China Steel Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 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 September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the consolidated statements of comprehensive income for three months and nine months ended September 30, 2013 and 2012, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 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 September 30, 2013 and 2012, these subsidiaries' total assets amounted to NT$73,584,116 thousand and NT$81,298,873 thousand, or 11% and 13%, of consolidated total assets, respectively, and their total liabilities amounted to NT$18,450,295 thousand and NT$25,036,486 thousand, or 5% and 8%, of consolidated total liabilities, respectively. For the three months and nine months ended September 30, 2013 and 2012, their comprehensive income amounted to gain NT$183,798 thousand, NT$1,324,464 thousand, NT$1,141,942 thousand and NT$4,250,996 thousand, or 4%, 106%, 7% and 105%, of consolidated comprehensive income, respectively. As discussed in Note 15 to the accompanying consolidated financial statements, the investments accounted for using equity method amounted to NT$12,798,334 thousand and NT$2,135,184 thousand as of September 30, 2013 and 2012, respectively, the related share of the profit or loss amounted to profit NT$30,873 thousand, loss NT$132,618 thousand, profit NT$265,106 thousand and loss NT$249,119 thousand for the three months and nine months ended September 30, 2013 and 2012, respectively, and the related share of the other comprehensive income amounted to profit NT$100,174 thousand, NT$22,948 thousand, NT$8,745 thousand and NT$26,031 thousand for the three months and nine months ended September 30, 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 information of the investees mentioned in the preceding paragraph based on the unreviewed financial statements where adjustments might have been determined to be necessary if the financial statements were 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.

November 8, 2013

<u>*Notice to Readers*</u>

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
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	$ 16,391,213	2	$ 18,100,737	3	$ 12,769,372	2	$ 12,131,328	2
Financial assets at fair value through profit or loss - current (Note 7)	3,970,263	1	3,940,343	1	3,709,526	1	3,439,676	1
Available-for-sale financial assets - current (Note 8)	4,951,922	1	4,785,015	1	5,416,489	1	5,389,711	1
Held-to-maturity financial assets - current (Note 9)	-	-	-	-	-	-	60,550	-
Derivative financial assets for hedging - current (Note 10)	19,390	-	45,950	-	87,290	-	115,768	-
Bond investments with no active market - current (Note 14)	9,186	-	-	-	-	-	-	-
Notes receivable (Notes 11 and 32)	1,382,568	-	1,490,986	-	1,729,308	-	1,901,604	-
Accounts receivable, net (Notes 11 and 32)	10,215,138	2	11,092,259	2	11,075,448	2	10,694,097	2
Amounts due from customers for construction contracts (Note 12)	7,628,009	1	7,432,666	1	8,124,923	1	8,716,229	1
Other receivables	1,971,143	-	942,643	-	2,295,164	-	1,413,428	-
Current tax assets	166,596	-	58,085	-	179,087	-	453,304	-
Inventories (Note 13)	82,347,234	12	76,867,018	12	91,574,506	15	107,277,509	17
Other financial assets - current (Notes 16 and 33)	14,814,843	2	13,523,714	2	14,313,549	2	15,902,288	3
Other current assets	4,461,480	1	4,775,722	1	7,676,103	1	5,777,149	1
Total current assets	148,328,985	22	143,055,138	23	158,950,765	25	173,272,641	28
NONCURRENT ASSETS								
Financial assets at fair value through profit or loss - noncurrent (Note 7)	-	-	259	-	3,863	-	23,979	-
Available-for-sale financial assets - noncurrent (Note 8)	22,895,699	4	18,164,094	3	18,402,289	3	16,330,183	3
Held-to-maturity financial assets - noncurrent (Note 9)	208,551	-	185,159	-	159,306	-	109,171	-
Derivative financial assets for hedging - noncurrent (Note 10)	53,493	-	6,983	-	18,512	-	124,920	-
Bond investments with no active market - noncurrent (Note 14)	3,184,031	1	3,536,086	1	3,921,850	1	4,050,222	1
Investments accounted for using equity method (Notes 4 and 15)	12,798,334	2	2,185,437	-	2,135,184	-	2,145,883	-
Property, plant and equipment (Notes 10, 16, 17 and 33)	459,771,061	68	432,333,039	69	424,003,197	67	399,201,205	65
Investment properties (Notes 18 and 33)	8,610,922	1	8,689,136	2	8,728,756	2	8,690,127	1
Intangible assets	1,435,262	-	1,535,907	-	1,559,451	-	1,626,341	-
Deferred tax assets	6,519,267	1	7,829,804	1	7,636,501	1	7,106,931	1
Refundable deposits	479,455	-	431,779	-	485,207	-	428,431	-
Other financial assets - noncurrent (Notes 16 and 33)	405,188	-	458,971	-	391,845	-	2,518,424	1
Other noncurrent assets	7,618,661	1	4,606,777	1	3,049,567	1	2,130,072	-
Total noncurrent assets	523,979,924	78	479,963,431	77	470,495,528	75	444,485,889	72
TOTAL	$ 672,308,909	100	$ 623,018,569	100	$ 629,446,293	100	$ 617,758,530	100

	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term borrowings and bank overdraft (Notes 19, 31 and 33)	$ 34,400,896	5	$ 25,637,077	4	$ 39,888,046	6	$ 59,918,010	10
Short-term bills payable (Notes 19, 31 and 33)	42,772,167	6	28,679,430	5	31,337,323	5	22,357,900	4
Financial liabilities at fair value through profit or loss - current (Note 7)	6,697	-	4,362	-	2,521	-	90	-
Derivative financial liabilities for hedging - current (Note 10)	39,270	-	240,380	-	123,537	-	53,331	-
Notes payable (Notes 31 and 32)	758,767	-	261,617	-	512,715	-	1,066,418	-
Accounts payable (Notes 21, 31 and 32)	11,833,201	2	10,332,163	2	12,750,501	2	10,131,244	2
Amounts due to customers for construction contracts (Note 12)	4,817,794	1	3,647,356	1	3,913,592	1	2,203,481	-
Other payables (Notes 22 and 31)	25,017,446	4	20,491,865	3	19,071,583	3	20,859,732	3
Current tax liabilities	2,876,245	-	2,098,817	-	2,044,088	-	3,376,691	1
Provisions - current (Note 23)	3,966,787	1	2,176,179	-	3,423,595	1	2,810,630	-
Current portion of bonds payable (Notes 20 and 31)	11,274,386	2	11,272,543	2	11,273,771	2	11,270,086	2
Current portion of long-term bank borrowings (Notes 19, 31 and 33)	19,734,292	3	20,979,088	3	21,487,611	3	11,715,737	2
Other current liabilities	3,052,873	-	2,357,360	-	3,299,720	1	2,961,332	-
Total current liabilities	160,550,821	24	128,178,237	20	149,128,603	24	148,724,682	24
NONCURRENT LIABILITIES								
Financial liabilities at fair value through profit or loss - noncurrent (Note 7)	2,165	-	1,739	-	-	-	-	-
Derivative financial liabilities for hedging - noncurrent (Note 10)	13,213	-	86,829	-	73,196	-	42,475	-
Bonds payable (Notes 20 and 31)	66,518,950	10	47,069,227	8	58,383,754	9	37,944,340	6
Long-term bank borrowings (Notes 19, 31 and 33)	86,538,213	13	92,255,495	15	80,799,100	13	75,533,461	12
Long-term bills payable (Notes 19 and 31)	26,265,602	4	31,783,731	5	20,291,364	3	24,813,719	4
Deferred tax liabilities	12,978,438	2	12,922,120	2	12,952,212	2	13,080,149	2
Accrued pension liabilities	7,387,558	1	7,439,282	1	7,583,792	1	7,671,000	2
Other noncurrent liabilities (Notes 4 and 23)	532,877	-	541,109	-	516,453	-	484,279	-
Total noncurrent liabilities	200,237,016	30	192,099,532	31	180,599,871	28	159,569,423	26
Total liabilities	360,787,837	54	320,277,769	51	329,728,474	52	308,294,105	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 10, 16, 25, 28 and 33)								
Share capital								
Ordinary shares	154,255,840	23	152,724,765	24	152,724,765	24	150,462,093	24
Preference shares	382,680	-	382,680	-	382,680	-	382,680	-
Total share capital	154,638,520	23	153,107,445	24	153,107,445	24	150,844,773	24
Capital surplus	36,925,968	5	36,575,997	6	36,554,063	6	36,184,596	6
Retained earnings								
Legal reserve	55,359,726	8	54,778,577	9	54,778,577	9	52,829,209	8
Special reserve	26,920,871	4	29,248,991	4	29,249,048	5	29,251,979	5
Unappropriated earnings	12,658,014	2	6,156,721	1	3,988,097	-	19,606,971	3
Total retained earnings	94,938,611	14	90,184,289	14	88,015,722	14	101,688,159	16
Other equity	6,522,123	1	4,585,717	1	6,063,446	1	5,824,756	1
Treasury shares	(8,581,501)	(1)	(8,582,297)	(1)	(8,582,583)	(1)	(8,290,245)	(1)
Total equity attributable to owners of the Corporation	284,443,721	42	275,871,151	44	275,158,093	44	286,252,039	46
NON-CONTROLLING INTERESTS	27,077,351	4	26,869,649	5	24,559,726	4	23,212,386	4
Total equity	311,521,072	46	302,740,800	49	299,717,819	48	309,464,425	50
TOTAL	$ 672,308,909	100	$ 623,018,569	100	$ 629,446,293	100	$ 617,758,530	100

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

(With Deloitte & Touche review report dated November 8, 2013)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 10, 26 and 32)	$ 87,260,040	100	$ 83,811,650	100	$ 260,415,842	100	$ 274,421,411	100
OPERATING COSTS (Notes 10, 13, 24, 27 and 32)	78,329,210	90	79,538,185	95	232,468,026	89	260,501,192	95
GROSS PROFIT	8,930,830	10	4,273,465	5	27,947,816	11	13,920,219	5
REALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	388,312	1	7,809	-	403,930	-	23,427	-
REALIZED GROSS PROFIT	9,319,142	11	4,281,274	5	28,351,746	11	13,943,646	5
OPERATING EXPENSES (Notes 24 and 27)								
Selling and marketing expenses	1,245,964	1	1,090,010	1	3,841,541	1	3,318,640	1
General and administrative expenses	1,576,822	2	952,053	1	4,554,061	2	3,553,692	1
Research and development expenses	452,685	1	395,366	1	1,404,276	1	1,242,806	1
Total operating expenses	3,275,471	4	2,437,429	3	9,799,878	4	8,115,138	3
PROFIT FROM OPERATIONS	6,043,671	7	1,843,845	2	18,551,868	7	5,828,508	2
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	480,461	1	477,867	1	1,325,548	1	1,247,413	1
Other gains and losses (Notes 10 and 27)	48,563	-	188,223	-	(2,879)	-	111,499	-
Finance costs (Note 27)	(775,417)	(1)	(730,096)	(1)	(2,100,388)	(1)	(2,023,278)	(1)
Share of the profit (loss) of associates and joint ventures	31,048	-	(132,674)	-	264,480	-	(249,725)	-
Total non-operating income and expenses	(215,345)	-	(196,680)	-	(513,239)	-	(914,091)	-
PROFIT BEFORE INCOME TAX	5,828,326	7	1,647,165	2	18,038,629	7	4,914,417	2
INCOME TAX EXPENSE (Note 28)	1,544,009	2	413,218	1	3,519,115	1	934,104	1
NET PROFIT FOR THE PERIOD	4,284,317	5	1,233,947	1	14,519,514	6	3,980,313	1
OTHER COMPREHENSIVE INCOME (Notes 10, 16, 25 and 28)								
Exchange differences on translating foreign operations	(735,260)	(1)	(130,178)	-	(132,980)	-	(509,225)	-
Unrealized gain on available-for-sale financial assets	786,379	1	286,513	-	1,954,965	-	927,957	-

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CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Cash flow hedges	$ 84,728	-	$ (196,198)	-	$ 299,029	-	$ (446,824)	-
Actuarial loss from defined benefit plans	-	-	-	-	(1,130)	-	-	-
Share of the other comprehensive income of associates and joint ventures	100,174	-	22,948	-	8,745	-	26,031	-
Income tax benefit (expense) relating to the components of other comprehensive income	(3,875)	-	33,673	-	(60,503)	-	83,564	-
Total other comprehensive income, net of income tax	232,146	-	16,758	-	2,068,126	-	81,503	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 4,516,463	5	$ 1,250,705	1	$ 16,587,640	6	$ 4,061,816	1
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 3,778,763	4	$ 1,874,858	2	$ 12,457,116	5	$ 3,834,741	1
Non-controlling interests	505,554	1	(640,911)	(1)	2,062,398	1	145,572	-
	$ 4,284,317	5	$ 1,233,947	1	$ 14,519,514	6	$ 3,980,313	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 4,212,497	5	$ 1,986,212	2	$ 14,382,173	6	$ 4,073,431	1
Non-controlling interests	303,966	-	(735,507)	(1)	2,205,467	-	(11,615)	-
	$ 4,516,463	5	$ 1,250,705	1	$ 16,587,640	6	$ 4,061,816	1
EARNINGS PER SHARE (Note 29)								
Basic	$ 0.25		$ 0.12		$ 0.82		$ 0.25	
Diluted	$ 0.25		$ 0.12		$ 0.82		$ 0.25	

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

(With Deloitte & Touche review report dated November 8, 2013) (Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)
(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	Total	Treasury Shares	Non-controlling Interests	Total Equity
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)	$ 4,585,717	$ (8,582,297)	$ 26,869,649	$ 302,740,800
Reversal of special reserve	-	-	-	-	(2,328,120)	2,328,120	-	-	-	-	-	-	-
Appropriation of 2012 earnings (Note 25)													
Legal reserve	-	-	-	581,149	-	(581,149)	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT$0.4 per share	-	-	-	-	-	(6,108,990)	-	-	-	-	-	-	(6,108,990)
Cash dividends to preference shareholders - NT$1.3 per share	-	-	-	-	-	(49,748)	-	-	-	-	-	-	(49,748)
Share dividends to ordinary shareholders - NT$0.1 per share	1,527,248	-	-	-	-	(1,527,248)	-	-	-	-	-	-	-
Share dividends to preference shareholders - NT$0.1 per share	3,827	-	-	-	-	(3,827)	-	-	-	-	-	-	-
Net profit for the nine months ended September 30, 2013	-	-	-	-	-	12,457,116	-	-	-	-	-	2,062,398	14,519,514
Other comprehensive income for the nine months ended September 30, 2013, net of income tax	-	-	-	-	-	(11,349)	(283,449)	1,963,886	255,969	1,936,406	-	143,069	2,068,126
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	-	12,445,767	(283,449)	1,963,886	255,969	1,936,406	-	2,205,467	16,587,640
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	123,966	-	-	-	-	-	-	-	-	76,094	200,060
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,073,859)	(2,073,859)
Adjustment of other equity	-	-	226,005	-	-	(1,632)	-	-	-	-	796	-	225,169
BALANCE AT SEPTEMBER 30, 2013	$ 154,255,840	$ 382,680	$ 36,925,968	$ 55,359,726	$ 26,920,871	$ 12,658,014	$ (701,269)	$ 7,247,689	$ (24,297)	$ 6,522,123	$ (8,581,501)	$ 27,077,351	$ 311,521,072
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	$ 5,824,756	$ (8,290,245)	$ 23,212,386	$ 309,464,425
Appropriation of 2011 earnings (Note 25)													
Legal reserve	-	-	-	1,949,368	-	(1,949,368)	-	-	-	-	-	-	-
Cash dividends to ordinary shareholders - NT$1.01 per share	-	-	-	-	-	(15,196,671)	-	-	-	-	-	-	(15,196,671)
Cash dividends to preference shareholders - NT$1.25 per share	-	-	-	-	-	(47,835)	-	-	-	-	-	-	(47,835)
Share dividends to ordinary shareholders - NT$0.15 per share	2,256,932	-	-	-	-	(2,256,932)	-	-	-	-	-	-	-
Share dividends to preference shareholders - NT$0.15 per share	5,740	-	-	-	-	(5,740)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(2,931)	2,931	-	-	-	-	-	-	-
Net profit for the nine months ended September 30, 2012	-	-	-	-	-	3,834,741	-	-	-	-	-	145,572	3,980,313
Other comprehensive income for the nine months ended September 30, 2012, net of income tax	-	-	-	-	-	-	(250,173)	858,790	(369,927)	238,690	-	(157,187)	81,503
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	-	3,834,741	(250,173)	858,790	(369,927)	238,690	-	(11,615)	4,061,816
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(303,918)	(243,985)	(547,903)
Disposal of the Corporation's shares held by subsidiaries	-	-	2,363	-	-	-	-	-	-	-	19,331	26,722	48,416
Adjustment to capital surplus arising from dividends paid to subsidiaries	-	-	308,554	-	-	-	-	-	-	-	-	189,439	497,993
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,386,779	1,386,779
Adjustment of other equity	-	-	58,550	-	-	-	-	-	-	-	(7,751)	-	50,799
BALANCE AT SEPTEMBER 30, 2012	$ 152,724,765	$ 382,680	$ 36,554,063	$ 54,778,577	$ 29,249,048	$ 3,988,097	$ (250,173)	$ 6,366,462	$ (52,843)	$ 6,063,446	$ (8,582,583)	$ 24,559,726	$ 299,717,819

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated November 8, 2013)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 18,038,629	$ 4,914,417
Adjustments for:		
Depreciation expense	22,558,842	21,135,766
Amortization expense	212,947	163,139
Net gain on financial assets and liabilities at fair value through profit or loss	(108,779)	(101,033)
Finance costs	2,100,388	2,023,278
Interest income	(333,098)	(289,124)
Dividend income	(336,325)	(341,022)
Share of the loss (profit) of associates and joint ventures	(265,106)	249,119
Loss on disposal of property, plant and equipment	69,813	164,656
Gain on disposal of investments	(482,934)	(424,689)
Decrease in provision for loss on inventories	(261,037)	(716,512)
Realized gain on the transactions with associates	(403,930)	(23,427)
Recognition of provisions	3,804,416	2,311,608
Others	16,083	10,122
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(72,407)	(442,071)
Decrease in notes receivable	111,596	172,296
Decrease (increase) in accounts receivable	876,378	(381,289)
Decrease (increase) in amounts due from customers for construction contracts	(195,343)	591,306
Increase in other receivables	(1,102,270)	(947,579)
Decrease (increase) in inventories	(5,201,286)	16,419,515
Decrease (increase) in other current assets	316,210	(1,898,954)
Increase (decrease) in notes payable	463,802	(553,703)
Increase in accounts payable	1,500,792	2,619,257
Increase in amounts due to customers for construction contracts	1,170,438	1,710,111
Decrease in other payables	(23,735)	(4,642,187)
Decrease in provisions	(1,972,125)	(1,698,643)
Increase in other current liabilities	693,820	337,087
Decrease in accrued pension liabilities	(51,724)	(87,208)
Cash generated from operations	41,124,055	40,274,236
Income taxes paid	(1,140,004)	(1,848,985)
Net cash generated from operating activities	39,984,051	38,425,251
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	(3,787,311)	(3,752,835)

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2013	2012
Proceeds from disposal of financial assets designated as at fair value through profit or loss	$ 3,913,157	$ 4,015,146
Acquisition of available-for-sale financial assets	(5,570,070)	(5,851,538)
Proceeds from disposal of available-for-sale financial assets	2,675,004	5,015,940
Proceeds from the capital reduction on available-for-sale financial assets	58,127	37,107
Acquisition of bond investments with no active market	(14,616)	(1,358)
Acquisition of held-to-maturity financial assets	(102,271)	(53,493)
Proceeds from disposal of held-to-maturity financial assets	82,364	59,437
Net cash inflow (outflow) on acquisition of subsidiaries	32,973	(125,724)
Acquisition of investments accounted for using equity method	(9,317,350)	(250,000)
Proceeds from disposal of investments accounted for using equity method	-	9,033
Proceeds from the capital reduction on investments accounted for using equity method	-	26,950
Acquisition of property, plant and equipment	(48,189,474)	(44,542,132)
Proceeds from disposal of property, plant and equipment	111,586	63,497
Increase in refundable deposits	(37,751)	(56,775)
Acquisition of intangible assets	(16,432)	(20,769)
Acquisition of investment properties	(6,560)	(718,058)
Decrease (increase) in other financial assets	(1,238,769)	3,922,963
Increase in other noncurrent assets	(507,283)	(260,779)
Interest received	310,654	271,515
Dividends received	395,379	369,898
Net cash used in investing activities	(61,208,643)	(41,841,975)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	217,051,970	393,006,236
Repayments of short-term borrowings	(208,369,909)	(412,129,239)
Increase in short-term bills payable	14,092,737	8,979,423
Issuance of bonds payable	19,900,000	20,595,100
Proceeds from long-term bank borrowings	33,674,554	41,764,726
Repayments of long-term bank borrowings	(39,915,439)	(26,302,501)
Decrease in long-term bills payable	(5,518,129)	(4,522,355)
Increase (decrease) in other noncurrent liabilities	(50,206)	29,980
Dividends paid to owners of the Corporation	(6,164,936)	(15,224,611)
Purchase of the Corporation's shares by subsidiaries	-	(547,903)
Disposal of the Corporation's shares held by subsidiaries	-	48,416
Interest paid	(2,252,616)	(1,832,755)
Increase (decrease) in non-controlling interests	(2,017,963)	1,374,458
Net cash generated from financing activities	20,430,063	5,238,975

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2013	**2012**
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	$ (843,849)	$ (247,460)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,638,378)	1,574,791
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	$ 15,320,878	$ 10,480,175
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of September 30, 2013 and 2012:		
Cash and cash equivalents in the consolidated balance sheets	$ 16,391,213	$ 12,769,372
Bank overdraft	(1,070,335)	(2,289,197)
Cash and cash equivalents in the consolidated statements of cash flows	$ 15,320,878	$ 10,480,175

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

(With Deloitte & Touche review report dated November 8, 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 September 30, 2013, the Ministry of Economic Affairs ("MOEA"), Republic of China owned 20.05% of the Corporation's issued ordinary shares.

The consolidated financial statements are presented in the Corporation's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and approved for issue on November 8, 2013.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. New, amended or revised standards and interpretations in issue but not yet effective

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, the Corporation and its entire controlled subsidiaries (the "Corporation and its subsidiaries") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the International Accounting Standards Board (IASB). As of the date that the consolidated financial statements were reported to the board of directors and approved for issue, the Financial Supervisory Commission ("FSC") has not announced the effective dates for the following new, revised or amended standards and interpretations:

New, Amended or Revised Standards and Interpretations		Effective Date Announced by IASB (Note)
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014

(Continued)

New, Amended or Revised Standards and Interpretations		Effective Date Announced by IASB (Note)
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

(Concluded)

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

b. Significant impending changes in accounting policy that would result from the adoption of the new, amended or revised standards and Interpretations in issue but not yet effective

Except for the following, the above new, amended or revised standards and interpretations, whenever adopted, would not have any material impact on the Corporation and its subsidiaries' accounting policies:

1) IFRS 9 "Financial Instruments"

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the balance sheet date. However, the Corporation and its subsidiaries may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments measured at fair value only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Previously, there were no such requirements.

5) Amendments to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made some consequential amendments to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that the disclosure of such recoverable amount is required during the period when an impairment loss has been recognized or reversed. Furthermore, the Corporation and its subsidiaries are required to disclose the discount rate used in current and previous measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

c. Material impact on consolidated financial statements that would result from the adoption of the new, amended or revised Standard and Interpretations in issue but not yet effective

As of the date that the consolidated financial statements were reported to the board of directors and approved for issue, the Corporation and its subsidiaries are in the process of estimating the impact of the initial application of the Standards and Interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact 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 IFRS, IAS, IFRIC and SIC (“IFRSs”) approved by the FSC. 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 Consolidation

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of March 31, 2013. Refer to the Note 4 to the consolidated financial statements as of March 31, 2013 for details.

Subsidiaries included in consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2013	December 31, 2012	September 30, 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	
	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	45	48	48	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%
	Kaohsiung Port Cargo Handling Services Corp.	Cargo Stevedoring	66	29	29	29	Increased investment and included in the consolidated entities in June 2013
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%
United Steel International Development Corp.	Ningbo Huayang Aluminium-Tech Co., Ltd.	Manufacture and sale of aluminum alloy material	100	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012	Additional Descriptions
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	64	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 September 30, 2013, December 31, 2012, September 30, 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.	Electronic ceramics trading	100	100	100	100	
	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	International trading and investment service	100	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	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 (CCSPMC)	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%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012	Additional Descriptions
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	
	China Steel Global Trading Vietnam Co., Ltd.	Steel trading	100	-	-	-	Investment in August 2013
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	
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 Vietnam Co., Ltd.	Installation of machinery and equipment, and technology service	100	-	-	-	Investment in May 2013
	China Steel Machinery Corporation India Pvt. Ltd.	Manufacture of machinery	99	-	-	-	Investment in September 2013; direct and indirect ownerships amounted to 100%
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	
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	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012	Additional Descriptions
	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 September 30, 2013 and 2012, these subsidiaries' total assets amounted to NT$73,584,116 thousand and NT$81,298,873 thousand, respectively, and their total liabilities amounted to NT$18,450,295 thousand and NT$25,036,486 thousand, respectively. For the three months and nine months ended September 30, 2013 and 2012, their total comprehensive income amounted to NT$183,798 thousand, NT$1,324,464 thousand, NT$1,141,942 thousand and NT$4,250,996 thousand, respectively. These amounts were based on the investees' unreviewed financial statements for the same reporting periods as those of the Corporation.

Other significant accounting policies

The same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for the details of summary of significant accounting policy.

Reclassification

In the consolidated balance sheets as of December 31, 2012, September 30, 2012 and January 1, 2012, certain accounts which have been reclassified to conform to the presentation of the consolidated financial statements as of September 30, 2013 were as follows:

	Before Reclassification	After Reclassification
December 31, 2012		
Consolidated balance sheets		
Investments accounted for using equity method	$ 2,616,833	$ 2,185,437
Other noncurrent liabilities	972,505	541,109
September 30, 2012		
Consolidated balance sheets		
Investments accounted for using equity method	2,574,388	2,135,184
Other noncurrent liabilities	955,657	516,453
January 1, 2012		
Consolidated balance sheets		
Investments accounted for using equity method	2,608,514	2,145,883
Other noncurrent liabilities	946,910	484,279

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for the details of critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Cash on hand	$ 37,963	$ 24,001	$ 38,248	$ 30,091
Checking accounts and demand deposits	9,227,020	5,645,885	5,112,962	4,102,723
Cash equivalents				
Commercial papers and bonds with repurchase agreements	1,539,351	2,222,221	1,064,348	2,770,549
Time deposits with original maturities less than three months	5,586,879	10,208,630	6,553,814	5,227,965
	$ 16,391,213	$ 18,100,737	$ 12,769,372	$ 12,131,328

Cash equivalents include time deposits, commercial papers and bonds with repurchase agreements that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

Cash and cash equivalents shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets. The reconciliation information as of September 30, 2013 and 2012 was shown in the consolidated statements of cash flows; the reconciliation information as of December 31, 2012 and January 1, 2012 was as follows:

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Financial assets at FVTPL - current				
Financial assets designated as at FVTPL				
Mutual funds	$ 1,576,074	$ 1,740,313	$ 1,137,433	$ 1,309,001
Structured notes	128,429	104,871	144,014	245,334
Listed shares	36,588	29,562	34,890	54,032
Convertible bonds	10,250	10,040	10,150	10,105
	1,751,341	1,884,786	1,326,487	1,618,472
Financial assets held for trading				
Mutual funds	1,027,940	963,769	1,275,363	1,091,136
Listed shares	876,948	744,231	774,471	349,448
Emerging market shares (a)	274,535	304,655	309,847	315,040
Structured notes	20,060	38,517	3,031	60,592
Foreign exchange forward contracts (b)	13,954	4,385	20,327	4,988
Convertible bonds	5,485	-	-	-
	2,218,922	2,055,557	2,383,039	1,821,204
	$ 3,970,263	$ 3,940,343	$ 3,709,526	$ 3,439,676
Financial assets at FVTPL - noncurrent				
Financial assets held for trading				
Foreign exchange forward contracts (b)	$ -	$ 259	$ 3,863	$ 23,979

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Financial liabilities at FVTPL - current				
Financial liabilities designated as at FVTPL				
Call and put options (Note 20)	$ 3,694	$ 36	$ 30	$ -
Financial liabilities held for trading				
Foreign exchange forward contracts (b)	3,003	4,326	2,491	90
	$ 6,697	$ 4,362	$ 2,521	$ 90
Financial liabilities at FVTPL - noncurrent				
Financial liabilities held for trading				
Foreign exchange forward contracts (b)	$ 2,165	$ 1,739	$ -	$ -

(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. 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)
September 30, 2013			
Buy	NTD/USD	October 2013-April 2014	NTD328,343／USD11,304
Buy	NTD/EUR	November 2013	NTD70,247／EUR1,906
Buy	NTD/JPY	February 2014-December 2014	NTD30,000／JPY83,730
Sell	USD/NTD	October 2013	USD3,130／NTD93,982
Sell	HKD/NTD	October 2013	HKD11,966／NTD46,163
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

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	January 2013	USD7,231/NTD211,033
Sell	HKD/NTD	January 2013	HKD17,614/NTD66,318
September 30, 2012			
Buy	NTD/USD	October 2012-April 2014	NTD1,110,088/USD38,012
Buy	NTD/JPY	February 2013-December 2014	NTD240,222/JPY674,265
Sell	USD/NTD	October 2012	USD7,737/NTD231,279
Sell	HKD/NTD	October 2012	HKD11,125/NTD42,938
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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Current				
Domestic investments				
Listed shares	$ 3,868,068	$ 2,753,953	$ 3,590,573	$ 2,977,930
Mutual funds	980,234	1,956,298	1,746,690	2,350,840
Emerging market shares and unlisted shares (a)	31,589	21,228	23,083	14,462
Structured notes	-	-	-	46,006
	4,879,891	4,731,479	5,360,346	5,389,238
Foreign investments				
Listed shares	72,031	53,536	56,143	473
	$ 4,951,922	$ 4,785,015	$ 5,416,489	$ 5,389,711
Noncurrent				
Domestic investments				
Emerging market shares and unlisted shares (a)	$ 6,500,799	$ 6,093,164	$ 6,570,333	$ 6,201,729
Listed shares	1,455,473	1,452,169	1,489,580	1,388,160
Private-placement shares of listed companies (b)	707,367	584,222	409,783	377,429
	8,663,639	8,129,555	8,469,696	7,967,318

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Foreign investments				
Unlisted shares (a)	$ 8,946,482	$ 6,944,826	$ 7,077,707	$ 5,949,776
Certificate of entitlement (a)	3,529,794	1,546,939	1,379,966	809,021
Listed shares	1,755,784	1,542,774	1,474,920	1,604,068
	14,232,060	10,034,539	9,932,593	8,362,865
	$ 22,895,699	$ 18,164,094	$ 18,402,289	$ 16,330,183

(Concluded)

a. The Corporation and its subsidiaries designated the emerging market shares, unlisted 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. 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 acquired by private placement could be transferred freely in public market only after held for three years starting from the delivery date. Those securities held by the Corporation are expected to be transferred freely in public market on November 18, 2013.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Current				
Structured notes	$ -	$ -	$ -	$ 60,550
Noncurrent				
Guarantee debt certificates	$ 175,660	$ 174,123	$ 175,465	$ 177,341
Structured notes	162,546	140,691	113,496	61,485
	338,206	314,814	288,961	238,826
Less: Accumulated impairment	129,655	129,655	129,655	129,655
	$ 208,551	$ 185,159	$ 159,306	$ 109,171

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Derivative financial assets for hedging - current				
Foreign exchange forward contracts (a)	$ 19,390	$ 45,950	$ 87,290	$ 115,768

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Derivative financial assets for hedging - noncurrent				
Foreign exchange forward contracts (a)	$ 5,818	$ 5,481	$ 18,512	$ 124,920
Interest rate swap contracts (c)	47,675	1,502	-	-
	$ 53,493	$ 6,983	$ 18,512	$ 124,920
Derivative financial liabilities for hedging - current				
Foreign exchange forward contracts (a)	$ 38,383	$ 240,380	$ 123,537	$ 53,331
Precious metals futures contracts (b)	887	-	-	-
	$ 39,270	$ 240,380	$ 123,537	$ 53,331
Derivative financial liabilities for hedging - noncurrent				
Foreign exchange forward contracts (a)	$ 13,213	$ 57,772	$ 26,599	$ 42,475
Interest rate swap contracts (c)	-	29,057	46,597	-
	$ 13,213	$ 86,829	$ 73,196	$ 42,475

(Concluded)

a. The Corporation and its subsidiaries entered into foreign exchange forward contracts to manage cash flow and fair value 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)
September 30, 2013			
Buy	NTD/USD	October 2013-July 2016	NTD2,013,713/USD68,792
Buy	NTD/EUR	October 2013-September 2015	NTD337,358/EUR8,378
Buy	NTD/JPY	October 2013-June 2015	NTD557,001/JPY1,727,902
Buy	NTD/GBP	January 2014-January 2015	NTD33,599/GBP731
Sell	USD/NTD	October 2013-January 2014	USD5,392/NTD161,039
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

(Continued)

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
September 30, 2012			
Buy	NTD/USD	October 2012-March 2016	NTD7,747,084/USD264,240
Buy	NTD/EUR	October 2012-March 2014	NTD437,048/EUR10,541
Buy	NTD/JPY	November 2012-June 2015	NTD1,546,396/JPY4,108,991
Buy	NTD/GBP	January 2013-January 2015	NTD215,489/GBP4,627
Sell	EUR/NTD	October 2012	EUR2,400/NTD92,825
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

(Concluded)

b. The subsidiaries entered into precious metals futures contracts to manage fair value exposures arising from price fluctuation on precious metals. As of September 30, 2013, the outstanding precious metals futures contracts were as follows:

	Maturity Date	Quantities (Ounce)	Amount (In thousands)
Precious metals futures contracts	November 23, 2013-January 1, 2014	125,709	$80,714 (USD2,695 thousand)

c. 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
September 30, 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
September 30, 2012			
NTD9,277,000	February 2017-July 2018	0.988%-1.14%	90 days TWD CPBA

d. Movements of derivative financial instruments for hedging were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Balance, beginning of period	$ (101,786)	$ 44,279	$ (274,276)	$ 144,882
Recognized in other comprehensive income	23,197	(134,634)	151,677	(303,758)
Recognized in operating costs	(17,201)	-	(887)	-
Recognized in other gains and losses	(5,017)	(5,086)	(2,043)	3,297
Transferred to construction in progress and equipment to be inspected	121,541	4,510	177,826	64,648
Transferred to foreign-currency equity investments	-	-	(976)	-
Transferred to operating revenues	(334)	-	(30,921)	-
Balance, end of period	$ 20,400	$ (90,931)	$ 20,400	$ (90,931)

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Notes receivable - operating	$ 1,381,529	$ 1,490,986	$ 1,729,308	$ 1,901,604
Notes receivable - nonoperating	1,039	-	-	-
Less: Allowance for doubtful accounts	-	-	-	-
	$ 1,382,568	$ 1,490,986	$ 1,729,308	$ 1,901,604
Accounts receivable	$ 10,242,847	$ 11,150,216	$ 11,131,002	$ 10,862,977
Less: Allowance for doubtful accounts	27,709	57,957	55,554	168,880
	$ 10,215,138	$ 11,092,259	$ 11,075,448	$ 10,694,097

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.

The Corporation and its subsidiaries had not recognized an allowance for some notes receivable and accounts receivable that are past due at the balance sheet date, 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 for these balances. Aging analysis of notes and accounts receivable that are past due but not impaired was as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Less than 31 days	$ 310,997	$ 272,328	$ 504,988	$ 1,425,025
31-60 days	20,263	153,476	66,408	62,695
61-365 days	248,389	148,028	151,299	106,020
More than 365 days	9,629	9,457	19,811	20,467
	$ 589,278	$ 583,289	$ 742,506	$ 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:

	For the Nine Months Ended September 30	
	2013	2012
Balance, beginning of the period	$ 57,957	$ 168,880
Add: Recognition	9,855	4,687
Less: Reversal	40,336	117,813
Others	233	(200)
Balance, end of the period	$ 27,709	$ 55,554

Aging analysis of impaired accounts receivable was as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
61-365 days	$ 3,826	$ 3,758	$ 2,387	$ -
More than 365 days	-	-	-	364
	$ 3,826	$ 3,758	$ 2,387	$ 364

Above analysis of accounts receivable after deducting the allowance for doubtful accounts was based on the past due date.

Included in the accounts receivable were retentions receivable from construction contracts, in the amount of NT$826,979 thousand, NT$752,511 thousand, NT$671,109 thousand and NT$594,613 thousand as of September 30, 2013, December 31, 2012, September 30, 2012 and 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 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$)
For the Nine Months Ended September 30, 2013						
Mega International Commercial Bank	$ 4,495,587	$ 10,278,493	$ 9,835,843	$ 4,938,237	1.24-1.51	$ 12
Bank of Taiwan	1,242,954	2,720,934	2,640,691	1,323,197	1.24-1.51	3
	$ 5,738,541	$ 12,999,427	$ 12,476,534	$ 6,261,434		
For the Nine Months Ended September 30, 2012						
Mega International Commercial Bank	$ 4,786,918	$ 10,088,501	$ 9,985,423	$ 4,889,996	1.24-1.52	12
Bank of Taiwan	1,509,756	2,587,272	2,941,814	1,155,214	1.24-1.52	3
	$ 6,296,674	$ 12,675,773	$ 12,927,237	$ 6,045,210		

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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Amounts due from customers for construction contracts				
Construction costs incurred plus recognized profits less recognized losses to date	$ 58,059,588	$ 51,503,969	$ 51,187,306	$ 44,961,057
Less: Progress billings	50,431,579	44,071,303	43,062,383	36,244,828
	$ 7,628,009	$ 7,432,666	$ 8,124,923	$ 8,716,229
Amounts due to customers for construction contracts				
Progress billings	$ 25,062,315	$ 26,919,821	$ 39,058,455	$ 18,816,290
Less: Construction costs incurred plus recognized profits less recognized losses to date	20,244,521	23,272,465	35,144,863	16,612,809
	$ 4,817,794	$ 3,647,356	$ 3,913,592	$ 2,203,481
Retentions receivable (Note 11)	$ 826,979	$ 752,511	$ 671,109	$ 594,613
Retentions payable (Note 21)	$ 1,527,159	$ 1,438,996	$ 1,390,600	$ 1,334,493

13. INVENTORIES

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Finished goods	$ 21,154,596	$ 17,898,814	$ 18,001,028	$ 20,507,155
Work in progress	25,519,812	26,371,771	32,906,848	42,420,528
Raw materials	22,078,627	20,047,336	26,638,643	33,003,894
Supplies	8,582,154	8,757,229	8,633,975	7,797,472
Raw materials and supplies in transit	4,738,984	3,487,346	5,200,492	3,426,273
Others	273,061	304,522	193,520	122,187
	$ 82,347,234	$ 76,867,018	$ 91,574,506	$ 107,277,509

The cost of inventories recognized as operating costs for the three months and nine months ended September 30, 2013 and 2012 was NT$67,531,713 thousand, NT$72,909,164 thousand, NT$202,417,875 thousand and NT$237,631,515 thousand, respectively.

Movements of provision for loss on inventories were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Balance, beginning of period	$ 5,493,041	$ 3,606,710	$ 4,519,281	$ 6,433,510
Add: Recognized	2,034,268	4,026,913	6,601,934	8,597,527
Less: Sold	3,269,065	1,916,625	6,862,971	9,314,039
Balance, end of period	$ 4,258,244	$ 5,716,998	$ 4,258,244	$ 5,716,998

14. BOND INVESTMENTS WITH NO ACTIVE MARKET

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Current				
Bonds	$ 9,186	$ -	$ -	$ -
Noncurrent				
Unlisted preference shares - overseas				
East Asia United Steel Corporation (EAUS) - Preference A	$ 3,021,000	$ 3,364,000	$ 3,777,000	$ 3,906,000
Others	-	15,594	15,749	14,817
Subordinated financial bonds	120,000	120,000	120,000	120,000
Bonds	43,031	36,492	9,101	9,405
	$ 3,184,031	$ 3,536,086	$ 3,921,850	$ 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

	September 30, 2013		December 31, 2012		September 30, 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.	$ 7,985,513	25	$ -	-	$ -	-	$ -	-
Kaohsiung Rapid Transit Corporation (KRTC)	1,699,012	50	54,783	32	53,534	32	384,668	32
Kaohsiung Arena Development Corporation	761,170	29	772,724	29	763,994	29	770,611	29
Eminent II Venture Capital Corporation	559,949	46	247,611	46	248,447	46	-	-
Hsin Hsin Cement Enterprise Corp.	456,631	41	406,019	39	397,747	39	353,859	39
Chateau International Development Co., Ltd.	257,298	20	261,584	20	255,748	20	223,714	23
Dyna Rechi Co., Ltd.	239,297	29	-	-	-	-	-	-
Wuhan Wisco Yutek Environment Techonology Co., Ltd.	235,539	49	-	-	-	-	-	-
Ascentek Venture Capital Corp.	201,313	39	187,806	39	184,445	39	158,958	39
Others	402,612		254,910		231,269		254,073	
	$ 12,798,334		$ 2,185,437		$ 2,135,184		$ 2,145,883	

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.

In July 2013, the Corporation and its subsidiaries further invested NT$982,436 thousand in KRTC, acquiring 98,244 thousand shares, which increased the Corporation's total equity in KRTC to 50%. Since the Corporation and its subsidiaries had less than half of the seats in KRTC's board of directors, the Corporation had no control-in-substance over KRTC and did not include it in the consolidated entities.

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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Total assets	$ 57,687,695	$ 46,965,420	$ 47,836,354	$ 47,546,504
Total liabilities	$ 12,035,737	$ 38,525,246	$ 39,404,980	$ 38,908,113

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Revenues	$ 1,170,584	$ 1,130,947	$ 4,924,183	$ 3,757,651
Net profit (loss)	$ 120,182	$ (395,601)	$ 845,744	$ (711,750)
Other comprehensive income	$ 196,025	$ (9,683)	$ 204,654	$ 61,894

The above investments accounted for using equity method as of September 30 2013 and 2012 and the Corporation and its subsidiaries' share of profit and other comprehensive income of associates for the three months and nine months ended September 30, 2013 and 2012 were based on the associates' unreviewed financial statements.

16. OTHER FINANCIAL ASSETS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Current				
Pledged time deposits	$ 6,719,254	$ 6,922,444	$ 6,794,920	$ 6,877,692
Time deposits with original maturities more than three months	5,235,101	2,344,180	2,866,415	5,285,687
Hedging foreign-currency deposits	2,849,939	4,223,472	4,337,046	3,710,159
Structured time deposits	-	13,982	295,544	-
Deposits for projects	10,549	19,636	19,624	28,750
	$ 14,814,843	$ 13,523,714	$ 14,313,549	$ 15,902,288
Noncurrent				
Pledged time deposits	$ 343,935	$ 299,396	$ 199,230	$ 310,662
Time deposits with original maturities more than three months	21,670	100,209	100,208	63,077
Deposits for projects	39,583	25,423	40,643	24,998
Hedging foreign-currency deposits	-	33,943	51,764	2,119,687
	$ 405,188	$ 458,971	$ 391,845	$ 2,518,424

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 September 30, 2013, December 31, 2012, September 30, 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$2,849,939 thousand (JPY1.5 billion, USD67,187 thousand, EUR9,924 thousand and GBP278 thousand), NT$4,257,415 thousand (JPY2.1 billion, USD110,290 thousand and EUR9,278 thousand), NT$4,388,810 thousand (JPY1.1 billion, USD129,427 thousand, EUR4,402 thousand and GBP191 thousand) and NT$5,829,846 thousand (JPY2.3 billion, USD158,963 thousand, EUR3,147 thousand and GBP18 thousand), respectively. The unrealized loss of NT$73,742 thousand, NT$37,164 thousand, NT$3,013 thousand and NT$149,624 thousand on the above deposits designated as hedging instruments were recognized as cash flow hedges in other comprehensive income for the three months and nine months ended September 30, 2013 and 2012, respectively. For the three months and nine months ended September 30, 2013 and 2012, the cash flow hedges in other comprehensive income of loss NT$14,066 thousand, NT$28,910 thousand, NT$4,436 thousand, and NT$58,090 thousands were transferred to construction in progress and equipment to be inspected, respectively. As of September 30, 2013, December 31, 2012, September 30, 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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Land	$ 59,513,596	$ 59,534,337	$ 59,553,082	$ 58,744,034
Land improvements	544,815	594,289	612,359	667,003
Buildings	67,039,967	57,089,135	57,763,651	50,157,974
Machinery and equipment	243,192,852	187,534,894	190,093,595	172,836,339
Transportation equipment	9,906,726	8,826,586	9,001,816	7,883,770
Other equipment	5,622,532	5,304,707	5,428,584	5,973,784
Spare parts	6,645,738	7,021,311	7,046,280	6,596,760
Construction in progress and equipment to be inspected	67,304,835	106,427,780	94,503,830	96,341,541
	$ 459,771,061	$ 432,333,039	$ 424,003,197	$ 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	18,077	4,659	12,006,272	73,219,195	1,809,173	1,230,077	788,539	(39,091,795)	49,984,197
Disposals	-	-	(12,438)	(3,548,599)	(29,441)	(242,705)	(633,307)	(447)	(4,466,937)
Reclassification	(36,588)	-	60,389	(58,233)	(102)	34,117	(44,554)	(85,901)	(130,872)
Effect of foreign currency exchange difference	(5,567)	-	21,092	(90,453)	(435,635)	(2,637)	-	55,198	(458,002)
Others	3,337	-	6,398	15,469	11,465	828	-	-	37,497
Balance at September 30, 2013	$ 59,539,142	$ 4,879,596	$ 100,110,075	$ 538,356,739	$ 22,548,406	$ 14,920,310	$ 10,354,657	$ 67,304,835	$ 818,013,760
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	1,727	-	9,628,652	33,972,176	1,887,501	422,409	1,478,964	(1,661,305)	45,730,124
Disposals	(1,076)	(2,437)	(214,715)	(2,758,653)	(41,528)	(162,080)	(784,978)	-	(3,965,467)
Reclassification	620,579	1,348	34,146	(151,617)	137,547	(21,586)	(8,110)	22,388	634,695
Effect of foreign currency exchange difference	133	-	(46,355)	(78,930)	(594,728)	(5,567)	-	(198,794)	(924,241)
Others	187,685	-	6,083	-	(395)	12	-	-	193,385
Balance at September 30, 2012	$ 59,564,908	$ 4,877,008	$ 88,201,805	$ 465,936,362	$ 21,158,871	$ 13,743,361	$ 10,202,805	$ 94,503,830	$ 758,188,950
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	-	54,133	2,155,934	17,432,259	799,021	936,155	1,119,418	-	22,496,920
Disposals	-	-	(12,387)	(3,459,618)	(28,070)	(237,217)	(633,167)	-	(4,370,459)
Reversals of impairment losses recognized in profit or loss	-	-	-	(19,273)	-	-	-	-	(19,273)
Reclassification	-	-	(8,227)	(3,075)	(39)	5,436	-	-	(5,905)
Effect of foreign currency exchange difference	-	-	(6,453)	(86,037)	(507,057)	(2,920)	-	-	(602,467)
Others	-	-	2,014	15,165	11,465	401	-	-	29,045
Balance at September 30, 2013	$ 25,546	$ 4,334,781	$ 33,070,108	$ 295,163,887	$ 12,641,680	$ 9,297,778	$ 3,708,919	$ -	$ 358,242,699
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	-	55,720	1,899,753	16,408,157	745,178	942,616	1,020,807	-	21,072,231
Disposals	-	(2,431)	(102,527)	(2,655,562)	(40,975)	(150,828)	(784,451)	-	(3,736,774)
Reversals of impairment losses recognized in profit or loss	-	-	-	(1,014)	-	-	-	-	(1,014)
Reclassification	-	266	5,042	(5,516)	9,957	(9,930)	-	-	(181)
Effect of foreign currency exchange difference	-	-	(6,217)	(20,345)	(443,414)	(3,482)	-	-	(473,458)
Others	-	-	6,083	-	(395)	12	-	-	5,700
Balance at September 30, 2012	$ 11,826	$ 4,264,649	$ 30,438,154	$ 275,842,767	$ 12,157,055	$ 8,314,777	$ 3,156,525	$ -	$ 334,185,753

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

Land improvements	
Drainage system	40 years
Wharf	20-40 years
Canal	15 years
Others	5 years

(Continued)

Buildings	
Main structure	30-60 years
Facility	20-30 years
Mechanical and electrical facilities	8-20 years
Trellis and corrugated iron building	5-10 years
Others	2-6 years
Machinery and equipment	
Power equipment	15-25 years
Process equipment	8-15 years
Lifting equipment	8-10 years
Electrical equipment	5-15 years
High-temperature equipment	5-10 years
Examination equipment	3-10 years
Transportation	
Ship equipment	11-25 years
Railway equipment	10-20 years
Transportation equipment	2-10 years
Telecommunication equipment	4-8 years
Other equipment	
Leasehold improvement	29 years
Tank	8-18 years
Office, air condition and extinguishment equipment	3-12 years
Computer equipment	3-10 years
Others	2 years
	(Concluded)

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.

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 September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the book value of those remaining farmlands was NT$66,753 thousand, NT$66,753 thousand, NT$66,753 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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Land	$ 6,768,415	$ 6,746,070	$ 6,711,718	$ 7,074,832
Buildings	1,842,507	1,943,066	2,017,038	1,615,295
	$ 8,610,922	$ 8,689,136	$ 8,728,756	$ 8,690,127

Cost	Land	Buildings	Total
Balance at January 1, 2013	$ 8,666,564	$ 2,478,766	$ 11,145,330
Additions	5,241	1,319	6,560
Disposals	-	(223)	(223)
Reclassification	36,588	-	36,588
Effect of foreign currency exchange difference	(19,484)	(40,640)	(60,124)
Balance at September 30, 2013	$ 8,688,909	$ 2,439,222	$ 11,128,131
Balance at January 1, 2012	$ 9,053,139	$ 2,067,723	$ 11,120,862
Additions	255,420	462,638	718,058
Reclassification	(620,579)	-	(620,579)
Effect of foreign currency exchange difference	2,045	2,543	4,588
Balance at September 30, 2012	$ 8,690,025	$ 2,532,904	$ 11,222,929
Accumulated depreciation and impairment			
Balance at January 1, 2013	$ 1,920,494	$ 535,700	$ 2,456,194
Depreciation expense	-	61,922	61,922
Disposals	-	(167)	(167)
Effect of foreign currency exchange difference	-	(740)	(740)
Balance at September 30, 2013	$ 1,920,494	$ 596,715	$ 2,517,209
Balance at January 1, 2012	$ 1,978,307	$ 452,428	$ 2,430,735
Depreciation expense	-	63,535	63,535
Effect of foreign currency exchange difference	-	(97)	(97)
Balance at September 30, 2012	$ 1,978,307	$ 515,866	$ 2,494,173

The above items of investment properties were depreciated on a straight-line basis over the following useful lives:

Buildings	
Main structure	30-60 years
Mechanical and electrical facilities	8-20 years
Others	5 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.

The fair value of the Corporation and its subsidiaries' investment properties as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012 was NT$10,221,031 thousand, NT$9,834,804 thousand, NT$9,874,126 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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unsecured loans - interest at 0.65%-5.55% p.a., 0.5425%-7.8% p.a., 0.5425%-8.7% p.a. and 0.78%-4.8% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	$ 30,165,539	$ 21,263,916	$ 33,502,945	$ 50,615,146
Letters of credit - interest at 0.37%-1.48% p.a., 0.5338%-1.48% p.a., 0.47%-1.48% p.a. and 0.7357%-1.499% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	3,041,793	3,130,015	4,032,136	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 September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	1,070,335	1,141,481	2,289,197	3,225,944
Secured loans - interest at 5.04%-6.16% p.a., 5.88%-6.16% p.a. and 5.88%-6.18% p.a. as of September 30, 2013, December 31, 2012 and September 30, 2012, respectively	123,229	101,665	63,768	-
	$ 34,400,896	$ 25,637,077	$ 39,888,046	$ 59,918,010

The amount of AUD88,142 thousand (NT$2,425,227 thousand), which is included in the above unsecured loans as of September 30, 2013, 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 USD73,185 thousand (NT$2,143,955 thousand), which is included in the above unsecured loans as of September 30, 2012, were used to hedge the exchange rate fluctuations on investment in CSCAU and CSVC.

Starting January 2013, the subsidiary CCSPMC entered into several credit facility agreements with Taipei Fubon Bank and 4 other banks. Under the agreements, the Corporation and its subsidiaries should collectively hold over half of the CCSPMC's equity and the seats in the board of directors and supervisors. As of September 30, 2013, the Corporation held 70% equity of CCSPMC and over half of the seats in the board of directors and supervisors.

b. Short-term bills payable

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Commercial paper - interest at 0.612%-1.108% p.a., 0.73%-1.38% p.a., 0.579%-1.16% p.a. and 0.45%-1.158% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	$ 42,786,000	$ 28,699,900	$ 31,346,100	$ 22,368,800
Less: Unamortized discounts	13,833	20,470	8,777	10,900
	$ 42,772,167	$ 28,679,430	$ 31,337,323	$ 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., Dah Chung Bills Finance Corp., Grand Bills Finance Corp., Union Bank of Taiwan, Taiwan Finance Corporation and Taiwan Cooperative Bills Finance Corporation, etc.

c. Long-term borrowings

	September 30, 2013	December 31, 2012	September 30, 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 September 30, 2013, December 31, 2012 and September 30, 2012	$ 5,903,077	$ 6,980,000	$ 6,980,000	$ -
Repayable in March 2019 with a revolving credit, interest at 1.6025% p.a., 1.6047%-1.611% p.a. and 1.6047% p.a. as of September 30, 2013, December 31, 2012 and September 30, 2012, respectively	4,050,000	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 1.3224%-1.3642% p.a., 1.3173%-1.3589% p.a., 1.3051%-1.3463% p.a. and 1.2786%-1.3189% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	36,928,000	44,314,000	44,314,000	51,700,000
Repayable in 10 equal semiannual installments from August 2012 to February 2017, interest at 1.5316%-1.58% p.a., 1.5173%-1.5653% p.a., 1.5112%-1.5589% p.a. and 1.4908%-1.5379% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	14,000,000	18,000,000	18,000,000	500,000
Taiwan Cooperative Bank and other banks loan to HLSC				
Repayable in June 2015 with a revolving credit, interest at 1.5825% p.a., 1.5381%-1.5782% p.a., 1.5634% p.a. and 1.5021%-1.5455% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	1,600,000	2,400,000	1,600,000	2,400,000
Chinatrust Commercial Bank and other banks loan to CSCI				
Repayable in 5 semiannual installments from June 2017 to June 2019, interest at 2.1% p.a.	1,629,638	-	-	-

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Mega International Commercial Bank and other banks loan to CSVC				
Repayable in 10 semiannual installments from September 2015 to March 2020, interest at 1.6% p.a.	$ 2,158,610	$ -	$ -	$ -
Bank of Taiwan and other banks loan to the Corporation				
Repayable at once in July 2018, interest at 2.5327% p.a.	6,596,400	-	-	-
Bank of Taiwan and other banks loan to the Corporation				
Repayable in July 2016, interest at 2.4904% p.a.	1,386,529	-	-	-
Mortgage loans (Note 33)				
Due on various dates through April 2032, interest at 0.91%-1.80077% p.a., 0.5625%-1.8007% p.a., 0.5625%-1.8007% p.a. and 0.5625%-1.71% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	11,376,473	16,970,602	17,188,080	17,914,900
Bank loans				
Due on various dates through June 2019, interest at 0.43567%-3.90063% p.a., 0.50229%-4.78964% p.a., 0.53586%-4.78964% p.a. and 0.535%-5.65328% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	20,805,868	20,240,552	12,133,192	13,144,397
	106,434,595	113,405,154	102,465,272	87,373,583
Less: Syndicated loan fee	162,090	170,571	178,561	124,385
Current portion	19,734,292	20,979,088	21,487,611	11,715,737
	$ 86,538,213	$ 92,255,495	$ 80,799,100	$ 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, repaid in March 2012, 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 September 30, 2013. Under the agreement, CHSC and its related parties should hold at least 51% of the HLSC's issued shares and hold 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 Nine 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 September 30, 2013, the Corporation held directly and indirectly 41% equity of CHSC and held over half of the seats in the board of directors and controlled its operation; CHSC held 100% equity of HLSC and held 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 September 30, 2013. Under the agreement, the Corporation and its related parties should collectively hold at least 80% of DSC's issued shares and hold half or more of the seats 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 hold half or more 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 hold half or more of the seats 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 September 30, 2013, the Corporation held 100% equity of DSC and held 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 September 30, 2013, the Corporation held 51% equity of CSVC.

4) In January 2013, the subsidiary CSCI entered into a syndicated credit facility agreement with Chinatrust Commercial Bank and 9 other banks for a USD110,000 thousand revolving credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 75% of CSCI's issued shares and hold two-thirds or more of the seats in the board of directors. If CSCI expands or invites new strategic investors, the Corporation and its related parties should collectively hold at least 60% of CSCI's issued shares and hold half or more of the seats in the board of directors. Starting 2013, CSCI should meet some financial ratios and criteria. As of September 30, 2013, the Corporation held 100% equity of CSCI and held all of the seats in the board of directors.

5) In July 2013, the Corporation entered into a syndicated credit facility agreement with Bank of Taiwan and 11 other banks for a CAD278,000 thousand unsecured non-revolving credit line. Under the agreement, the Corporation should meet some financial ratios and criteria which were

based on reviewed consolidated financial statements as of June 30 and audited annual consolidated financial statements. If the Corporation 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 the Corporation's outstanding principal and interest to maturity as due, and request the Corporation to settle immediately.

6) 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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Commercial paper - interest at 0.75%-1.321% p.a., 0.79%-1.238% p.a., 0.79%-1.232% p.a. and 0.77%-1.212% p.a. as of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, respectively	$ 23,280,000	$ 26,800,000	$ 20,300,000	$ 24,830,000
Secured commercial paper in syndicated bank loans - interest at 1.201% p.a. and 1.205% p.a. as of September 30, 2013 and December 31, 2012, respectively	3,000,000	5,000,000	-	-
	26,280,000	31,800,000	20,300,000	24,830,000
Less: Unamortized discounts	14,398	16,269	8,636	16,281
	$ 26,265,602	$ 31,783,731	$ 20,291,364	$ 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

	September 30, 2013	December 31, 2012	September 30, 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

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
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	5,000,000	-
July 2013, repayable in July 2019 and July 2020; interest at 1.44% p.a., payable annually	6,300,000	-	-	-
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	15,000,000	-
July 2013, repayable in July 2022 and July 2023; interest at 1.60% p.a., payable annually	9,700,000	-	-	-
15-year unsecured bonds - issued at par by the Corporation in:				
July 2013, repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest at 1.88% p.a., payable annually	3,600,000	-	-	-
Liability component of unsecured domestic convertible bonds - issued by CEC and TMTC	100,000	425,100	475,200	-
Liability component of secured domestic convertible bonds - issued by TMTC	200,000	-	-	-
	77,875,000	58,400,100	69,725,200	49,250,000
Add: Accrued interest	-	916	726	-
Less: Issuance cost of bonds payable	59,180	44,475	48,342	35,574
Unamortized discount on bonds payable	22,484	14,771	20,059	-
Current portion	11,274,386	11,272,543	11,273,771	11,270,086
	$ 66,518,950	$ 47,069,227	$ 58,383,754	$ 37,944,340

(Concluded)

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. From one month after the issuance date to 10 days before the maturity date, bondholders may request CEC to convert the bonds into its ordinary shares. From one month after the issuance date to 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 September 30, 2013, the convertible bonds have been fully converted into CEC's ordinary share.

In September 2013, the subsidiary TMTC issued NT$200,000 thousand of 3-year secured domestic convertible bonds at par from September 2013 to August 2016. From one month after the issuance date to 10 days before the maturity date, bondholders may request TMTC to convert the bonds into its ordinary shares (except for the related book closure period). On the repurchase date, two years after the issuance date, bondholders may request TMTC to repurchase the bonds at their face value plus interest (1.9090% of face value, yield to put 0.95%) by cash in five trading days. From one month after the issuance date to 40 days before the maturity date, if the closing price of TMTC's shares on the Taiwan GreTai Securities 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 bonds, TMTC may redeem the remaining bonds at their face value by cash in five trading days after the redemption date. As of September 30, 2013, the convertible bonds have not been converted or redeemed.

In September 2013, the subsidiary TMTC issued NT$100,000 thousand of 5-year unsecured domestic convertible bonds at par from September 2013 to August 2018. From one month after the issuance date to 10 days before the maturity date, bondholders may request TMTC to convert the bonds into its ordinary shares (except for the related book closure period). On the repurchase dates, two years, three years and four years after the issuance date, bondholders may request TMTC to repurchase the bonds at their face value plus interest (2.5156%, 3.7971% and 5.0945% of face value for two years, three years and four years, respectively, yield to put 1.25%) by cash in five trading days. From one month after the issuance date to 40 days before the maturity date, if the closing price of TMTC's shares on the Taiwan GreTai Securities 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 bonds, TMTC may redeem the remaining bonds at their face value by cash in five trading days after the redemption date. As of September 30, 2013, the convertible bonds have not been converted or redeemed.

According to International Accounting Standards No. 32 and No. 39, CEC and TMTC have 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. ACCOUNTS PAYABLE

Included in accounts payable were advances received on construction contracts, in the amount of NT$1,527,159 thousand, NT$1,438,996 thousand, NT$1,390,600 thousand, and NT$1,334,493 thousand as of September 30, 2013, December 31, 2012, September 30, 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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Purchase of equipment	$ 9,862,255	$ 6,248,398	$ 5,240,038	$ 5,458,948
Salaries and incentive bonus	5,802,762	5,791,500	5,266,573	6,348,237
Sale returns and discounts	1,987,771	1,468,272	1,079,765	1,289,831
Bonus to employees, and remuneration to directors and supervisors	1,430,243	782,026	674,582	1,918,073
Interest payable	854,716	300,786	938,162	189,655
Outsourced repair and construction	235,925	823,491	582,485	522,613
Others	4,843,774	5,077,392	5,289,978	5,132,375
	$ 25,017,446	$ 20,491,865	$ 19,071,583	$ 20,859,732

23. PROVISIONS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Current				
Onerous contracts (a)	$ 2,503,694	$ 1,378,181	$ 1,657,275	$ 1,941,792
Construction warranties (b)	666,690	764,562	823,820	868,016
Sale returns and discounts (c)	751,800	25,754	942,500	-
Others	44,603	7,682	-	822
	$ 3,966,787	$ 2,176,179	$ 3,423,595	$ 2,810,630
Noncurrent (recognized as other noncurrent liabilities)				
Others	$ 41,683	$ -	$ -	$ -

	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)	2,890,059	(97,834)	751,800	260,391	3,804,416
Paid	(1,764,546)	(38)	(25,754)	(181,787)	(1,972,125)
Balance at September 30, 2013	$ 2,503,694	$ 666,690	$ 751,800	$ 86,286	$ 4,008,470
Balance at January 1, 2012	$ 1,941,792	$ 868,016	$ -	$ 822	$ 2,810,630
Recognized (reversed)	1,413,890	(43,960)	942,500	(822)	2,311,608
Paid	(1,698,407)	(236)	-	-	(1,698,643)
Balance at September 30, 2012	$ 1,657,275	$ 823,820	$ 942,500	$ -	$ 3,423,595

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

The Corporation and its subsidiaries' retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2012 and January 1, 2012, and recognized in their respective periods. Refer to Note 24 to the consolidated financial statements as of March 31, 2013 for information on the Corporation and its subsidiaries' retirement benefit plans.

Employee benefit expenses were included in the following line items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2012	2012
Operating costs	$ 169,780	$ 212,930	$ 507,566	$ 604,411
Operating expenses	67,161	58,351	198,148	172,044
Others	2,599	10,964	7,221	20,443
	$ 239,540	$ 282,245	$ 712,935	$ 796,898

25. EQUITY

a. Share capital

	September 30, 2013	December 31, 2012	September 30, 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)	15,425,584	15,272,477	15,272,477	15,046,209
Preference shares (in thousands)	38,268	38,268	38,268	38,268
	15,463,852	15,310,745	15,310,745	15,084,477
Shares issued				
Ordinary shares	$ 154,255,840	$ 152,724,765	$ 152,724,765	$ 150,462,093
Preference shares	382,680	382,680	382,680	382,680
	$ 154,638,520	$ 153,107,445	$ 153,107,445	$ 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, 2013 and 2012, the Corporation issued 153,107 thousand and 226,268 thousand ordinary shares through capitalization of retained earnings of NT$1,531,075 thousand and 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 6,875,837 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 2,667,768,015 shares (including 275 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 September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the outstanding depositary receipts were 3,423,915 units, 2,930,471 units, 2,815,064 units and 3,396,550 units, equivalent to 68,478,595 ordinary shares (including 295 fractional shares), 58,609,704 ordinary shares (including 284 fractional shares), 56,301,564 ordinary shares (including 284 fractional shares) and 67,931,271 ordinary shares (including 271 fractional shares), which represented 0.44%, 0.38%, 0.37% and 0.45% of the outstanding ordinary shares, respectively.

b. Capital surplus

	September 30, 2013	**December 31, 2012**	**September 30, 2012**	**January 1, 2012**
Additional paid-in capital	$ 31,154,766	$ 31,154,766	$ 31,154,766	$ 31,154,766
Treasury share transactions	5,456,398	5,332,432	5,332,432	5,021,515
Share of change in capital surplus of associates	306,705	80,700	58,766	216
Others	8,099	8,099	8,099	8,099
	$ 36,925,968	$ 36,575,997	$ 36,554,063	$ 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 nine months ended September 30, 2013, the bonus to employees and remuneration to directors and supervisors were NT$1,169,100 thousand and NT$23,361 thousand, respectively, and for the nine months ended September 30, 2012 were NT$391,215 thousand and NT$9,145 thousand, respectively. 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, certain amount 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 September 30, 2013, December 31, 2012, September 30, 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 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 and reserve a special reverse.

Appropriation of earnings to legal reserve could 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 of earnings for 2012 and 2011 had been approved in the shareholders' meeting on June 19, 2013 and 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

(Continued)

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2012	2011	2012	2011
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

(Concluded)

The reversal of the special reserve NT$2,325,000 thousand had been approved in the shareholders' meeting in 2013.

The bonus to employees and remuneration to directors and supervisors (distributed in cash) for 2012 and 2011 approved in the above shareholders' 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.

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:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Special reserve	$ 21,630,170	$ 21,633,290	$ 21,633,347	$ 21,636,278

In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, 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, if the amount of the increase in retained earnings that resulted from all IFRSs adjustments is smaller than the amount of unrealized revaluation increment and cumulative translation differences (gain) reclassified to retained earnings, only the amount of the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. As of January 1, 2012, the Corporation and its subsidiaries transferred unrealized revaluation increment of NT$26,757,590 thousand and cumulative translation differences of NT$17,192 thousand to retained earnings. However, the increase in retained earnings from all IFRSs adjustments was smaller than the amounts of unrealized revaluation increment and cumulative translation differences; therefore, the Corporation and its subsidiaries appropriated NT$21,636,278 thousand, the increase in retained earnings from all IFRSs adjustments at the first-time adoption of IFRSs, to special reserve. The aforementioned special reserve was recognized on January 1, 2013. However, for the consistency of financial statements, the special reserve was disclosed at the beginning of the comparative financial statements.

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

	For the Nine Months Ended September 30	
	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	(3,120)	(2,931)
Balance, end of period	$ 21,630,170	$ 21,633,347

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2013	**2012**
Balance, beginning of period	$ (417,820)	$ -
Exchange differences arising on translating foreign operations	(226,357)	(449,894)
Income tax relating to gain (loss) arising on translating the net assets of foreign operations	(9,867)	8,615
Gain on hedging instruments designated in hedges of the net assets of foreign operations	42,225	196,071
Share of exchange difference of associates accounted for using the equity method	(89,450)	(4,965)
Balance, end of period	$ (701,269)	$ (250,173)

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

	For the Nine Months Ended September 30	
	2013	2012
Balance, beginning of period	$ 5,283,803	$ 5,507,672
Unrealized gain on available-for-sale financial assets	2,298,971	1,184,196
Income tax relating to unrealized gain on available-for-sale financial assets	(1,382)	(1,855)
Reclassified to profit or loss on disposal of available-for-sale financial assets	(428,706)	(347,302)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	2,974	88
Share of unrealized gain on available-for-sale financial assets of associates accounted for using the equity method	92,029	23,663
Balance, end of period	$ 7,247,689	$ 6,366,462

3) Cash flow hedge

	For the Nine Months Ended September 30	
	2013	2012
Balance, beginning of period	$ (280,266)	$ 317,084
Fair value changes of hedging instrument	157,767	(453,158)
Income tax relating to changes in fair value	(26,572)	77,790
Changes in fair value of hedging instruments transferred to profit or loss	(30,921)	-
Income tax relating to amounts transferred to profit or loss	5,257	-
Changes of hedging instruments transferred to adjust carrying amount of hedged items	181,251	6,555
Income tax relating to amounts transferred to adjust carrying amount of hedged items	(30,813)	(1,114)
Balance, end of period	$ (24,297)	$ (52,843)

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2013	2012
Balance, beginning of period	$ 26,869,649	$ 23,212,386
Attributable to non-controlling interests:		
Share of profit for the period	2,062,398	145,572
Exchange difference on translating foreign operations	51,152	(255,402)
Unrealized gain on available-for-sale financial assets	84,700	91,063
Income tax relating to unrealized gain and loss on available-for-sale financial assets	(1,843)	-
Fair value changes of cash flow hedges	(9,068)	(221)

(Continued)

	For the Nine Months Ended September 30	
	2013	2012
Income tax relating to cash flow hedges	$ 1,551	$ 40
Actuarial loss on defined benefit plans	10,411	-
Share of other comprehensive income of associates accounted for using the equity method	6,166	7,333
Increase of non-controlling interest arising from acquisition of subsidiaries	21,892	3,834,996
Additional non-controlling interests arising from partial disposal of subsidiaries	43,168	20,742
Acquisition of non-controlling interests in subsidiaries	(7,850)	(8,576)
Dividend distributed by subsidiaries	(2,480,643)	(2,626,481)
Equity component of convertible bonds issued by subsidiaries	192,837	72,263
Others	232,831	66,011
Balance, end of period	$ 27,077,351	$ 24,559,726

(Concluded)

g. Treasury shares

Purpose of Treasury Stock	Thousand Shares			September 30	
	Beginning of Period	Addition	Reduction	Thousand Shares	Book Value
For the nine months ended September 30, 2013					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	309,816	3,097	55	312,858	$ 8,581,501
For the nine months ended September 30, 2012					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	295,065	15,552	782	309,835	$ 8,582,583

The Corporation's shares acquired and held by subsidiaries and used for investment 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 and distribution of share dividends by the Corporation. The decrease of treasury shares was mainly due to subsidiaries' sale of the Corporation's shares and change in percentage of ownership.

For the nine months ended September 30, 2013 and 2012, the subsidiaries sold 0 share and 1,769 thousand shares of the Corporation for proceeds of zero and NT$48,416 thousand, respectively. For the nine months ended September 30, 2013 and 2012, the proceeds of treasury shares sold, calculated by shareholding percentage, amounted to zero and NT$21,694 thousand, and after deducting book values, resulted in the amounts of zero and NT$2,363 thousand, respectively, recorded as capital surplus. As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the market values of the treasury shares calculated by combined holding percentage were NT$8,118,671 thousand, NT$8,473,457 thousand, NT$8,288,097 thousand and NT$8,497,875 thousand, respectively.

26. OPERATING REVENUES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Revenue from the sale of goods	$ 80,770,096	$ 79,046,165	$ 242,089,208	$ 257,019,286
Construction contract revenue	4,646,085	2,545,291	12,234,146	10,773,388
Revenue from the rendering of services	1,047,899	1,236,459	3,520,194	3,999,684
Other revenues	795,960	983,735	2,572,294	2,629,053
	$ 87,260,040	$ 83,811,650	$ 260,415,842	$ 274,421,411

27. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Dividend income	$ 218,263	$ 202,044	$ 274,596	$ 269,939
Interest income	115,937	83,809	333,098	289,124
Rental income	29,203	40,696	87,297	101,883
Gain on reversal of allowance for doubtful accounts	-	49,313	40,336	124,929
Others	117,058	102,005	590,221	461,538
	$ 480,461	$ 477,867	$ 1,325,548	$ 1,247,413

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Net foreign exchange gain	$ 93,828	$ 149,225	$ 390,715	$ 399,742
Gain on disposal of investments	14,137	222,458	200,933	241,635
Loss on disposal of property, plant and equipment	(42,537)	(28,694)	(69,813)	(164,656)
Gain (loss) arising on financial assets at fair value through profit or loss	(862)	(12,392)	18,841	16,675
Other losses	(16,003)	(142,374)	(543,555)	(381,897)
	$ 48,563	$ 188,223	$ (2,879)	$ 111,499

The components of net foreign exchange gain were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Foreign exchange gain	$ 419,678	$ 487,178	$ 1,615,763	$ 1,552,795
Foreign exchange loss	(325,850)	(337,953)	(1,225,048)	(1,153,053)
Net exchange gain	$ 93,828	$ 149,225	$ 390,715	$ 399,742

The gain (loss) arising on financial assets at fair value through profit or loss included (a) a decrease in fair value of NT$5,350 thousand, an decrease in fair value of NT$17,440 thousand, an increase in fair value of NT$7,349 thousand and an increase in fair value of NT$1,429 thousand for the three months and nine months ended September 30, 2013 and 2012, respectively and (b) interest income of NT$4,488 thousand, NT$5,048 thousand, NT$11,492 thousand and NT$15,246 thousand for the three months and nine months ended September 30, 2013 and 2012, respectively.

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Total interest expense for financial liabilities measured at amortized cost	$ 1,005,134	$ 889,526	$ 2,806,546	$ 2,581,261
Less: Amounts included in the cost of qualifying assets	229,717	159,430	706,158	557,983
	$ 775,417	$ 730,096	$ 2,100,388	$ 2,023,278

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Capitalized amounts	$ 229,717	$ 159,430	$ 706,158	$ 557,983
Capitalized annual rates (%)	1.18-1.548	0.8904-1.596	1.1004-1.73	0.8904-1.6

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Property, plant and equipment	$ 7,780,222	$ 7,190,157	$ 22,496,920	$ 21,072,231
Investment properties	20,440	21,434	61,922	63,535
Intangible assets	36,042	35,275	114,673	104,966
Others	26,835	19,977	98,274	58,173
	$ 7,863,539	$ 7,266,843	$ 22,771,789	$ 21,298,905

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Analysis of depreciation by function				
Operating costs	$ 7,513,496	$ 7,039,117	$ 21,850,912	$ 20,604,204
Operating expenses	281,370	168,787	690,885	522,328
Others	5,796	3,687	17,045	9,234
	$ 7,800,662	$ 7,211,591	$ 22,558,842	$ 21,135,766
Analysis of amortization by function				
Operating costs	$ 34,316	$ 41,587	$ 156,942	$ 125,200
Operating expenses	25,453	12,044	51,309	34,304
Others	3,108	1,621	4,696	3,635
	$ 62,877	$ 55,252	$ 212,947	$ 163,139

(Concluded)

e. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Direct operating expenses of investment properties that generated rental income	$ 39,399	$ 28,890	$ 117,380	$ 96,705

f. Employee benefits

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Short-term employee benefits				
Salaries	$ 6,729,743	$ 5,409,833	$ 20,718,640	$ 17,741,984
Labor and health insurance	397,432	377,362	1,177,570	1,111,431
Others	409,026	391,444	1,293,307	1,222,559
	7,536,201	6,178,639	23,189,517	20,075,974
Post-employment benefits (Note 24)				
Defined contribution plans	105,855	48,966	311,591	238,628
Defined benefit plans	239,540	282,245	712,935	796,898
	345,395	331,211	1,024,526	1,035,526
Termination benefits	(97,671)	59	244,471	9,014
	$ 7,783,925	$ 6,509,909	$ 24,458,514	$ 21,120,514

28. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	$ 550,633	$ 594,646	$ 2,555,143	$ 1,401,092
In respect of prior periods	(259)	177,292	61,054	1,021,295
Deferred tax				
In respect of the current period	196,482	(42,710)	(74,156)	(322,590)
In respect of prior periods	(238,762)	(316,330)	(58,841)	(1,166,013)
Write-down in the current period	1,035,915	320	1,035,915	320
	$ 1,544,009	$ 413,218	$ 3,519,115	$ 934,104

The reconciliation of accounting profit and income tax expense was as follows:

	For the Nine Months Ended September 30	
	2013	2012
Profit before income tax	$ 18,038,629	$ 4,914,417
Income tax expense at the statutory rate	$ 3,387,653	$ 868,987
Nondeductible expenses in determining taxable income	30,893	28,266
Tax-exempt income	(249,975)	(291,581)
Loss on capital reduction	(481,473)	(4,554)
Others	(136,799)	65,075
Additional income tax under the Alternative Minimum Tax Act	11,088	623
Additional income tax on unappropriated earnings	28,519	25,777
Temporary differences	(172,359)	(14,692)
Loss carryforwards	75,434	557,480
Investment credits	(11,994)	(156,879)
Adjustments for prior years' tax	2,213	(144,718)
Write-down of deferred tax assets	1,035,915	320
Income tax expense recognized in profit or loss	$ 3,519,115	$ 934,104

The applicable tax rate used above is the corporate tax rate of 17% payable by the Corporation and its subsidiaries in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other subsidiaries operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized directly in equity

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Current tax				
Reversal of special reserve due to disposal of property, plant and equipment	$ 161	$ 404	$ 410	$ 743
Deferred tax				
Reversal of special reserve due to disposal of property, plant and equipment	(161)	(404)	(410)	(743)
	$ -	$ -	$ -	$ -

c. Income tax expense (benefit) recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Recognized in other comprehensive income:				
Translation of foreign operations	$ (11,175)	$ (351)	$ 9,867	$ (8,615)
Fair value remeasurement of available-for-sale financial asset	1,007	1,602	3,225	1,855
Fair value changes of cash flow hedges	(8,903)	(30,776)	25,015	(77,830)
Actuarial gains and losses on defined benefit retirement plan	-	-	(192)	-
Fair value changes of hedging instrument in cash flow hedges transferred to profit or loss	(58)	-	(5,257)	-
Disposal of available-for-sale financial assets	(52)	-	(2,974)	(88)
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	23,056	(4,148)	30,819	1,114
	$ 3,875	$ (33,673)	$ 60,503	$ (83,564)

d. Integrated income tax

	September 30, 2013	December 31, 2012	September 30, 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	12,642,574	6,141,281	3,972,657	19,591,531
	$ 12,658,014	$ 6,156,721	$ 3,988,097	$ 19,606,971
Imputation credits accounts ("ICA")	$ 20,437	$ 24,717	$ 24,717	$ 211,179

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 creditable ratio of the Corporation for the distribution of 2012 and 2011 earnings was 10.03% (estimated) and 17.84%, respectively. The actual imputation credits allocated to shareholders of the Corporation was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2012 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

e. Income tax assessments

The Corporation's income tax returns through 2008 and the subsidiaries' income tax returns through 2008 to 2012 have been assessed by the tax authorities. The National Taxation Bureau of Kaohsiung, Ministry of Finance rejected the Corporation's request for corrections of 2008 income tax return. Therefore, the Corporation applied for administrative appeal.

29. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Profit for the period attributable to owners of the Corporation	$ 3,778,763	$ 1,874,858	$ 12,457,116	$ 3,834,741

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Less: Dividends on preference shares	$ 13,393	$ 13,393	$ 40,181	$ 40,181
Earnings used in computation of basic and diluted earnings per share	$ 3,765,370	$ 1,861,465	$ 12,416,935	$ 3,794,560

(Concluded)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	15,112,726	15,112,651	15,112,726	15,112,651
Effect of dilutive potential ordinary shares:				
Bonus to employees	47,467	14,995	58,413	46,474
Weighted average number of ordinary shares used in the computation of diluted earnings per share	15,160,193	15,127,646	15,171,139	15,159,125

Preference shares were not included in the calculation of diluted earnings per share for the three months and nine months ended September 30, 2013 and 2012 because of their anti-dilutive effect.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of share dividends distributed out of earnings for the year ended December 31, 2013. The adjusted basic and diluted after-tax earnings per share for the three months ended September 30, 2012 were both NT$0.12; for the nine months ended September 30, 2012 were both NT$0.25.

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

Except for those described below, the fair value information on financial instruments, financial instruments categories, and objectives and policies of financial risk management of consolidated financial statements of the Corporation and its subsidiaries have been followed in the same manner without significant change in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 31 to the consolidated financial statements as of March 31, 2013 for details.

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:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Assets				
USD	$ 10,879,732	$ 9,897,431	$ 9,942,711	$ 10,842,987
JPY	3,706,460	4,325,825	4,636,686	5,259,136
VND	1,231,486	674,275	178,570	27,824
CAD	3,903	1,074	258	722
AUD	3,054	3,439	732	2,941
Liabilities				
USD	20,193,028	16,396,426	15,614,854	13,510,263
CAD	7,982,929	-	-	-
JPY	4,305,583	4,750,360	5,300,613	5,487,319
AUD	2,880,325	498,929	506,372	508,357
VND	985,655	732,177	21,430	77,132

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

	USD Impact		JPY Impact	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Profit or loss	$ 25,219	$ 26,051 1)	$ 10,529	$ 10,854 2)
Equity	67,914	30,671 3)	(4,538)	(4,215) 3)

	CAD Impact			VND Impact		
	For the Nine Months Ended September 30			For the Nine Months Ended September 30		
	2013	2012		2013	2012	
Profit or loss	$ (39)	$ (3)	1)	$ (2,458)	$ (1,786)	1)
Equity	79,829	-	3)	-	214	

	AUD Impact		
	For the Nine Months Ended September 30		
	2013	2012	
Profit or loss	$ (31)	$ (7)	1)
Equity	28,803	5,064	3)

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

2) 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.

3) 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.

In management’s opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period.

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:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial liabilities	$ 120,565,503	$ 87,021,200	$ 100,994,848	$ 71,572,326
Cash flow interest rate risk				
Financial liabilities	166,939,003	170,655,391	162,466,121	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 nine months ended September 30, 2013 and 2012 would have been lower/higher by NT$1,252,043 thousand and NT$1,218,496 thousand, respectively.

c. Other price risk

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

If equity prices had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2013 and 2012 would have been higher/lower by NT$35,176 thousand and NT$32,222 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 nine months ended September 30, 2013 and 2012 would have been higher/lower by NT$88,390 thousand and NT$87,677 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

Liquidity risk

The management of the Corporation and its subsidiaries continuously monitors the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to control proportion of the long-term and short-term bank loans or issue bonds payable, and ensures compliance with loan covenants. As of September 30, 2013, total current liabilities of the Corporation and its subsidiaries were NT$12,221,836 thousand more than their total current assets. Since the Corporation and its subsidiaries have enough borrowing commitments and keep generating net cash inflows from operating activities, the liquidity risk is low.

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
September 30, 2013				
Short-term borrowings and bank overdraft	$ 34,400,896	$ -	$ -	$ 34,400,896
Short-term bills payable	42,772,167	-	-	42,772,167
Notes and accounts payable	12,431,997	159,971	-	12,591,968
Other payables	25,017,446	-	-	25,017,446
Bonds payable	11,274,386	24,262,894	42,256,056	77,793,336
Long-term borrowings	19,734,292	78,653,563	7,884,650	106,272,505
Long-term bills payable	-	26,265,602	-	26,265,602
	$ 145,631,184	$ 129,342,030	$ 50,140,706	$ 325,113,920
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

(Continued)

	Less Than 1 Year	2-5 Years	5+ Years	Total
September 30, 2012				
Short-term borrowings and bank overdraft	$ 39,888,046	$ -	$ -	$ 39,888,046
Short-term bills payable	31,337,323	-	-	31,337,323
Notes and accounts payable	12,643,718	619,498	-	13,263,216
Other payables	19,071,583	-	-	19,071,583
Bonds payable	11,273,771	28,016,157	30,367,597	69,657,525
Long-term borrowings	21,487,611	69,098,215	11,700,885	102,286,711
Long-term bills payable	-	20,291,364	-	20,291,364
	$ 135,702,052	$ 118,025,234	$ 42,068,482	$ 295,795,768
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
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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Sales of Goods				
The Corporation and its subsidiaries as key management personnel of other related parties	$ 648,044	$ 950,744	$ 2,288,262	$ 3,145,611
Other related parties as key management personnel of subsidiaries	469,451	666,481	1,731,544	1,835,506
Others	195,564	44,056	371,264	141,091
	$ 1,313,059	$ 1,661,281	$ 4,391,070	$ 5,122,208

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Purchases of Goods				
Other related parties as key management personnel of subsidiaries	$ 421,786	$ 48,805	$ 537,252	$ 176,167
Associates	47,565	82,919	197,429	227,186
Others	38,583	1,168	40,133	8,296
	$ 507,934	$ 132,892	$ 774,814	$ 411,649

(Concluded)

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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Accounts Receivable from Related Parties				
The Corporation and its subsidiaries as key management personnel of other related parties	$ 596,510	$ 726,619	$ 602,160	$ 540,588
Other related parties as key management personnel of subsidiaries	151,883	393,192	331,696	311,056
Others	6,485	4,919	948	$ 2,933
	$ 754,878	$ 1,124,730	$ 934,804	$ 854,577
Accounts Payable to Related Parties				
Other related parties as supervisors of subsidiaries	$ 88,767	$ 130,417	$ 151,986	$ 152,818
Associates	35,488	57,450	25,448	44,014
Other related parties as key management personnel of subsidiaries	10,181	34,387	15,098	28,944
Others	919	10,221	180	993
	$ 135,355	$ 232,475	$ 192,712	$ 226,769

The outstanding accounts payable to related parties are unsecured. No guarantee had been received for accounts receivable from related parties. No expense had been recognized for the nine months ended September 30, 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 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Short-term employee benefits	$ 17,212	$ 13,106	$ 52,963	$ 39,831
Post-employment benefits	492	491	1,262	1,268
	$ 17,704	$ 13,597	$ 54,225	$ 41,099

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Net property, plant and equipment	$ 152,910,319	$ 157,408,178	$ 127,303,676	$ 132,351,547
Time deposits	7,063,189	7,221,840	6,994,150	7,188,354
Shares (Note)	5,732,355	5,959,565	5,721,825	6,672,960
Investment properties, net	1,799,067	1,892,298	1,989,478	1,242,447
	$ 167,504,930	$ 172,481,881	$ 142,009,129	$ 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 September 30, 2013 were as follows:

a. The Corporation and its subsidiaries provided letters of credits for NT$4 billion guaranteed by financial institutions for several construction and lease contracts, and guarantee notes for NT$79 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$10.4 billion.

c. Property purchase and construction contracts for NT$19.3 billion were signed but not yet recorded.

d. Construction contracts for NT$53.2 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 10,810,000 metric tons of coal, 20,860,000 metric tons of iron ore, and 3,200,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of September 30, 2013 were USD10.6 billion (including 9,380,000 metric tons of coal, 75,360,000 metric tons of iron ore, and 1,900,000 metric tons of limestone).

f. Endorsements/guarantees provided to the consolidated entities as of September 30, 2013 were as follows:

Endorsement/Guarantee Provider	Counterparty	Ending Balance	
China Steel Corporation	Dragon Steel Corporation	USD	325,573 thousand
	CSC Steel Australia Holding Pty Ltd.	AUD	317,480 thousand
	Sakura Ferroalloys Sdn. Bhd.	MYR	86,681 thousand
China Steel Structure Co., Ltd.	United Steel Constructure Corporation	NTD	167,500 thousand
	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	NTD	917,470 thousand
	United Steel Construction Vietnam Co., Ltd.	NTD	325,270 thousand
United Steel Constructure Corporation	China Steel Structure Co., Ltd.	NTD	7,219,978 thousand
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co.	USD	3,000 thousand
	CSGT International Corporation	USD	3,200 thousand
China Steel Express Corporation	CSE Transport Corporation (Panama)	USD	271,500 thousand
	CSEI Transport Panama Corp. (Panama)	USD	77,276 thousand
China Ecotek Corporation	China Ecotek India Private Limited	NTD	109,107 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:

September 30, 2013	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary financial assets				
USD	$ 316,808	29.57	(USD:NTD)	$ 9,368,003
USD	19,166	62.6085	(USD:INR)	566,749
USD	18,248	6.1184	(USD:CNY)	539,606
USD	6,428	3.3994	(USD:MYR)	190,085
USD	4,237	21,903.7037	(USD:VND)	125,281
USD	3,044	1.0747	(USD:AUD)	90,008
JPY	12,126,312	0.3021	(JPY:NTD)	3,663,359
JPY	122,441	0.0102	(JPY:USD)	36,989
JPY	20,231	0.0625	(JPY:CNY)	6,112
CAD	136	0.9699	(CAD:USD)	3,903

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
AUD	$ 106	27.515	(AUD:NTD)	$ 2,914
AUD	5	0.9305	(AUD:USD)	140
VND	912,212,071	0.000046	(VND:USD)	1,231,486
Non-monetary financial assets				
JPY	5,742,000	0.3021	(JPY:NTD)	1,734,658
Monetary financial liabilities				
USD	517,016	29.57	(USD:NTD)	15,288,150
USD	82,361	6.1184	(USD:CNY)	2,435,410
USD	59,119	62.6085	(USD:INR)	1,748,146
USD	19,114	21,903.7037	(USD:VND)	565,189
USD	5,280	3.3994	(USD:MYR)	156,133
CAD	278,345	28.68	(CAD:NTD)	7,982,929
JPY	14,240,573	0.3021	(JPY:NTD)	4,302,077
JPY	6,279	0.0625	(JPY:CNY)	1,897
JPY	5,314	0.0102	(JPY:USD)	1,605
JPY	12	0.0347	(JPY:MRY)	4
AUD	104,682	27.515	(AUD:NTD)	2,880,325
VND	730,115,060	0.000046	(VND:USD)	985,655
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
CAD	37	1.0059	(CAD:USD)	1,074
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
AUD	107	30.165	(AUD:NTD)	3,222
AUD	7	1.0387	(AUD:USD)	217
VND	501,319,857	0.000046	(VND:USD)	674,275
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
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
VND	544,369,608	0.000046	(VND:USD)	732,177

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
September 30, 2012				
Monetary financial assets				
USD	$ 301,475	29.295	(USD:NTD)	$ 8,831,720
USD	30,348	6.2865	(USD:CNY)	889,058
USD	4,429	21,540.4412	(USD:VND)	129,743
USD	1,461	3.191	(USD:MYR)	42,813
USD	1,686	0.9569	(USD:AUD)	49,377
CAD	8	1.0217	(CAD:USD)	251
CAD	1	29.93	(CAD:NTD)	7
JPY	12,121,367	0.3777	(JPY:NTD)	4,578,240
JPY	147,842	0.0129	(JPY:USD)	55,840
JPY	6,901	0.0811	(JPY:CNY)	2,606
AUD	19	30.615	(AUD:NTD)	573
AUD	5	1.0451	(AUD:USD)	159
VND	131,301,441	0.000046	(VND:USD)	178,570
Non-monetary financial assets				
JPY	3,866,000	0.3777	(JPY:NTD)	1,460,188
Monetary financial liabilities				
USD	436,306	29.295	(USD:NTD)	12,781,571
USD	83,198	6.2865	(USD:CNY)	2,437,271
USD	257	3.191	(USD:MYR)	7,529
USD	13,261	21,540.4412	(USD:VND)	388,483
JPY	14,021,745	0.3777	(JPY:NTD)	5,296,013
JPY	4,465	0.0811	(JPY:CNY)	1,686
JPY	7,714	0.0129	(JPY:USD)	2,914
AUD	16,540	30.615	(AUD:NTD)	506,372
VND	15,757,518	0.000046	(VND:USD)	21,430
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
CAD	24	0.98	(CAD:USD)	722
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
AUD	84	30.735	(AUD:NTD)	2,572
AUD	12	1.0152	(AUD:USD)	369
VND	20,017,496	0.000046	(VND:USD)	27,824
Non-monetary financial assets				
JPY	4,102,000	0.3906	(JPY:NTD)	1,602,241

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
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
VND	55,490,763	0.000046	(VND:USD)	77,132

(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. Reportable segments of the Corporation and its subsidiaries 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
For the nine months ended September 30, 2013						
Revenues from external customers	$ 212,184,125	$ 1,372,340	$ 6,673,123	$ 40,186,254	$ -	$ 260,415,842
Inter-segment revenues	36,832,139	11,133,826	71,592	24,478,006	(72,515,563)	-
Segment revenues	$ 249,016,264	$ 12,506,166	$ 6,744,715	$ 64,664,260	$ (72,515,563)	$ 260,415,842
Segment profit	$ 11,770,229	$ 2,343,892	$ 1,856,306	$ 3,535,631	$ (954,190)	$ 18,551,868
Interest income	193,698	6,452	8,837	131,854	(7,743)	333,098
Interest expense	(1,956,594)	(16,219)	(1,636)	(131,325)	5,386	(2,100,388)
Share of the profit (loss) of associates and joint ventures	6,476,066	1,373,938	96,614	1,324,612	(9,006,750)	264,480
Other non-operating income and expenses	925,664	261,614	45,491	362,090	(605,288)	989,571
Profit before income tax	17,409,063	3,969,677	2,005,612	5,222,862	(10,568,585)	18,038,629
Income tax expense	2,475,595	270,399	288,079	628,798	(143,756)	3,519,115
Net profit for the period	$ 14,933,468	$ 3,699,278	$ 1,717,533	$ 4,594,064	$ (10,424,829)	$ 14,519,514
For the nine months ended September 30, 2012						
Revenues from external customers	$ 224,831,710	$ 2,158,310	$ 6,421,181	$ 41,010,210	$ -	$ 274,421,411
Inter-segment revenues	27,984,646	10,729,040	99,097	21,998,067	(60,810,850)	-
Segment revenues	$ 252,816,356	$ 12,887,350	$ 6,520,278	$ 63,008,277	$ (60,810,850)	$ 274,421,411

(Continued)

	Steel	Ocean Freight Forwarding	CSCC	Others	Adjustment and Elimination	Total
Segment profit (loss)	$ (2,385,510)	$ 2,604,839	$ 1,631,323	$ 3,785,031	$ 192,825	$ 5,828,508
Interest income	182,931	8,724	11,476	84,192	1,801	289,124
Interest expense	(1,860,718)	(29,570)	(1,639)	(133,304)	1,953	(2,023,278)
Share of the profit (loss) of associates and joint ventures	1,932,819	1,654,140	110,160	1,304,212	(5,251,056)	(249,725)
Other non-operating income and expenses	1,415,605	20,559	29,266	337,921	(733,563)	1,069,788
Profit (loss) before income tax	(714,873)	4,258,692	1,780,586	5,378,052	(5,788,040)	4,914,417
Income tax expense (benefit)	(86,142)	80,995	242,458	680,279	16,514	934,104
Net profit (loss) for the period	$ (628,731)	$ 4,177,697	$ 1,538,128	$ 4,697,773	$ (5,804,554)	$ 3,980,313

(Concluded)

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

Segment assets	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Steel	$ 746,475,066	$ 696,574,292	$ 703,524,096	$ 676,124,361
Ocean freight forwarding	20,886,712	18,501,237	18,629,576	19,553,481
CSCC	7,545,748	7,339,203	6,960,541	7,402,776
Others	143,240,930	123,823,167	121,039,106	115,060,090
Adjustment and elimination	(245,839,547)	(223,219,330)	(220,707,026)	(200,382,178)
	$ 672,308,909	$ 623,018,569	$ 629,446,293	$ 617,758,530

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 nine months ended September 30, 2013 not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

Except for the following additional information on the impact on the transition to IFRSs, refer to Note 37 to the consolidated financial statements as of March 31, 2013 for the impact on the Corporation and its subsidiaries' consolidated balance sheets and consolidated statements of comprehensive income after transition to IFRSs.

1) Reconciliation of consolidated balance sheet as of September 30, 2012 (Table 1).

2) Reconciliation of consolidated statement of comprehensive income for the nine months ended September 30, 2012 (Table 2).

3) Reconciliation of consolidated statement of comprehensive income for the three months ended September 30, 2012 (Table 3).

4) Exemptions from IFRS 1

The exemptions adopted by the Corporation and its subsidiaries on January 1, 2012 were the same as those indicated in the consolidated financial statements as of March 31, 2013. Refer to the Note

37 to the consolidated financial statements as of March 31, 2013 for detail information.

5) 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 September 30, 2012, the amounts reclassified from cash to other financial assets were NT$3,262,167 thousand.

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 September 30, 2012, the amounts reclassified from current deferred income tax assets to noncurrent assets were NT$3,128,577 thousand; the amounts reclassified from current deferred income tax liabilities to noncurrent liabilities were NT$3,547 thousand.

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 September 30, 2012, the amounts reclassified from assets leased to others under property, plant and equipment to investment property were NT$3,983,660 thousand; the amounts reclassified from assets leased to others under other assets to investment property were NT$2,921,248 thousand; the amounts reclassified from idle assets under other assets to property, plant and equipment were NT$1,292,297 thousand; the amounts reclassified from idle assets under other assets to investment property were 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 September 30, 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.

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 September 30, 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$12,290,133 thousand; financial assets at fair value through profit or loss were adjusted for an increase of NT$309,847 thousand; available-for-sale financial assets were adjusted for an increase of NT$15,051,089 thousand; unrealized gain on available-for-sale financial assets was adjusted for an increase of NT$3,014,991 thousand.

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 September 30, 2012, accrued pension cost was adjusted for an increase of NT$6,881,878 thousand; net loss not recognized as pension cost was adjusted for a decrease of NT$230,591 thousand; deferred income tax assets were adjusted for an increase of NT$1,221,207 thousand; retained earnings were adjusted for a decrease of NT$5,693,190 thousand. Pension cost for the nine months ended September 30, 2012 and for the three months ended September 30, 2012 was also adjusted for a decrease of NT$32,178 thousand (decrease of operating costs NT$11,821 thousand, research and development expenses NT$23 thousand, selling expenses NT$1,003 thousand, general and administrative expenses NT$23,666 thousand and increase of nonoperating expenses and losses NT$4,335 thousand) and NT$10,001 thousand (decrease of operating costs NT$4,000 thousand, research and development expenses NT$23 thousand, selling expenses NT$402 thousand, general and administrative expenses NT$7,598 thousand and increase of nonoperating expenses and losses NT$2,022 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.

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.

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 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	Reference (Note)
CURRENT ASSETS					CURRENT ASSETS	
Cash and cash equivalents	$ 16,031,287	$ (3,262,167)	$ 252	$ 12,769,372	Cash and cash equivalents	A
Financial assets at fair value through profit or loss - current	3,399,679	-	309,847	3,709,526	Financial assets at fair value through profit or loss - current	a)
Available-for-sale financial assets - current	5,393,406	-	23,083	5,416,489	Available-for-sale financial assets - current	a)
Hedging derivative assets - current	87,290	-	-	87,290	Derivative financial assets for hedging - current	
Notes receivable, net	1,729,308	-	-	1,729,308	Notes receivable, net	
Accounts receivable, net	11,075,448	-	-	11,075,448	Accounts receivable, net	
-	-	8,124,923	-	8,124,923	Amounts due from customers for construction contracts	
Other receivables	2,439,751	(144,587)	-	2,295,164	Other receivables	
-	-	179,087	-	179,087	Current tax assets	
Other financial assets - current	4,337,046	9,976,503	-	14,313,549	Other financial assets - current	A
Inventories	99,677,519	(8,124,923)	21,910	91,574,506	Inventories	
Deferred income tax assets - current	3,128,577	(3,128,577)	-	-	-	B
Restricted assets - current	6,814,544	(6,814,544)	-	-	-	
Others	7,709,494	(34,500)	1,109	7,676,103	Other current assets	
Total current assets	161,823,349	(3,228,785)	356,201	158,950,765	Total current assets	
INVESTMENTS					INVESTMENTS	
Financial assets at fair value through profit or loss - noncurrent	3,863	-	-	3,863	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets - noncurrent	3,374,283	-	15,028,006	18,402,289	Available-for-sale financial assets - noncurrent	a)
Held-to-maturity financial assets - noncurrent	159,306	-	-	159,306	Held-to-maturity financial assets - noncurrent	
Hedging derivative assets - noncurrent	18,512	-	-	18,512	Derivative financial assets for hedging - noncurrent	
Financial assets carried at cost - noncurrent	12,290,133	-	(12,290,133)	-	-	a)
Bond investments with no active market - noncurrent	3,921,850	-	-	3,921,850	Bond investments with no active market - noncurrent	
Investments accounted for by the equity method	2,570,465	(439,204)	3,923	2,135,184	Investments accounted for using equity method	
Investments in real estate	381,905	(381,905)	-	-	-	
Other financial assets - noncurrent	51,764	340,081	-	391,845	Other financial assets - noncurrent	A
Total investments	22,772,081	(481,028)	2,741,796	25,032,849	Total investments	
PROPERTY, PLANT AND EQUIPMENT					PROPERTY, PLANT AND EQUIPMENT	
Cost and revaluation increment	666,721,176	(3,217,169)	181,113	663,685,120	Cost	
Less: Accumulated depreciation	334,316,554	(316,390)	16,400	334,016,564	Less: Accumulated depreciation	
Accumulated impairment	445,358	(276,169)	-	169,189	Accumulated impairment	
	331,959,264	(2,624,610)	164,713	329,499,367		C
Construction in progress and prepayments for equipment	95,698,553	(1,460,380)	265,657	94,503,830	Construction in progress and equipment to be inspected	
Net property, plant and equipment	427,657,817	(4,084,990)	430,370	424,003,197	Net property, plant and equipment	
INTANGIBLE ASSETS	2,448,827	(868,152)	(21,224)	1,559,451	INTANGIBLE ASSETS	
-	-	8,728,756	-	8,728,756	INVESTMENT PROPERTIES	C
OTHER ASSETS					OTHER ASSETS	
Assets leased to others, net	2,921,248	(2,921,248)	-	-	-	C
Idle assets, net	2,734,240	(2,734,240)	-	-	-	C
Refundable deposits	485,207	-	-	485,207	Refundable deposits	
Deferred income tax assets - noncurrent	1,983,982	3,128,577	2,523,942	7,636,501	Deferred tax assets	B, b), d)
Restricted assets - noncurrent	239,873	(239,873)	-	-	-	
Deferred charges and others	807,007	2,261,779	(19,219)	3,049,567	Other noncurrent assets	
Total other assets	9,171,557	(505,005)	2,504,723	11,171,275	Total other assets	
TOTAL	$ 623,873,631	$ (439,204)	$ 6,011,866	$ 629,446,293	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	Reference (Note)
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans and overdraft	$ 39,888,046	$ -	$ -	$ 39,888,046	Short-term borrowings and bank overdraft	
Commercial paper payable	31,337,323	-	-	31,337,323	Short-term bills payable	
Financial liabilities at fair value through profit or loss - current	2,521	-	-	2,521	Financial liabilities at fair value through profit or loss - current	
Hedging derivative liabilities - current	123,537	-	-	123,537	Derivative financial liabilities for hedging - current	
Notes payable	512,715	-	-	512,715	Notes payable	
Accounts payable	12,750,501	-	-	12,750,501	Accounts payable	
Income tax payable	2,053,013	-	(8,925)	2,044,088	Current tax liabilities	
Accrued expenses	12,743,962	(12,743,962)	-	-	-	
-	-	3,913,592	-	3,913,592	Amounts due to customers for construction contracts	
Other payables	8,691,768	10,379,815	-	19,071,583	Other payables	
-	-	3,423,595	-	3,423,595	Provisions - current	
Bonds payable - current portion	11,273,771	-	-	11,273,771	Current portion of bonds payable	
Long-term debt - current portion	21,487,611	-	-	21,487,611	Current portion of long-term borrowings	
Deferred income tax liabilities - current	3,547	(3,547)	-	-	-	B
Others	8,302,177	(4,973,040)	(29,417)	3,299,720	Other current liabilities	
Total current liabilities	149,170,492	(3,547)	(38,342)	149,128,603	Total current liabilities	
LONG-TERM LIABILITIES					LONG-TERM LIABILITIES	
Hedging derivative liabilities - noncurrent	73,196	-	-	73,196	Derivative financial liabilities for hedging - noncurrent	
Bonds payable	58,383,754	-	-	58,383,754	Bonds payable	
Long-term debt	80,799,100	-	-	80,799,100	Long-term borrowings	
Long-term notes payable	20,291,364	-	-	20,291,364	Long-term bills payable	
Total long-term liabilities	159,547,414	-	-	159,547,414	Total long-term liabilities	
RESERVE FOR LAND VALUE INCREMENT TAX	10,240,123	(10,240,123)	-	-	-	D
OTHER LIABILITIES					OTHER LIABILITIES	
Accrued pension cost	701,914	-	6,881,878	7,583,792	Accrued pension liabilities	b)
Deferred income tax liabilities - noncurrent	1,317,311	10,243,670	1,391,231	12,952,212	Deferred tax liabilities	B, D, d)
Others	955,657	(439,204)	-	516,453	Other noncurrent liabilities	
Total other liabilities	2,974,882	9,804,466	8,273,109	21,052,457	Total other liabilities	
Total liabilities	321,932,911	(439,204)	8,234,767	329,728,474	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	36,652,352	-	(98,289)	36,554,063	Capital surplus	c)
Retained earnings					Retained earnings	
Legal reserve	54,778,577	-	-	54,778,577	Legal reserve	
Special reserve	7,615,701	-	21,633,347	29,249,048	Special reserve	4)
Unappropriated earnings	3,958,625	-	29,472	3,988,097	Unappropriated earnings	D, b), c), 4)
Total retained earnings	66,352,903	-	21,662,819	88,015,722	Total retained earnings	
Other equity adjustments					Other equity	
Unrealized revaluation increment	26,753,711	-	(26,753,711)	-	-	D
Unrealized gain on financial instruments	3,169,117	52,843	3,144,502	6,366,462	Unrealized gain on available-for-sale financial assets	a), c)
-	-	(52,843)	-	(52,843)	Cash flow hedges	
Cumulative translation adjustments	(229,262)	-	(20,911)	(250,173)	Exchange differences on translating foreign operations	
Net loss not recognized as pension cost	(230,591)	-	230,591	-	-	b)
Treasury stock	(8,415,634)	-	(166,949)	(8,582,583)	Treasury shares	c)
Total other equity adjustments	21,047,341	-	(23,566,478)	(2,519,137)	Total other equity	
Total stockholders' equity of parent company	277,160,041	-	(2,001,948)	275,158,093	Total equity attributable to owners of the Corporation	
MINORITY INTEREST	24,780,679	-	(220,953)	24,559,726	NON-CONTROLLING INTERESTS	
Total stockholders' equity	301,940,720	-	(2,222,901)	299,717,819	Total equity	
TOTAL	$ 623,873,631	$ (439,204)	$ 6,011,866	$ 629,446,293	TOTAL	

Note: The reference refers to Note 37 b.

TABLE 2

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	Reference (Note)
Operating revenues	$ 274,446,644	$ (311)	$ (24,922)	$ 274,421,411	Operating revenues	
Operating costs	260,522,736	(311)	(21,233)	260,501,192	Operating costs	b)
Gross profit	13,923,908	-	(3,689)	13,920,219	Gross profit	
Realized gain from affiliates	23,427	-	-	23,427	Realized gain on the transactions with associates	
Realized gross profit	13,947,335	-	(3,689)	13,943,646	Realized gross profit	
Operating expenses					Operating expenses	
Research and development	1,242,829	-	(23)	1,242,806	Research and development expenses	b)
Selling	3,321,066	-	(2,426)	3,318,640	Selling and marketing expenses	b)
General and administrative	3,528,436	59,712	(34,456)	3,553,692	General and administrative expenses	b)
Total operating expenses	8,092,331	59,712	(36,905)	8,115,138	Total operating expenses	
Operating income	5,855,004	(59,712)	33,216	5,828,508	Profit from operations	
Nonoperating income and gains					Non-operating income and gains	
Interest income	289,124	-	-	289,124	Interest income	
Dividend income	269,939	-	-	269,939	Dividend income	
Gain on sale of investments, net	241,635	-	-	241,635	Gain on disposal of investments, net	
Exchange gain, net	394,582	4,506	654	399,742	Net foreign exchange gains	
Reversal of impairment loss, net	1,015	(1,015)	-	-	Reversal of impairment loss, net	
Others	701,529	(12,189)	18,589	707,929	Others	
Total nonoperating income and gains	1,897,824	(8,698)	19,243	1,908,369	Total non-operating income and gains	
Nonoperating expenses and losses					Non-operating expenses and losses	
Interest expense	2,023,278	-	-	2,023,278	Interest expense	
Investment loss recognized under equity method, net	248,249	-	1,476	249,725	Share of the loss of associates and joint ventures	
Others	582,337	(68,410)	35,530	549,457	Others	b)
Total nonoperating expenses and losses	2,853,864	(68,410)	37,006	2,822,460	Total non-operating expenses and losses	
Income before income tax	4,898,964	-	15,453	4,914,417	Income before income tax	
Income tax expense	934,612	-	(508)	934,104	Income tax expense	
Net income	$ 3,964,352	$ -	$ 15,961	3,980,313	Net profit for the period	
					Other comprehensive income	
				(509,225)	Exchange differences on translating foreign operations	
				927,957	Unrealized gain on available-for-sale financial assets	
				(446,824)	Cash flow hedges	
				26,031	Share of the other comprehensive income of associates and joint ventures	
				83,564	Income tax relating to the components of other comprehensive income	
				81,503	Total other comprehensive income, net of income tax	
				$ 4,061,816	Total comprehensive income for the period	
					Net profit attributable to:	
				$ 3,834,741	Owners of the Corporation	
				145,572	Non-controlling interests	
				$ 3,980,313		
					Total comprehensive income attributable to:	
				$ 4,073,431	Owners of the Corporation	
				(11,615)	Non-controlling interests	
				$ 4,061,816		

Note: The reference refers to Note 37 b.

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 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	Reference (Note)
Operating revenues	$ 83,807,822	$ (311)	$ 4,139	$ 83,811,650	Operating revenues	
Operating costs	79,537,746	(311)	750	79,538,185	Operating costs	b)
Gross profit	4,270,076	-	3,389	4,273,465	Gross profit	
Realized gain from affiliates	7,809	-	-	7,809	Realized gain on the transactions with associates	
Realized gross profit	4,277,885	-	3,389	4,281,274	Realized gross profit	
Operating expenses					Operating expenses	
Research and development	395,389	-	(23)	395,366	Research and development expenses	b)
Selling	1,090,883	-	(873)	1,090,010	Selling and marketing expenses	b)
General and administrative	936,125	26,298	(10,370)	952,053	General and administrative expenses	b)
Total operating expenses	2,422,397	26,298	(11,266)	2,437,429	Total operating expenses	
Operating income	1,855,488	(26,298)	14,655	1,843,845	Profit from operations	
Nonoperating income and gains					Non-operating income and gains	
Interest income	83,809	-	-	83,809	Interest income	
Dividend income	202,044	-	-	202,044	Dividend income	
Gain on sale of investments, net	222,458	-	-	222,458	Gain on disposal of investments, net	
Exchange gain, net	144,288	4,506	431	149,225	Net foreign exchange gains	
Reversal of impairment loss, net	(126)	126	-	-	Reversal of impairment loss, net	
Others	191,647	(11,130)	(668)	179,849	Others	
Total nonoperating income and gains	844,120	(6,498)	(237)	837,385	Total non-operating income and gains	
Nonoperating expenses and losses					Non-operating expenses and losses	
Interest expense	730,096	-	-	730,096	Interest expense	
Investment loss recognized under equity method, net	130,277	-	2,397	132,674	Share of the loss of associates and joint ventures	
Others	192,142	(32,796)	11,949	171,295	Others	b)
Total nonoperating expenses and losses	1,052,515	(32,796)	14,346	1,034,065	Total non-operating expenses and losses	
Income before income tax	1,647,093	-	72	1,647,165	Profit before income tax	
Income tax expense	412,110	-	1,108	413,218	Income tax expense	
Net income	$ 1,234,983	$ -	$ (1,036)	1,233,947	Net profit for the period	
					Other comprehensive income	
				(130,178)	Exchange differences on translating foreign operations	
				286,513	Unrealized gain on available-for-sale financial assets	
				(196,198)	Cash flow hedges	
				22,948	Share of the other comprehensive income of associates and joint ventures	
				33,673	Income tax relating to the components of other comprehensive income	
				16,758	Total other comprehensive income, net of income tax	
				$ 1,250,705	Total comprehensive income for the period	
					Net profit attributable to:	
				$ 1,874,858	Owners of the Corporation	
				(640,911)	Non-controlling interests	
				$ 1,233,947		
					Total comprehensive income attributable to:	
				$ 1,986,212	Owners of the Corporation	
				(735,507)	Non-controlling interests	
				$ 1,250,705		

Note: The reference refers to Note 37 b.