1, 2013
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosure	January 1, 2015
Amendments to IFRS 7	Disclosure - Transfer of Financial Assets	July 1, 2011
Amendments to IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendments to IAS 19	Employee Benefits	January 1, 2013
Amendments to IAS 27	Separate Financial Statements	January 1, 2013
Amendments to IAS 28	Investments in Associates and Joint Ventures	January 1, 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

(Concluded)

Note: Unless otherwise noted, the above new, revised or amended Standards and Interpretations are effective for annual periods beginning on or after the respective effective dates.

Since the FSC has not announced the effective date for the above new, revised or amended Standards and Interpretations, it is not practicable to provide a reasonable estimate of the impact of the initial application of the Standards and Interpretations on the financial position and operation results of the Corporation and its subsidiaries until a detailed review has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, and Interpretations ("IFRSs") approved by the FSC.

The consolidated financial statements of the Corporation and its entire controlled subsidiaries ("Corporation and its subsidiaries") are the first IFRSs interim consolidated financial statements for part of the period covered by its first IFRSs annual consolidated financial statements for the year ended December 31, 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 37 for the impact of IFRSs conversion on the consolidated financial statements.

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail. However, the accompanying consolidated financial statements do not include English translation of the additional footnote disclosures that are not required under generally accepted accounting principles but are required by the Securities and Futures Bureau for their oversight purposes.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" endorsed by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheet as of the date of transition to IFRSs is prepared with the recognition and measurement required by IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Corporation and its subsidiaries except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The optional exemptions the Corporation and its subsidiaries adopted are described in Note 37. The significant accounting policies are set out as below.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control is achieved when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All significant intercompany transactions and balances are eliminated upon consolidation. Non-controlling interests and equity attributable to the owners of the Corporation are presented separately.

Changes in the Corporation's ownership interests in existing subsidiaries

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation'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 the owners of the Corporation.

When the Corporation loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date when control is lost and (ii) the carrying amount of the assets (including goodwill) and liabilities of the former subsidiary and any non-controlling interests at the date when control is lost. The Corporation accounts for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities (i.e. reclassified to profit or loss, or transferred directly to retained earnings as required by applicable IFRSs).

The fair value of any retained investment in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of a financial asset under IAS 39 "Financial Instruments: Recognition and Measurement" if the Corporation has no significant influence or joint control over the former subsidiary. The fair value of any retained investment in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate or a jointly controlled entity if the Corporation has significant influence or joint control over the former subsidiary.

b. Subsidiaries included in consolidated financial statements

The consolidated entities as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 were as follows:

			Percentage of Ownership (%)				
Investor	**Investee**	**Main Businesses**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**	**Additional Descriptions**
China Steel Corporation	China Steel Express Corporation (CSE)	Ocean freight forwarding	100	100	100	100	
	C. S. Aluminium Corporation (CSAC)	Production and sale of aluminum and other non-ferrous metal	100	100	100	100	
	Gains Investment Corporation (GIC)	General investment	100	100	100	100	
	China Prosperity Development Corporation	Real estate sale, rental and development service	100	100	100	100	
	China Steel Asia Pacific Holdings Pte Ltd.	Investment holding company	100	100	100	100	
	China Steel Global Trading Corporation (CSGT)	Steel product agency and trading service	100	100	100	100	
	China Steel Machinery Corporation (CSMC)	Manufacture of machinery and equipment	74	74	74	74	Direct and indirect ownerships amounted to 100%
	China Steel Security Corporation	Guard security and system security	100	100	100	100	
	Info-Champ Systems Corporation (ICSC)	Design and sale of IT hardware and software	100	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012	Additional Descriptions
	CSC Steel Australia Holdings Pty Ltd. (CSCAU)	Investment holding company	100	100	100	100	
	Horng Yih Investment Corporation	General investment	-	100	100	100	Dissolution due to merger in January 2013
	Long Yuan Fa Investment Corporation	General investment	-	100	100	100	Dissolution due to merger in January 2013
	Goang Yaw Investment Corporation	General investment	-	100	100	100	Dissolution due to merger in January 2013
	Himag Magnetic Corporation	Manufacture and trading of magnetic powder	50	50	50	50	Direct and indirect ownerships amounted to 85%
	Dragon Steel Corporation (DSC)	Manufacture and sale of steel product	100	100	100	100	
	China Steel Management Consulting Corporation	Business management consultant	100	100	100	100	
	China Ecotek Corporation (CEC)	Electrical engineering and co-generation	47	48	49	49	Refer to a. below
	China Steel Chemical Corporation (CSCC)	Production and sale of coal chemistry and specialty chemicals	29	29	29	29	Refer to a. below
	Chung Hung Steel Corporation Ltd. (CHSC)	Manufacture and sale of steel product	41	29	29	29	Direct and indirect ownerships amounted to 41%, and refer to a. below
	CHC Resources Corporation (CHC)	Manufacture and sale of slag powder and blast furnace cement, and waste disposal	20	20	20	20	Direct and indirect ownerships amounted to 35%, and refer to a. below
	China Steel Structure Co., Ltd. (CSSC)	Design, manufacture and sale of steel structure	33	33	33	33	Direct and indirect ownerships amounted to 37%, and refer to a. below
	China Steel Sumikin Vietnam Joint Stock Company (CSVC)	Manufacture of steel product	51	51	51	51	
	China Steel Corporation India Pvt. Ltd. (CSCI)	Manufacture and sale of steel product (electromagnetic steel coil)	100	100	100	-	Investment in January 2012
	Winning Investment Corporation (WIC)	General investment	-	-	-	-	Indirect ownership was 58%
	Eminent Venture Capital Corporation (EVCC)	General investment	-	-	-	-	Indirect ownership was 55%
China Steel Express Corporation	CSE Transport Corporation (Panama) (CSEP)	Ocean freight forwarding	100	100	100	100	
	CSEI Transport Corporation (Panama) (CSEIP)	Ocean freight forwarding	100	100	100	100	
	Transyang Shipping Pte Ltd. (TSP)	Ocean freight forwarding	51	51	51	51	
	Transglory Investment Corporation (TIC)	General investment	50	50	50	50	Direct and indirect ownerships amounted to 100%
C.S. Aluminium Corporation	ALU Investment Offshore Corporation	Industry investment	100	100	100	100	
ALU Investment Offshore Corporation	United Steel International Development Corp.	Industry investment	65	65	65	65	Direct and indirect ownerships amounted to 79%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012	Additional Descriptions
United Steel International Development Corp.	Ningbo Huayang Aluminium-Tech Co., Ltd.	Manufacture and sale of aluminum alloy material	100	100	100	100	
Gains Investment Corporation	Eminence Investment Corporation	General investment	100	100	100	100	
	Gainsplus Asset Management Inc.	General investment	100	100	100	100	
	Mentor Consulting Corporation	General investment consulting service	100	100	100	100	
	AmbiCom Technology, Inc.	Wholesale of office machinery and equipment	80	80	80	80	
	Betacera Inc. (BETA)	Manufacture, processing and trading of electronic ceramics	48	48	48	48	Refer to a. below
	Universal Exchange Inc.	Software programming	64	64	57	57	
	Thintech Materials Technology Co., Ltd. (TMTC)	Target material and bimetal material tube sale	33	33	36	36	Direct and indirect ownerships amounted to 42%, 42%, 46% and 46% as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively, and refer to b. below
Eminence Investment Corporation	Shin-Mau Investment Corporation	General investment	30	30	30	30	Direct and indirect ownerships amounted to 100%
	Gau Ruel Investment Corporation	General investment	25	25	25	25	Direct and indirect ownerships amounted to 100%
	Ding Da Investment Corporation	General investment	30	30	30	30	Direct and indirect ownerships amounted to 100%
	Chiun Yu Investment Corporation	General investment	25	25	25	25	Direct and indirect ownerships amounted to 100%
Shin-Mau Investment Corporation	Horng Chyuan Investment Corporation	General investment	5	5	5	5	Direct and indirect ownerships amounted to 100%
	Chi Yih Investment Corporation	General investment	5	5	5	5	Direct and indirect ownerships amounted to 100%
Gau Ruel Investment Corporation	Lih Ching Loong Investment Corporation	General investment	5	5	5	5	Direct and indirect ownerships amounted to 100%
	Sheng Lih Dar Investment Corporation	General investment	4	4	4	4	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing Cherng Fa Investment Corporation	General investment	4	4	4	4	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd.	Electronic ceramics trading	100	100	100	100	
Lefkara Ltd.	Shang Hai Xike Ceramic Electronic Co., Ltd.	Manufacture and sale of electronic ceramics	100	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012	Additional Descriptions
	Betacera (Su Zhou) Co., Ltd.	Manufacture and sale of electronic ceramics	100	100	100	100	
	Suzhou Betacera Technology Co., Ltd.	Manufacture and sale of life-saving equipment for aviation and shipping	100	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech International Limited (TTIL)	International trading and investment service	100	100	100	100	
	Thintech Global Limited	International trading and investment service	100	100	100	100	
	Thintech United Limited	Investment holding company	100	100	-	-	Investment in April 2012
Thintech International Limited	Nantong Zhongxing Materials Technology Co., Ltd. (NZMTCL)	Manufacture, processing and trading of target material	47	47	47	47	Refer to a. below
Thintech Global Limited	Taicang Thintech Materials Co., Ltd.	Manufacture, processing and trading of target material	100	100	100	100	
Thintech United Limited	Thintech United Metal Resources (Taicang) Co., Ltd.	Refining, purification and sale of metal	65	65	-	-	Investment in April 2012
China Prosperity Development Corporation	CK Japan Co., Ltd.	Real estate sale and rental	80	80	80	-	Investment in January 2012; direct and indirect ownerships amounted to 100%
China Steel Asia Pacific Holdings Pte Ltd.	CSC Steel Holdings Berhad (CSHB)	Investment holding company	46	46	46	46	Refer to a. below
	Changzhou China Steel Precision Materials Corporation	Manufacture and sale of titanium-nickel alloy and non-ferrous metal	70	70	70	70	
	Qingdao China Steel Precision Metals Co., Ltd.	Steel cutting and processing	60	60	-	-	Investment in December 2012; direct and indirect ownerships amounted to 70%
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCSSB)	Manufacture and sale of steel product	100	100	100	100	
	Group Steel Corp. (M) Sdn. Bhd.	Manufacture and sale of steel product	100	100	100	100	
	CSC Bio-Coal Sdn. Bhd.	Manufacture biomass coal	100	100	100	100	
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	General investment	100	100	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co., Ltd.	Investment and trading service	100	100	100	100	
	CSGT (Singapore) Pte. Ltd.	Steel product agency and trading service	100	100	100	100	
	Chung Mao Trading (BVI) Co., Ltd.	Steel product agency and trading service	53	53	53	53	
	Wabo Global Trading Corporation	Steel product agency and trading service	44	44	44	44	Direct and indirect ownerships amounted to 50%
	CSGT International Corporation (CIC)	Investment and trading service	100	100	100	100	
Chung Mao Trading (SAMOA) Co., Ltd.	CSGT (Shanghai) Co., Ltd.	Steel product agency and trading service	100	100	100	100	
Chung Mao Trading (BVI) Co., Ltd.	CSGT Hong Kong Limited	Steel product agency and trading service	100	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012	Additional Descriptions
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Steel cutting and processing	45	45	45	45	Direct and indirect ownerships amounted to 50%
Wabo Global Trading Corporation	CSGT Japan Co., Ltd.	Steel product agency and trading service	100	100	100	100	
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	General investment	100	100	-	-	Investment in November 2012
China Steel Machinery Holding Corporation	CSMC (Shanghai) Global Trading Co., Ltd.	International trading	100	-	-	-	Investment in January 2013
China Steel Security Corporation	Steel Castle Technology Corporation	Firefighting equipment wholesaling	100	100	100	100	
	China Steel Management and Maintenance for Building Corporation	Building management	100	100	100	-	Investment in January 2012
Info-Champ Systems Corporation	Info-Champ System (B.V.I.)	Information service	100	100	100	100	
Info-Champ System (B.V.I.)	Wuham InfoChamp I.T. Co., Ltd.	Software programming	100	100	100	100	
CSC Steel Australia Holdings Pty Ltd.	CSC Sonoma Pty Ltd.	General investment	100	100	100	100	
Himag Magnetic Corporation	Himag Magnetic (Belize) Corporation	Magnetic powder trading	100	100	100	100	
China Ecotek Corporation	CEC International Corp.	General investment	100	100	100	100	
	CEC Development Co.	General investment	100	100	100	100	
	CEC Holding Co., Ltd.	General investment	100	-	-	-	Investment in January 2013
	China Ecotek Construction Corporation	Construction, interior design and decoration, and retail and wholesale of building materials	100	100	-	-	Investment in October 2012
CEC International Corp.	China Ecotek India Private Limited	Planning, maintenance and management of eco-construction and eco-equipment	100	100	-	-	Investment in November 2012
CEC Development Co.	China Ecotek Vietnam Company Ltd. (CEVC)	Engineering design and construction	100	100	100	100	
	Xiamen Ecotek PRC Co., Ltd.	Metal materials agency and trading service	100	100	100	100	
China Steel Chemical Corporation	Ever Glory International Co., Ltd. (EGI)	International trading	100	100	100	100	
	Ever Wealthy Investment Corporation (EWIC)	General investment	100	100	100	100	
Ever Wealthy Investment Corporation	Ever Earning Investment Company	General investment	51	51	51	51	Direct and indirect ownerships amounted to 100%
Chung Hung Steel Corporation Ltd.	Taiwan Steel Corporation (TSC)	Manufacture of steel product	100	100	100	100	
	Hung Kao Investment Corporation	General investment	100	100	100	100	
	Hung Li Steel Corporation Ltd. (HLSC)	Steel product processing	100	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012	Additional Descriptions
CHC Resources Corporation	Union Steel Development Corp.	Manufacture and trading of metal powder and ore powder, and gift trading	93	93	93	93	
	Pao Good Industrial Co., Ltd.	Slag powder processing and trading	51	51	51	51	
	Yu Cheng Lime Corporation (YCC)	Manufacture of other non-metal mineral product	90	90	90	-	Investment in March 2012
China Steel Structure Co., Ltd.	United Steel Constructure Corporation	Contract project of civil engineering and construction engineering, and steel structure installation	100	100	100	100	
	China Steel Structure Investment Pte Ltd.	General investment	100	100	100	100	
United Steel Constructure Corporation	United Steel Investment Holding Co., Ltd.	General investment	100	100	100	100	
	United Steel Investment Pte Ltd.	General investment	100	100	100	100	
	Lian Chuan Construction Consultation (Shanghai) Co., Ltd.	Engineering technology consulting	100	100	100	100	
	United Steel Construction Vietnam Co., Ltd.	Civil engineering construction and other business contract and management	100	100	100	100	
	United Steel Development Co., Ltd.	Construction development and rental business	100	100	100	100	
United Steel Investment Holding Co., Ltd.	United Steel International Co., Ltd.	General investment	100	100	100	100	
United Steel International Co., Ltd.	United Steel Engineering and Construction Co., Ltd.	Civil engineering construction and other business contract and management	100	100	100	100	
China Steel Structure Investment Pte Ltd.	China Steel Structure Holding Co., Ltd.	General investment	63	63	63	63	Direct and indirect ownerships amounted to 100%
China Steel Structure Holding Co., Ltd.	China Steel Structure Investment Co., Ltd.	General investment	100	100	100	100	
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Steel structure installation, consulting and steel plate cutting	100	100	100	100	

(Concluded)

Explanations for subsidiaries which are less than 50% owned but included in the consolidated entities are as follows:

a. The actual operations of CEC, CSCC, CHSC, CHC, CSSC, BETA and NZMTCL are controlled by the respective board of directors. The Corporation and its subsidiaries jointly had more than half of the seats in the board of directors of CEC, CSCC, CHSC, CHC, CSSC, BETA and NZMTCL. The actual operation of CSHB is also controlled by the board of directors. The Corporation's subsidiaries had control of more than half of the voting rights in the board of directors. Therefore, the Corporation had control-in-substance over the aforementioned entities and included them in the consolidated entities.

b. The chairman and general manager of TMTC are designated by the Corporation and its subsidiaries in order to control its finance, operation, and human resources. Therefore, the Corporation had control-in-substance over the aforementioned entity and included it in the consolidated entities.

Certain subsidiaries (all unlisted companies) included in the consolidated financial statements were unreviewed. As of March 31, 2013 and 2012, these subsidiaries' total assets amounted to NT$67,363,853 thousand and NT$74,857,776 thousand, respectively, and their total liabilities amounted to NT$13,403,484 thousand and NT$22,972,603 thousand, respectively. For the three months ended March 31, 2013 and 2012, their total comprehensive income amounted to NT$890,498 thousand and NT$1,312,903 thousand, respectively. These amounts were based on the investees' unreviewed financial statements for the same reporting period as that of the Corporation.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the balance sheet date, but exclude asset identified to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the balance sheet date. Property, plant and equipment, investment properties, intangible assets, other than assets classified as current are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the balance sheet date and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial statements are authorized for issue. Liabilities that are not classified as current are classified as noncurrent. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

For the Corporation and its subsidiaries' construction-related business, which has an operating cycle of over one year, the length of the operating cycle is the basis for classifying the Corporation and its subsidiaries' construction assets and liabilities as current or noncurrent.

Foreign Currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Functional currency is the currency of the primary economic environment in which the entity operates. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

When a gain or loss on a non-monetary item measured at fair value is recognised in other comprehensive income, any exchange component of that gain or loss shall be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item measured at fair value is recognised in profit or loss, any exchange component of that gain or loss shall be recognised in profit or loss.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation and its subsidiaries' foreign operations are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Corporation and non-controlling interests as appropriate).

Inventories

Inventories consist of raw materials, supplies, finished goods, work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost or weighted-average cost.

Investment in Associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

When the Corporation and its subsidiaries subscribe for additional new shares of the associate, at a percentage different from their existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Corporation and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation and its subsidiaries' share of losses of an associate equal or exceed their interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation and its subsidiaries' net investment in the associate), the Corporation and its subsidiaries discontinue recognizing their share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognize any impairment loss with respect to the Corporation and its subsidiaries' investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. An impairment loss recognised in those circumstances is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognized in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment has subsequently increased.

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which they cease to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities

When the Corporation and its subsidiaries transact with their associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation and its subsidiaries' consolidated financial statements only to the extent of interests in the associate that are not related to the Corporation and its subsidiaries.

Property, Plant, and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one operating cycle. Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Corporation and its subsidiaries and the cost of the item can be measured reliably.

Properties in the course of construction for production, supply or administrative purposes are carried at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with IAS 23 "Borrowing Costs". Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Except that depreciation of the rollers (spare parts) is calculated based on their level of wear and depreciation of the machineries in the recycling plant of the subsidiary CHC is calculated by the working-hour method, other depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in the period.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use, in which case, the land is regarded as held for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties under construction are stated at cost less accumulated impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the IAS 23 “Borrowing Costs”. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Impairment of Tangible Assets

At each balance sheet date, the Corporation and its subsidiaries review the carrying amounts of their tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation and its subsidiaries become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. 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. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Corporation and its subsidiaries manage together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation and its subsidiaries' documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 31.

2) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Corporation and its subsidiaries have the positive intent and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, or as available-for-sale, or meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

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 and 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, to the net carrying amount on initial recognition.

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Fair value is determined in the manner described in Note 31.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Corporation and its subsidiaries' right to receive the dividends is established.

4) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, notes and accounts receivable, net, other receivables, bond investments with no active market, refundable deposits and other financial assets) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. 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 certain categories of financial assets, such as accounts receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation and its subsidiaries' past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

- The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account.

c. Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

Debt and equity instruments issued by the Corporation and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method (see above for the definition of effective interest method):

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Corporation and its subsidiaries manage together and has a recent actual pattern of short-term profit-taking; or

- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation and its subsidiaries documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest paid on the financial liability and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 31.

b. Derecognition of financial liabilities

The Corporation and its subsidiaries derecognize financial liabilities when, and only when, the Corporation and its subsidiaries' obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Corporation and its subsidiaries are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Corporation and its subsidiaries' own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognized in equity will be transferred to capital surplus - share premium. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible bonds using the effective interest method.

Derivative financial instruments

The Corporation and its subsidiaries enter into a variety of derivative financial instruments to manage their exposure to foreign exchange rate and interest rate risks, including foreign exchange forward contracts and interest rate swap contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Hedge Accounting

The Corporation and its subsidiaries designate certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Corporation and its subsidiaries document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Corporation and its subsidiaries document whether the hedging instrument is highly effective in offsetting the exposure of changes in fair values or cash flows of the hedged item attributable to the hedged risk. Note 31 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued prospectively when the Corporation and its subsidiaries revoke the designated hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised (the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if it formed part of the Corporation and its subsidiaries' documented hedging strategy from inception), or when the hedging instrument no longer meets the criteria for hedge accounting. The fair value adjustment to the carrying amount of the hedged instrument arising from the hedged risk for which the effective interest method is used is amortized to profit or loss from the date of hedge accounting is discontinued. The adjustment which is based on a recalculated effective interest rate at the date amortization begins is amortized fully by maturity of the financial instrument.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Corporation and its subsidiaries revoke the designated hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised (the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if it formed part of the Corporation and its subsidiaries' documented hedging strategy from inception), or when the hedging instrument no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When the forecast transaction is ultimately recognized in profit or loss, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss or are included in the initial cost of the non-financial asset or non-financial liability. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of exchange differences on translating foreign operations. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the other gains and losses line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Provisions

Provisions are recognized when the Corporation and its subsidiaries have a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation and its subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Treasury Shares

Reacquired issued shares of the Corporation are recorded as treasury shares at cost and shown as a deduction in equity.

Shares of the Corporation held by subsidiaries are reclassified to treasury shares from investments accounted for using equity method at the acquisition cost.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns and allowances are recognized at the time of sale provided the seller can reliably estimate future returns and allowances based on previous experience and other relevant factors.

Sale of goods

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods are transferred to the customers as follows: domestic sales - when products are delivered out of the Corporations and its subsidiaries' premises to customers; exports - when products are loaded onto vessels.

The Corporation and its subsidiaries do not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Income from properties developed for sale is recognized when constructions are completed and rewards of ownership of the properties are transferred to customers, in other words, the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits received from sales of properties and installment payments are carried in the consolidated balance sheets under current liabilities.

Rendering of services

Service income is recognized when services are provided.

Revenues from a contract to provide services are recognized by reference to the stage of completion of the contract.

Construction Contracts

When the outcome of a construction contract can be estimated reliably, revenues and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that are estimated as recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated, contractors and customers can accept or reject any part of the contract related to each asset and the costs and revenues of each asset can be separately identified. A group of contracts performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheets as other current liabilities. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheets as accounts receivable.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing other than stated above costs are recognized in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

<u>Deferred tax</u>

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Corporation and its subsidiaries are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation and its subsidiaries' accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the Corporation and its subsidiaries' accounting policies, management has not made any critical judgment, apart from those involving estimations stated in note below, that has significant effect on the amounts recognized in the consolidated financial statements.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, the Corporation and its subsidiaries take into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of accounts receivable was NT$11,466,743 thousand, NT$10,560,747 thousand, NT$11,263,069 thousand and NT$10,213,979 thousand, respectively (after deducting allowance of NT$18,345 thousand, NT$60,269 thousand, NT$106,890 thousand and NT$169,403 thousand, respectively).

b. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Corporation and its subsidiaries use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of inventories was NT$74,734,540 thousand, NT$76,867,018 thousand, NT$99,478,197 thousand and NT$107,277,509 thousand, respectively (after deducting allowance of NT$3,573,724 thousand, NT$4,519,281 thousand, NT$4,780,049 thousand and NT$6,433,511 thousand, respectively).

c. Fair value of private-placement shares of listed companies, emerging market shares, unquoted shares and certificates of entitlement

As described in Note 31, the Corporation and its subsidiaries' managements use their judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. The measurement for the fair value of private-placement shares of listed companies, emerging market shares, unquoted shares and certificates of entitlement includes assumptions not based on observable market prices or interest rates.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of these equity instruments was NT$17,992,138 thousand, NT$15,495,034 thousand, NT$14,714,859 thousand and NT$13,667,457 thousand, respectively. Note 31 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments.

d. Useful lives of property, plant and equipment and investment properties

The useful lives of property, plant and equipment and investment properties are determined on the basis of the expected usage of the asset, the expected physical wear and tear, technical or commercial obsolescence, and legal or similar limits on the use of the asset, which may result in significant adjustments.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of property, plant and equipment and investment properties was NT$448,503,293 thousand, NT$441,022,175 thousand, NT$415,240,342 thousand and NT$407,891,332 thousand, respectively.

e. Realizability of deferred tax assets

The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized as income tax expense for the period in which such reversal takes place.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of deferred tax assets was NT$7,892,247 thousand, NT$7,829,804 thousand, NT$7,771,762 thousand and NT$7,106,931 thousand, respectively.

f. Estimate of provisions

Provisions are measured using the cash flows estimated to settle the present obligation. If the future cash flows are more than the expectation, the amount of the provisions may be adjusted significantly.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of provisions was NT$3,480,312 thousand, NT$2,176,179 thousand, NT$2,157,952 thousand and NT$2,810,630 thousand, respectively.

g. Calculation of accrued pension liabilities

To calculate the present value of the defined benefit obligation, the Corporation and its subsidiaries are required to use their judgments and estimates to determine related actuarial assumptions at the end of the reporting period, including discount rate, expected return on plan assets, etc. Any change in actuarial assumptions may significantly affect the amount of defined benefit obligation.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the carrying amount of accrued pension liabilities was NT$7,394,499 thousand, NT$7,439,282 thousand, NT$7,623,952 thousand and NT$7,671,000 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash on hand	$ 38,179	$ 24,001	$ 35,872	$ 30,091
Checking accounts and demand deposits	6,645,900	5,645,885	5,121,383	4,102,723
Cash equivalents				
Commercial papers and repurchase agreements collateralized by bonds	2,581,176	2,222,221	2,958,404	2,770,549
Time deposits with original maturities less than three months	6,826,180	10,208,630	6,294,555	5,227,965
	$ 16,091,435	$ 18,100,737	$ 14,410,214	$ 12,131,328

Cash and cash equivalents as of December 31, 2012 and January 1, 2012 as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets as follows; please refer to the consolidated statements of cash flows for the reconciliation information as of March 31, 2013 and 2012:

	December 31, 2012	January 1, 2012
Cash and cash equivalents	$ 16,959,256	$ 8,905,384
Bank overdraft	1,141,481	3,225,944
	$ 18,100,737	$ 12,131,328

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Financial assets designated as at FVTPL				
Mutual funds	$ 2,251,287	$ 1,740,313	$ 1,639,407	$ 1,309,001
Structured notes	72,579	104,871	183,930	245,334
Quoted shares	33,237	29,562	56,683	54,032
Convertible bonds	10,250	10,040	10,330	10,105
Options (Note 20)	1,043	-	-	-
	2,368,396	1,884,786	1,890,350	1,618,472
Financial assets held for trading				
Mutual funds	1,204,611	963,769	1,027,734	1,091,136
Quoted shares	1,015,420	744,231	623,039	349,448
Emerging market shares (a)	300,500	304,655	318,502	315,040
Structured notes	33,460	38,517	25,365	60,592
Foreign exchange forward contracts (b)	19,283	4,644	4,988	28,967
Futures contracts	955	-	-	-
	2,574,229	2,055,816	1,999,628	1,845,183
	$ 4,942,625	$ 3,940,602	$ 3,889,978	$ 3,463,655
Current	$ 4,939,400	$ 3,940,343	$ 3,889,863	$ 3,439,676
Noncurrent	3,225	259	115	23,979
	$ 4,942,625	$ 3,940,602	$ 3,889,978	$ 3,463,655

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Financial liabilities designated as at FVTPL				
Options (Note 20)	$ -	$ 36	$ 1,602	$ -
Financial liabilities held for trading				
Foreign exchange forward contracts (b)	11,481	6,065	2,868	90
	$ 11,481	$ 6,101	$ 4,470	$ 90
Current	$ 9,871	$ 4,362	$ 4,302	$ 90
Noncurrent	1,610	1,739	168	-
	$ 11,481	$ 6,101	$ 4,470	$ 90

(Concluded)

a. The Corporation and its subsidiaries designated the emerging market shares originally recognized as financial assets carried at cost, amounted to NT$257,600 thousand, as financial assets at fair value through profit or loss as of January 1, 2012, the transition date to IFRSs (Note 37). Refer to Note 31 for the determination of fair value of those shares and other financial instruments at fair value through profit or loss.

b. The Corporation and its subsidiaries entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, some of those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting. The outstanding foreign exchange forward contracts not under hedge accounting of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2013			
Buy	NTD/USD	April 2013-April 2014	NTD682,553/USD23,494
Buy	NTD/EUR	November 2013	NTD70,247/EUR1,906
Buy	NTD/JPY	February 2014-December 2014	NTD30,000/JPY83,730
Sell	USD/NTD	April 2013	USD9,937/NTD290,297
Sell	HKD/NTD	April 2013	HKD17,614/NTD65,877
December 31, 2012			
Buy	NTD/USD	January 2013-April 2014	NTD986,351/USD33,879
Buy	NTD/EUR	November 2013	NTD70,247/EUR1,906
Buy	NTD/JPY	February 2013-December 2014	NTD33,145/JPY92,540
Sell	USD/NTD	January 2013	USD7,231/NTD211,033
Sell	HKD/NTD	January 2013	HKD17,614/NTD66,318

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2012			
Buy	NTD/USD	June 2012-April 2013	NTD186,955/USD6,247
Buy	NTD/JPY	October 2012-December 2014	NTD296,821/JPY832,860
Sell	USD/NTD	April 2012	USD3,129/NTD93,764
Sell	HKD/NTD	April 2012	HKD22,009/NTD84,402
January 1, 2012			
Buy	NTD/USD	June 2012	NTD30,165/USD1,000
Buy	NTD/JPY	October 2012-December 2014	NTD296,821/JPY832,860
Sell	USD/NTD	January 2012	USD2,127/NTD64,762
Sell	HKD/NTD	January 2012	HKD19,998/NTD77,897

(Concluded)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Domestic investments				
Emerging market shares and unquoted shares (a)	$ 7,141,713	$ 6,114,392	$ 7,290,444	$ 6,216,191
Quoted shares	4,024,908	4,206,122	4,811,855	4,366,090
Mutual funds	1,477,784	1,956,298	2,509,500	2,350,840
Private-placement shares of listed companies (b)	644,473	584,222	475,312	377,429
Structured notes	-	-	44,816	46,006
	13,288,878	12,861,034	15,131,927	13,356,556
Foreign investments				
Unquoted shares (a)	7,793,110	6,944,826	5,798,026	5,949,776
Certificate of entitlement (a)	2,112,342	1,546,939	832,575	809,021
Quoted shares	1,703,974	1,596,310	1,653,668	1,604,541
	11,609,426	10,088,075	8,284,269	8,363,338
	$ 24,898,304	$ 22,949,109	$ 23,416,196	$ 21,719,894
Current	$ 4,142,501	$ 4,785,015	$ 5,891,521	$ 5,389,711
Noncurrent	20,755,803	18,164,094	17,524,675	16,330,183
	$ 24,898,304	$ 22,949,109	$ 23,416,196	$ 21,719,894

a. The Corporation and its subsidiaries designated the emerging market shares, unquoted shares and certificate of entitlement originally recognized as financial assets carried at cost, amounted to NT$10,345,595 thousand, as available-for-sale financial assets as of January 1, 2012, the transition date to IFRSs (Note 37). Refer to Note 31 for the determination of fair value of those shares and other available-for-sale financial assets.

b. In May 2011, the subsidiary EVCC invested in Taiwan Liposome Company, Ltd. through its private placement and in September 2010, the Corporation invested in Reichi Precision Co., Ltd. through its private placement. According to the Securities Exchange Act, the securities which the Corporation and its subsidiaries acquired by private placement could be transferred freely in public market only after holding those shares for three years starting from the delivery date.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Guarantee debt certificates	$ 176,168	$ 174,123	$ 175,347	$ 177,341
Structured notes	158,026	140,691	134,495	122,035
	334,194	314,814	309,842	299,376
Less: Accumulated impairment	129,655	129,655	129,655	129,655
	$ 204,539	$ 185,159	$ 180,187	$ 169,721
Current	$ -	$ -	$ 59,020	$ 60,550
Noncurrent	204,539	185,159	121,167	109,171
	$ 204,539	$ 185,159	$ 180,187	$ 169,721

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Derivative financial assets for hedging				
Foreign exchange forward contracts (a)	$ 74,829	$ 51,431	$ 97,519	$ 240,688
Interest rate swap contracts (b)	6,207	1,502	12,610	-
	$ 81,036	$ 52,933	$ 110,129	$ 240,688
Current	$ 52,517	$ 45,950	$ 61,974	$ 115,768
Noncurrent	28,519	6,983	48,155	124,920
	$ 81,036	$ 52,933	$ 110,129	$ 240,688
Derivative financial liabilities for hedging				
Foreign exchange forward contracts (a)	$ 253,448	$ 298,152	$ 240,298	$ 95,806
Interest rate swap contracts (b)	9,646	29,057	-	-
	$ 263,094	$ 327,209	$ 240,298	$ 95,806

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Current	$ 230,493	$ 240,380	$ 106,751	$ 53,331
Noncurrent	32,601	86,829	133,547	42,475
	$ 263,094	$ 327,209	$ 240,298	$ 95,806

(Concluded)

a. The Corporation and its subsidiaries entered into foreign exchange forward contracts to manage cash flow exposures arising from exchange rate fluctuations on foreign-currency capital expenditures, equity investments and sales and purchases contracts. The outstanding foreign exchange forward contracts of the Corporation and its subsidiaries at the balance sheet date were as follows:

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
March 31, 2013			
Buy	NTD/USD	April 2013-March 2016	NTD4,253,079/USD144,996
Buy	NTD/EUR	April 2013-September 2015	NTD412,911/EUR10,378
Buy	NTD/JPY	April 2013-June 2015	NTD1,433,524/JPY3,812,130
Buy	NTD/GBP	January 2014-January 2015	NTD33,599/GBP731
Sell	USD/NTD	April 2013-June 2013	USD1,932/NTD56,291
December 31, 2012			
Buy	NTD/USD	January 2013-March 2016	NTD6,887,840/USD235,043
Buy	NTD/EUR	April 2013-March 2014	NTD357,293/EUR8,974
Buy	NTD/JPY	January 2013-June 2015	NTD1,450,688/JPY3,809,251
Buy	NTD/GBP	January 2014-January 2015	NTD212,200/GBP4,557
Sell	JPY/NTD	January 2013	JPY1,000,000/NTD339,200
March 31, 2012			
Buy	NTD/USD	April 2012-September 2015	NTD8,182,384/USD278,852
Buy	NTD/EUR	April 2012-January 2014	NTD745,775/EUR17,887
Buy	NTD/JPY	April 2012-June 2015	NTD2,065,982/JPY5,548,493
Buy	NTD/GBP	May 2012-January 2015	NTD425,309/GBP9,080
Sell	USD/NTD	April 2012	USD530/NTD15,890
Sell	EUR/NTD	October 2012	EUR4,363/NTD168,894
Sell	JPY/USD	April 2012-May 2012	JPY3,200,000/USD38,641
January 1, 2012			
Buy	NTD/USD	January 2012-September 2015	NTD7,326,416/USD248,477
Buy	NTD/EUR	March 2012-December 2013	NTD749,840/EUR17,867
Buy	NTD/JPY	January 2012-June 2015	NTD2,095,837/JPY5,609,882
Buy	NTD/GBP	January 2012-January 2015	NTD449,199/GBP9,584
Sell	USD/NTD	January 2012-April 2012	USD1,171/NTD35,415

b. The subsidiaries entered into interest rate swap contracts to manage cash flow exposures arising from interest rate fluctuations on bank loans. The outstanding interest rate swap contracts of the subsidiaries at the balance sheet date were as follows:

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
March 31, 2013			
NTD9,277,000	February 2017-July 2018	0.988%-1.14%	90 days TWD CPBA
December 31, 2012			
NTD9,277,000	February 2017-July 2018	0.988%-1.14%	90 days TWD CPBA
March 31, 2012			
NTD5,084,000	February 2017-July 2018	1.09%-1.14%	90 days TWD CPBA

c. For the three months ended March 31, 2013 and 2012, movements of derivative financial instruments for hedging were as follows:

	Three Months Ended March 31	
	2013	2012
Balance, beginning of period	$ (274,276)	$ 144,882
Recognized in other comprehensive income	106,337	(284,091)
Recognized in other gains and losses	(312)	-
Transferred to construction in progress and equipment to be inspected	486	9,040
Transferred to foreign-currency equity investments	(1,080)	-
Reclassified to operating revenues	(13,213)	-
Balance, end of period	$ (182,058)	$ (130,169)

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Notes receivable - operating	$ 1,324,846	$ 1,490,986	$ 1,887,712	$ 1,901,604
Less: Allowance for doubtful accounts	-	-	-	-
	$ 1,324,846	$ 1,490,986	$ 1,887,712	$ 1,901,604
Accounts receivable	$ 11,485,088	$ 10,621,016	$ 11,369,959	$ 10,383,382
Less: Allowance for doubtful accounts	17,924	57,957	106,802	168,880
Allowance for sales discounts	421	2,312	88	523
	$ 11,466,743	$ 10,560,747	$ 11,263,069	$ 10,213,979

The allowance for doubtful accounts was recognized based on estimated irrecoverable amounts determined by reference to the account aging analysis, past default experience of the customers and analysis of customers’ current financial position.

Of the notes and accounts receivable balances (see below for account aging analysis) that are past due at the balance sheet date, the Corporation and its subsidiaries had not recognized an allowance for notes receivable and accounts receivable for NT$1,407,576 thousand, NT$583,289 thousand, NT$644,086 thousand and NT$1,614,207 thousand as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively, because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Corporation and its subsidiaries did not hold any collateral or other credit enhancement over these balances nor did they have a legal right to offset against any amounts owed by the Corporation and its subsidiaries to the counterparty.

Aging analysis of notes and accounts receivable that are past due but not impaired was as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Less than 30 days	$ 1,117,287	$ 272,328	$ 419,373	$ 1,425,025
31-60 days	95,699	153,476	82,106	62,695
61-365 days	184,878	148,028	122,656	106,020
More than 365 days	9,712	9,457	19,951	20,467
	$ 1,407,576	$ 583,289	$ 644,086	$ 1,614,207

Above analysis was based on the past due date.

Movements in the allowance for doubtful accounts recognized on accounts receivable were as follows:

	Three Months Ended March 31	
	2013	2012
Balance, beginning of the period	$ 57,957	$ 168,880
Less: Reversal	40,033	62,078
Balance, end of the period	$ 17,924	$ 106,802

Aging analysis of impaired accounts receivable, net was as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
61-365 days	$ 3,859	$ 3,758	$ -	$ -
More than 365 days	-	-	-	364
	$ 3,859	$ 3,758	$ -	$ 364

Above analysis was based on the past due date.

Included in the accounts receivable were retentions receivable from construction contracts, in the amount of NT$707,776 thousand, NT$752,511 thousand, NT$631,638 thousand and NT$594,613 thousand as of March 31, 2013, December 31, 2012, March 31, 2012, January 1, 2012, respectively. Retentions receivable from construction contracts did not bear interests; they were expected to be received upon the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months. Refer to Note 12 for details on construction contracts.

The Corporation and the subsidiary CHSC entered into accounts receivable factoring agreements (without recourse) with Mega International Commercial Bank and Bank of Taiwan. Under the agreements, the Corporation and the subsidiary CHSC are empowered to sell accounts receivable to the banks upon the delivery of products to customers and are required to complete related formalities at the next banking day.

The related information for the Corporation and CHSC's sale of accounts receivable for the three months ended March 31, 2013 and 2012 was as follows:

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line (In Billions of NT$)
Three months ended March 31, 2013						
Mega International Commercial Bank	$ 4,495,587	$ 3,690,463	$ 3,216,938	$ 4,969,112	1.24-1.51	$12
Bank of Taiwan	1,242,954	966,961	821,750	1,388,165	1.24-1.51	3
	$ 5,738,541	$ 4,657,424	$ 4,038,688	$ 6,357,277		
Three months ended March 31, 2012						
Mega International Commercial Bank	$ 4,786,918	$ 3,096,225	$ 3,375,933	$ 4,507,210	1.14-1.51	12
Bank of Taiwan	1,509,756	3,537,233	3,651,832	1,395,157	1.23-1.51	3
	$ 6,296,674	$ 6,633,458	$ 7,027,765	$ 5,902,367		

12. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Construction costs incurred plus recognized profits less recognized losses to date	$ 73,311,907	$ 74,776,434	$ 70,966,643	$ 61,573,866
Less: Progress billings	(69,547,588)	(70,991,124)	(65,703,106)	(55,061,118)
	$ 3,764,319	$ 3,785,310	$ 5,263,537	$ 6,512,748
Analyzed for reporting purposes as:				
Amounts due from customers for construction contracts	$ 8,398,416	$ 7,432,666	$ 8,966,958	$ 8,716,229
Amounts due to customers for construction contracts	(4,634,097)	(3,647,356)	(3,703,421)	(2,203,481)
	$ 3,764,319	$ 3,785,310	$ 5,263,537	$ 6,512,748
Retentions receivable (Note 11)	$ 707,776	$ 752,511	$ 631,638	$ 594,613
Retentions payable (Note 21)	$ 1,393,039	$ 1,438,996	$ 1,333,448	$ 1,334,493

13. INVENTORIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Finished goods	$ 19,346,606	$ 17,898,814	$ 26,963,419	$ 20,507,155
Work in progress	23,269,976	26,371,771	32,305,268	42,420,528
Raw materials	17,577,472	20,047,336	27,351,710	33,003,894

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Supplies	$ 8,689,297	$ 8,757,229	$ 5,823,701	$ 7,797,472
Raw materials and supplies in transit	5,298,152	3,487,346	6,837,719	3,426,273
Others	553,037	304,522	196,380	122,187
	$ 74,734,540	$ 76,867,018	$ 99,478,197	$ 107,277,509

(Concluded)

The cost of inventories recognized as operating costs for the three months ended March 31, 2013 and 2012 was NT$79,350,495 thousand and NT$90,978,773 thousand, respectively, (the difference between this cost and the operating costs in consolidated statements of comprehensive income is due to costs not related to inventories, including impairment loss on investments and valuation loss on financial instruments, which were recognized by investment companies), which included the following items:

	Three Months Ended March 31	
	2013	2012
Provision for loss on inventories	$ 1,657,017	$ 3,141,282
Loss on purchase commitments	964,377	93,139
	$ 2,621,394	$ 3,234,421

14. BOND INVESTMENTS WITH NO ACTIVE MARKET - NONCURRENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unquoted preference shares - overseas				
East Asia United Steel Corporation (EAUS) - Preference A	$ 3,172,000	$ 3,364,000	$ 3,592,000	$ 3,906,000
Others	-	15,594	15,412	14,817
Subordinated financial bonds	120,000	120,000	120,000	120,000
Bonds	51,212	36,492	9,168	9,405
	$ 3,343,212	$ 3,536,086	$ 3,736,580	$ 4,050,222

In May 2003, the Corporation signed a slab production joint-venture contract with Sumitomo Metal Industries, Ltd. and Sumitomo Corporation. In July 2003, the joint venture company EAUS was established. The Corporation invested in EAUS JPY10 billion (Note 19). The Corporation thus has a stable supply of slab from this joint venture. The Corporation also signed a contract with the subsidiary CHSC to transfer the purchasing right of slabs from EAUS, and the Corporation receives royalty on this contract based on the volume purchased by CHSC.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Amount	% of Owner ship	Amount	% of Owner ship	Amount	% of Owner ship	Amount	% of Owner ship
Unlisted companies								
7623704 Canada Inc.	$ 8,228,850	25	$ -	-	$ -	-	$ -	-
Kaohsiung Arena Development Corporation	778,567	29	772,724	29	780,929	29	770,611	29
Kaohsiung Rapid Transit Corporation	503,090	32	484,124	32	659,758	32	845,244	32
Hsin Hsin Cement Enterprise Corp.	408,851	39	406,019	39	374,627	39	353,859	39
Eminent II Venture Capital Corporation	247,389	46	247,611	46	-	-	-	-
Chateau International Development Co., Ltd.	262,452	20	261,584	20	220,965	20	223,714	23
Ascentek Venture Capital Corp.	202,869	39	187,806	39	176,476	39	158,958	39
Others	264,391		256,965		266,468		256,128	
	$ 10,896,459		$ 2,616,833		$ 2,479,223		$ 2,608,514	

The subsidiary CSCAU invested NT$8,105,185 thousand (USD270,123 thousand) in 7623704 Canada Inc. and acquired 25% shareholding of ordinary shares. 7623704 Canada Inc. mainly engages in mining investment.

The summarized financial information in respect of the Corporation and its subsidiaries' associates was set out below:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total assets	$ 69,182,741	$ 46,965,420	$ 47,118,906	$ 47,546,504
Total liabilities	$ 36,232,531	$ 38,525,246	$ 38,847,292	$ 38,908,113

	Three Months Ended March 31	
	2013	2012
Revenues	$ 1,532,236	$ 1,266,766
Net profit (loss)	$ 204,144	$ (462,560)
Other comprehensive income	$ 35,423	$ 79,644

The investments accounted for using equity method as of March 31, 2013 and 2012 and the Corporation and its subsidiaries' share of profit and other comprehensive income of associates for the three months ended March 31, 2013 and 2012 were based on the associates' unreviewed financial statements.

16. OTHER FINANCIAL ASSETS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Pledged time deposits	$ 7,060,746	$ 7,221,840	$ 7,095,479	$ 7,188,354
Hedging foreign-currency deposits	4,607,965	4,257,415	5,571,227	5,829,846
Time deposits with original maturities more than three months	3,638,816	2,444,389	6,240,638	5,348,764

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Deposits for projects	$ 68,170	$ 45,059	$ 28,385	$ 53,748
Structured time deposits	-	13,982	-	-
	$ 15,375,697	$ 13,982,685	$ 18,935,729	$ 18,420,712
Current	$ 14,984,133	$ 13,523,714	$ 18,055,657	$ 15,902,288
Noncurrent	391,564	458,971	880,072	2,518,424
	$ 15,375,697	$ 13,982,685	$ 18,935,729	$ 18,420,712

(Concluded)

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation and its subsidiaries purchased foreign-currency deposits and entered into foreign exchange forward contracts (Note 10). As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the balance of the foreign-currency deposits, which were designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT$4,607,965 thousand (JPY1.6 billion, USD129,563 thousand, EUR4,806 thousand and GBP894 thousand), NT$4,257,415 thousand (JPY2.1 billion, USD110,290 thousand and EUR9,278 thousand), NT$5,571,227 thousand (JPY2 billion, USD157,998 thousand and EUR4,450 thousand) and NT$5,829,846 thousand (JPY2.3 billion, USD158,963 thousand, EUR3,147 thousand and GBP18 thousand), respectively. The unrealized gain of NT$53,353 thousand and unrealized loss of NT$189,314 thousand on the above deposits designated as hedging instruments were recognized as cash flow hedges in other comprehensive income for the three months ended March 31, 2013 and 2012, respectively. For the three months ended March 31, 2013 and 2012, the cash flow hedges in other comprehensive income of NT$1,730 thousand and NT$13,700 thousand, respectively, were transferred to construction in progress and equipment to be inspected. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, cash outflows would be expected from aforementioned contracts during the periods from 2013 to 2015, from 2013 to 2015, from 2012 to 2015 and from 2012 to 2015, respectively.

Refer to Note 33 for information relating to other financial assets pledged as security.

17. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Land	$ 59,532,833	$ 59,534,337	$ 59,298,886	$ 58,744,034
Land improvements	580,758	594,289	649,303	667,003
Buildings	57,077,400	57,089,135	49,523,549	50,157,974
Machinery and equipment	183,908,361	187,534,894	168,535,272	172,836,339
Transportation equipment	8,738,386	8,826,586	9,360,566	7,883,770
Other equipment	5,188,216	5,304,707	5,846,897	5,973,784
Spare parts	7,047,300	7,021,311	6,805,131	6,596,760
Construction in progress and equipment to be inspected	117,789,355	106,427,780	106,639,013	96,341,541
	$ 439,862,609	$ 432,333,039	$ 406,658,617	$ 399,201,205

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2013	$ 59,559,883	$ 4,874,937	$ 88,028,362	$ 468,819,360	$ 21,192,946	$ 13,900,630	$ 10,243,979	$ 106,427,780	$ 773,047,877
Additions	-	4,635	668,137	2,029,726	66,730	165,621	377,054	11,508,416	14,820,319
Disposals	-	-	(4,745)	(482,479)	(3,968)	(17,575)	(215,394)	-	(724,161)
Reclassification	-	-	(28,733)	(9,255)	-	39,690	(3,491)	(523,644)	(525,433)
Effect of foreign currency exchange difference	(1,504)	-	61,216	167,414	197,486	11,302	-	376,803	812,717
Others	-	-	-	-	(4,100)	-	(44,527)	-	(48,627)
Balance at March 31, 2013	$ 59,558,379	$ 4,879,572	$ 88,724,237	$ 470,524,766	$ 21,449,094	$ 14,099,668	$ 10,357,621	$ 117,789,355	$ 787,382,692
Balance at January 1, 2012	$ 58,755,860	$ 4,878,097	$ 78,793,994	$ 434,953,386	$ 19,770,474	$ 13,510,173	$ 9,516,929	$ 96,341,541	$ 716,520,454
Additions	258,969	-	35,650	1,039,881	1,517,596	195,706	553,779	10,393,411	13,994,992
Disposals	-	-	(107,751)	(1,360,602)	(364,225)	(18,429)	(284,140)	-	(2,135,147)
Reclassification	113,590	1,348	(77,709)	(122,136)	68,075	(13,198)	(1,392)	(1,813)	(33,235)
Effect of foreign currency exchange difference	(5,392)	-	(33,369)	(30,018)	59,363	(3,205)	-	(94,126)	(106,747)
Others	187,685	-	6,083	-	-	7	-	-	193,775
Balance at March 31, 2012	$ 59,310,712	$ 4,879,445	$ 78,616,898	$ 434,480,511	$ 21,051,283	$ 13,671,054	$ 9,785,176	$ 106,639,013	$ 728,434,092
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ 25,546	$ 4,280,648	$ 30,939,227	$ 281,284,466	$ 12,366,360	$ 8,595,923	$ 3,222,668	$ -	$ 340,714,838
Depreciation expense	-	18,166	705,533	5,716,962	263,959	313,989	347,550	-	7,366,159
Disposals	-	-	(4,745)	(461,535)	(3,897)	(16,935)	(215,394)	-	(702,506)
Impairment losses recognized in profit or loss	-	-	-	33	-	-	-	-	33
Reversals of impairment losses recognized in profit or loss	-	-	-	(4,292)	-	-	-	-	(4,292)
Reclassification	-	-	(8,182)	(3,292)	-	10,835	-	-	(639)
Effect of foreign currency exchange difference	-	-	15,004	84,063	88,386	7,640	-	-	195,093
Others	-	-	-	-	(4,100)	-	(44,503)	-	(48,603)
Balance at March 31, 2013	$ 25,546	$ 4,298,814	$ 31,646,837	$ 286,616,405	$ 12,710,708	$ 8,911,452	$ 3,310,321	$ -	$ 347,520,083
Balance at January 1, 2012	$ 11,826	$ 4,211,094	$ 28,636,020	$ 262,117,047	$ 11,886,704	$ 7,536,389	$ 2,920,169	$ -	$ 317,319,249
Depreciation expense	-	18,782	567,840	5,132,689	249,589	318,467	344,015	-	6,631,382
Disposals	-	-	(28,597)	(1,292,531)	(364,084)	(14,305)	(284,139)	-	(1,983,656)
Impairment losses recognized in profit or loss	-	-	-	(80)	-	-	-	-	(80)
Reclassification	-	266	(85,284)	(14,576)	(881)	(14,510)	-	-	(114,985)
Effect of foreign currency exchange difference	-	-	(2,713)	2,690	(80,611)	(1,891)	-	-	(82,525)
Others	-	-	6,083	-	-	7	-	-	6,090
Balance at March 31, 2012	$ 11,826	$ 4,230,142	$ 29,093,349	$ 265,945,239	$ 11,690,717	$ 7,824,157	$ 2,980,045	$ -	$ 321,775,475

The above items of property, plant and equipment were depreciated on a straight-line basis over the following useful lives:

Land improvements	5-40 years
Buildings	2-60 years
Machinery and equipment	2-25 years
Transportation equipment	2-25 years
Other equipment	2-29 years

On January 1, 2012, the date of transition to IFRSs, the Corporation and its subsidiaries elected the carrying amount, determined by reference to the revaluation amount established at the revaluation date under accounting principles generally accepted in the Republic of China ("ROC GAAP"), as the deemed cost. Refer to Note 37 for details.

The subsidiary CHSC bought farmlands for warehousing at the Jia Xing Section and Bai Mi Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHSC from registering the title of these farmlands in CHSC's name; thus, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHSC in changing the land title in the future and pledged the land to CHSC as collateral. The Kaohsiung City government levied some parts of Jia Xing Section farmlands in May 2012. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the book value of those remaining farmlands was NT$66,753 thousand, NT$66,753 thousand, NT$ 66,823 thousand and NT$66,823 thousand, respectively.

Refer to Note 33 for the carrying amount of property, plant and equipment that had been pledged by the

Corporation and its subsidiaries to secure borrowings.

18. INVESTMENT PROPERTIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Land	$ 6,740,378	$ 6,746,070	$ 6,961,242	$ 7,074,832
Buildings	1,900,306	1,943,066	1,620,483	1,615,295
	$ 8,640,684	$ 8,689,136	$ 8,581,725	$ 8,690,127

	Land	Buildings	Total
Cost			
Balance at January 1, 2013	$ 8,666,564	$ 2,478,766	$ 11,145,330
Additions	5,215	-	5,215
Effect of foreign currency exchange difference	(10,907)	(22,256)	(33,163)
Balance at March 31, 2013	$ 8,660,872	$ 2,456,510	$ 11,117,382
Balance at January 1, 2012	$ 9,053,139	$ 2,067,723	$ 11,120,862
Reclassification	(113,590)	118,164	4,574
Effect of foreign currency exchange difference	-	(1,257)	(1,257)
Balance at March 31, 2012	$ 8,939,549	$ 2,184,630	$ 11,124,179
Accumulated depreciation and impairment			
Balance at January 1, 2013	$ 1,920,494	$ 535,700	$ 2,456,194
Depreciation expense	-	20,803	20,803
Effect of foreign currency exchange difference	-	(299)	(299)
Balance at March 31, 2013	$ 1,920,494	$ 556,204	$ 2,476,698
Balance at January 1, 2012	$ 1,978,307	$ 452,428	$ 2,430,735
Depreciation expense	-	21,213	21,213
Reclassification	-	90,624	90,624
Effect of foreign currency exchange difference	-	(118)	(118)
Balance at March 31, 2012	$ 1,978,307	$ 564,147	$ 2,542,454

The investment properties were depreciated by the straight-line method over their useful lives ranging from 5 to 60 years.

On January 1, 2012, the date of transition to IFRSs, the Corporation and its subsidiaries elected the carrying amount, determined by reference to the revaluation amount established at the revaluation date under ROC GAAP, as the deemed cost. Refer to Note 37 for details.

The fair value of the Corporation and its subsidiaries' investment properties as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 was NT$9,798,178 thousand, NT$9,834,804 thousand, NT$10,183,092 thousand and NT$10,000,253 thousand, respectively. The fair value had been determined on the basis of valuations carried out on March 1, 2010 and August 30, 2011 by appraisers of real estate and the information on Ministry of the Interior's real estate transaction database website.

All of the Corporation and its subsidiaries' investment properties were held under freehold interests. Refer to Note 33 for the carrying amount of the investment properties that had been pledged by the Corporation and its subsidiaries to secure borrowings.

19. BORROWINGS

a. Short-term borrowings and bank overdraft

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unsecured loans - interest at 0.6%-7% p.a., 0.5425%-7.8% p.a., 0.545%-8.57% p.a. and 0.78%-4.8% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	$ 37,645,928	$ 21,263,916	$ 34,136,435	$ 50,615,146
Letters of credit - interest at 0.35%-4.8% p.a., 0.5338%-1.48% p.a., 0.5443%-1.853% p.a. and 0.7357%-1.499% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	2,108,195	3,130,015	3,227,104	6,076,920
Bank overdraft - interest at 0.4334%-7.35% p.a., 0.5%-6.16% p.a., 0.5%-7.35% p.a. and 0.5%-7.32% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	2,040,979	1,141,481	3,440,550	3,225,944
Secured loans - interest both at 5.88%-6.16% p.a. as of March 31, 2013 and December 31, 2012	81,544	101,665	-	-
	$ 41,876,646	$ 25,637,077	$ 40,804,089	$ 59,918,010

The amount of CAD278,345 thousand, USD131,733 thousand and AUD16,642 thousand (NT$12,615,507 thousand), which is included in the above unsecured loans as of March 31, 2013 and the amount of USD131,733 thousand (NT$3,825,526 thousand), which is included in the above unsecured loans as of December 31, 2012 and the amount of USD58,548 thousand (NT$1,727,751 thousand), which is included in the above unsecured loans as of March 31, 2012, were used to hedge the exchange rate fluctuations on investment in CSCAU and CSVC.

b. Short-term bills payable

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Commercial paper - interest at 0.59%-1.162% p.a., 0.73%-1.38% p.a., 0.61%-1.158% p.a. and 0.45%-1.158% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	$ 45,825,200	$ 28,699,900	$ 32,526,800	$ 22,368,800
Less: Unamortized discounts	14,833	20,470	11,238	10,900
	$ 45,810,367	$ 28,679,430	$ 32,515,562	$ 22,357,900

The above commercial paper was secured by Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taching Bill Finance Ltd., Grand Bills Finance Corp., Mega International Commercial Bank, Bank of Kaohsiung, Union Bank of Taiwan, Taiwan Finance Corporation, Taiwan Cooperative Bills Finance Corporation, etc.

c. Long-term borrowings

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Syndicated bank loans				
Bank of Taiwan and other banks loan to CHSC				
Repayable in 13 equal semiannual installments from March 2013 to March 2019, interest all at 1.5856% p.a. as of March 31, 2013, December 31, 2012 and March 31, 2012	$ 6,441,538	$ 6,980,000	$ 7,000,000	$ -
Repayable in March 2019 with a revolving credit, interest at 1.6004%-1.611% p.a., 1.6047%-1.611% p.a. and 1.6015% p.a. as of March 31, 2013, December 31, 2012 and March 31, 2012, respectively	4,500,000	4,500,000	2,250,000	-
Mega International Commercial Bank and other banks loan to CHSC				
Repayable in 14 equal semiannual installments from April 2007 to October 2013 and repaid early in March 2012; interest at 1.4535% p.a.	-	-	-	1,714,286
Bank of Taiwan and other banks loan to DSC				
Repayable in 14 equal semiannual installments from January 2012 to July 2018, interest at 1.3204%-1.3621% p.a., 1.3173%-1.3589% p.a., 1.2847%-1.3253% p.a. and 1.2786%-1.3189% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	40,621,000	44,314,000	48,007,000	51,700,000
Repayable in 10 equal semiannual installments from August 2012 to February 2017, interest at 1.5245%-1.5726% p.a., 1.5173%-1.5653% p.a., 1.4939%-1.5411% p.a. and 1.4908%-1.5379% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	16,000,000	18,000,000	20,000,000	500,000
Taiwan Cooperative Bank and other banks loan to HLSC				
Repayable in June 2015 with a revolving credit, interest at 1.5793% p.a., 1.5381%-1.5782% p.a., 1.5455% p.a. and 1.5021%-1.5455% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	1,600,000	2,400,000	1,800,000	2,400,000
Mega International Commercial Bank and other banks loan to CSVC				
Repayable in 10 semiannual installments from September 2015 to March 2020, interest at 1.5% p.a.	89,475	-	-	-

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Mortgage loans				
Due on various dates through January 2017, interest at 0.6175%-1.80077% p.a., 0.5625%-1.8007% p.a., 0.5625%-1.71% p.a. and 0.5625%-1.71% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	$ 13,627,125	$ 16,970,602	$ 18,960,828	$ 17,914,900
Bank loans				
Due on various dates through June 2017, interest at 0.48868%-3.87209% p.a., 0.50229%-4.78964% p.a., 0.535%-5.30127% p.a. and 0.535%-5.65328% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	12,981,975	20,240,552	8,698,630	13,144,397
	95,861,113	113,405,154	106,716,458	87,373,583
Less: Syndicated loan fee	162,579	170,571	140,167	124,385
Current portion	19,294,771	20,979,088	20,393,498	11,715,737
	$ 76,403,763	$ 92,255,495	$ 86,182,793	$ 75,533,461

(Concluded)

1) In December 2011, the subsidiary CHSC entered into a syndicated credit facility agreement with Bank of Taiwan and 11 other banks for a NT$16 billion credit line, which consists of NT$7 billion secured loans with a non-revolving credit line and NT$9 billion unsecured loans with a revolving credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 30% of the CHSC's issued shares and control CHSC's operation. Starting 2012, CHSC should meet some financial ratios and criteria.

   In September 2006, the subsidiary CHSC entered into a syndicated credit facility agreement with Mega International Commercial Bank and 20 other banks for a NT$14 billion credit line, which consists of NT$6 billion secured loans with a non-revolving credit line and NT$8 billion unsecured loans with a revolving credit line. In October 2010 and February 2011, CHSC has revoked the credit line of NT$8 billion.

   In May 2010, the subsidiary HLSC entered into a syndicated credit facility agreement with Taiwan Cooperative Bank and 13 other banks for a NT$6 billion credit line, which consists of NT$3.5 billion secured loans with a revolving credit line and NT$2.5 billion unsecured loans with a revolving credit line. No unsecured loan was used as of March 31, 2013. Under the agreement, CHSC and its related parties should hold at least 51% of the HLSC's issued shares and have over half of the seats in the board of directors and supervisors. Starting 2010, HLSC should meet some financial ratios and criteria.

   The amounts referring to the above financial ratios and criteria should be based on audited annual financial statements. If CHSC and HLSC breach the agreements, they should take remedial measures within six months from the next day of the financial statements' declaration date; otherwise, the interest rate and the rate of the guarantee fee need to be adjusted in accordance with the agreement. As of December 31, 2012, CHSC and HLSC were in compliance with the syndicated credit facility agreement. As of March 31, 2013, the Corporation held directly and indirectly 41% equity of CHSC and had all of the seats in the board of directors and controlled its operation; CHSC held 100% equity of HLSC and had all of the seats in the board of directors and supervisors.

2) In July 2012, the subsidiary DSC entered into a syndicated credit facility agreement with Bank of Taiwan and 17 other banks for a NT$35 billion credit line, which consists of NT$30 billion secured loans with a non-revolving credit line and NT$5 billion secured commercial paper with a revolving credit line. No secured loan was used as of March 31, 2013. Under the agreement, the Corporation and its related parties should collectively hold at least 80% of DSC's issued shares and have half of the seats or more in the board of directors. Starting 2012, DSC should meet some financial ratios and criteria.

   In February 2008, the subsidiary DSC entered into a syndicated credit facility agreement with Bank of Taiwan and 13 other banks for a NT$51.7 billion credit line. Under the agreement, the Corporation should hold at least 40% of DSC's issued shares and have half of the seats or more in the board of directors. In December 2009, DSC entered into another syndicated credit facility agreement with Bank of Taiwan and 12 other banks for a NT$20 billion credit line. Under the agreement, the Corporation should hold at least 80% of DSC's issued shares and have half of the seats or more in the board of directors. Starting 2012, DSC should meet some financial ratios and criteria.

   The amounts referring to the above financial ratios and criteria should be based on audited annual financial statements. If DSC breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare DSC's outstanding principal and interest to maturity as due, and request DSC to immediately settle. As of December 31, 2012, DSC was in compliance with the syndicated credit facility agreement. As of March 31, 2013, the Corporation held 100% equity of DSC and had all of the seats in the board of directors.

3) In October 2012, the subsidiary CSVC entered into a syndicated credit facility agreement with Mega International Commercial Bank and 11 other banks for a USD246,000 thousand credit line, which consists of USD126,000 thousand long-term borrowings with a non-revolving credit line and USD120,000 thousand short-term borrowings for operation with a revolving credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 50% of CSVC's issued shares and control CSVC's operation. Starting 2014, CSVC should meet some financial ratios and criteria. As of March 31, 2013, the Corporation held 51% equity of CSVC.

4) The above bank loans include those obtained by the Corporation in Japanese yen, Australian dollar and U.S. dollars to hedge the exchange rate fluctuations on investments in EAUS, CSCAU and CSVC and on the available-for-sale financial assets in Maruichi Steel Tube Ltd. and Yodogawa Steel Works, Ltd.

d. Long-term bills payable

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Commercial paper - interest at 0.78%-1.244% p.a., 0.79%-1.238% p.a., 0.78%-1.216% p.a. and 0.77%-1.212% p.a. as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively	$ 20,190,000	$ 26,800,000	$ 19,880,000	$ 24,830,000
Secured commercial paper in syndicated bank loans - interest at 1.196% p.a. and 1.205% p.a. as of March 31, 2013 and December 31, 2012, respectively	5,000,000	5,000,000	-	-
Less: Unamortized discounts	9,624	16,269	14,663	16,281
	$ 25,180,376	$ 31,783,731	$ 19,865,337	$ 24,813,719

The Corporation and its subsidiaries entered into fixed rate commercial paper contracts with bills finance corporations and banks. The duration of the contracts is three to five years and the cycle of issuance is fifteen to sixty days, during which the Corporation and its subsidiaries only have to pay service fees and interests. Therefore, the Corporation and its subsidiaries recorded those commercial papers issued as long-term bills payable.

The subsidiary DSC issued secured commercial paper in syndicated bank loans with the duration of seven years. Refer to c. for details.

The above commercial paper was secured by Mega International Commercial Bank and other banks.

20. BONDS PAYABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
5-year unsecured bonds - issued at par by the Corporation in:				
December 2008; repayable in December 2012 and December 2013; interest at 2.08% p.a., payable annually	$ 6,475,000	$ 6,475,000	$ 12,950,000	$ 12,950,000
December 2008; repayable in December 2012 and December 2013; interest at 2.42% p.a., payable annually	4,800,000	4,800,000	9,600,000	9,600,000
October 2011; repayable in October 2015 and October 2016; interest at 1.36% p.a., payable annually	9,300,000	9,300,000	9,300,000	9,300,000
7-year unsecured bonds - issued at par by the Corporation in:				
December 2008; repayable in December 2014 and December 2015; interest at 2.30% p.a., payable annually	7,000,000	7,000,000	7,000,000	7,000,000
October 2011; repayable in October 2017 and October 2018; interest at 1.57% p.a., payable annually	10,400,000	10,400,000	10,400,000	10,400,000
August 2012, repayable in August 2018 and August 2019; interest at 1.37% p.a., payable annually	5,000,000	5,000,000	-	-
10-year unsecured bonds - issued at par by the Corporation in:				
August 2012, repayable in August 2021 and August 2022; interest at 1.50% p.a., payable annually	15,000,000	15,000,000	-	-
Liability component of unsecured domestic convertible bonds - issued by CEC	260,100	425,100	600,000	-
	58,235,100	58,400,100	49,850,000	49,250,000
Add: Accrued interest	723	916	167	-
Less: Issuance cost of bonds payable	41,838	44,475	32,381	35,574
Unamortized discount on bonds payable	7,081	14,771	34,833	-
Current portion	11,273,157	11,272,543	11,271,314	11,270,086
	$ 46,913,747	$ 47,069,227	$ 38,511,639	$ 37,944,340

In February 2012, the subsidiary CEC issued NT$600,000 thousand of 3-year unsecured domestic convertible bonds with face value of NT$100 thousand each and zero interest coupon; the bond issuance had been approved by the government. The issuance cost was NT$4,900 thousand and the proceeds were used to increase operating capital and indirectly invest in CEVC. During the period of one month after the issuance date and 10 days before the maturity date, bondholders may request CEC to convert the bonds into its ordinary shares. During the period of one month after the issuance date and 40 days before the maturity date, if the closing price of CEC's shares in the secondary financial market is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued convertible bonds, CEC may redeem by cash the remaining bonds at their face value. On the repurchase date (February 20, 2014), two years after the issuance date, bondholders may request CEC to repurchase the bonds at their face value plus interest (100.501% of face value). As of

March 31, 2013, the convertible bonds with NT$339,900 thousand face value have been converted into 6,007 thousand shares of CEC's ordinary share.

According to International Accounting Standards No. 32 and No. 39, the subsidiary CEC has separately accounted for the embedded derivatives and the host contract - bonds payable. The embedded derivatives, including put options and call options, were recognized in financial instruments at fair value through profit or loss (Note 7) and measured at fair value.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Notes payable - operating	$ 666,365	$ 261,617	$ 681,686	$ 1,066,418
Accounts payable - operating	$ 10,735,540	$ 10,332,163	$ 11,320,617	$ 10,131,244

Included in accounts payable were advances received on construction contracts, in the amount of NT$1,393,039 thousand, NT$1,438,996 thousand, NT$1,333,448 thousand, and NT$1,334,493 thousand as of March 31, 2013, December 31, 2012, March 31, 2012, January 1, 2012, respectively. Advances received on construction contracts did not bear interests; they were expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which were within the normal operating cycle of the Corporation and its subsidiaries, usually more than twelve months. Refer to Note 12 for details on construction contracts.

22. OTHER PAYABLES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Purchase of equipment	$ 6,299,432	$ 6,248,398	$ 5,227,601	$ 5,458,948
Salaries and incentive bonus	3,990,320	5,791,500	3,787,712	6,348,237
Sale returns and discounts	1,278,714	1,468,272	877,803	1,289,831
Bonus to employees, and remuneration to directors and supervisors	1,219,004	782,026	1,999,758	1,918,073
Outsourced repair and construction	287,727	823,491	283,385	522,613
Others	6,439,822	5,378,178	4,907,446	5,322,030
	$ 19,515,019	$ 20,491,865	$ 17,083,705	$ 20,859,732

23. PROVISIONS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Onerous contracts (a)	$ 1,946,080	$ 1,378,181	$ 1,330,955	$ 1,941,792
Construction warranties (b)	763,477	764,562	826,997	868,016
Sale returns and discounts (c)	677,250	25,754	-	-
Others	93,505	7,682	-	822
	$ 3,480,312	$ 2,176,179	$ 2,157,952	$ 2,810,630

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Current	$ 3,424,255	$ 2,176,179	$ 2,157,952	$ 2,810,630
Noncurrent (recognized as other noncurrent liabilities)	56,057	-	-	-
	$ 3,480,312	$ 2,176,179	$ 2,157,952	$ 2,810,630

(Concluded)

	Onerous Contracts	Construction Warranties	Sale Returns and Discounts	Others	Total
Balance at January 1, 2013	$ 1,378,181	$ 764,562	$ 25,754	$ 7,682	$ 2,176,179
Recognized (reversed)	964,377	(1,047)	651,496	85,823	1,700,649
Paid	(396,478)	(38)	-	-	(396,516)
Balance at March 31, 2013	$ 1,946,080	$ 763,477	$ 677,250	$ 93,505	$ 3,480,312
Balance at January 1, 2012	$ 1,941,792	$ 868,016	$ -	$ 822	$ 2,810,630
Recognized (reversed)	109,057	(40,921)	-	(822)	67,314
Paid	(719,894)	(98)	-	-	(719,992)
Balance at March 31, 2012	$ 1,330,955	$ 826,997	$ -	$ -	$ 2,157,952

a. The provision for onerous contracts represents the present value of the future payments that the Corporation and its subsidiaries were presently obligated to make under non-cancellable onerous purchase and service contracts, less revenue expected to be earned on the contracts.

b. The provision for construction warranties represents the present value of management’s best estimate of the future outflow of economic benefits that will be required under the Corporation and its subsidiaries’ obligations for warranties. The estimate had been made on the basis of historical warranty trends.

c. The provision for sales returns and discounts, recognized as a reduction of operating revenues, represents the annual rewards estimated on the basis of historical experience, management's judgments and other known reasons.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Based on the LPA, the Corporation and its domestic subsidiaries make monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contributions in accordance with the local regulations, which is a defined contribution plan.

The total expense recognized in profit or loss for the three months ended March 31, 2013 and 2012 was NT$98,728 thousand and NT$92,540 thousand, respectively, representing contributions payable to these plans by the Corporation and its subsidiaries at rates specified in the rules of the plans.

b. Defined benefit plans

The Corporation and its domestic subsidiaries adopted the defined benefit plan under the Labor Standards Law, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation and its domestic subsidiaries contribute amounts, equal to a certain percentage of total monthly salaries and wages, to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The Corporation and its subsidiaries, such as CSGT, ICSC, CHC, etc., also made contributions, equal to a certain percentage of salaries of management personnel, to another pension fund, which are deposited and administered by the officers' pension fund management committee. The Corporation and its subsidiaries, such as CSAC, CHSC, CSCC, etc., also set up rules of consolation payment and holiday benefits, which are defined benefit plans.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2012 by members of the Actuarial Institute of the Republic of China. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. For the three months ended March 31, 2013 and 2012, the Corporation and its subsidiaries recognized employee benefit expenses, calculated using the actuarially determined pension cost rate as of December 31, 2012 and January 1, 2012, respectively.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	December 31, 2012	**January 1, 2012**
Discount rates	1.25%-2.00%	1.46%-2.00%
Expected return on plan assets	1.20%-2.00%	1.00%-2.00%
Expected rates of salary increase	1.00%-3.00%	1.00%-3.00%

Employee benefit expenses for the three months ended March 31, 2013 and 2012 were included in the following line items:

	Three Months Ended March 31	
	2013	**2012**
Operating costs	$ 163,927	$ 196,688
Operating expenses	$ 68,828	$ 55,648
Others	$ 3,334	$ 5,873

The amount included in the consolidated balance sheets arising from the Corporation and its subsidiaries' obligations in respect of their defined benefit plans was as follows:

	December 31, 2012	**January 1, 2012**
Present value of funded defined benefit obligation	$ 30,696,896	$ 30,421,687
Fair value of plan assets	(23,048,408)	(22,563,243)
Deficit	7,648,488	7,858,444
Net actuarial losses not recognized	(3,319)	442
Past service cost not yet recognized	(94,190)	(83,920)
Others	230	3,668
Accrued pension liabilities - recognized as other payables or other current assets	(111,927)	(107,634)
Accrued pension liabilities	$ 7,439,282	$ 7,671,000

The percentages of the major categories of plan assets at the balance sheet date were as follows:

	December 31, 2012	January 1, 2012
Cash equivalents	25	24
Equity securities	38	41
Debt securities	37	35
	100	100

The overall expected rate of return on plan assets was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the performance of the Labor Pension Fund by Labor Pension Fund Supervision Committee, and the consideration of the effect that the minimum return should not be less than the average interest rate on a two-year time deposit published by the local banks.

The Corporation and its subsidiaries chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Refer to Note 37):

	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 30,696,896	$ 30,421,687
Fair value of plan assets	$ 23,048,408	$ 22,563,243
Deficit	$ 7,648,488	$ 7,858,444
Experience adjustments on plan liabilities	$ 787,775	$ -
Experience adjustments on plan assets	$ (195,740)	$ -

The Corporation and its subsidiaries expect to make a contribution of NT$820,991 thousand to the defined benefit plans in the next year starting from March 31, 2013.

25. EQUITY

a. Share capital

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	17,000,000	17,000,000	17,000,000	17,000,000
Shares authorized	$ 170,000,000	$ 170,000,000	$ 170,000,000	$ 170,000,000
Numbers of shares issued and fully paid (in thousands)				
Ordinary shares (in thousands)	15,272,477	15,272,477	15,046,209	15,046,209
Preference shares (in thousands)	38,268	38,268	38,268	38,268
	15,310,745	15,310,745	15,084,477	15,084,477
Shares issued				
Ordinary shares	$ 152,724,765	$ 152,724,765	$ 150,462,093	$ 150,462,093
Preference shares	382,680	382,680	382,680	382,680
	$ 153,107,445	$ 153,107,445	$ 150,844,773	$ 150,844,773

1) Ordinary shares

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

In August 2012, the Corporation issued 226,268 thousand ordinary shares through capitalization of retained earnings of NT$2,262,672 thousand; the capital increase has been registered with the government.

2) Preference shares

Preference shareholders have the following entitlements or rights:

a) 14% annual dividends, with dividend payments ahead of those to ordinary shareholders;

b) Preference over ordinary shares in future payment of dividends in arrears;

c) The sequence and percentage of appropriation of residual property are the same with ordinary shares.

d) The same rights as ordinary shareholders, except the right to vote for directors and supervisors; and

e) Redeemable by the Corporation and convertible to ordinary shares by preference shareholders with the ratio of 1:1.

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. The depositary receipts then increased by 6,844,969 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,667,150,644 shares (including 264 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the outstanding depositary receipts were 2,680,493 units, 2,930,471 units, 3,480,285 units and 3,396,550 units, equivalent to 53,610,144 ordinary shares (including 284 fractional shares), 58,609,704 ordinary shares (including 284 fractional shares), 69,605,971 ordinary shares (including 271 fractional shares) and 67,931,271 ordinary shares (including 271 fractional shares), which represented 0.35%, 0.38%, 0.46% and 0.45% of the outstanding ordinary shares, respectively.

b. Capital surplus

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Additional paid-in capital	$ 31,154,766	$ 31,154,766	$ 31,154,766	$ 31,154,766
Treasury share transactions	5,332,432	5,332,432	5,022,707	5,021,515
Share of change in capital surplus of associates	126,246	80,700	216	216
Others	8,099	8,099	8,099	8,099
	$ 36,621,543	$ 36,575,997	$ 36,185,788	$ 36,184,596

The capital surplus from premium on shares issued in excess of par and treasury share transactions, when the Corporation has no deficit, may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year). The capital surplus from investments accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that the annual net income, less any deficit, should be appropriated in the following order:

1) 10% as legal reserve;

2) Preference share dividends at 14% of par value;

3) Of the remainder, 0.15% as remuneration to directors and supervisors and 8% as bonus to employees;

4) Ordinary share dividends at 14% of par value; and

5) The remainder, if any, as additional dividends divided equally between the holders of preference and ordinary shares.

The board of directors should propose the appropriation of earnings. If necessary, it may, after appropriating for preference shares dividends, propose to appropriate a special reserve or to retain certain earnings. These proposals should be submitted to the shareholders' meeting for approval.

The Corporation's steel business is in a phase of stable growth; thus, 75% or more of the appropriation for dividends should be in cash and 25% or less in shares.

For the three months ended March 31, 2013, the bonus to employees and remuneration to directors and supervisors were NT$348,128 thousand and NT$7,067 thousand, respectively. For the three months ended March 31, 2012, no bonus to employees and remuneration to directors and supervisors were accrued due to a net loss. The bonus to employees and remuneration to directors and supervisors were calculated based on the percentages provided in the Corporation's Articles of Incorporation and accrued based on the past experiences. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and share dividends) of the shares at the date preceding the shareholders' meeting.

Under Rule 89 No. 100116 issued by the Securities and Futures Bureau of the FSC and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of certain shareholders' equity accounts (including exchange differences on translating foreign operations, unrealized gains or losses of available-for-sale financial assets and gains or losses of the effective portion of the hedging instrument under cash flow hedges) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance. Under Rule 89 No. 05044 and Rule 91 No. 170010 issued by Securities and Futures Bureau of the FSC, if the market price of the Corporation's ordinary shares held by subsidiaries is lower than the carrying value of the Corporation's shares held by subsidiaries, the Corporation should appropriate a special reserve equal to the difference between market price and carrying value multiplied by the percentage of ownership. Any special reserve appropriated may be reversed to the extent of the increase in valuation. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Corporation had fully reversed the special reserve for the net debit balance for the adjustments to equity, and the remaining unreversed special reserve of NT$7,615,701 thousand was held for the capital demand of certain expansion projects.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve an amount equal to the total of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transition to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is smaller than the total revaluation and translation amount, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficit in subsequent years. However, when the company has earnings and the original need to appropriate for special reserve is not eliminated, no appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years (Refer to d. Special reserves appropriated following first-time adoption of IFRSs).

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are entitled a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations from earnings of 2012 and 2011 had been approved in the board of directors' meeting on March 22, 2013 and the shareholders' meeting on June 15, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividend Per Share (NT$)**	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 581,149	$ 1,949,368		
Preference shares				
Cash dividends	49,748	47,835	$ 1.30	$ 1.25
Share dividends	3,827	5,740	0.10	0.15
			$ 1.40	$ 1.40
Ordinary shares				
Cash dividends	6,108,990	15,196,671	$ 0.40	$ 1.01
Share dividends	1,527,248	2,256,932	0.10	0.15
	$ 8,270,962	$ 19,456,546	$ 0.50	$ 1.16

The bonus to employees and remuneration to directors and supervisors (distributed as cash) for 2012 and 2011 approved in the above meetings, respectively, were as follows:

	For the Year Ended December 31			
	2012		2011	
	Bonus to Employees	Remuneration to Directors and Supervisors	Bonus to Employees	Remuneration to Directors and Supervisors
Amounts approved in shareholders' meetings	$ 414,141	$ 7,765	$ 1,399,259	$ 26,236
Amounts recognized in respective financial statements	414,141	7,765	1,399,259	26,236
Difference	$ -	$ -	$ -	$ -

The appropriations of earnings for 2012 were proposed according to the Corporation's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and ROC GAAP, and by reference to the balance sheet for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (revised) and IFRSs. Thus, they are still subject to the resolution of the shareholders' meeting to be held on June 19, 2013.

Information about the appropriations of earnings, bonus to employees and remuneration to directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following first-time adoption of IFRSs

The Corporation's special reserves appropriated following first-time adoption of IFRSs were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Special reserve	$ 21,631,506	$ 21,633,290	$ 21,636,278	$ 21,636,278

Information regarding the above special reserve appropriated or reversed on elimination of the original need to appropriate a special reserve was as follows:

	Three Months Ended March 31	
	2013	2012
Balance, beginning of period	$ 21,633,290	$ 21,636,278
Reversed on elimination of the original need to appropriate for special reserve:		
Disposal of property, plant and equipment	(1,784)	-
Balance, end of period	$ 21,631,506	$ 21,636,278

The increase in retained earnings that resulted from all IFRSs adjustments was smaller than the total of revaluation and translation differences; therefore, the Corporation appropriated to the special reserve the amount of NT$21,636,278 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

If the special reserve appropriated on the first-time adoption of IFRSs relates to property, plant, and equipment other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. A proportionate share of the special reserve relating to exchange differences arising from the translation of the financial statements of foreign operations (including the subsidiaries of the Corporation) will be reversed on the disposal of foreign operations; on the loss of significant influence, however, the entire special reserve will be reversed.

e. Others equity items

1) Exchange differences on translating foreign operations

	Three Months Ended March 31	
	2013	**2012**
Balance, beginning of period	$ (417,820)	$ -
Exchange differences arising on translating foreign operations	803,136	(290,802)
Income tax relating to gain (loss) arising on translating the net assets of foreign operations	(16,350)	488
Gain (loss) on hedging instruments designated in hedges of the net assets of foreign operations	(330,965)	108,903
Share of exchange difference of associates accounted for using the equity method	(279)	-
Balance, end of period	$ 37,722	$ (181,411)

2) Unrealized gain on available-for-sale financial assets

	Three Months Ended March 31	
	2013	**2012**
Balance, beginning of period	$ 5,283,803	$ 5,507,672
Unrealized gain arising on revaluation of available-for-sale financial assets	1,573,184	1,537,268
Income tax relating to unrealized gain arising on revaluation of available-for-sale financial assets	(1,990)	(89)
Cumulative gain reclassified to profit or loss on disposal of available-for-sale financial assets	(212,882)	(33,127)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	1,973	-
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	11,040	11,930
Balance, end of period	$ 6,655,128	$ 7,023,654

3) Cash flow hedge

	Three Months Ended March 31	
	2013	**2012**
Balance, beginning of period	$ (280,266)	$ 317,084
Gain (loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges	163,203	(492,381)

(Continued)

	Three Months Ended March 31	
	2013	2012
Income tax related to cash flow hedges	$ (27,980)	$ 78,798
Cumulative gain arising on changes in fair value of hedging instruments reclassified to profit or loss	(13,213)	-
Income tax related to amounts reclassified to profit or loss	2,246	-
Transferred to initial carrying amount of hedged items	(2,324)	23,934
Income tax related to amounts transferred to initial carrying amount of hedged items	396	(4,069)
Balance, end of period	$ (157,938)	$ (76,634)

(Concluded)

f. Non-controlling interests

	Three Months Ended March 31	
	2013	2012
Balance, beginning of period	$ 26,869,649	$ 23,212,386
Attributable to non-controlling interests:		
Share of profit for the period	1,084,970	394,635
Exchange difference on translating foreign operations	354,752	(134,684)
Unrealized gain (loss) on available-for-sale financial assets	(40,443)	91,240
Income tax relating to unrealized gain and loss on available-for-sale financial assets	(1,614)	227
Fair value changes of cash flow hedges	(3,513)	(1,197)
Income tax relating to cash flow hedges	606	205
Actuarial loss on defined benefit plans	(9,811)	-
Share of other comprehensive income of associates accounted for using the equity method	5,015	-
Increase of non-controlling interest arising from acquisition of subsidiaries	-	1,701,006
Additional non-controlling interests arising from partial disposal of subsidiaries	27,005	12,416
Acquisition of non-controlling interests in subsidiaries	(7,850)	-
Equity component of convertible bonds issued by subsidiaries	-	30,011
Conversion of convertible bonds of subsidiaries to ordinary shares	99,396	-
Purchase of the Corporation’s shares by subsidiaries	-	(7,294)
Disposal of the Corporation’s shares held by subsidiaries	-	12,758
Others	13,561	8,140
Balance, end of period	$ 28,391,723	$ 25,319,849

g. Treasury shares

	Thousand Shares			March 31	
Purpose of Treasury Stock	Beginning of Period	Addition	Reduction	Thousand Shares	Book Value
Three months ended March 31, 2013					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	309,816	-	8	309,808	$ 8,582,187
Three months ended March 31, 2012					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	295,065	650	552	295,163	$ 8,292,447

The Corporation's shares acquired and held by subsidiaries are accounted for as treasury shares (subsidiaries recorded those shares as available-for-sale financial assets - current and available-for-sale financial assets - noncurrent). The Corporation's shares held by more than 50%-owned subsidiaries are not allowed to participate in the Corporation's capital increase in cash and have no voting rights; other rights are the same as other ordinary shareholders. The increase of treasury shares was due to acquisition of the Corporation's shares by subsidiaries in which the Corporation has less than 50% shareholding. The decrease of treasury shares was mainly due to subsidiaries' sale of the Corporation's shares and change in percentage of ownership.

For the three months ended March 31, 2013 and 2012, the subsidiaries sold zero share and 1,000 thousand shares of the Corporation for proceeds of zero and NT$28,498 thousand, respectively. For the three months ended March 31, 2013 and 2012, the proceeds of treasury shares sold, calculated by shareholding percentage, amounted to zero and NT$15,740 thousand, and after deducting book values, resulted in the amounts of zero and NT$1,192 thousand, respectively, recorded as capital surplus. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the market values of the treasury shares calculated by combined holding percentage were NT$8,070,499 thousand, NT$8,473,457 thousand, NT$8,899,152 thousand and NT$8,497,875 thousand, respectively.

26. OPERATING REVENUES

	Three Months Ended March 31	
	2013	**2012**
Revenue from the sale of goods	$ 82,947,492	$ 88,253,452
Construction contract revenue	3,405,076	3,397,929
Revenue from the rendering of services	1,256,446	1,409,377
Other revenues	851,501	801,709
	$ 88,460,515	$ 93,862,467

27. PROFIT (LOSS) BEFORE INCOME TAX

Profit (loss) before income tax had been arrived at after charging (crediting):

a. Other income

	Three Months Ended March 31	
	2013	**2012**
Interest income	$ 92,806	$ 90,565
Rental income	29,494	30,556
Gain on reversal of allowance for doubtful accounts	25,698	62,413
Dividends	1,617	3,908
Others	360,351	142,723
	$ 509,966	$ 330,165

b. Other gains and losses

	Three Months Ended March 31	
	2013	2012
Gain on disposal of investments	$ 162,524	$ 9,343
Net foreign exchange gain	118,525	121,762
Gain (loss) arising on financial assets at fair value through profit or loss	27,598	(15,102)
Loss on disposal of property, plant and equipment	(16,900)	(101,901)
Other losses	(408,140)	(94,508)
	$ (116,393)	$ (80,406)

The gain (loss) arising on financial assets at fair value through profit or loss included (a) an increase in fair value of NT$21,431 thousand and a decrease in fair value of NT$15,879 thousand for the three months ended March 31, 2013 and 2012, respectively and (b) interest income of NT$6,167 thousand and NT$777 thousand for the three months ended March 31, 2013 and 2012, respectively. Refer to Note 7 for details.

c. Finance costs

	Three Months Ended March 31	
	2013	2012
Total interest expense for financial liabilities measured at amortized cost	$ 874,598	$ 828,743
Less: Amounts included in the cost of qualifying assets	(211,583)	(243,820)
	$ 663,015	$ 584,923

Information about capitalized interest was as follows:

	Three Months Ended March 31	
	2013	2012
Capitalized amounts	$ 211,583	$ 243,820
Capitalized annual rates	1.1004%-1.47%	0.8904%-1.51%

d. Depreciation and amortization

	Three Months Ended March 31	
	2013	2012
Property, plant and equipment	$ 7,366,159	$ 6,631,382
Investment properties	20,803	21,213
Intangible assets	39,316	34,134
Others	23,045	18,015
	$ 7,449,323	$ 6,704,744

e. Operating expenses directly related to investment properties

	Three Months Ended March 31	
	2013	2012
Direct operating expenses of investment properties that generated rental income	$ 38,814	$ 33,052

f. Employee benefits expense

	Three Months Ended March 31	
	2013	2012
Short-term employee benefits		
Salaries	$ 6,813,732	$ 5,672,524
Labor and health insurance	392,104	348,887
Others	478,334	413,725
	7,684,170	6,435,136
Post-employment benefits (see Note 24)		
Defined contribution plans	98,728	92,540
Defined benefit plans	236,089	258,209
	334,817	350,749
Termination benefits	341,807	3,534
	$ 8,360,794	$ 6,789,419

g. Gain or loss on foreign currency exchange

	Three Months Ended March 31	
	2013	2012
Foreign exchange gain	$ 670,193	$ 440,379
Foreign exchange loss	(551,668)	(318,617)
	$ 118,525	$ 121,762

28. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense (benefit) were as follows:

	Three Months Ended March 31	
	2013	2012
Current tax		
In respect of the current period	$ 743,630	$ 345,544
In respect of prior periods	13,338	4,671
	756,968	350,215
Deferred tax		
In respect of the current period	44,119	(407,427)
	$ 801,087	$ (57,212)

b. Income tax recognized directly in equity

	Three Months Ended March 31	
	2013	2012
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	$ 71	$ -
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	(71)	-
	$ -	$ -

c. Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2013	2012
Recognized in other comprehensive income:		
Translation of foreign operations	$ 16,350	$ (488)
Fair value remeasurement of available-for-sale financial asset	3,604	(138)
Fair value remeasurement of hedging instruments entered into for cash flow hedges	27,374	(79,003)
Arising on income and expenses reclassified from equity to profit or loss:		
Relating to cash flow hedges	(2,246)	-
Relating to available-for-sale financial assets	(1,973)	-
Arising on gains/losses of hedging instruments in cash flow hedges transferred to the initial carrying amounts of hedged items	(396)	4,069
	$ 42,713	$ (75,560)

d. Integrated income tax

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated before January 1, 1998	$ 15,440	$ 15,440	$ 15,440	$ 15,440
Unappropriated earnings generated on and after January 1, 1998	9,944,342	6,141,281	18,889,015	19,591,531
	$ 9,959,782	$ 6,156,721	$ 18,904,455	$ 19,606,971
Imputation credits accounts ("ICA")	$ 56,398	$ 24,717	$ 373,819	$ 211,179

The creditable ratio for distribution of 2012 and 2011 earnings was 7.34% (estimated) and 17.84%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The estimated creditable ratio for the 2012 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

e. Income tax assessments

The Corporation's income tax returns through 2008 and the subsidiaries' income tax returns through 2008 to 2011 have been assessed by the tax authorities.

29. EARNINGS (LOSS) PER SHARE

The net profit (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (loss) per share were as follows:

Net profit (loss) for the period

	Three Months Ended March 31	
	2013	**2012**
Profit (loss) for the period attributable to owners of the Corporation	$ 3,792,596	$ (702,516)
Less: Dividends on preference shares	(13,394)	(13,394)
Earnings (loss) used in computation of basic and diluted earnings (loss) per share	$ 3,779,202	$ (715,910)

Weighted average number of ordinary shares outstanding (in thousand shares)

	Three Months Ended March 31	
	2013	**2012**
Weighted average number of ordinary shares in computation of basic earnings (loss) per share	14,962,669	14,972,887
Effect of dilutive potential ordinary shares:		
Bonus to employees	30,011	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	14,992,680	14,972,887

Preference shares were not included in the calculation of diluted earnings per share for the three months ended March 31, 2013 because of their anti-dilutive effect. Due to the net loss for the three months ended March 31, 2012, anti-dilutive effect will arise from the potential shares; therefore, the basic loss per share is the same with diluted loss per share.

The weighted average number of shares outstanding used for the loss per share computation was adjusted retroactively for the issuance of share dividends distributed out of earnings for the year ended December 31, 2012. The adjusted basic and diluted after-tax loss per share for the three months ended March 31, 2012 were both NT$0.05.

If the Corporation is allowed to settle the bonus paid to employees by cash or shares, the Corporation presumes that the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

30. CAPITAL MANAGEMENT

The management of the Corporation optimized the balances of working capital, debt and equity as well as the related cost through monitoring the Corporation's capital structure and capital demand by reviewing quantitative data and considering industry characteristics, domestic and international economic environment, rate fluctuation, strategies for development, etc.

Except for Note 19, the Corporation and its subsidiaries are not subject to any externally imposed capital requirements.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	Carrying Amount	Fair Value
March 31, 2013		
Bonds payable (including current portion)	$ 58,186,904	$ 58,588,324
December 31, 2012		
Bonds payable (including current portion)	58,341,770	58,680,301
March 31, 2012		
Bonds payable (including current portion)	49,782,953	50,528,145
January 1, 2012		
Bonds payable (including current portion)	49,214,426	49,927,381

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
March 31, 2013				
Financial assets at fair value through profit or loss				
Mutual funds	$ 3,455,898	$ -	$ -	$ 3,455,898
Quoted shares	1,048,657	-	-	1,048,657
Emerging market shares	-	-	300,500	300,500
Structure bonds	-	106,039	-	106,039
Forward exchange forward contracts	-	19,283	-	19,283
Convertible bonds	10,250	-	-	10,250
Options	-	1,043	-	1,043
Futures contracts	-	955	-	955
	$ 4,514,805	$ 127,320	$ 300,500	$ 4,942,625
Available-for-sale financial assets				
Foreign unquoted shares	$ -	$ -	$ 7,793,110	$ 7,793,110
Domestic emerging market shares and unquoted shares	-	-	7,141,713	7,141,713
Domestic quoted shares	4,024,908	-	-	4,024,908
Certificate of entitlement	-	-	2,112,342	2,112,342
Foreign quoted shares	1,703,974	-	-	1,703,974
Mutual funds	1,477,784	-	-	1,477,784
Private-placement shares of listed companies	-	644,473	-	644,473
	$ 7,206,666	$ 644,473	$ 17,047,165	$ 24,898,304
Derivative financial assets for hedging				
Forward exchange forward contracts	$ -	$ 74,829	$ -	$ 74,829
Interest rate swap contracts	-	6,207	-	6,207
	$ -	$ 81,036	$ -	$ 81,036
Financial liabilities at fair value through profit or loss				
Forward exchange forward contracts	$ -	$ 11,481	$ -	$ 11,481
Derivative financial liabilities for hedging				
Forward exchange forward contracts	$ -	$ 253,448	$ -	$ 253,448
Interest rate swap contracts	-	9,646	-	9,646
	$ -	$ 263,094	$ -	$ 263,094
December 31, 2012				
Financial assets at fair value through profit or loss				
Mutual funds	$ 2,704,082	$ -	$ -	$ 2,704,082
Quoted shares	773,793	-	-	773,793
Emerging market shares	-	-	304,655	304,655
Structure bonds	-	143,388	-	143,388
Convertible bonds	10,040	-	-	10,040
Forward exchange forward contracts	-	4,644	-	4,644
	$ 3,487,915	$ 148,032	$ 304,655	$ 3,940,602
Available-for-sale financial assets				
Foreign unquoted shares	$ -	$ -	$ 6,944,826	$ 6,944,826
Domestic emerging market shares and unquoted shares	-	-	6,114,392	6,114,392
Domestic quoted shares	4,206,122	-	-	4,206,122
Mutual funds	1,956,298	-	-	1,956,298

(Continued)

	Level 1	Level 2	Level 3	Total
Foreign quoted shares	$ 1,596,310	$ -	$ -	$ 1,596,310
Certificate of entitlement	-	-	1,546,939	1,546,939
Private-placement shares of listed companies	-	584,222	-	584,222
	$ 7,758,730	$ 584,222	$ 14,606,157	$ 22,949,109
Derivative financial assets for hedging				
Forward exchange forward contracts	$ -	$ 51,431	$ -	$ 51,431
Interest rate swap contracts	-	1,502	-	1,502
	$ -	$ 52,933	$ -	$ 52,933
Financial liabilities at fair value through profit or loss				
Forward exchange forward contracts	$ -	$ 6,065	$ -	$ 6,065
Options	-	36	-	36
	$ -	$ 6,101	$ -	$ 6,101
Derivative financial liabilities for hedging				
Forward exchange forward contracts	$ -	$ 298,152	$ -	$ 298,152
Interest rate swap contracts	-	29,057	-	29,057
	$ -	$ 327,209	$ -	$ 327,209
March 31, 2012				
Financial assets at fair value through profit or loss				
Mutual funds	$ 2,667,141	$ -	$ -	$ 2,667,141
Quoted shares	679,722	-	-	679,722
Emerging market shares	-	-	318,502	318,502
Structure bonds	-	209,295	-	209,295
Convertible bonds	10,330	-	-	10,330
Forward exchange forward contracts	-	4,988	-	4,988
	$ 3,357,193	$ 214,283	$ 318,502	$ 3,889,978
Available-for-sale financial assets				
Domestic emerging market shares and unquoted shares	$ -	$ -	$ 7,290,444	$ 7,290,444
Foreign unquoted shares	-	-	5,798,026	5,798,026
Domestic quoted shares	4,811,855	-	-	4,811,855
Mutual funds	2,509,500	-	-	2,509,500
Foreign quoted shares	1,653,668	-	-	1,653,668
Certificate of entitlement	-	-	832,575	832,575
Private-placement shares of listed companies	-	475,312	-	475,312
Structure bonds	-	44,816	-	44,816
	$ 8,975,023	$ 520,128	$ 13,921,045	$ 23,416,196
Derivative financial assets for hedging				
Forward exchange forward contracts	$ -	$ 97,519	$ -	$ 97,519
Interest rate swap contracts	-	12,610	-	12,610
	$ -	$ 110,129	$ -	$ 110,129

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Forward exchange forward contracts	$ -	$ 2,868	$ -	$ 2,868
Options	-	1,602	-	1,602
	$ -	$ 4,470	$ -	$ 4,470
Derivative financial liabilities for hedging				
Forward exchange forward contracts	$ -	$ 240,298	$ -	$ 240,298
January 1, 2012				
Financial assets at fair value through profit or loss				
Mutual funds	$ 2,400,137	$ -	$ -	$ 2,400,137
Quoted shares	403,480	-	-	403,480
Emerging market shares	-	-	315,040	315,040
Structure bonds	-	305,926	-	305,926
Forward exchange forward contracts	-	28,967	-	28,967
Convertible bonds	10,105	-	-	10,105
	$ 2,813,722	$ 334,893	$ 315,040	$ 3,463,655
Available-for-sale financial assets				
Domestic emerging market shares and unquoted shares	$ -	$ -	$ 6,216,191	$ 6,216,191
Foreign unquoted shares	-	-	5,949,776	5,949,776
Domestic quoted shares	4,366,090	-	-	4,366,090
Mutual funds	2,350,840	-	-	2,350,840
Foreign quoted shares	1,604,541	-	-	1,604,541
Certificate of entitlement	-	-	809,021	809,021
Private-placement shares of listed companies	-	377,429	-	377,429
Structure bonds	-	46,006	-	46,006
	$ 8,321,471	$ 423,435	$ 12,974,988	$ 21,719,894
Derivative financial assets for hedging				
Forward exchange forward contracts	$ -	$ 240,688	$ -	$ 240,688
Financial liabilities at fair value through profit or loss				
Forward exchange forward contracts	$ -	$ 90	$ -	$ 90
Derivative financial liabilities for hedging				
Forward exchange forward contracts	$ -	$ 95,806	$ -	$ 95,806

(Concluded)

There was no transfer between level 1 and level 2 for the three months ended March 31, 2013 and 2012.

3) Reconciliation of Level 3 fair value measurements of financial assets

	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets	Total
Three months ended March 31, 2013			
Balance, beginning of period	$ 304,655	$ 14,606,157	$ 14,910,812
Recognized in profit or loss - other gains and losses	(4,155)	(24,086)	(28,241)
Recognized in other comprehensive income - unrealized gain on available-for-sale financial assets	-	1,317,168	1,317,168
Reclassification	-	15,734	15,734
Purchases	-	1,085,334	1,085,334
Disposals	-	(29,315)	(29,315)
Effect of foreign currency exchange differences	-	76,173	76,173
Balance, end of period	$ 300,500	$ 17,047,165	$ 17,347,665
Three months ended March 31, 2012			
Balance, beginning of period	$ 315,040	$ 12,974,988	$ 13,290,028
Recognized in profit or loss - other gains and losses	3,462	12,779	16,241
Recognized in other comprehensive income - unrealized gain on available-for-sale financial assets	-	869,429	869,429
Purchases	-	112,001	112,001
Disposals	-	(29,559)	(29,559)
Effect of foreign currency exchange differences	-	(18,296)	(18,296)
Others	-	(297)	(297)
Balance, end of period	$ 318,502	$ 13,921,045	$ 14,239,547

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes mutual funds, domestic and foreign quoted shares and bonds payable). Where such prices were not available, valuation techniques were applied. For shares acquired through private placement and not transferred freely in public market, fair values are determined by using valuation techniques adopted by the Corporation and its subsidiaries based on information from the Market Observation Post System, the Taiwan Stock Exchange, etc. and calculated by using the Black-Scholes Model. For emerging market shares, fair values are estimated on the basis of the closing price and liquidity. For unquoted shares and certificate of entitlement, fair values are estimated by using a discounted cash flow model, which included some assumptions that were not supportable by observable market prices or rates, by using a market approach, which is determined based on industry types, valuations of similar companies and operations, or by using the net worth of companies.

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The estimates and assumptions used by the Corporation and its subsidiaries were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Financial assets				
Fair value through profit or loss				
Held for trading	$ 2,574,229	$ 2,055,816	$ 1,999,628	$ 1,845,183
Designated as at fair value through profit or loss	2,368,396	1,884,786	1,890,350	1,618,472
Derivative instruments in designated hedge accounting relationships	81,036	52,933	110,129	240,688
Held-to-maturity investments	204,539	185,159	180,187	169,721
Loans and receivables (1)	50,382,656	49,577,175	52,886,161	49,039,822
Available-for-sale financial assets	24,898,304	22,949,109	23,416,196	21,719,894
Financial liabilities				
Fair value through profit or loss				
Held for trading	11,481	6,065	2,868	90
Designated as at fair value through profit or loss	-	36	1,602	-
Derivative instruments in designated hedge accounting relationships	263,094	327,209	240,298	95,806
Measured at amortized cost (2)	297,669,751	288,762,236	278,630,240	275,610,647

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, bond investments with no active market, refundable deposits and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings and bank overdraft, short-term bills payable, notes and accounts payable, other payables, bonds payable, long-term borrowings and long-term bills payable.

c. Financial risk management objectives and policies

The finance department of the Corporation and its subsidiaries proposes financial strategies according to the operation at different stages, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk analysis of degree of exposures by using domestic and international professional risk monitoring system. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Corporation and its subsidiaries were exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts, foreign deposits or foreign borrowings.

The carrying amounts of the significant non-functional currency monetary assets and liabilities (including those eliminated on consolidation) at the balance sheet date were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Assets				
USD	$ 11,374,764	$ 9,897,431	$ 11,858,198	$ 10,842,987
JPY	3,764,044	4,325,825	5,003,171	5,259,136
Liabilities				
USD	18,434,717	16,396,426	14,584,837	13,510,263
CAD	8,169,420	-	-	-
JPY	4,517,094	4,750,360	5,075,863	5,487,319
AUD	1,031,131	498,929	507,771	508,357

The Corporation and its subsidiaries were mainly exposed to the currencies USD, JPY, CAD and AUD. The following table details the sensitivity to a 1% increase in the functional currencies against the relevant foreign currencies.

	USD Impact		JPY Impact	
	Three Months Ended March 31		Three Months Ended March 31	
	2013	2012	2013	2012
Profit or loss	$ 21,932	$ 26,378 i	$ 12,725	$ 743 ii
Equity	48,668	888 iii	(5,195)	(803,346) iii

	CAD Impact		AUD Impact	
	Three Months Ended March 31		Three Months Ended March 31	
	2013	2012	2013	2012
Profit or loss	$ (11)	$ (7) i	$ (37)	$ (9) i
Equity	81,694	- iii	10,311	5,077 iii

i. This was mainly attributable to the exposure of outstanding receivables and payables, which were not hedged at the balance sheet date.

ii. This was mainly attributable to the exposure of outstanding receivables and payables, which were not hedged at the balance sheet date, and bond investments with no active market and borrowings, which were designated as hedged items in fair value hedges .

iii. This was attributable to other financial assets, which were designated as hedging items in cash flow hedges, and borrowings, which were designated as hedging instruments in net investments in foreign operations hedges.

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts.

The carrying amounts of the Corporation and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Fair value interest rate risk				
Financial liabilities	$ 103,997,271	$ 87,021,200	$ 82,298,515	$ 71,572,326
Cash flow interest rate risk				
Financial liabilities	162,755,556	170,655,391	167,245,717	171,980,927

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the three months ended March 31, 2013 and 2012 would have been lower/higher by NT$406,889 thousand and NT$418,114 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through their investments in mutual funds, quoted shares and private placement shares of listed companies.

If equity prices had been 1% higher/lower, pre-tax profit for the three months ended March 31, 2013 and 2012 would have been higher/lower by NT$45,046 thousand and NT$33,469 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the three months ended March 31, 2013 and 2012 would have been higher/lower by NT$78,511 thousand and NT$94,503 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation and its subsidiaries. As at the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions and companies.

Accounts receivable consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the customers' financial condition.

The Corporation and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Corporation and its subsidiaries define counterparties as having similar characteristics if they are related entities.

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitors the movement of cash flows, net cash position and significant capital expenditures, controls the utilization of bank borrowing to adjust proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants.

The table below summarizes the maturity profile of the Corporation and its subsidiaries' financial liabilities based on contractual undiscounted payments:

	Less Than 1 Year	2-5 Years	5+ Years	Total
March 31, 2013				
Short-term borrowings and bank overdraft	$ 41,876,646	$ -	$ -	$ 41,876,646
Short-term bills payable	45,810,367	-	-	45,810,367
Notes and accounts payable	11,368,767	33,138	-	11,401,905
Other payables	19,515,019	-	-	19,515,019
Bonds payable	11,273,157	21,739,412	25,174,335	58,186,904
Long-term borrowings	19,294,771	66,730,834	9,672,929	95,698,534
Long-term bills payable	-	25,180,376	-	25,180,376
	$ 149,138,727	$ 113,683,760	$ 34,847,264	$ 297,669,751
December 31, 2012				
Short-term borrowings and bank overdraft	$ 25,637,077	$ -	$ -	$ 25,637,077
Short-term bills payable	28,679,430	-	-	28,679,430
Notes and accounts payable	10,566,215	27,565	-	10,593,780
Other payables	20,491,865	-	-	20,491,865
Bonds payable	11,272,543	21,895,774	25,173,453	58,341,770
Long-term borrowings	20,979,088	74,029,846	18,225,649	113,234,583
Long-term bills payable	-	31,783,731	-	31,783,731
	$ 117,626,218	$ 127,736,916	$ 43,399,102	$ 288,762,236
March 31, 2012				
Short-term borrowings and bank overdraft	$ 40,804,089	$ -	$ -	$ 40,804,089
Short-term bills payable	32,515,562	-	-	32,515,562
Notes and accounts payable	11,963,243	39,060	-	12,002,303
Other payables	17,083,705	-	-	17,083,705
Bonds payable	11,271,314	28,122,602	10,389,037	49,782,953
Long-term borrowings	20,393,498	65,726,821	20,455,972	106,576,291
Long-term bills payable	-	19,865,337	-	19,865,337
	$ 134,031,411	$ 113,753,820	$ 30,845,009	$ 278,630,240
January 1, 2012				
Short-term borrowings and bank overdraft	$ 59,918,010	$ -	$ -	$ 59,918,010
Short-term bills payable	22,357,900	-	-	22,357,900
Notes and accounts payable	11,160,370	37,292	-	11,197,662
Other payables	20,859,732	-	-	20,859,732

(Continued)

	Less Than 1 Year	2-5 Years	5+ Years	Total
Bonds payable	$ 11,270,086	$ 27,555,756	$ 10,388,584	$ 49,214,426
Long-term borrowings	11,715,737	60,023,696	15,509,765	87,249,198
Long-term bills payable	-	24,813,719	-	24,813,719
	$ 137,281,835	$ 112,430,463	$ 25,898,349	$ 275,610,647

(Concluded)

32. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Corporation and its subsidiaries and other related parties were disclosed below:

a. Operating transactions

	Sales of Goods	
	Three Months Ended March 31	
	2013	2012
Other related parties as key management personnel of subsidiaries	$ 702,286	$ 579,299
The Corporation and its subsidiaries as key management personnel of other related parties	652,513	1,097,117
Others	56,248	90,468
	$ 1,411,047	$ 1,766,884

	Purchases of Goods	
	Three Months Ended March 31	
	2013	2012
Associates	$ 65,110	$ 39,503
Other related parties as key management personnel of subsidiaries	44,550	54,998
Others	1,231	4,120
	$ 110,891	$ 98,621

Sales to and purchases from related parties were made under normal terms applied to similar transactions in the market.

The following balances of accounts receivable from related parties were outstanding at the balance sheet date:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
The Corporation and its subsidiaries as key management personnel of other related parties	$ 465,278	$ 726,619	$ 637,005	$ 540,588
Other related parties as key management personnel of subsidiaries	379,727	393,192	298,050	311,056

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Others	$ 5,483	$ 4,919	$ 3,677	$ 2,933
	$ 850,488	$ 1,124,730	$ 938,732	$ 854,577

(Concluded)

The following balances of accounts payable to related parties were outstanding at the balance sheet date:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Other related parties as supervisors of subsidiaries	$ 112,157	$ 130,417	$ 104,651	$ 152,818
Associates	54,409	57,450	31,742	44,014
Other related parties as key management personnel of subsidiaries	19,210	34,387	31,772	28,944
Others	429	10,221	514	993
	$ 186,205	$ 232,475	$ 168,679	$ 226,769

The outstanding accounts payable to related parties are unsecured and will be settled in cash. No guarantee had been received for accounts receivable from related parties. No expense had been recognized for the three months ended March 31, 2013 and 2012 for allowance for impairment of accounts receivable in respect of the amounts owed by related parties.

b. Compensation of key management personnel

The remuneration to directors and other members of key management personnel for the three months ended March 31, 2013 and 2012 were as follows:

	Three Months Ended March 31	
	2013	2012
Short-term employee benefits	$ 17,351	$ 12,449
Post-employment benefits	385	392
	$ 17,736	$ 12,841

33. PLEDGED ASSETS

The Corporation and its subsidiaries' assets mortgaged or pledged as collateral for long-term borrowings, short-term borrowings and bank overdraft, performance guarantees, bankers' acceptance bills etc. were as follows (listed according to their carrying amounts):

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Net property, plant and equipment	$ 155,654,707	$ 157,408,178	$ 129,722,312	$ 132,351,547
Demand and time deposits	7,060,746	7,221,840	7,095,479	7,188,354
Shares (Note)	2,039,715	5,959,565	6,985,755	6,672,960
Investment properties, net	1,845,578	1,892,298	1,236,632	1,242,447
	$ 166,600,746	$ 172,481,881	$ 145,040,178	$ 147,455,308

Note: Shares of the Corporation were pledged by the subsidiaries WIC and TIC and were recorded as treasury shares in the consolidated financial statements.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 19, significant commitments and contingencies of the Corporation and its subsidiaries as of March 31, 2013 were as follows:

a. The Corporation and its subsidiaries provided letters of credits for NT$4.4 billion guaranteed by financial institutions for several construction and lease contracts, and guarantee notes for NT$75.8 billion to banks and owners for loans, purchase agreements and warranty.

b. Unused letters of credit for importation of materials and machinery amounted to NT$17.9 billion.

c. Property purchase and construction contracts for NT$31.5 billion were signed but not yet recorded.

d. Construction contracts for NT$38.7 billion were not yet completed.

e. The Corporation and its subsidiaries entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, United States, Bahrain, Japan and domestic companies with contract terms of 1 to 10 years. Contracted annual purchases of 11,470,000 metric tons of coal, 20,320,000 metric tons of iron ore, and 2,850,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of March 31, 2013 were USD12.1 billion (including 14,650,000 metric tons of coal, 77,460,000 metric tons of iron ore, and 230,000 metric tons of limestone).

f. Endorsements/guarantees provided to the consolidated entities as of March 31, 2013 were as follows:

Endorsement/Guarantee Provider	Counterparty	Ending Balance
China Steel Corporation	Dragon Steel Corporation	USD 390,464 thousand
	CSC Steel Australia Holding Pty Ltd.	AUD 342,671 thousand
China Steel Structure Co., Ltd.	United Steel Constructure Corporation	NTD 1,105,000 thousand
	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	NTD 784,645 thousand
	United Steel Construction Vietnam Co., Ltd.	NTD 328,075 thousand
United Steel Constructure Corporation	China Steel Structure Co., Ltd.	NTD 4,459,402 thousand
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co., Ltd.	USD 3,000 thousand
	CSGT International Corporation	USD 3,200 thousand
China Steel Express Corporation	CSE Transport Corporation (Panama)	USD 216,000 thousand
	CSEI Transport Panama Corp. (Panama)	USD 49,976 thousand
China Prosperity Development Corporation	CK Japan Co., Ltd.	JPY 1,750,000 thousand
China Ecotek Corporation	China Ecotek India Private Limited	NTD 95,116 thousand

35. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
March 31, 2013				
Monetary financial assets				
USD	$ 345,828	29.825	(USD:NTD)	$ 10,314,331
USD	25,881	6.2058	(USD:CNY)	771,906
USD	6,952	21,690.91	(USD:VND)	207,334
USD	2,236	0.96	(USD:AUD)	66,680
USD	487	3.2193	(USD:MYR)	14,513
JPY	11,775,289	0.3172	(JPY:NTD)	3,735,122
JPY	86,213	0.0106	(JPY:USD)	27,347
JPY	4,966	0.066	(JPY:CNY)	1,575
Non-monetary financial assets				
JPY	5,134,000	0.3172	(JPY:NTD)	1,628,505
Monetary financial liabilities				
USD	521,242	29.825	(USD:NTD)	15,546,034
USD	73,644	6.2058	(USD:CNY)	2,196,428
USD	19,613	21,690.91	(USD:VND)	584,945
USD	3,319	54.22	(USD:INR)	99,002
USD	279	3.2193	(USD:MYR)	8,308
CAD	278,345	29.35	(CAD:NTD)	8,169,420
JPY	14,233,642	0.3172	(JPY:NTD)	4,514,911
JPY	6,881	0.066	(JPY:CNY)	2,183
AUD	33,182	31.075	(AUD:NTD)	1,031,131
December 31, 2012				
Monetary financial assets				
USD	298,504	29.04	(USD:NTD)	8,668,557
USD	33,434	6.2318	(USD:CNY)	970,932
USD	4,471	21,591.08	(USD:VND)	129,847
USD	2,553	0.96	(USD:AUD)	74,137
USD	1,858	3.1909	(USD:MYR)	53,958
JPY	12,721,408	0.3364	(JPY:NTD)	4,279,481
JPY	126,382	0.0116	(JPY:USD)	42,515
JPY	11,382	0.0722	(JPY:CNY)	3,829
Non-monetary financial assets				
JPY	4,550,000	0.3364	(JPY:NTD)	1,530,620
Monetary financial liabilities				
USD	472,127	29.04	(USD:NTD)	13,710,578
USD	75,597	6.2318	(USD:CNY)	2,195,326
USD	16,610	21,591.08	(USD:VND)	482,364
USD	281	3.1909	(USD:MYR)	8,158
JPY	14,115,355	0.3364	(JPY:NTD)	4,748,406

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
JPY	$ 3,966	0.0722	(JPY:CNY)	$ 1,334
JPY	1,844	0.0116	(JPY:USD)	620
AUD	16,540	30.165	(AUD:NTD)	498,929
March 31, 2012				
Monetary financial assets				
USD	335,418	29.51	(USD:NTD)	9,898,192
USD	56,457	6.2995	(USD:CNY)	1,666,034
USD	4,932	21,540.146	(USD:VND)	145,530
USD	3,028	3.1918	(USD:MYR)	89,353
USD	2,002	0.9614	(USD:AUD)	59,089
JPY	13,850,004	0.3592	(JPY:NTD)	4,974,922
JPY	67,995	0.0122	(JPY:USD)	24,424
JPY	10,649	0.0767	(JPY:CNY)	3,825
Non-monetary financial assets				
JPY	4,586,000	0.3592	(JPY:NTD)	1,647,291
Monetary financial liabilities				
USD	393,150	29.51	(USD:NTD)	11,601,856
USD	99,082	6.2995	(USD:CNY)	2,923,899
USD	1,494	1.2563	(USD:SGD)	44,081
USD	508	3.1918	(USD:MYR)	15,001
JPY	14,122,527	0.3592	(JPY:NTD)	5,072,812
JPY	6,190	0.0767	(JPY:CNY)	2,223
JPY	2,305	0.0122	(JPY:USD)	828
AUD	16,542	30.695	(AUD:NTD)	507,771
January 1, 2012				
Monetary financial assets				
USD	292,531	30.275	(USD:NTD)	8,856,361
USD	57,279	6.2981	(USD:CNY)	1,734,133
USD	4,724	21,780.5755	(USD:VND)	143,009
USD	2,807	3.3095	(USD:MYR)	84,977
USD	809	0.985	(USD:AUD)	24,507
JPY	13,348,372	0.3906	(JPY:NTD)	5,213,874
JPY	95,489	0.0129	(JPY:USD)	37,298
JPY	20,389	0.0813	(JPY:CNY)	7,964
Non-monetary financial assets				
JPY	4,102,000	0.3906	(JPY:NTD)	1,602,241
Monetary financial liabilities				
USD	329,730	30.275	(USD:NTD)	9,982,576
USD	100,073	6.2981	(USD:CNY)	3,029,700
USD	15,559	21,780.5755	(USD:VND)	471,041
USD	890	3.3095	(USD:MYR)	26,946
JPY	14,037,213	0.3906	(JPY:NTD)	5,482,935
JPY	8,540	0.0813	(JPY:CNY)	3,336
JPY	2,683	0.0129	(JPY:USD)	1,048
AUD	16,540	30.735	(AUD:NTD)	508,357

(Concluded)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Corporation and its subsidiaries' reportable segments under IFRS 8 "Operating Segments" were as follows:

- Steel - manufacture and sell steel products, including the Corporation, DSC, CHSC, CSCSSB, CSVC, CSCI, HLSC and TSC.
- Ocean freight forwarding - ship bulk merchandise, such as iron ore and coal, including CSE, TSP, CSEP and CSEIP.
- CSCC - produces processes and sells coal tar distillation products, light oil products, and also engages in the commerce of related upstream and downstream merchandise.

a. Segment revenues and operating results

The following is an analysis of the Corporation and its subsidiaries' revenues and results of operations by reportable segment.

	Steel	Ocean Freight Forwarding	CSCC	Others	Adjustment and Elimination	Total
Three months ended March 31, 2013						
Revenues from external customers	$ 73,246,211	$ 587,070	$ 2,034,649	$ 12,592,585	$ -	$ 88,460,515
Inter-segment revenues	10,329,158	3,476,148	24,228	8,193,637	(22,023,171)	-
Segment revenues	$ 83,575,369	$ 4,063,218	$ 2,058,877	$ 20,786,222	$ (22,023,171)	$ 88,460,515
Segment profit	$ 3,427,290	$ 844,572	$ 554,947	$ 1,070,249	$ 13,045	$ 5,910,103
Interest income	47,175	3,586	2,749	38,976	320	92,806
Interest expense	(610,040)	(6,462)	(524)	(45,996)	7	(663,015)
Share of the profit (loss) of associates and joint ventures	2,228,825	481,530	27,070	600,004	(3,299,437)	37,992
Other non-operating income and expenses	95,757	249,125	30,695	69,086	(143,896)	300,767
Profit before income tax	5,189,007	1,572,351	614,937	1,732,319	(3,429,961)	5,678,653
Income tax expense (benefit)	399,944	124,840	88,420	197,783	(9,900)	801,087
Net profit for the period	$ 4,789,063	$ 1,447,511	$ 526,517	$ 1,534,536	$ (3,420,061)	$ 4,877,566
Three months ended March 31, 2012						
Revenues from external customers	$ 77,512,101	$ 773,332	$ 2,242,564	$ 13,334,470	$ -	$ 93,862,467
Inter-segment revenues	8,949,105	3,884,498	33,696	7,497,306	(20,364,605)	-
Segment revenues	$ 86,461,206	$ 4,657,830	$ 2,276,260	$ 20,831,776	$ (20,364,605)	$ 93,862,467
Operating profit (loss)	$ (2,540,248)	$ 1,020,243	$ 588,360	$ 1,237,869	$ (179,127)	$ 127,097
Interest income	55,842	5,121	3,993	25,183	426	90,565
Interest expense	(531,582)	(13,365)	(493)	(39,486)	3	(584,923)
Share of the profit (loss) of associates and joint ventures	505,755	660,813	24,463	333,876	(1,681,933)	(157,026)
Other non-operating income and expenses	275,520	11,686	3,696	30,397	(162,105)	159,194
Profit before income tax	(2,234,713)	1,684,498	620,019	1,587,839	(2,022,736)	(365,093)
Income tax expense (benefit)	-	105,385	90,358	184,015	(436,970)	(57,212)
Net profit (loss) for the period	$ (2,234,713)	$ 1,579,113	$ 529,661	$ 1,403,824	$ (1,585,766)	$ (307,881)

Segment profit represented the profit before tax earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Segment assets				
Steel	$ 716,184,464	$ 696,574,292	$ 697,318,532	$ 676,124,361
Ocean freight forwarding	20,315,203	18,501,237	21,277,415	19,553,481
CSCC	7,979,151	7,339,203	8,015,482	7,402,776
Others	138,513,602	123,823,167	231,391,138	115,060,090
Adjustment and elimination	(240,010,722)	(222,787,934)	(332,745,142)	(199,919,547)
Total	$ 642,981,698	$ 623,449,965	$ 625,257,425	$ 618,221,161

37. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation of financial information under IFRSs

The Corporation and its subsidiaries' consolidated financial statements for the three months ended March 31, 2013 were the first IFRS interim financial statements. The Corporation and its subsidiaries not only follow the significant accounting policies stated in Note 4 but also apply the requirements under IFRS 1 "First-time Adoption of International Financial Reporting Standards" as the basis of the preparation of the financial statements.

b. Effects of transition to IFRSs

The effects of the transition to IFRSs, on the Corporation and its subsidiaries' consolidated balance sheets and consolidated statements of comprehensive income were shown on the following:

1) Reconciliation of consolidated balance sheet as of January 1, 2012: Table 1

2) Reconciliation of consolidated balance sheet as of March 31, 2012: Table 2

3) Reconciliation of consolidated balance sheet as of December 31, 2012: Table 3

4) Reconciliation of consolidated statement of comprehensive income for the three months ended March 31, 2012: Table 4

5) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012: Table 5

6) Exemptions from IFRS 1

IFRS 1, "First-time Adoption of International Financial Reporting Standards", establishes the procedures for the Corporation and its subsidiaries' first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Corporation and its subsidiaries are required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in their opening consolidated balance sheets at the date of transition to IFRSs (January 1, 2012), except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The main optional exemptions the Corporation and its subsidiaries adopted are summarized as follows:

Business combinations

The Corporation and its subsidiaries elected not to apply IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before the date of transition to IFRSs.

Therefore, the carrying amounts of goodwill, assets, liabilities and minority interest generated from past business combinations in the opening consolidated balance sheets remain the same as their carrying amounts under ROC GAAP as of December 31, 2011.

The above exemption also applied to past acquisitions of investments in associates.

<u>Share-based payment transactions</u>

The Corporation and its subsidiaries elected the exemption from applying IFRS 2, “Share-based Payment”, retrospectively for the share-based payment transactions granted and vested before the date of transition to IFRSs.

<u>Deemed cost</u>

The Corporation and its subsidiaries elected to use ROC GAAP revaluation value of the designated property, plant and equipment and investment property at the date of transition to IFRSs as deemed cost at the date of revaluation.

<u>Employee benefits</u>

The Corporation and its subsidiaries elected to recognize all cumulative actuarial gains and losses relating to employee benefits in retained earnings at the date of transition to IFRSs.

<u>Cumulative translation differences</u>

The Corporation and its subsidiaries elected to deem the cumulative translation differences on all foreign operations as zero and recognized the amount in retained earnings at the date of transition to IFRSs.

<u>Designation of previously recognized financial assets and financial liabilities</u>

The Corporation and its subsidiaries elected to designate previously recognized financial assets carried at cost as financial assets at fair value through profit or loss and available-for-sale financial assets at the date of transition to IFRSs.

The effects arising from the above exemptions are stated in 7) Notes to the significant reconciliation items of transition to IFRSs.

7) Notes to the significant reconciliation items of transition to IFRSs:

The material differences between the accounting policies under ROC GAAP and the accounting policies under IFRSs were as follows:

<u>Presentation difference</u>

A. Time deposits with deposit terms of over three months

Under ROC GAAP, time deposits that can be withdrawn at any moment without detriment to the principal are classified as cash.

Under IFRSs, cash equivalents are defined as investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Therefore, only short-term investments, such as those with maturity of three months or less from the date of acquisition, normally qualify for classification as cash equivalents. Under IFRSs, time deposits with deposit terms of over three months are reclassified as other financial assets.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from cash to other financial assets were NT$2,444,389 thousand, NT$6,240,638 thousand and NT$5,348,764 thousand, respectively.

B. Deferred income tax assets/liabilities

Under ROC GAAP, valuation allowance is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred income tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits, and valuation allowance account is not used.

In addition, under ROC GAAP, deferred tax assets or liabilities are classified as current or noncurrent in accordance with the classification of their related assets or liabilities. However, if deferred income tax assets or liabilities do not relate to assets or liabilities in the financial statements, they are classified as either current or noncurrent based on the expected length of time before they are realized or settled. Under IFRSs, deferred tax assets or liabilities are classified as noncurrent assets or liabilities.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from current deferred income tax assets to noncurrent assets were NT$2,058,931 thousand, NT$4,030,840 thousand and NT$3,623,367 thousand, respectively; the amounts reclassified from current deferred income tax liabilities to noncurrent liabilities were NT$8,941 thousand, NT$5,471 thousand and zero, respectively.

C. Classification of property, plant and equipment, assets leased to others and idle assets

Under ROC GAAP, assets leased to others are classified under property, plant and equipment or other assets, and idle assets are classified under other assets. Under IFRSs, the aforementioned items are classified as investment property or property, plant and equipment according to their nature.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from assets leased to others under property, plant and equipment to investment property were NT$3,945,199 thousand, NT$3,807,530 thousand and NT$3,827,965 thousand, respectively; the amounts reclassified from assets leased to others under other assets to property, plant and equipment were zero, NT$4,427 thousand and NT$27,533 thousand, respectively; the amounts reclassified from assets leased to others under other assets to investment property were NT$2,920,089 thousand, NT$2,950,348 thousand and NT$3,038,314 thousand, respectively; the amounts reclassified from idle assets under other assets to property, plant and equipment were NT$1,273,506 thousand, NT$1,657,273 thousand and NT$670,017 thousand, respectively; the amounts reclassified from idle assets under other assets to investment property were all NT$1,441,943 thousand.

D. Unrealized revaluation increment/reserve for land value increment tax

Under current Regulations Governing the Preparation of Financial Reports by Securities Issuers, reserve for land value increment tax recognized due to revaluation of land is classified as long-term liabilities.

Under IFRSs, ROC GAAP revaluation values are selected as deemed cost for the designated land at the date of transition to IFRSs; thus, the related reserve for land value increment tax is reclassified to deferred income tax liabilities - land value increment tax.

As of January 1, 2012, the Corporation and its subsidiaries adjusted unrealized revaluation increment to retained earnings under the requirement of IFRS 1. The amount adjusted from unrealized revaluation increment to retained earnings was NT$26,757,590 thousand. As of

December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from reserve for land value increment tax to deferred income tax liabilities - land value increment tax were NT$10,240,123 thousand, NT$10,240,123 thousand and NT$10,194,138 thousand, respectively.

Recognition and measurement difference

(a) Financial assets carried at cost

Under current Regulations Governing the Preparation of Financial Reports by Securities Issuers, shares that are not listed on the Taiwan Stock Exchange Corporation or Taiwan GreTai Securities Market and of which the holder has no significant influence over the investee should be classified as financial assets carried at cost.

Under IFRSs, financial assets should be classified as financial assets at fair value through profit or loss and measured at fair value if they meet the definition of held for trading. Equity instruments that are designated as available-for-sale financial assets or are not designated as at FVTPL should be classified as available-for-sale financial assets and measured at fair value.

As of December 31, 2012, March 31, 2012 and January 1, 2012, the amounts reclassified from financial assets carried at cost to financial assets at fair value through profit or loss and available-for-sale financial assets were NT$12,449,537 thousand, NT$10,695,578 thousand and NT$10,603,195 thousand, respectively; financial assets at fair value through profit or loss were adjusted for an increase of NT$304,655 thousand, NT$318,502 thousand and NT$315,040 thousand, respectively; available-for-sale financial assets were adjusted for an increase of NT$14,606,157 thousand, NT$13,921,045 thousand and NT$12,974,988 thousand, respectively; unrealized gain on available-for-sale financial assets was adjusted for an increase of NT$2,416,134 thousand, NT$3,481,086 thousand and NT$2,685,896 thousand, respectively.

(b) Defined benefit pension plans

Under ROC GAAP, actuarial gains and losses should be accounted for under the corridor approach which resulted in the deferral of gains and losses. When using the corridor approach, actuarial gains and losses should be amortized in profit or loss over the average remaining service period of those employees who are still in service and expected to receive pension benefits. Under IFRSs, the Corporation and its subsidiaries should carry out actuarial valuation on defined benefit plans in accordance with IAS No. 19, “Employee Benefits,” and will recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income. The actuarial gains and losses recognized in other comprehensive income are recognized immediately in retained earnings in the statement of changes in equity. The subsequent reclassification to profit or loss is not permitted.

Under ROC GAAP, there is no requirement for other long-term employee benefits (other than pensions). Under IFRSs, actuarial gains and losses should all be recognized immediately in profit or loss.

Under ROC GAAP, unrecognized net transition obligation, resulting from first-time adoption of SFAS No. 18, “Accounting for Pensions,” should be amortized in pension cost by the straight-line method over the average remaining service period of those employees who are still in service and expected to receive pension benefits. Due to no transition application under IAS No. 19, “Employee Benefits,” unrecognized net transition obligation and related amounts should be all recognized in retained earnings at the date of transition to IFRSs.

Under ROC GAAP, minimum pension liability is the minimum amount of pension liability that is required to be recognized on the balance sheets. If the accrued pension liability recorded on the books is less than the minimum amount, the difference shall be recognized. Under IFRSs, there is no requirement for minimum pension liability.

At the date of transition to IFRSs, the Corporation and its subsidiaries performed the actuarial valuation on defined benefit plans under IAS No. 19, “Employee Benefits,” and recognized the valuation difference under the requirement of IFRS 1. As of December 31, 2012, March 31, 2012 and January 1, 2012, accrued pension cost was adjusted for an increase of NT$6,716,615 thousand, NT$6,904,190 thousand and NT$6,916,895 thousand, respectively; net loss not recognized as pension cost was adjusted for a decrease of NT$184,893 thousand, NT$230,766 thousand and NT$230,590 thousand, respectively; deferred income tax assets were adjusted for an increase of NT$1,205,875 thousand, NT$1,220,934 thousand and NT$1,219,725 thousand, respectively; retained earnings were adjusted for a decrease of NT$5,576,947 thousand, NT$5,665,972 thousand and NT$5,662,987 thousand, respectively. Pension cost for the year ended December 31, 2012 and for the three months ended March 31, 2012 was also adjusted for a decrease of NT$104,295 thousand (decrease of operating costs NT$19,177 thousand, research and development expenses NT$42 thousand, selling expenses NT$1,328 thousand, general and administrative expenses NT$78,953 thousand and nonoperating expenses and losses NT$4,795 thousand) and NT$16,493 thousand (decrease of operating costs NT$3,705 thousand, selling expenses NT$372 thousand and general and administrative expenses NT$12,416 thousand), respectively.

(c) Treasury stock

Under ROC GAAP, stocks of the parent company held by its subsidiaries are accounted for as its own treasury stock. The Corporation first adopted ROC SFAS No. 30, “Accounting for Treasury Stock,” which required that the recorded cost of the stock should be based on its carrying amount as of January 1, 2002 and reclassified to treasury stock. The carrying amount of the stock may not be the same as its original acquisition cost.

Under IFRSs, treasury stock should be recorded initially at acquisition cost and shown as a deduction in stockholders’ equity. There is no transition application; thus, the treasury stock and related accounts in the statement of changes in equity should be adjusted retrospectively.

As of January 1, 2012, the Corporation adjusted the treasury stock retrospectively, and the major effects were as follows: Capital surplus was increased by NT$385,962 thousand, retained earnings were decreased by NT$141,373 thousand, unrealized gain on available-for-sale financial assets was increased by NT$112,926 thousand and treasury stock was increased by NT$167,784 thousand.

(d) Offset of deferred income tax

Under ROC GAAP, the current deferred income tax liabilities and assets of the same taxable entity should be offset against each other and presented as a net amount; the same for the noncurrent deferred income tax liabilities and assets.

Under IFRSs, an entity should offset deferred income tax assets and deferred income tax liabilities only if:

i. The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and,

ii. The deferred income tax assets and the deferred income tax liabilities related to income taxes levied by the same taxation authority on either:

   i) The same taxable entity; or

   ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

8) Notes to the significant adjustments of consolidated statements of cash flows

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7 "Statement of Cash Flows", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received and interest paid by the Corporation and its subsidiaries of NT$61,120 thousand, NT$3,908 thousand and NT$595,576 thousand, respectively, for the three months ended March 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statements of cash flows.

TABLE 1

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
AS OF JANUARY 1, 2012
(In Thousands of New Taiwan Dollars)

Assets

ROC GAAP		Effects of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
CURRENT ASSETS					CURRENT ASSETS	
Cash and cash equivalents	$ 17,480,092	$ (5,348,764)	$ -	$ 12,131,328	Cash and cash equivalents	A
Financial assets at fair value through profit or loss - current	3,124,636	-	315,040	3,439,676	Financial assets at fair value through profit or loss - current	(a)
Available-for-sale financial assets - current	5,375,249	-	14,462	5,389,711	Available-for-sale financial assets - current	(a)
Held-to-maturity financial assets - current	60,550	-	-	60,550	Held-to-maturity financial assets - current	
Hedging derivative assets - current	115,768	-	-	115,768	Derivative financial assets for hedging - current	
Notes receivable, net	1,901,604	-	-	1,901,604	Notes receivable, net	
Accounts receivable, net	10,213,979	-	-	10,213,979	Accounts receivable, net	
-	-	8,716,229	-	8,716,229	Amounts due from customers for construction contracts	
Other receivables	2,346,521	(452,975)	-	1,893,546	Other receivables	
-	-	453,304	-	453,304	Current tax assets	
Other financial assets - current	3,710,158	12,192,130	-	15,902,288	Other financial assets - current	A
Inventories	115,961,466	(8,716,229)	32,272	107,277,509	Inventories	
Deferred income tax assets - current	3,623,367	(3,623,367)	-	-	-	B
Restricted assets - current	6,906,442	(6,906,442)	-	-	-	
Others	5,776,246	(329)	1,232	5,777,149	Other current assets	
Total current assets	176,596,078	(3,686,443)	363,006	173,272,641	Total current assets	
INVESTMENTS					INVESTMENTS	
Financial assets at fair value through profit or loss - noncurrent	23,979	-	-	23,979	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets - noncurrent	3,369,657	-	12,960,526	16,330,183	Available-for-sale financial assets - noncurrent	(a)
Held-to-maturity financial assets - noncurrent	109,171	-	-	109,171	Held-to-maturity financial assets - noncurrent	
Hedging derivative assets - noncurrent	124,920	-	-	124,920	Derivative financial assets for hedging - noncurrent	
Financial assets carried at cost - noncurrent	10,603,195	-	(10,603,195)	-	-	(a)
Bond investments with no active market - noncurrent	4,050,222	-	-	4,050,222	Bond investments with no active market - noncurrent	
Investments accounted for by the equity method	2,618,993	-	(10,479)	2,608,514	Investments accounted for using equity method	
Investments in real estate	381,905	(381,905)	-	-	-	
Prepaid long-term stock investments	10,000	(10,000)	-	-	-	
Other financial assets - noncurrent	2,119,688	398,736	-	2,518,424	Other financial assets - noncurrent	A
Total investments	23,411,730	6,831	2,346,852	25,765,413	Total investments	
PROPERTY, PLANT AND EQUIPMENT					PROPERTY, PLANT AND EQUIPMENT	
Cost and revaluation increment	623,552,077	(3,554,278)	181,113	620,178,912	Cost	
Less: Accumulated depreciation	317,415,604	(276,865)	11,330	317,150,069	Less: Accumulated depreciation	
Accumulated impairment	443,719	(274,540)	-	169,179	Accumulated impairment	
	305,692,754	(3,002,873)	169,783	302,859,664		C
Construction in progress and prepayments for equipment	96,851,192	(721,960)	212,309	96,341,541	Construction in progress and equipment to be inspected	
Net property, plant and equipment	402,543,946	(3,724,833)	382,092	399,201,205	Net property, plant and equipment	
INTANGIBLE ASSETS	2,246,170	(598,605)	(21,224)	1,626,341	INTANGIBLE ASSETS	
-	-	8,690,127	-	8,690,127	INVESTMENT PROPERTIES	C
OTHER ASSETS					OTHER ASSETS	
Assets leased to others, net	3,065,847	(3,065,847)	-	-	-	C
Idle assets, net	2,111,960	(2,111,960)	-	-	-	C
Refundable deposits	428,431	-	-	428,431	Refundable deposits	
Deferred income tax assets - noncurrent	-	3,623,367	3,483,564	7,106,931	Deferred tax assets	B, (b), (d)
Restricted assets - noncurrent	335,660	(335,660)	-	-	-	
Deferred charges and others	945,793	1,203,023	(18,744)	2,130,072	Other noncurrent assets	
Total other assets	6,887,691	(687,077)	3,464,820	9,665,434	Total other assets	
TOTAL	$ 611,685,615	$ -	$ 6,535,546	$ 618,221,161	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP		Effects of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans and overdraft	$ 59,918,010	$ -	$ -	$ 59,918,010	Short-term borrowings and bank overdraft	
Commercial paper payable	22,357,900	-	-	22,357,900	Short-term bills payable	
Financial liabilities at fair value through profit or loss - current	90	-	-	90	Financial liabilities at fair value through profit or loss - current	
Hedging derivative liabilities - current derivative financial liabilities for hedging - current	53,331	-	-	53,331	Derivative financial liabilities for hedging - current	
Notes payable	1,066,418	-	-	1,066,418	Notes payable	
Accounts payable	10,131,244	-	-	10,131,244	Accounts payable	
Income tax payable	3,376,691	-	-	3,376,691	Current tax liabilities	
Accrued expenses	13,912,683	(13,912,683)	-	-	-	
-	-	2,203,481	-	2,203,481	Amounts due to customers for construction contracts	
Other payables	8,456,717	12,403,015	-	20,859,732	Other payables	
-	-	2,810,630	-	2,810,630	Provisions - current	
Bonds payable - current portion	11,270,086	-	-	11,270,086	Current portion of bonds payable	
Long-term debt - current portion	11,715,737	-	-	11,715,737	Current portion of long-term borrowings	
Others	6,546,124	(3,504,443)	(80,349)	2,961,332	Other current liabilities	
Total current liabilities	148,805,031	-	(80,349)	148,724,682	Total current liabilities	
LONG-TERM LIABILITIES					LONG-TERM LIABILITIES	
Hedging derivative liabilities - noncurrent	42,475	-	-	42,475	Derivative financial liabilities for hedging - noncurrent	
Bonds payable	37,944,340	-	-	37,944,340	Bonds payable	
Long-term debt	75,533,461	-	-	75,533,461	Long-term borrowings	
Long-term notes payable	24,813,719	-	-	24,813,719	Long-term bills payable	
Total long-term liabilities	138,333,995	-	-	138,333,995	Total long-term liabilities	
RESERVE FOR LAND VALUE INCREMENT TAX	10,194,138	(10,194,138)	-	-	-	D
OTHER LIABILITIES					OTHER LIABILITIES	
Accrued pension cost	754,105	-	6,916,895	7,671,000	Accrued pension liabilities	
Deferred income tax liabilities - noncurrent	543,499	10,194,138	2,342,512	13,080,149	Deferred tax liabilities	(b)
Others	946,910	-	-	946,910	Other noncurrent liabilities	B, D, (d)
Total other liabilities	2,244,514	10,194,138	9,259,407	21,698,059	Total other liabilities	
Total liabilities	299,577,678	-	9,179,058	308,756,736	Total liabilities	
STOCKHOLDERS' EQUITY OF PARENT COMPANY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Capital stock	150,844,773	-	-	150,844,773	Share capital	
Capital surplus	36,247,705	-	(63,109)	36,184,596	Capital surplus	
Retained earnings					Retained earnings	(c)
Legal reserve	52,829,209	-	-	52,829,209	Legal reserve	
Special reserve	7,615,701	-	21,636,278	29,251,979	Special reserve	
Unappropriated earnings	19,606,971	-	-	19,606,971	Unappropriated earnings	
Total retained earnings	80,051,881	-	21,636,278	101,688,159	Total retained earnings	D, (b), (c)
Other equity adjustments					Other equity	
Unrealized revaluation increment	26,757,590	-	(26,757,590)	-	-	
Unrealized gain on financial instruments	3,020,919	(317,084)	2,803,837	5,507,672	Unrealized gain on available-for-sale financial assets	D (a), (c)
-	-	317,084	-	317,084	Cash flow hedges	
Cumulative translation adjustments	17,192	-	(17,192)	-	Exchange differences on translating foreign operations	
Net loss not recognized as pension cost	(230,590)	-	230,590	-	-	
Treasury stock	(8,122,461)	-	(167,784)	(8,290,245)	Treasury shares	(b)
Total other equity adjustments	21,442,650	-	(23,908,139)	(2,465,489)	Total other equity	(c)
Total stockholders' equity of parent company	288,587,009	-	(2,334,970)	286,252,039	Total equity attributable to owners of the Corporation	
MINORITY INTEREST	23,520,928	-	(308,542)	23,212,386	NON - CONTROLLING INTERESTS	
Total stockholders' equity	312,107,937	-	(2,643,512)	309,464,425	Total equity	
TOTAL	$ 611,685,615	$ -	$ 6,535,546	$ 618,221,161	TOTAL	

TABLE 2

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2012
(In Thousands of New Taiwan Dollars)

Assets

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to IFRSs: Presentation Difference	Effects of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
CURRENT ASSETS					CURRENT ASSETS	
Cash and cash equivalents	$ 20,650,852	$ (6,240,638)	$ -	$ 14,410,214	Cash and cash equivalents	A
Financial assets at fair value through profit or loss - current	3,571,361	-	318,502	3,889,863	Financial assets at fair value through profit or loss - current	(a)
Available-for-sale financial assets - current	5,871,553	-	19,968	5,891,521	Available-for-sale financial assets - current	(a)
Held-to-maturity financial assets - current	59,020	-	-	59,020	Held-to-maturity financial assets - current	
Hedging derivative assets - current	61,974	-	-	61,974	Derivative financial assets for hedging - current	
Notes receivable, net	1,887,712	-	-	1,887,712	Notes receivable, net	
Accounts receivable, net	11,263,069	-	-	11,263,069	Accounts receivable, net	
-	-	8,966,958	-	8,966,958	Amounts due from customers for construction contracts	
Other receivables	2,951,396	(585,293)	-	2,366,103	Other receivables	
-	-	612,309	-	612,309	Current tax assets	
Other financial assets - current	5,059,581	12,996,076	-	18,055,657	Other financial assets - current	A
Inventories	108,416,487	(8,966,958)	28,668	99,478,197	Inventories	
Deferred income tax assets - current	4,030,840	(4,030,840)	-	-	-	B
Restricted assets - current	6,813,297	(6,813,297)	-	-	-	
Others	6,445,394	(27,016)	1,131	6,419,509	Other current assets	
Total current assets	177,082,536	(4,088,699)	368,269	173,362,106	Total current assets	
INVESTMENTS					INVESTMENTS	
Financial assets at fair value through profit or loss - noncurrent	115	-	-	115	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets - noncurrent	3,623,598	-	13,901,077	17,524,675	Available-for-sale financial assets - noncurrent	(a)
Held-to-maturity financial assets - noncurrent	121,167	-	-	121,167	Held-to-maturity financial assets - noncurrent	
Hedging derivative assets - noncurrent	48,155	-	-	48,155	Derivative financial assets for hedging - noncurrent	
Financial assets carried at cost - noncurrent	10,695,578	-	(10,695,578)	-	-	(a)
Bond investments with no active market - noncurrent	3,736,580	-	-	3,736,580	Bond investments with no active market - noncurrent	
Investments accounted for by the equity method	2,476,500	-	2,723	2,479,223	Investments accounted for using equity method	
Investments in real estate	381,905	(381,905)	-	-	-	
Other financial assets - noncurrent	511,646	368,426	-	880,072	Other financial assets - noncurrent	A
Total investments	21,595,244	(13,479)	3,208,222	24,789,987	Total investments	
PROPERTY, PLANT AND EQUIPMENT					PROPERTY, PLANT AND EQUIPMENT	
Cost and revaluation increment	624,216,943	(2,602,977)	181,113	621,795,079	Cost	C
Less: Accumulated depreciation	321,839,303	(248,870)	13,024	321,603,457	Less: Accumulated depreciation	C
Accumulated impairment	447,120	(275,102)	-	172,018	Accumulated impairment	C
	301,930,520	(2,079,005)	168,089	300,019,604		
Construction in progress and prepayments for equipment	107,251,969	(845,306)	232,350	106,639,013	Construction in progress and equipment to be inspected	
Net property, plant and equipment	409,182,489	(2,924,311)	400,439	406,658,617	Net property, plant and equipment	
INTANGIBLE ASSETS	2,208,131	(587,060)	(21,224)	1,599,847	INTANGIBLE ASSETS	
-	-	8,581,725	-	8,581,725	INVESTMENT PROPERTIES	C
OTHER ASSETS					OTHER ASSETS	
Assets leased to others, net	2,954,775	(2,954,775)	-	-	-	C
Idle assets, net	3,099,216	(3,099,216)	-	-	-	C
Refundable deposits	286,754	-	-	286,754	Refundable deposits	
Deferred income tax assets - noncurrent	1,012,532	4,030,840	2,728,390	7,771,762	Deferred tax assets	B, (b), (d)
Restricted assets - noncurrent	310,567	(310,567)	-	-	-	
Deferred charges and others	859,063	1,365,542	(17,978)	2,206,627	Other noncurrent assets	
Total other assets	8,522,907	(968,176)	2,710,412	10,265,143	Total other assets	
TOTAL	$ 618,591,307	$ -	$ 6,666,118	$ 625,257,425	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to IFRSs: Presentation Difference	Effects of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans and overdraft	$ 40,804,089	$ -	$ -	$ 40,804,089	Short-term borrowings and bank overdraft	
Commercial paper payable	32,515,562	-	-	32,515,562	Short-term bills payable	
Financial liabilities at fair value through profit or loss - current	4,302	-	-	4,302	Financial liabilities at fair value through profit or loss - current	
Hedging derivative liabilities - current derivative financial liabilities for hedging - current	106,751	-	-	106,751	Derivative financial liabilities for hedging - current	
Notes payable	681,686	-	-	681,686	Notes payable	
Accounts payable	11,320,617	-	-	11,320,617	Accounts payable	
Income tax payable	3,871,388	-	(1,328)	3,870,060	Current tax liabilities	
Accrued expenses	11,536,259	(11,536,259)	-	-	-	
-	-	3,703,421	-	3,703,421	Amounts due to customers for construction contracts	
Other payables	6,470,683	10,613,037	(15)	17,083,705	Other payables	
-	-	2,157,952	-	2,157,952	Provisions - current	
Bonds payable - current portion	11,271,314	-	-	11,271,314	Current portion of bonds payable	
Long-term debt - current portion	20,393,498	-	-	20,393,498	Current portion of long-term borrowings	
Deferred income tax liabilities - current	5,471	(5,471)	-	-	-	B
Others	7,982,868	(4,938,151)	(73,729)	2,970,988	Other current liabilities	
Total current liabilities	146,964,488	(5,471)	(75,072)	146,883,945	Total current liabilities	
LONG-TERM LIABILITIES					LONG-TERM LIABILITIES	
Financial liabilities at fair value through profit or loss - noncurrent	168	-	-	168	Financial liabilities at fair value through profit or loss - noncurrent	
Hedging derivative liabilities - noncurrent	133,547	-	-	133,547	Derivative financial liabilities for hedging - noncurrent	
Bonds payable	38,511,639	-	-	38,511,639	Bonds payable	
Long-term debt	86,182,793	-	-	86,182,793	Long-term borrowings	
Long-term notes payable	19,865,337	-	-	19,865,337	Long-term bills payable	
Total long-term liabilities	144,693,484	-	-	144,693,484	Total long-term liabilities	
RESERVE FOR LAND VALUE INCREMENT TAX	10,240,123	(10,240,123)	-	-	-	D
OTHER LIABILITIES					OTHER LIABILITIES	
Accrued pension cost	719,762	-	6,904,190	7,623,952	Accrued pension liabilities	(b)
Deferred income tax liabilities - noncurrent	1,472,000	10,245,594	1,590,384	13,307,978	Deferred tax liabilities	B, D, (d)
Others	938,851	-	-	938,851	Other noncurrent liabilities	
Total other liabilities	3,130,613	10,245,594	8,494,574	21,870,781	Total other liabilities	
Total liabilities	305,028,708	-	8,419,502	313,448,210	Total liabilities	
STOCKHOLDERS' EQUITY OF PARENT COMPANY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Capital stock	150,844,773	-	-	150,844,773	Share capital	
Capital surplus	36,264,390	-	(78,602)	36,185,788	Capital surplus	(c)
Retained earnings					Retained earnings	
Legal reserve	52,829,209	-	-	52,829,209	Legal reserve	
Special reserve	7,615,701	-	21,636,278	29,251,979	Special reserve	
Unappropriated earnings	18,894,792	-	9,663	18,904,455	Unappropriated earnings	D, (b), (c)
Total retained earnings	79,339,702	-	21,645,941	100,985,643	Total retained earnings	
Other equity adjustments					Other equity	
Unrealized revaluation increment	26,757,490	-	(26,757,490)	-	-	D
Unrealized gain on financial instruments	3,336,422	76,634	3,610,598	7,023,654	Unrealized gain on available-for-sale financial assets	(a), (c)
-	-	(76,634)	-	(76,634)	Cash flow hedges	
Cumulative translation adjustments	(164,538)	-	(16,873)	(181,411)	Exchange differences on translating foreign operations	
Net loss not recognized as pension cost	(230,766)	-	230,766	-	-	(b)
Treasury stock	(8,125,498)	-	(166,949)	(8,292,447)	Treasury shares	(c)
Total other equity adjustments	21,573,110	-	(23,099,948)	(1,526,838)	Total other equity	
Total stockholders' equity of parent company	288,021,975	-	(1,532,609)	286,489,366	Total equity attributable to owners of the Corporation	
MINORITY INTEREST	25,540,624	-	(220,775)	25,319,849	NON - CONTROLLING INTERESTS	
Total stockholders' equity	313,562,599	-	(1,753,384)	311,809,215	Total equity	
TOTAL	$ 618,591,307	$ -	$ 6,666,118	$ 625,257,425	TOTAL	

TABLE 3

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

Assets

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to IFRSs: Presentation Difference	Effects of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
CURRENT ASSETS					CURRENT ASSETS	
Cash and cash equivalents	$ 20,545,123	$ (2,444,389)	$ 3	$ 18,100,737	Cash and cash equivalents	A
Financial assets at fair value through profit or loss - current	3,635,688	-	304,655	3,940,343	Financial assets at fair value through profit or loss - current	(a)
Available-for-sale financial assets - current	4,763,787	-	21,228	4,785,015	Available-for-sale financial assets - current	(a)
Hedging derivative assets - current	45,950	-	-	45,950	Derivative financial assets for hedging - current	
Notes receivable, net	1,490,986	-	-	1,490,986	Notes receivable, net	
Accounts receivable, net	10,560,747	-	-	10,560,747	Accounts receivable, net	
-	-	7,432,666	-	7,432,666	Amounts due from customers for construction contracts	
Other receivables	1,530,801	(56,646)	-	1,474,155	Other receivables	
-	-	58,085	-	58,085	Current tax assets	
Other financial assets - current	4,237,454	9,286,260	-	13,523,714	Other financial assets - current	A
Inventories	84,282,534	(7,432,666)	17,150	76,867,018	Inventories	
Deferred income tax assets - current	2,058,931	(2,058,931)	-	-	-	B
Restricted assets - current	6,942,080	(6,942,080)	-	-	-	
Others	4,775,299	(1,439)	1,862	4,775,722	Others current assets	
Total current assets	144,869,380	(2,159,140)	344,898	143,055,138	Total current assets	
INVESTMENTS					INVESTMENTS	
Financial assets at fair value through profit or loss - noncurrent	259	-	-	259	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets - noncurrent	3,579,165	-	14,584,929	18,164,094	Available-for-sale financial assets - noncurrent	(a)
Held-to-maturity financial assets - noncurrent	185,159	-	-	185,159	Held-to-maturity financial assets - noncurrent	
Hedging derivative assets - noncurrent	6,983	-	-	6,983	Derivative financial assets for hedging - noncurrent	
Financial assets carried at cost - noncurrent	12,449,537	-	(12,449,537)	-	-	(a)
Bond investments with no active market - noncurrent	3,536,086	-	-	3,536,086	Bond investments with no active market - noncurrent	
Investments accounted for by the equity method	2,606,530	-	10,303	2,616,833	Investments accounted for using equity method	
Investments in real estate	381,905	(381,905)	-	-	-	
Prepaid long-term stock investments	12,942	(12,942)	-	-	-	
Other financial assets - noncurrent	33,943	425,028	-	458,971	Other financial assets - noncurrent	A
Total investments	22,792,509	30,181	2,145,695	24,968,385	Total investments	
PROPERTY, PLANT AND EQUIPMENT					PROPERTY, PLANT AND EQUIPMENT	
Cost and revaluation increment	669,417,853	(2,978,870)	181,113	666,620,096	Cost	
Less: Accumulated depreciation	340,666,791	(186,819)	18,090	340,498,062	Less: Accumulated depreciation	
Accumulated impairment	405,559	(188,784)	-	216,775	Accumulated impairment	
	328,345,503	(2,603,267)	163,023	325,905,259		
Construction in progress and prepayments for equipment	108,359,520	(2,215,076)	283,336	106,427,780	Construction in progress and equipment to be inspected	C
Net property, plant and equipment	436,705,023	(4,818,343)	446,359	432,333,039	Net property, plant and equipment	
INTANGIBLE ASSETS	3,303,202	(1,725,856)	(41,439)	1,535,907	INTANGIBLE ASSETS	
-	-	8,689,136	-	8,689,136	INVESTMENT PROPERTIES	C
OTHER ASSETS					OTHER ASSETS	
Assets leased to others, net	2,920,089	(2,920,089)	-	-	-	C
Idle assets, net	2,715,449	(2,715,449)	-	-	-	C
Refundable deposits	431,779	-	-	431,779	Refundable deposits	
Deferred income tax assets - noncurrent	3,080,214	2,058,931	2,690,659	7,829,804	Deferred tax assets	B, (b), (d)
Restricted assets - noncurrent	324,819	(324,819)	-	-	-	
Deferred charges and others	749,524	3,885,448	(28,195)	4,606,777	Other noncurrent assets	
Total other assets	10,221,874	(15,978)	2,662,464	12,868,360	Total other assets	
TOTAL	$ 617,891,988	$ -	$ 5,557,977	$ 623,449,965	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to IFRSs: Presentation Difference	Effects of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans and overdraft	$ 25,637,077	$ -	$ -	$ 25,637,077	Short-term borrowings and bank overdraft	
Commercial paper payable	28,679,430	-	-	28,679,430	Short-term bills payable	
Financial liabilities at fair value through profit or loss - current	4,362	-	-	4,362	Financial liabilities at fair value through profit or loss - current	
Hedging derivative liabilities - current derivative financial liabilities for hedging - current	240,380	-	-	240,380	Derivative financial liabilities for hedging - current	
Notes payable	261,617	-	-	261,617	Notes payable	
Accounts payable	10,332,163	-	-	10,332,163	Accounts payable	
Income tax payable	2,098,608	-	209	2,098,817	Current tax liabilities	
Accrued expenses	12,477,514	(12,477,514)	-	-	-	
-	-	3,647,356	-	3,647,356	Amounts due to customers for construction contracts	
Other payables	9,175,241	11,316,624	-	20,491,865	Other payables	
-	-	2,176,179	-	2,176,179	Provisions - current	
Bonds payable - current portion	11,272,543	-	-	11,272,543	Current portion of bonds payable	
Long-term debt - current portion	20,979,088	-	-	20,979,088	Current portion of long-term borrowings	
Deferred income tax liabilities - current	8,941	(8,941)	-	-	-	B
Others	7,018,591	(4,662,645)	1,414	2,357,360	Other current liabilities	
Total current liabilities	128,185,555	(8,941)	1,623	128,178,237	Total current liabilities	
LONG-TERM LIABILITIES					LONG-TERM LIABILITIES	
Financial liabilities at fair value through profit or loss - noncurrent	1,739	-	-	1,739	Financial liabilities at fair value through profit or loss - noncurrent	
Hedging derivative liabilities - noncurrent	86,829	-	-	86,829	Derivative financial liabilities for hedging - noncurrent	
Bonds payable	47,069,227	-	-	47,069,227	Bonds payable	
Long-term debt	92,255,495	-	-	92,255,495	Long-term borrowings	
Long-term notes payable	31,783,731	-	-	31,783,731	Long-term bills payable	
Total long-term liabilities	171,197,021	-	-	171,197,021	Total long-term liabilities	
RESERVE FOR LAND VALUE INCREMENT TAX	10,240,123	(10,240,123)	-	-	-	D
OTHER LIABILITIES					OTHER LIABILITIES	
Accrued pension cost	722,667	-	6,716,615	7,439,282	Accrued pension liabilities	(b)
Deferred income tax liabilities - noncurrent	1,074,759	10,249,064	1,598,297	12,922,120	Deferred tax liabilities	B, D, (d)
Others	972,505	-	-	972,505	Other noncurrent liabilities	
Total other liabilities	2,769,931	10,249,064	8,314,912	21,333,907	Total other liabilities	
Total liabilities	312,392,630	-	8,316,535	320,709,165	Total liabilities	
STOCKHOLDERS' EQUITY OF PARENT COMPANY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Capital stock	153,107,445	-	-	153,107,445	Share capital	
Capital surplus	36,673,528	-	(97,531)	36,575,997	Capital surplus	(c)
Retained earnings					Retained earnings	
Legal reserve	54,778,577	-	-	54,778,577	Legal reserve	
Special reserve	7,615,701	-	21,633,290	29,248,991	Special reserve	
Unappropriated earnings	5,961,915	-	194,806	6,156,721	Unappropriated earnings	D, (b), (c)
Total retained earnings	68,356,193	-	21,828,096	90,184,289	Total retained earnings	
Other equity					Other equity	
Unrealized revaluation increment	26,750,124	-	(26,750,124)	-	-	D
Unrealized gain on financial instruments	2,458,247	280,266	2,545,290	5,283,803	Unrealized gain from available-for-sales financial assets	(a), (c)
-	-	(280,266)	-	(280,266)	Cash flow hedges	
Cumulative translation adjustments	(393,229)	-	(24,591)	(417,820)	Exchange differences on translating foreign operations	
Net loss not recognized as pension cost	(184,893)	-	184,893	-	-	(b)
Treasury stock	(8,415,348)	-	(166,949)	(8,582,297)	Treasury shares	(c)
Total other equity	20,214,901	-	(24,211,481)	(3,996,580)	Total other equity	
Total stockholders' equity of parent company	278,352,067	-	(2,480,916)	275,871,151	Total equity attributable to owners of the Corporation	
MINORITY INTEREST	27,147,291	-	(277,642)	26,869,649	NON-CONTROLLING INTERESTS	
Total stockholders' equity	305,499,358	-	(2,758,558)	302,740,800	Total equity	
TOTAL	$ 617,891,988	$ -	$ 5,557,977	$ 623,449,965	TOTAL	

TABLE 4

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Operating revenues	$ 93,926,017	$ -	$ (63,550)	$ 93,862,467	Operating revenues	
Operating costs	91,050,203	-	(65,940)	90,984,263	Operating costs	(b)
Gross profit	2,875,814	-	2,390	2,878,204	Gross profit	
Realized gain from affiliates	7,809	-	-	7,809	Realized gain on the transactions with associates	
Realized gross profit	2,883,623	-	2,390	2,886,013	Realized gross profit	
Operating expenses					Operating expenses	
Research and development	402,801	-	-	402,801	Research and development expenses	
Selling	1,101,107	-	(907)	1,100,200	Selling and marketing expenses	(b)
General and administrative	1,258,615	10,169	(12,869)	1,255,915	General and administrative expenses	(b)
Total operating expenses	2,762,523	10,169	(13,776)	2,758,916	Total operating expenses	
Operating income	121,100	(10,169)	16,166	127,097	Profit from operations	
Nonoperating income and gains					Non-operating income and gains	
Interest income	90,565	-	-	90,565	Interest income	
Exchange gain, net	121,449	-	313	121,762	Net foreign exchange gains	
Others	261,065	-	3,442	264,507	Others	
Total nonoperating income and gains	473,079	-	3,755	476,834	Total non-operating income and gains	
Nonoperating expenses and losses					Non-operating expenses and losses	
Interest expense	584,923	-	-	584,923	Interest expense	
Investment loss recognized under equity method, net	157,360	-	(334)	157,026	Share of the loss of associates and joint ventures	
Others	234,403	(10,169)	2,841	227,075	Others	
Total nonoperating expenses and losses	976,686	(10,169)	2,507	969,024	Total non-operating expenses and losses	
Loss before income tax	(382,507)	-	17,414	(365,093)	Loss before income tax	
Income tax benefit	(59,385)	-	2,173	(57,212)	Income tax benefit	
Net loss	$ (323,122)	$ -	$ 15,241	(307,881)	Net loss for the period	
					Other comprehensive income	
				(316,583)	Exchange differences on translating foreign operations	
				1,595,381	Unrealized gain on available-for-sale financial assets	
				(469,644)	Cash flow hedges	
				11,930	Share of the other comprehensive income of associates and joint ventures	
				75,560	Income tax relating to the components of other comprehensive income	
				896,644	Total other comprehensive income, net of income tax	
				$ 588,763	Total comprehensive income for the period	
					Net loss attributable to:	
				$ (702,516)	Owners of the Corporation	
				394,635	Non-controlling interests	
				$ (307,881)		
					Total comprehensive income attributable to:	
				$ 238,337	Owners of the Corporation	
				350,426	Non-controlling interests	
				$ 588,763		

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to IFRSs: Presentation Difference	Effects of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Operating revenues	$ 358,536,702	$ -	$ (200,202)	$ 358,336,500	Operating revenues	
Operating costs	339,161,858	-	(171,284)	338,990,574	Operating costs	(b)
Gross profit	19,374,844	-	(28,918)	19,345,926	Gross profit	
Realized gain from affiliates	31,236	-	-	31,236	Realized gain on the transactions with associates	
Realized gross profit	19,406,080	-	(28,918)	19,377,162	Realized gross profit	
Operating expenses					Operating expenses	
Research and development	1,683,491	-	(42)	1,683,449	Research and development expenses	(b)
Selling	4,585,976	-	(3,331)	4,582,645	Selling and marketing expenses	(b)
General and administrative	5,121,636	86,009	(90,222)	5,117,423	General and administrative expenses	(b)
Total operating expenses	11,391,103	86,009	(93,595)	11,383,517	Total operating expenses	
Operating income	8,014,977	(86,009)	64,677	7,993,645	Profit from operations	
Nonoperating income and gains					Non-operating income and gains	
Interest income	422,510	-	-	422,510	Interest income	
Dividend income	288,315	-	(16)	288,299	Dividend income	
Gain on sale of investments, net	1,183,827	-	15,402	1,199,229	Gain on disposal of investments, net	
Exchange gain, net	479,626	-	(282)	479,344	Net foreign exchange gains	
Reversal of impairment loss, net	4,932	(4,932)	-	-	Reversal of impairment loss, net	
Others	1,065,981	(19,480)	7,861	1,054,362	Others	
Total nonoperating income and gains	3,445,191	(24,412)	22,965	3,443,744	Total non-operating income and gains	
Nonoperating expenses and losses					Non-operating expenses and losses	
Interest expense	2,790,260	-	-	2,790,260	Interest expense	
Investment loss recognized under equity method, net	230,005	-	(1,922)	228,083	Share of the loss of associates and joint ventures	
Others	758,970	(110,421)	31,557	680,106	Others	(b)
Total nonoperating expenses and losses	3,779,235	(110,421)	29,635	3,698,449	Total non-operating expenses and losses	
Income before income tax	7,680,933	-	58,007	7,738,940	Profit before income tax	
Income tax	1,291,426	-	13,956	1,305,382	Income tax expense	
Net income	$ 6,389,507	$ -	$ 44,051	6,433,558	Net profit for the period	
					Other comprehensive income	
				(756,488)	Exchange differences on translating foreign operations	
				(6,683)	Unrealized gain on available-for-sale financial assets	
				(725,196)	Cash flow hedges	
				98,543	Actuarial loss arising from defined benefit plans	
				28,009	Share of the other comprehensive income of associates and joint ventures	
				110,410	Income tax relating to the components of other comprehensive income	
				(1,251,405)	Total other comprehensive income, net of income tax	
				$ 5,182,153	Total comprehensive income for the period	
					Net profit attributable to:	
				$ 5,894,806	Owners of the Corporation	
				538,752	Non-controlling interests	
				$ 6,433,558		
					Total comprehensive income attributable to:	
				$ 4,764,269	Owners of the Corporation	
				417,884	Non-controlling interests	
				$ 5,182,153		