China Steel Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 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 June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2013 and 2012, and the consolidated statements of changes in equity and cash flows for the six months ended June 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.

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.

Based on our reviews, 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.

August 9, 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)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Note 6)	$ 12,967,395	2	$ 18,100,737	3	$ 17,189,992	3	$ 12,131,328	2
Financial assets at fair value through profit or loss - current (Note 7)	5,107,681	1	3,940,343	1	4,061,932	1	3,439,676	1
Available-for-sale financial assets - current (Note 8)	3,928,187	1	4,785,015	1	5,767,054	1	5,389,711	1
Held-to-maturity financial assets - current (Note 9)	-	-	-	-	-	-	60,550	-
Derivative financial assets for hedging - current (Note 10)	62,286	-	45,950	-	136,527	-	115,768	-
Bond investments with no active market - current (Note 14)	9,320	-	-	-	-	-	-	-
Notes receivable, net (Notes 11 and 32)	1,481,402	-	1,490,986	-	1,789,959	-	1,901,604	-
Accounts receivable, net (Notes 11 and 32)	11,618,366	2	11,092,259	2	12,334,681	2	10,694,097	2
Amounts due from customers for construction contracts (Note 12)	7,724,752	1	7,432,666	1	8,713,529	1	8,716,229	1
Other receivables	1,603,167	-	942,643	-	1,019,990	-	1,413,428	-
Current tax assets	28,147	-	58,085	-	100,074	-	453,304	-
Inventories (Note 13)	82,768,750	12	76,867,018	12	92,688,484	15	107,277,509	17
Other financial assets - current (Notes 16 and 33)	15,800,172	2	13,523,714	2	15,274,557	3	15,902,288	3
Other current assets	4,913,644	1	4,775,722	1	8,308,097	1	5,777,149	1
Total current assets	148,013,269	22	143,055,138	23	167,384,876	27	173,272,641	28
NONCURRENT ASSETS								
Financial assets at fair value through profit or loss - noncurrent (Note 7)	-	-	259	-	16,371	-	23,979	-
Available-for-sale financial assets - noncurrent (Note 8)	21,368,814	3	18,164,094	3	16,592,216	3	16,330,183	3
Held-to-maturity financial assets - noncurrent (Note 9)	211,364	-	185,159	-	161,531	-	109,171	-
Derivative financial assets for hedging - noncurrent (Note 10)	36,312	-	6,983	-	46,958	-	124,920	-
Bond investments with no active market - noncurrent (Note 14)	3,198,689	1	3,536,086	1	3,899,340	1	4,050,222	1
Investments accounted for using equity method (Note 15)	11,643,282	2	2,616,833	1	2,727,103	-	2,608,514	1
Property, plant and equipment (Notes 10, 16, 17 and 33)	450,664,164	68	432,333,039	69	415,013,253	66	399,201,205	65
Investment properties (Notes 18 and 33)	8,633,236	2	8,689,136	1	9,288,189	1	8,690,127	1
Intangible assets	1,473,620	-	1,535,907	-	1,593,248	-	1,626,341	-
Deferred tax assets	7,632,226	1	7,829,804	1	7,523,119	1	7,106,931	1
Refundable deposits	468,072	-	431,779	-	425,814	-	428,431	-
Other financial assets - noncurrent (Notes 16 and 33)	348,012	-	458,971	-	485,023	-	2,518,424	-
Other noncurrent assets	7,596,169	1	4,606,777	1	3,065,473	1	2,130,072	-
Total noncurrent assets	513,273,960	78	480,394,827	77	460,837,638	73	444,948,520	72
TOTAL	$ 661,287,229	100	$ 623,449,965	100	$ 628,222,514	100	$ 618,221,161	100

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term borrowings and bank overdraft (Notes 19 and 33)	$ 48,453,090	7	$ 25,637,077	4	$ 35,805,424	6	$ 59,918,010	10
Short-term bills payable (Notes 19 and 33)	40,884,282	6	28,679,430	5	26,387,447	4	22,357,900	4
Financial liabilities at fair value through profit or loss - current (Note 7)	4,132	-	4,362	-	4,163	-	90	-
Derivative financial liabilities for hedging - current (Note 10)	184,630	-	240,380	-	81,473	-	53,331	-
Notes payable (Note 32)	605,426	-	261,617	-	619,518	-	1,066,418	-
Accounts payable (Notes 21 and 32)	9,818,128	2	10,332,163	2	12,534,936	2	10,131,244	2
Amounts due to customers for construction contracts (Note 12)	5,697,642	1	3,647,356	1	3,732,923	1	2,203,481	-
Other payables (Note 22)	29,772,351	5	20,491,865	3	38,316,910	6	20,859,732	3
Current tax liabilities	2,949,752	-	2,098,817	-	1,746,892	-	3,376,691	1
Provisions - current (Note 23)	3,067,526	1	2,176,179	-	3,868,273	1	2,810,630	-
Current portion of bonds payable (Note 20)	11,273,771	2	11,272,543	2	11,272,543	2	11,270,086	2
Current portion of long-term borrowings (Notes 19 and 33)	20,304,884	3	20,979,088	3	20,512,742	3	11,715,737	2
Other current liabilities	2,475,514	-	2,357,360	-	3,395,854	-	2,961,332	-
Total current liabilities	175,491,128	27	128,178,237	20	158,279,098	25	148,724,682	24
NONCURRENT LIABILITIES								
Financial liabilities at fair value through profit or loss - noncurrent (Note 7)	2,118	-	1,739	-	-	-	-	-
Derivative financial liabilities for hedging - noncurrent (Note 10)	15,754	-	86,829	-	57,733	-	42,475	-
Bonds payable (Note 20)	46,761,388	7	47,069,227	8	38,516,912	6	37,944,340	6
Long-term borrowings (Notes 19 and 33)	84,321,222	13	92,255,495	15	90,598,659	15	75,533,461	12
Long-term bills payable (Note 19)	26,717,205	4	31,783,731	5	21,281,980	4	24,813,719	4
Deferred tax liabilities	13,094,046	2	12,922,120	2	13,057,598	2	13,080,149	2
Accrued pension liabilities	7,382,443	1	7,439,282	1	7,604,232	1	7,671,000	2
Other noncurrent liabilities (Note 23)	983,595	-	972,505	-	978,460	-	946,910	-
Total noncurrent liabilities	179,277,771	27	192,530,928	31	172,095,574	28	160,032,054	26
Total liabilities	354,768,899	54	320,709,165	51	330,374,672	53	308,756,736	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 10, 16, 25, 28 and 33)								
Share capital								
Ordinary shares	152,724,765	23	152,724,765	24	150,462,093	24	150,462,093	24
Preference shares	382,680	-	382,680	-	382,680	-	382,680	-
Total share capital	153,107,445	23	153,107,445	24	150,844,773	24	150,844,773	24
Capital surplus	36,664,652	5	36,575,997	6	36,185,788	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	26,921,505	4	29,248,991	4	29,250,642	4	29,251,979	5
Unappropriated earnings	10,411,352	2	6,156,721	1	4,374,317	1	19,606,971	3
Total retained earnings	92,692,583	14	90,184,289	14	88,403,536	14	101,688,159	16
Other equity	6,088,342	1	4,585,717	1	5,952,092	1	5,824,756	1
Treasury shares	(8,581,510)	(1)	(8,582,297)	(1)	(8,526,745)	(2)	(8,290,245)	(1)
Total equity attributable to owners of the Corporation	279,971,512	42	275,871,151	44	272,859,444	43	286,252,039	46
NON-CONTROLLING INTERESTS	26,546,818	4	26,869,649	5	24,988,398	4	23,212,386	4
Total equity	306,518,330	46	302,740,800	49	297,847,842	47	309,464,425	50
TOTAL	$ 661,287,229	100	$ 623,449,965	100	$ 628,222,514	100	$ 618,221,161	100

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

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 June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 10, 26 and 32)	$ 84,695,287	100	$ 96,747,294	100	$ 173,155,802	100	$ 190,609,761	100
OPERATING COSTS (Notes 10, 13, 24, 27 and 32)	74,764,910	88	89,978,744	93	154,138,816	89	180,963,007	95
GROSS PROFIT	9,930,377	12	6,768,550	7	19,016,986	11	9,646,754	5
REALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	7,809	-	7,809	-	15,618	-	15,618	-
REALIZED GROSS PROFIT	9,938,186	12	6,776,359	7	19,032,604	11	9,662,372	5
OPERATING EXPENSES (Notes 24 and 27)								
Selling and marketing expenses	1,299,143	1	1,128,430	1	2,595,577	1	2,228,630	1
General and administrative expenses	1,509,623	2	1,345,724	1	2,977,239	2	2,601,639	1
Research and development expenses	531,326	1	444,639	1	951,591	1	847,440	1
Total operating expenses	3,340,092	4	2,918,793	3	6,524,407	4	5,677,709	3
PROFIT FROM OPERATIONS	6,598,094	8	3,857,566	4	12,508,197	7	3,984,663	2
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	335,121	1	439,381	1	845,087	1	769,546	-
Other gains and losses (Notes 10 and 27)	64,951	-	3,682	-	(51,442)	-	(76,724)	-
Finance costs (Note 27)	(661,956)	(1)	(708,259)	(1)	(1,324,971)	(1)	(1,293,182)	(1)
Share of the profit (loss) of associates and joint ventures	195,440	-	39,975	-	233,432	-	(117,051)	-
Total non-operating income and expenses	(66,444)	-	(225,221)	-	(297,894)	-	(717,411)	(1)
PROFIT BEFORE INCOME TAX	6,531,650	8	3,632,345	4	12,210,303	7	3,267,252	1
INCOME TAX EXPENSE (Note 28)	1,174,019	2	578,098	1	1,975,106	1	520,886	-
NET PROFIT FOR THE PERIOD	5,357,631	6	3,054,247	3	10,235,197	6	2,746,366	1
OTHER COMPREHENSIVE INCOME (Notes 10, 16, 25 and 28)								
Exchange differences on translating foreign operations	(224,643)		(62,464)		602,280		(379,047)	
Unrealized gain (loss) on available-for-sale financial assets	(151,273)		(953,937)		1,168,586		641,444	

(Continued)

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 June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Cash flow hedges	$ 70,148		$ 219,018		$ 214,301		$ (250,626)	
Actuarial loss from defined benefit plans	-		-		(1,130)		-	
Share of the other comprehensive income of associates and joint ventures	(107,205)		(8,847)		(91,429)		3,083	
Income tax benefit (expense) relating to the components of other comprehensive income	(13,915)		(25,669)		(56,628)		49,891	
Total other comprehensive income, net of income tax	(426,888)		(831,899)		1,835,980		64,745	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 4,930,743		$ 2,222,348		$ 12,071,177		$ 2,811,111	
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 4,885,757		$ 2,662,399		$ 8,678,353		$ 1,959,883	
Non-controlling interests	471,874		391,848		1,556,844		786,483	
	$ 5,357,631		$ 3,054,247		$ 10,235,197		$ 2,746,366	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 4,419,204		$ 1,848,882		$ 10,169,676		$ 2,087,219	
Non-controlling interests	511,539		373,466		1,901,501		723,892	
	$ 4,930,743		$ 2,222,348		$ 12,071,177		$ 2,811,111	
EARNINGS PER SHARE (Note 29)								
Basic	$ 0.32		$ 0.18		$ 0.57		$ 0.13	
Diluted	$ 0.32		$ 0.17		$ 0.57		$ 0.13	

The accompanying notes are an integral part of the consolidated financial statements. (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												
							Other equity						
	Share Capital			Retained earnings									
	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	Subtotal	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
Appropriation of 2012 earnings													
Legal reserve	-	-	-	581,149	-	(581,149)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(2,325,000)	2,325,000	-	-	-	-	-	-	-
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)
Reversal of special reserve	-	-	-	-	(2,486)	2,486	-	-	-	-	-	-	-
Net profit for the six months ended June 30, 2013	-	-	-	-	-	8,678,353	-	-	-	-	-	1,556,844	10,235,197
Other comprehensive income for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	(11,302)	109,478	1,207,730	185,417	1,502,625	-	344,657	1,835,980
Total comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	8,667,051	109,478	1,207,730	185,417	1,502,625	-	1,901,501	12,071,177
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,224,332)	(2,224,332)
Adjustment of other equity	-	-	88,655	-	-	(19)	-	-	-	-	787	-	89,423
BALANCE AT JUNE 30, 2013	$ 152,724,765	$ 382,680	$ 36,664,652	$ 55,359,726	$ 26,921,505	$ 10,411,352	$ (308,342)	$ 6,491,533	$ (94,849)	$ 6,088,342	$ (8,581,510)	$ 26,546,818	$ 306,518,330
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													
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)
Reversal of special reserve	-	-	-	-	(1,337)	1,337	-	-	-	-	-	-	-
Net profit for the six months ended June 30, 2012	-	-	-	-	-	1,959,883	-	-	-	-	-	786,483	2,746,366
Other comprehensive income for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	-	(210,233)	545,366	(207,797)	127,336	-	(62,591)	64,745
Total comprehensive income for the six months ended June 30, 2012	-	-	-	-	-	1,959,883	(210,233)	545,366	(207,797)	127,336	-	723,892	2,811,111
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(243,297)	(194,849)	(438,146)
Disposal of the Corporation's shares held by subsidiaries	-	-	1,192	-	-	-	-	-	-	-	14,548	12,758	28,498
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,234,211	1,234,211
Adjustment of other equity	-	-	-	-	-	-	-	-	-	-	(7,751)	-	(7,751)
BALANCE AT JUNE 30, 2012	$ 150,462,093	$ 382,680	$ 36,185,788	$ 54,778,577	$ 29,250,642	$ 4,374,317	$ (210,233)	$ 6,053,038	$ 109,287	$ 5,952,092	$ (8,526,745)	$ 24,988,398	$ 297,847,842

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

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 12,210,303	$ 3,267,252
Adjustments for:		
Depreciation expense	14,758,180	13,924,175
Amortization expense	150,070	107,887
Net gain on financial assets and liabilities at fair value through profit or loss	(4,760)	(57,780)
Finance costs	1,324,971	1,293,182
Interest income	(217,161)	(205,315)
Dividend income	(56,333)	(67,895)
Share of the loss (profit) of associates and joint ventures	(234,233)	116,501
Loss on disposal of property, plant and equipment	27,276	135,962
Gain on disposal of investments	(412,585)	(111,291)
Increase (decrease) in provision for loss on inventories	973,760	(2,826,800)
Realized gain on the transactions with associates	(15,618)	(15,618)
Recognition of provisions	2,283,769	1,987,572
Others	(12,765)	59,537
Changes in operating assets and liabilities		
Increase in financial assets held for trading	(414,618)	(116,770)
Decrease in derivative financial assets for hedging	18,626	-
Decrease in notes receivable	12,762	111,645
Increase in accounts receivable	(527,186)	(1,640,522)
Decrease (increase) in amounts due from customers for construction contracts	(292,086)	2,700
Decrease (increase) in other receivables	(615,911)	406,247
Decrease (increase) in inventories	(6,872,652)	17,415,825
Increase in other current assets	(135,954)	(2,530,948)
Increase (decrease) in notes payable	310,461	(446,900)
Increase (decrease) in accounts payable	(514,281)	2,403,692
Increase in amounts due to customers for construction contracts	2,050,286	1,529,442
Increase (decrease) in other payables	212,288	(748,544)
Decrease in provisions	(1,337,255)	(929,929)
Increase in other current liabilities	116,461	433,221
Decrease in accrued pension liabilities	(56,839)	(66,768)
Cash generated from operations	22,728,976	33,429,760
Income taxes paid	(377,707)	(1,468,855)
Net cash generated from operating activities	22,351,269	31,960,905

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	$ (2,131,658)	$ (1,965,560)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	1,353,134	1,527,775
Acquisition of available-for-sale financial assets	(2,855,370)	(3,419,161)
Proceeds from disposal of available-for-sale financial assets	1,844,009	3,403,225
Proceeds from the capital reduction on available-for-sale financial assets	25,734	10,408
Acquisition of bond investments with no active market	(14,580)	(1,358)
Acquisition of held-to-maturity financial assets	(102,016)	(53,383)
Proceeds from disposal of held-to-maturity financial assets	82,159	59,314
Net cash inflow (outflow) on acquisition of subsidiaries	32,973	(125,724)
Acquisition of investments accounted for using equity method	(9,147,368)	(250,000)
Proceeds from disposal of investments accounted for using equity method	-	9,033
Payments for property, plant and equipment	(32,138,926)	(28,417,745)
Proceeds from disposal of property, plant and equipment	108,894	41,281
Decrease (increase) in refundable deposits	(26,368)	2,618
Payments for intangible assets	(16,688)	(15,907)
Payments for investment properties	(5,241)	(748,530)
Decrease (increase) in other financial assets	(2,226,598)	2,802,356
Increase in other noncurrent assets	(868,658)	(190,513)
Interest received	185,738	210,868
Dividends received	53,297	7,991
Net cash used in investing activities	(45,847,533)	(27,113,012)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	166,942,680	287,323,609
Repayments of short-term borrowings	(146,087,043)	(310,239,327)
Increase in short-term bills payable	12,204,852	4,029,547
Issuance of bonds payable	-	595,100
Proceeds from long-term borrowings	15,219,667	39,559,395
Repayments of long-term borrowings	(23,520,372)	(15,417,353)
Decrease in long-term bills payable	(5,066,526)	(3,531,739)
Increase (decrease) in other noncurrent liabilities	(28,750)	44,974
Dividends paid to owners of the Corporation	(4,731)	(4,625)
Purchase of the Corporation's shares by subsidiaries	-	(438,146)
Disposal of the Corporation's shares held by subsidiaries	-	28,498

(Continued)

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	**2012**
Interest paid	$ (1,305,334)	$ (1,216,740)
Increase (decrease) in non-controlling interests	(2,244,530)	1,221,890
Net cash generated from financing activities	16,109,913	1,955,083
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	429,880	(435,544)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,956,471)	6,367,432
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	$ 10,002,785	$ 15,272,816
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2013 and 2012:		
Cash and cash equivalents in the consolidated balance sheets	$ 12,967,395	$ 17,189,992
Bank overdraft	(2,964,610)	(1,917,176)
Cash and cash equivalents in the consolidated statements of cash flows	$ 10,002,785	$ 15,272,816

The accompanying notes are an integral part of the consolidated financial statements. (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 June 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 August 9, 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 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 resulted from new, amended or revised Standards and Interpretations in issue but not yet effective

Except for the following, the initial application of the above new, amended or revised Standards and Interpretations did 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 resulted from 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 until 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 38 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 (%) June 30, 2013	December 31, 2012	June 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	49	49	Refer to a. below
	China Steel Chemical Corporation (CSCC)	Production and sale of coal chemistry and specialty chemicals	29	29	29	29	Refer to a. below
	Chung Hung Steel Corporation Ltd. (CHSC)	Manufacture and sale of steel product	41	29	29	29	Direct and indirect ownerships amounted to 41%, and refer to a. below
	CHC Resources Corporation (CHC)	Manufacture and sale of slag powder and blast furnace cement, and waste disposal	20	20	20	20	Direct and indirect ownerships amounted to 35%, and refer to a. below
	China Steel Structure Co., Ltd. (CSSC)	Design, manufacture and sale of steel structure	33	33	33	33	Direct and indirect ownerships amounted to 37%, and refer to a. below

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Additional Descriptions
	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	65	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	
Gains Investment Corporation	Eminence Investment Corporation	General investment	100	100	100	100	
	Gainsplus Asset Management Inc.	General investment	100	100	100	100	
	Mentor Consulting Corporation	General investment consulting service	100	100	100	100	
	AmbiCom Technology, Inc.	Wholesale of office machinery and equipment	80	80	80	80	
	Betacera Inc. (BETA)	Manufacture, processing and trading of electronic ceramics	48	48	48	48	Refer to a. below
	Universal Exchange Inc.	Software programming	64	64	57	57	
	Thintech Materials Technology Co., Ltd. (TMTC)	Target material and bimetal material tube sale	33	33	36	36	Direct and indirect ownerships amounted to 42%, 42%, 46% and 46% as of June 30, 2013, December 31, 2012, June 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%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Additional Descriptions
	Gau Ruel Investment Corporation	General investment	25	25	25	25	Direct and indirect ownerships amounted to 100%
	Ding Da Investment Corporation	General investment	30	30	30	30	Direct and indirect ownerships amounted to 100%
	Chiun Yu Investment Corporation	General investment	25	25	25	25	Direct and indirect ownerships amounted to 100%
Shin-Mau Investment Corporation	Horng Chyuan Investment Corporation	General investment	5	5	5	5	Direct and indirect ownerships amounted to 100%
	Chi Yih Investment Corporation	General investment	5	5	5	5	Direct and indirect ownerships amounted to 100%
Gau Ruel Investment Corporation	Lih Ching Loong Investment Corporation	General investment	5	5	5	5	Direct and indirect ownerships amounted to 100%
	Sheng Lih Dar Investment Corporation	General investment	4	4	4	4	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing Cherng Fa Investment Corporation	General investment	4	4	4	4	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd.	Electronic ceramics trading	100	100	100	100	
Lefkara Ltd.	Shang Hai Xike Ceramic Electronic Co., Ltd.	Manufacture and sale of electronic ceramics	100	100	100	100	
	Betacera (Su Zhou) Co., Ltd.	Manufacture and sale of electronic ceramics	100	100	100	100	
	Suzhou Betacera Technology Co., Ltd.	Manufacture and sale of life-saving equipment for aviation and shipping	100	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech International Limited (TTIL)	International trading and investment service	100	100	100	100	
	Thintech Global Limited	International trading and investment service	100	100	100	100	
	Thintech United Limited	Investment holding company	100	100	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%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Additional Descriptions
China Steel Asia Pacific Holdings Pte Ltd.	CSC Steel Holdings Berhad (CSHB)	Investment holding company	46	46	46	46	Refer to a. below
	Changzhou China Steel Precision Materials Corporation	Manufacture and sale of titanium-nickel alloy and non-ferrous metal	70	70	70	70	
	Qingdao China Steel Precision Metals Co., Ltd.	Steel cutting and processing	60	60	-	-	Investment in December 2012; direct and indirect ownerships amounted to 70%
CSC Steel Holdings Berhad	CSC Steel Sdn. Bhd. (CSCSSB)	Manufacture and sale of steel product	100	100	100	100	
	Group Steel Corp. (M) Sdn. Bhd.	Manufacture and sale of steel product	100	100	100	100	
	CSC Bio-Coal Sdn. Bhd.	Manufacture biomass coal	100	100	100	100	
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	General investment	100	100	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co., Ltd.	Investment and trading service	100	100	100	100	
	CSGT (Singapore) Pte. Ltd.	Steel product agency and trading service	100	100	100	100	
	Chung Mao Trading (BVI) Co., Ltd.	Steel product agency and trading service	53	53	53	53	
	Wabo Global Trading Corporation	Steel product agency and trading service	44	44	44	44	Direct and indirect ownerships amounted to 50%
	CSGT International Corporation (CIC)	Investment and trading service	100	100	100	100	
Chung Mao Trading (SAMOA) Co., Ltd.	CSGT (Shanghai) Co., Ltd.	Steel product agency and trading service	100	100	100	100	
Chung Mao Trading (BVI) Co., Ltd.	CSGT Hong Kong Limited	Steel product agency and trading service	100	100	100	100	
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 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

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Additional Descriptions
	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	
	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	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Additional Descriptions
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.

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.

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	$ 39,273	$ 24,001	$ 38,283	$ 30,091
Checking accounts and demand deposits	7,214,910	5,645,885	5,774,226	4,102,723

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash equivalents				
Commercial papers and repurchase agreements collateralized by bonds	$ 1,394,456	$ 2,222,221	$ 1,084,547	$ 2,770,549
Time deposits with original maturities less than three months	4,318,756	10,208,630	10,292,936	5,227,965
	$ 12,967,395	$ 18,100,737	$ 17,189,992	$ 12,131,328

(Concluded)

Cash equivalents include time deposits, commercial papers and repurchase agreements collateralized by bonds 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 as of December 31, 2012 and January 1, 2012 as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets as follows; please refer to the consolidated statements of cash flows for the reconciliation information as of June 30, 2013 and 2012:

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets at FVTPL - current				
Financial assets designated as at FVTPL				
Mutual funds	$ 2,533,602	$ 1,740,313	$ 1,842,146	$ 1,309,001
Structured notes	112,521	104,871	155,149	245,334
Listed shares	35,221	29,562	53,116	54,032
Convertible bonds	10,150	10,040	10,100	10,105
Options (Note 20)	308	-	-	-
	2,691,802	1,884,786	2,060,511	1,618,472

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets held for trading				
Mutual funds	$ 1,286,069	$ 963,769	$ 993,241	$ 1,091,136
Listed shares	795,667	744,231	634,463	349,448
Emerging market shares (a)	277,305	304,655	313,309	315,040
Structured notes	30,099	38,517	40,478	60,592
Foreign exchange forward contracts (b)	26,739	4,385	19,930	4,988
	2,415,879	2,055,557	2,001,421	1,821,204
	$ 5,107,681	$ 3,940,343	$ 4,061,932	$ 3,439,676
Financial assets at FVTPL - noncurrent				
Financial assets held for trading				
Foreign exchange forward contracts (b)	$ -	$ 259	$ 16,371	$ 23,979
Financial liabilities at FVTPL - current				
Financial liabilities designated as at FVTPL				
Options (Note 20)	$ -	$ 36	$ 1,512	$ -
Financial liabilities held for trading				
Foreign exchange forward contracts (b)	4,132	4,326	2,651	90
	$ 4,132	$ 4,362	$ 4,163	$ 90
Financial liabilities at FVTPL - noncurrent				
Financial liabilities held for trading				
Foreign exchange forward contracts (b)	$ 2,118	$ 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)
June 30, 2013			
Buy	NTD/USD	September 2013-April 2014	NTD706,798/USD24,304
Buy	NTD/EUR	November 2013	NTD70,247/EUR1,906
Buy	NTD/JPY	February 2014-December 2014	NTD30,000/JPY83,730
Sell	USD/NTD	July 2013	USD6,131/NTD183,109
Sell	HKD/NTD	July 2013	HKD17,164/NTD67,805
December 31, 2012			
Buy	NTD/USD	January 2013-April 2014	NTD986,351/USD33,879
Buy	NTD/EUR	November 2013	NTD70,247/EUR1,906
Buy	NTD/JPY	February 2013-December 2014	NTD33,145/JPY92,540
Sell	USD/NTD	January 2013	USD7,231/NTD211,033
Sell	HKD/NTD	January 2013	HKD17,614/NTD66,318
June 30, 2012			
Buy	NTD/USD	July 2012-April 2014	NTD1,218,746/USD41,676
Buy	NTD/JPY	February 2013-December 2014	NTD240,222/JPY674,265
Sell	USD/NTD	July 2012	USD4,129/NTD122,107
Sell	HKD/NTD	July 2012	HKD17,078/NTD64,743
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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Domestic investments				
Listed shares	$ 2,596,808	$ 2,753,953	$ 3,517,303	$ 2,977,930
Mutual funds	1,249,530	1,956,298	2,172,992	2,350,840
Emerging market shares and unlisted shares (a)	21,764	21,228	18,446	14,462
Structured notes	-	-	-	46,006
	3,868,102	4,731,479	5,708,741	5,389,238
Foreign investments				
Listed shares	60,085	53,536	58,313	473
	$ 3,928,187	$ 4,785,015	$ 5,767,054	$ 5,389,711

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Noncurrent				
Domestic investments				
Emerging market shares and unlisted shares (a)	$ 6,687,587	$ 6,093,164	$ 6,325,479	$ 6,201,729
Listed shares	1,459,652	1,452,169	1,465,326	1,388,160
Private-placement shares of listed companies (b)	708,744	584,222	447,946	377,429
	8,855,983	8,129,555	8,238,751	7,967,318
Foreign investments				
Unlisted shares (a)	7,564,730	6,944,826	5,699,057	5,949,776
Certificate of entitlement (a)	3,148,194	1,546,939	1,141,242	809,021
Listed shares	1,799,907	1,542,774	1,513,166	1,604,068
	12,512,831	10,034,539	8,353,465	8,362,865
	$ 21,368,814	$ 18,164,094	$ 16,592,216	$ 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 which the Corporation and its subsidiaries acquired by private placement could be transferred freely in public market only after holding those shares for three years starting from the delivery date.

9. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Structured notes	$ -	$ -	$ -	$ 60,550
Noncurrent				
Guarantee debt certificates	$ 176,624	$ 174,123	$ 176,312	$ 177,341
Structured notes	164,395	140,691	114,874	61,485
	341,019	314,814	291,186	238,826
Less: Accumulated impairment	129,655	129,655	129,655	129,655
	$ 211,364	$ 185,159	$ 161,531	$ 109,171

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Derivative financial assets for hedging - current				
Foreign exchange forward contracts (a)	$ 45,971	$ 45,950	$ 136,527	$ 115,768
Precious metals futures contracts (b)	16,315	-	-	-
	$ 62,286	$ 45,950	$ 136,527	$ 115,768
Derivative financial assets for hedging - noncurrent				
Foreign exchange forward contracts (a)	$ 22,196	$ 5,481	$ 45,440	$ 124,920
Interest rate swap contracts (c)	14,116	1,502	1,518	-
	$ 36,312	$ 6,983	$ 46,958	$ 124,920
Derivative financial liabilities for hedging - current				
Foreign exchange forward contracts (a)	$ 184,630	$ 240,380	$ 81,473	$ 53,331
Derivative financial liabilities for hedging - noncurrent				
Foreign exchange forward contracts (a)	$ 13,971	$ 57,772	$ 21,797	$ 42,475
Interest rate swap contracts (c)	1,783	29,057	35,936	-
	$ 15,754	$ 86,829	$ 57,733	$ 42,475

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)
June 30, 2013			
Buy	NTD/USD	July 2013-March 2016	NTD2,664,426/USD91,027
Buy	NTD/EUR	July 2013-September 2015	NTD473,406/EUR11,980
Buy	NTD/JPY	July 2013-June 2015	NTD1,116,916/JPY3,058,244
Buy	NTD/GBP	January 2014-January 2015	NTD33,599/GBP731
Sell	USD/NTD	July 2013-December 2013	USD4,109/NTD122,666

(Continued)

	Currency	Period for Generating Cash Flows and Maturity Date	Contract Amount (In Thousands)
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
June 30, 2012			
Buy	NTD/USD	July 2012-September 2015	NTD7,736,436/USD264,242
Buy	NTD/EUR	August 2012-January 2014	NTD409,265/EUR9,646
Buy	NTD/JPY	July 2012-June 2015	NTD1,554,571/JPY4,131,524
Buy	NTD/GBP	January 2013-January 2015	NTD215,489/GBP4,627
Sell	USD/NTD	August 2012	USD764/NTD22,828
Sell	EUR/NTD	October 2012	EUR4,363/NTD168,894
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 June 30, 2013, the outstanding precious metals futures contracts were as follows:

	Maturity Date	Quantities (Ounce)	Amount (In thousands)
Precious metals futures contracts	August 13, 2013 - October 30, 2013	207,694	$133,828 (USD4,461 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
June 30, 2013			
NTD9,277,000	February 2017-July 2018	0.988%-1.14%	90 days TWD CPBA

(Continued)

Contract Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
December 31, 2012			
NTD9,277,000	February 2017-July 2018	0.988%-1.14%	90 days TWD CPBA
June 30, 2012			
NTD9,277,000	February 2017-July 2018	0.988%-1.14%	90 days TWD CPBA

(Concluded)

d. For the three months and six months ended June 30, 2013 and 2012, movements of derivative financial instruments for hedging were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Balance, beginning of period	$ (182,058)	$ (130,169)	$ (274,276)	$ 144,882
Recognized in other comprehensive income	22,143	114,967	128,480	(169,124)
Recognized in operating costs	16,314	-	16,314	-
Recognized in other gains and losses	3,286	8,383	2,974	8,383
Transferred to construction in progress and equipment to be inspected	55,799	51,098	56,285	60,138
Transferred to foreign-currency equity investments	104	-	(976)	-
Transferred to operating revenues	(17,374)	-	(30,587)	-
Balance, end of period	$ (101,786)	$ 44,279	$ (101,786)	$ 44,279

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes receivable - operating	$ 1,481,402	$ 1,490,986	$ 1,789,959	$ 1,901,604
Less: Allowance for doubtful accounts	-	-	-	-
	$ 1,481,402	$ 1,490,986	$ 1,789,959	$ 1,901,604
Accounts receivable	$ 11,646,179	$ 11,152,528	$ 12,437,238	$ 10,863,500
Less: Allowance for doubtful accounts	26,805	57,957	102,414	168,880
Allowance for sales discounts	1,008	2,312	143	523
	$ 11,618,366	$ 11,092,259	$ 12,334,681	$ 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 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:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Less than 30 days	$ 1,492,842	$ 272,328	$ 106,664	$ 1,425,025
31-60 days	34,486	153,476	33,937	62,695
61-365 days	194,564	148,028	135,808	106,020
More than 365 days	9,750	9,457	20,185	20,467
	$ 1,731,642	$ 583,289	$ 296,594	$ 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 Six Months Ended June 30	
	2013	2012
Balance, beginning of the period	$ 57,957	$ 168,880
Add: Recognition	8,615	2,387
Less: Reversal	(40,336)	(68,791)
Others	569	(62)
Balance, end of the period	$ 26,805	$ 102,414

Aging analysis of impaired accounts receivable was as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
61-365 days	$ 3,882	$ 3,758	$ 2,423	$ -
More than 365 days	-	-	-	364
	$ 3,882	$ 3,758	$ 2,423	$ 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$762,844 thousand, NT$752,511 thousand, NT$612,629 thousand and NT$594,613 thousand as of June 30, 2013, December 31, 2012, June 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 for the six months ended June 30, 2013 and 2012 was as follows:

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line (In Billions of NT$)
For the Six Months ended June 30, 2013						
Mega International Commercial Bank	$ 4,495,587	$ 6,625,420	$ 6,331,286	$ 4,789,721	1.24-1.51	$12
Bank of Taiwan	1,242,954	1,832,882	1,696,107	1,379,729	1.24-1.51	3
	$ 5,738,541	$ 8,458,302	$ 8,027,393	$ 6,169,450		
For the Six Months ended June 30, 2012						
Mega International Commercial Bank	$ 4,786,918	$ 6,668,189	$ 6,416,122	$ 5,038,985	1.23-1.52	12
Bank of Taiwan	1,509,756	1,825,229	1,906,874	1,428,111	1.24-1.52	3
	$ 6,296,674	$ 8,493,418	$ 8,322,996	$ 6,467,096		

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Amounts due from customers for construction contracts				
Construction costs incurred plus recognized profits less recognized losses to date	$ 52,318,711	$ 51,503,969	$ 53,069,820	$ 44,961,057
Less: Progress billings	(44,593,959)	(44,071,303)	(44,356,291)	(36,244,828)
	$ 7,724,752	$ 7,432,666	$ 8,713,529	$ 8,716,229
Amounts due to customers for construction contracts				
Progress billings	$ 28,567,260	$ 26,919,821	$ 28,534,981	$ 18,816,290
Less: Construction costs incurred plus recognized profits less recognized losses to date	(22,869,618)	(23,272,465)	(24,802,058)	(16,612,809)
	$ 5,697,642	$ 3,647,356	$ 3,732,923	$ 2,203,481
Retentions receivable (Note 11)	$ 762,844	$ 752,511	$ 612,629	$ 594,613
Retentions payable (Note 21)	$ 1,431,735	$ 1,438,996	$ 1,331,874	$ 1,334,493

13. INVENTORIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Finished goods	$ 19,394,652	$ 17,898,814	$ 20,995,394	$ 20,507,155
Work in progress	23,865,081	26,371,771	31,835,671	42,420,528
Raw materials	24,751,934	20,047,336	25,298,347	33,003,894
Supplies	8,395,760	8,757,229	8,224,553	7,797,472
Raw materials and supplies in transit	5,943,247	3,487,346	6,121,810	3,426,273
Others	418,076	304,522	212,709	122,187
	$ 82,768,750	$ 76,867,018	$ 92,688,484	$ 107,277,509

The cost of inventories recognized as operating costs for the three months and six months ended June 30, 2013 and 2012 was NT$65,537,694 thousand, NT$81,647,663 thousand, NT$134,886,162 thousand and NT$164,722,351 thousand, respectively.

Movements of provision for loss on inventories were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Balance, beginning of period	$ 3,573,723	$ 4,780,049	$ 4,519,281	$ 6,433,510
Add: Recognized	2,910,649	1,429,332	4,567,666	4,570,614
Less: Sold	991,331	2,602,671	3,593,906	7,397,414
Balance, end of period	$ 5,493,041	$ 3,606,710	$ 5,493,041	$ 3,606,710

14. BOND INVESTMENTS WITH NO ACTIVE MARKET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Bonds	$ 9,320	$ -	$ -	$ -
Noncurrent				
Unlisted preference shares - overseas				
East Asia United Steel Corporation (EAUS) - Preference A	$ 3,036,000	$ 3,364,000	$ 3,754,000	$ 3,906,000
Others	-	15,594	16,057	14,817
Subordinated financial bonds	120,000	120,000	120,000	120,000
Bonds	42,689	36,492	9,283	9,405
	$ 3,198,689	$ 3,536,086	$ 3,899,340	$ 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

	June 30, 2013		December 31, 2012		June 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.	$ 7,978,262	25	$ -	-	$ -	-	$ -	-
Kaohsiung Arena Development Corporation	753,584	29	772,724	29	754,947	29	770,611	29
Kaohsiung Rapid Transit Corporation	646,312	32	484,124	32	684,437	32	845,244	32
Eminent II Venture Capital Corporation	495,827	46	247,611	46	249,455	46	-	-
Hsin Hsin Cement Enterprise Corp.	442,344	41	406,019	39	365,793	39	353,859	39
Chateau International Development Co., Ltd.	256,298	20	261,584	20	240,908	20	223,714	23
Dyna Rechi Co., Ltd.	240,000	33	-	-	-	-	-	-
Wuhan Wisco Yutek Environment Techonology Co., Ltd.	235,009	49	-	-	-	-	-	-
Ascentek Venture Capital Corp.	191,844	39	187,806	39	176,787	39	158,958	39
Others	403,802		256,965		254,776		256,128	
	$ 11,643,282		$ 2,616,833		$ 2,727,103		$ 2,608,514	

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

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Total assets	$ 58,700,501	$ 46,965,420	$ 47,530,943	$ 47,546,504
Total liabilities	$ 12,941,929	$ 38,525,246	$ 38,553,459	$ 38,908,113

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Revenues	$ 2,221,363	$ 1,359,938	$ 3,753,599	$ 2,626,704
Net profit (loss)	$ 521,418	$ 146,411	$ 725,562	$ (316,149)
Other comprehensive income	$ (26,794)	$ (8,067)	$ 8,629	$ 71,577

The above investments accounted for using equity method and the Corporation and its subsidiaries' share of profit and other comprehensive income of associates were based on the associates' reviewed financial statements.

16. OTHER FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Pledged time deposits	$ 6,686,924	$ 6,922,444	$ 6,974,824	$ 6,877,692
Time deposits with original maturities more than three months	5,133,620	2,344,180	3,024,910	5,285,687
Hedging foreign-currency deposits	3,590,825	4,223,472	5,259,897	3,710,159
Structured time deposits	378,254	13,982	-	-
Deposits for projects	10,549	19,636	14,926	28,750
	$ 15,800,172	$ 13,523,714	$ 15,274,557	$ 15,902,288
Noncurrent				
Pledged time deposits	$ 296,009	$ 299,396	$ 199,246	$ 310,662
Time deposits with original maturities more than three months	26,558	100,209	101,053	63,077
Deposits for projects	25,445	25,423	11,015	24,998
Hedging foreign-currency deposits	-	33,943	173,709	2,119,687
	$ 348,012	$ 458,971	$ 485,023	$ 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 June 30, 2013, December 31, 2012, June 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$3,590,825 thousand (JPY1.5 billion, USD94,805 thousand, EUR6,722 thousand and GBP894 thousand), NT$4,257,415 thousand (JPY2.1 billion, USD110,290 thousand and EUR9,278 thousand), NT$5,433,606 thousand (JPY2.3 billion, USD142,795 thousand, EUR3,601 thousand and GBP3,213 thousand) and NT$5,829,846 thousand (JPY2.3 billion, USD158,963 thousand, EUR3,147 thousand and GBP18 thousand), respectively. The unrealized gain of NT$17,376 thousand, NT$76,854 thousand, NT$70,729 thousand and unrealized loss of NT$112,460 thousand on the above deposits designated as hedging instruments were recognized as cash flow hedges in other comprehensive income for the three months and six months ended June 30, 2013 and 2012, respectively. For the three months and six months ended June 30, 2013 and 2012, the cash flow hedges in other comprehensive income of NT$7,900 thousand, NT$15,480 thousand, NT$9,630 thousand and NT$29,180 thousand were transferred to construction in progress and equipment to be inspected, respectively. As of June 30, 2013, December 31, 2012, June 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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	$ 59,504,309	$ 59,534,337	$ 59,045,400	$ 58,744,034
Land improvements	562,725	594,289	630,692	667,003
Buildings	57,522,755	57,089,135	57,335,491	50,157,974
Machinery and equipment	180,762,852	187,534,894	194,191,490	172,836,339
Transportation equipment	8,511,936	8,826,586	9,303,015	7,883,770
Other equipment	5,045,291	5,304,707	5,617,594	5,973,784
Spare parts	6,891,859	7,021,311	7,047,043	6,596,760
Construction in progress and equipment to be inspected	131,862,437	106,427,780	81,842,528	96,341,541
	$ 450,664,164	$ 432,333,039	$ 415,013,253	$ 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	7,008	4,659	1,804,942	4,560,786	84,207	330,957	600,995	25,226,104	32,619,658
Disposals	-	-	(4,745)	(2,702,220)	(20,404)	(162,764)	(405,881)	(444)	(3,296,458)
Reclassification	(36,588)	-	(29,754)	601	(33)	39,690	(16,032)	(206,661)	(248,777)
Effect of foreign currency exchange difference	(3,785)	-	72,513	131,528	240,973	9,604	-	415,658	866,491
Others	3,337	-	6,398	15,469	(4,100)	827	(59)	-	21,872
Balance at June 30, 2013	$ 59,529,855	$ 4,879,596	$ 89,877,716	$ 470,825,524	$ 21,493,589	$ 14,118,944	$ 10,423,002	$ 131,862,437	$ 803,010,663
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	-	8,503,606	32,426,764	1,842,570	307,540	1,162,769	(14,462,923)	29,782,053
Disposals	(1,076)	(2,437)	(137,887)	(1,803,162)	(24,803)	(91,390)	(561,856)	-	(2,622,611)
Reclassification	113,590	1,348	34,419	(150,455)	138,183	(20,149)	(7,522)	2,660	112,074
Effect of foreign currency exchange difference	(560)	-	(44,913)	(130,833)	(427,408)	(7,685)	-	(38,750)	(650,149)
Others	187,685	-	6,083	11,278	(395)	(11,265)	(408)	-	192,978
Balance at June 30, 2012	$ 59,057,226	$ 4,877,008	$ 87,155,302	$ 465,306,978	$ 21,298,621	$ 13,687,224	$ 10,109,912	$ 81,842,528	$ 743,334,799
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	-	36,223	1,413,659	11,398,449	530,748	623,263	714,356	-	14,716,698
Disposals	-	-	(4,745)	(2,660,226)	(19,720)	(160,281)	(405,881)	-	(3,250,853)
Reversals of impairment losses recognized in profit or loss	-	-	-	(19,292)	-	-	-	-	(19,292)
Reclassification	-	-	(8,182)	(3,292)	-	8,533	-	-	(2,941)
Effect of foreign currency exchange difference	-	-	12,988	47,402	108,365	5,814	-	-	174,569
Others	-	-	2,014	15,165	(4,100)	401	-	-	13,480
Balance at June 30, 2013	$ 25,546	$ 4,316,871	$ 32,354,961	$ 290,062,672	$ 12,981,653	$ 9,073,653	$ 3,531,143	$ -	$ 352,346,499
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	-	37,387	1,232,725	10,787,348	486,373	633,685	704,556	-	13,882,074
Disposals	-	(2,431)	(50,031)	(1,721,181)	(24,622)	(85,239)	(561,856)	-	(2,445,360)
Reversals of impairment losses recognized in profit or loss	-	-	-	(1,141)	-	-	-	-	(1,141)
Reclassification	-	266	4,884	(6,175)	10,530	(9,880)	-	-	(375)
Effect of foreign currency exchange difference	-	-	(9,870)	(60,410)	(362,984)	(5,337)	-	-	(438,601)
Others	-	-	6,083	-	(395)	12	-	-	5,700
Balance at June 30, 2012	$ 11,826	$ 4,246,316	$ 29,819,811	$ 271,115,488	$ 11,995,606	$ 8,069,630	$ 3,062,869	$ -	$ 328,321,546

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 June 30, 2013, December 31, 2012, June 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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	$ 6,769,267	$ 6,746,070	$ 7,217,139	$ 7,074,832
Buildings	1,863,969	1,943,066	2,071,050	1,615,295
	$ 8,633,236	$ 8,689,136	$ 9,288,189	$ 8,690,127

	Land	Buildings	Total
Cost			
Balance at January 1, 2013	$ 8,666,564	$ 2,478,766	$ 11,145,330
Additions	5,241	-	5,241
Reclassification	36,588	-	36,588
Effect of foreign currency exchange difference	(18,632)	(38,230)	(56,862)
Balance at June 30, 2013	$ 8,689,761	$ 2,440,536	$ 11,130,297
Balance at January 1, 2012	$ 9,053,139	$ 2,067,723	$ 11,120,862
Additions	253,852	494,678	748,530
Reclassification	(113,590)	398	(113,192)
Effect of foreign currency exchange difference	2,045	2,898	4,943
Balance at June 30, 2012	$ 9,195,446	$ 2,565,697	$ 11,761,143
Accumulated depreciation and impairment			
Balance at January 1, 2013	$ 1,920,494	$ 535,700	$ 2,456,194
Depreciation expense	-	41,482	41,482
Effect of foreign currency exchange difference	-	(615)	(615)
Balance at June 30, 2013	$ 1,920,494	$ 576,567	$ 2,497,061
Balance at January 1, 2012	$ 1,978,307	$ 452,428	$ 2,430,735
Depreciation expense	-	42,101	42,101
Reclassification	-	196	196
Effect of foreign currency exchange difference	-	(78)	(78)
Balance at June 30, 2012	$ 1,978,307	$ 494,647	$ 2,472,954

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 June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was NT$9,940,960 thousand, NT$9,834,804 thousand, NT$10,998,501 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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured loans - interest at 0.62%-6.35% p.a., 0.5425%-7.8% p.a., 0.549%-8.7% p.a. and 0.78%-4.8% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	$ 41,119,814	$ 21,263,916	$ 30,205,161	$ 50,615,146
Letters of credit - interest at 0.4608%-1.659% p.a., 0.5338%-1.48% p.a., 0.54%-1.48% p.a. and 0.7357%-1.499% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	4,231,812	3,130,015	3,683,087	6,076,920
Bank overdraft - interest at 0.4334%-7.35% p.a., 0.5%-6.16% p.a., 0.5%-6.32% p.a. and 0.5%-7.32% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	2,964,610	1,141,481	1,917,176	3,225,944
Secured loans - interest at 5.04%-6.16% p.a. and 5.88%-6.16% as of June 30, 2013 and December 31, 2012	136,854	101,665	-	-
	$ 48,453,090	$ 25,637,077	$ 35,805,424	$ 59,918,010

The amount of CAD278,345 thousand and AUD16,642 thousand (NT$8,436,810 thousand), which is included in the above unsecured loans as of June 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$2,186,768 thousand), which is included in the above unsecured loans as of June 30, 2012, were used to hedge the exchange rate fluctuations on investment in CSCAU and CSVC.

b. Short-term bills payable

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Commercial paper - interest at 0.41%-1.23% p.a., 0.73%-1.38% p.a., 0.62%-1.14% p.a. and 0.45%-1.158% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	$ 40,896,400	$ 28,699,900	$ 26,397,100	$ 22,368,800
Less: Unamortized discounts	12,118	20,470	9,653	10,900
	$ 40,884,282	$ 28,679,430	$ 26,387,447	$ 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., Mega International Commercial Bank, Union Bank of Taiwan, Taiwan Finance Corporation, Taiwan Cooperative Bills Finance Corporation, etc.

c. Long-term borrowings

	June 30, 2013	December 31, 2012	June 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 June 30, 2013, December 31, 2012 and June 30, 2012	$ 6,441,538	$ 6,980,000	$ 7,000,000	$ -
Repayable in March 2019 with a revolving credit, interest at 1.6004%-1.6025% p.a., 1.6047%-1.611% p.a. and 1.6015% p.a. as of June 30, 2013, December 31, 2012 and June 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 1.3255%-1.3674% p.a., 1.3173%-1.3589% p.a., 1.298%-1.3389% p.a. and 1.2786%-1.3189% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	40,621,000	44,314,000	48,007,000	51,700,000
Repayable in 10 equal semiannual installments from August 2012 to February 2017, interest at 1.5296%-1.5779% p.a., 1.5173%-1.5653% p.a., 1.501%-1.5484% p.a. and 1.4908%-1.5379% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	16,000,000	18,000,000	20,000,000	500,000
Taiwan Cooperative Bank and other banks loan to HLSC				
Repayable in June 2015 with a revolving credit, interest at 1.5285%-1.5803% p.a., 1.5381%-1.5782% p.a., 1.5246%-1.5867% p.a. and 1.5021%-1.5455% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	2,350,000	2,400,000	2,400,000	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.	754,602	-	-	-

(Continued)

	June 30, 2013	December 31, 2012	June 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 1.5% p.a.	$ 690,000	$ -	$ -	$ -
Mortgage loans				
Due on various dates through January 2017, interest at 0.7475%-1.80077% p.a., 0.5625%-1.8007% p.a., 0.84%-1.8007% p.a. and 0.5625%-1.71% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	13,210,031	16,970,602	19,391,204	17,914,900
Bank loans				
Due on various dates through June 2017, interest at 0.44286%-3.8721% p.a., 0.50229%-4.78964% p.a., 0.53586%-5.30127% p.a. and 0.535%-5.65328% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	20,663,524	20,240,552	12,197,248	13,144,397
	104,780,695	113,405,154	111,245,452	87,373,583
Less: Syndicated loan fee	154,589	170,571	134,051	124,385
Current portion	20,304,884	20,979,088	20,512,742	11,715,737
	$ 84,321,222	$ 92,255,495	$ 90,598,659	$ 75,533,461

(Concluded)

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

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

   In May 2010, the subsidiary HLSC entered into a syndicated credit facility agreement with Taiwan Cooperative Bank and 13 other banks for a NT$6 billion credit line, which consists of NT$3.5 billion secured loans with a revolving credit line and NT$2.5 billion unsecured loans with a revolving credit line. No unsecured loan was used as of June 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 six months from the next day of the financial statements' declaration date; otherwise, the interest rate and the rate of the guarantee fee need to be adjusted in accordance with the agreement. As of December 31, 2012, CHSC and HLSC were in compliance with the syndicated credit facility agreement. As of June 30, 2013, the Corporation held directly and indirectly 41% equity of CHSC and held all 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 June 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 June 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 June 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 USD 110,000 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 June 30, 2013, the Corporation held 100% equity of CSCI and held all of the seats in the board of directors.

5) 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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Commercial paper - interest at 0.76%-1.25% p.a., 0.79%-1.238% p.a., 0.79%-1.234% p.a. and 0.77%-1.212% p.a. as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively	$ 23,730,000	$ 26,800,000	$ 21,300,000	$ 24,830,000
Secured commercial paper in syndicated bank loans - interest at 1.196% p.a. and 1.205% p.a. as of June 30, 2013 and December 31, 2012, respectively	3,000,000	5,000,000	-	-
	26,730,000	31,800,000	21,300,000	24,830,000
Less: Unamortized discounts	12,795	16,269	18,020	16,281
	$ 26,717,205	$ 31,783,731	$ 21,281,980	$ 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

	June 30, 2013	December 31, 2012	June 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
7-year unsecured bonds - issued at par by the Corporation in:				
December 2008; repayable in December 2014 and December 2015; interest at 2.30% p.a., payable annually	7,000,000	7,000,000	7,000,000	7,000,000
October 2011; repayable in October 2017 and October 2018; interest at 1.57% p.a., payable annually	10,400,000	10,400,000	10,400,000	10,400,000
August 2012, repayable in August 2018 and August 2019; interest at 1.37% p.a., payable annually	5,000,000	5,000,000	-	-
10-year unsecured bonds - issued at par by the Corporation in:				
August 2012, repayable in August 2021 and August 2022; interest at 1.50% p.a., payable annually	15,000,000	15,000,000	-	-

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Liability component of unsecured domestic convertible bonds - issued by CEC	$ 101,000	$ 425,100	$ 600,000	$ -
	58,076,000	58,400,100	49,850,000	49,250,000
Add: Accrued interest	344	916	542	-
Less: Issuance cost of bonds payable	39,201	44,475	29,187	35,574
Unamortized discount on bonds payable	1,984	14,771	31,900	-
Current portion	11,273,771	11,272,543	11,272,543	11,270,086
	$ 46,761,388	$ 47,069,227	$ 38,516,912	$ 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. During the period of one month after the issuance date and 10 days before the maturity date, bondholders may request CEC to convert the bonds into its ordinary shares. During the period of one month after the issuance date and 40 days before the maturity date, if the closing price of CEC's shares in the secondary financial market is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued convertible bonds, CEC may redeem by cash the remaining bonds at their face value. On the repurchase date (February 20, 2014), two years after the issuance date, bondholders may request CEC to repurchase the bonds at their face value plus interest (100.501% of face value). As of June 30, 2013, the convertible bonds with NT$499,000 thousand face value have been converted into 8,819 thousand shares of CEC's ordinary share.

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

21. ACCOUNTS PAYABLE

Included in accounts payable were advances received on construction contracts, in the amount of NT$1,431,735 thousand, NT$1,438,996 thousand, NT$1,331,874 thousand, and NT$1,334,493 thousand as of June 30, 2013, December 31, 2012, June 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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Payable for dividends	$ 8,912,434	$ 303,768	$ 18,121,094	$ 310,370
Purchase of equipment	6,203,135	6,248,398	6,728,112	5,458,948
Salaries and incentive bonus	4,984,876	5,791,500	4,917,827	6,348,237
Sale returns and discounts	2,043,391	1,468,272	53,247	1,289,831
Bonus to employees, and remuneration to directors and supervisors	1,724,413	782,026	2,356,797	1,918,073

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Outsourced repair and construction	$ 341,705	$ 823,491	$ 426,587	$ 522,613
Others	5,562,397	5,074,410	5,713,246	5,011,660
	$ 29,772,351	$ 20,491,865	$ 38,316,910	$ 20,859,732

(Concluded)

23. PROVISIONS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Onerous contracts (a)	$ 1,549,090	$ 1,378,181	$ 2,197,300	$ 1,941,792
Construction warranties (b)	753,076	764,562	822,973	868,016
Sale returns and discounts (c)	682,500	25,754	848,000	-
Others	82,860	7,682	-	822
	$ 3,067,526	$ 2,176,179	$ 3,868,273	$ 2,810,630
Noncurrent (recognized as other noncurrent liabilities)				
Others	$ 55,167	$ -	$ -	$ -

	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)	1,383,445	(11,448)	682,500	229,272	2,283,769
Paid	(1,212,536)	(38)	(25,754)	(98,927)	(1,337,255)
Balance at June 30, 2013	$ 1,549,090	$ 753,076	$ 682,500	$ 138,027	$ 3,122,693
Balance at January 1, 2012	$ 1,941,792	$ 868,016	$ -	$ 822	$ 2,810,630
Recognized (reversed)	1,185,339	(44,945)	848,000	(822)	1,987,572
Paid	(929,831)	(98)	-	-	(929,929)
Balance at June 30, 2012	$ 2,197,300	$ 822,973	$ 848,000	$ -	$ 3,868,273

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 June 30		For the Six Months Ended June 30	
	2013	**2012**	**2012**	**2012**
Operating costs	$ 173,859	$ 194,793	$ 337,786	$ 391,481
Operating expenses	$ 62,159	$ 58,045	$ 130,987	$ 113,693
Others	$ 1,288	$ 3,606	$ 4,622	$ 9,479

25. EQUITY

a. Share capital

	June 30, 2013	December 31, 2012	June 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)	15,272,477	15,272,477	15,046,209	15,046,209
Preference shares (in thousands)	38,268	38,268	38,268	38,268
	15,310,745	15,310,745	15,084,477	15,084,477
Shares issued				
Ordinary shares	$ 152,724,765	$ 152,724,765	$ 150,462,093	$ 150,462,093
Preference shares	382,680	382,680	382,680	382,680
	$ 153,107,445	$ 153,107,445	$ 150,844,773	$ 150,844,773

1) Ordinary shares

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

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

2) Preference shares

Preference shareholders have the following entitlements or rights:

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

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

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

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

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

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. The depositary receipts then increased by 6,844,969 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,667,150,644 shares (including 264 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the outstanding depositary receipts were 2,728,837 units, 2,930,471 units, 3,090,716 units and 3,396,550 units, equivalent to 54,577,024 ordinary shares (including 284 fractional shares), 58,609,704 ordinary shares (including 284 fractional shares), 61,814,591 ordinary shares (including 271 fractional shares) and 67,931,271 ordinary shares (including 271 fractional shares), which represented 0.36%, 0.38%, 0.41% and 0.45% of the outstanding ordinary shares, respectively.

b. Capital surplus

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Additional paid-in capital	$ 31,154,766	$ 31,154,766	$ 31,154,766	$ 31,154,766
Treasury share transactions	5,332,432	5,332,432	5,022,707	5,021,515
Share of change in capital surplus of associates	169,355	80,700	216	216
Others	8,099	8,099	8,099	8,099
	$ 36,664,652	$ 36,575,997	$ 36,185,788	$ 36,184,596

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

c. Retained earnings and dividend policy

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

1) 10% as legal reserve;

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

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

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

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

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

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

For the six months ended June 30, 2013, the bonus to employees and remuneration to directors and supervisors were NT$945,685 thousand and NT$18,631 thousand, respectively, and for the six months ended June 30, 2012 were NT$293,411 thousand and NT$5,501 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 June 30, 2013, December 31, 2012, June 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 shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations 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
Share dividends	3,827	5,740	0.10	0.15
			$ 1.40	$ 1.40
Ordinary shares				
Cash dividends	6,108,990	15,196,671	$ 0.40	$ 1.01
Share dividends	1,527,248	2,256,932	0.10	0.15
	$ 8,270,962	$ 19,456,546	$ 0.50	$ 1.16

The reversal of the special reserve NT$2,325,000 thousand had been approved in the shareholders' meeting in 2013. As of June 30, 2013 and 2012, the cash dividends declared have not been distributed to shareholders and were recognized as other payables. Capitalization of retained earnings of 2012 for NT$1,531,075 thousand has been approved by the government and will be effective on August 3, 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:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Special reserve	$ 21,630,804	$ 21,633,290	$ 21,634,941	$ 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 Six Months Ended June 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	(2,486)	(1,337)
Balance, end of period	$ 21,630,804	$ 21,634,941

e. Others equity items

1) Exchange differences on translating foreign operations

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ (417,820)	$ -
Exchange differences arising on translating foreign operations	308,633	(281,536)
Income tax relating to gain (loss) arising on translating the net assets of foreign operations	(21,042)	8,264

(Continued)

	For the Six Months Ended June 30	
	2013	2012
Gain (loss) on hedging instruments designated in hedges of the net assets of foreign operations	$ (77,852)	$ 63,039
Share of exchange difference of associates accounted for using the equity method	(100,261)	-
Balance, end of period	$ (308,342)	$ (210,233)

(Concluded)

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

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ 5,283,803	$ 5,507,672
Unrealized gain arising on revaluation of available-for-sale financial assets	1,597,923	635,861
Income tax relating to unrealized gain arising on revaluation of available-for-sale financial assets	(917)	(165)
Reclassified to profit or loss on disposal of available-for-sale financial assets	(398,390)	(93,501)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	2,922	88
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	6,192	3,083
Balance, end of period	$ 6,491,533	$ 6,053,038

3) Cash flow hedge

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ (280,266)	$ 317,084
Fair value changes of hedging instrument	210,931	(280,333)
Income tax relating to changes in fair value	(38,028)	46,842
Changes in fair value of hedging instruments transferred to profit or loss	(30,587)	-
Income tax relating to amounts transferred to profit or loss	5,199	-
Changes of hedging instruments transferred to adjust carrying amount of hedged items	45,665	30,956
Income tax relating to amounts transferred to adjust carrying amount of hedged items	(7,763)	(5,262)
Balance, end of period	$ (94,849)	$ 109,287

f. Non-controlling interests

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ 26,869,649	$ 23,212,386
Attributable to non-controlling interests:		
Share of profit for the period	1,556,844	786,483
Exchange difference on translating foreign operations	371,499	(160,550)
Unrealized gain (loss) on available-for-sale financial assets	(30,947)	99,084
Income tax relating to unrealized gain and loss on available-for-sale financial assets	(1,301)	(88)
Fair value changes of cash flow hedges	(11,708)	(1,249)
Income tax relating to cash flow hedges	4,110	212
Actuarial loss on defined benefit plans	10,364	-
Share of other comprehensive income of associates accounted for using the equity method	2,640	-
Increase of non-controlling interest arising from acquisition of subsidiaries	21,892	3,835,408
Additional non-controlling interests arising from partial disposal of subsidiaries	28,525	12,416
Acquisition of non-controlling interests in subsidiaries	(7,850)	(8,576)
Dividend distributed by subsidiaries	(2,494,460)	(2,643,597)
Equity component of convertible bonds issued by subsidiaries	-	30,011
Conversion of convertible bonds of subsidiaries to ordinary shares	129,193	-
Purchase of the Corporation’s shares by subsidiaries	-	(194,849)
Disposal of the Corporation’s shares held by subsidiaries	-	12,758
Others	98,368	8,549
Balance, end of period	$ 26,546,818	$ 24,988,398

g. Treasury shares

	Thousand Shares			June 30	
Purpose of Treasury Stock	Beginning of Period	Addition	Reduction	Thousand Shares	Book Value
For the six months ended June 30, 2013					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	309,816	-	55	309,761	$ 8,581,510
For the six months ended June 30, 2012					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	295,065	8,765	552	303,278	$ 8,526,745

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. The decrease of treasury shares was mainly due to subsidiaries’ sale of the Corporation’s shares and change in percentage of ownership.

For the six months ended June 30, 2013 and 2012, the subsidiaries sold zero share and 1,000 thousand shares of the Corporation for proceeds of zero and NT$28,498 thousand, respectively. For the six months ended June 30, 2013 and 2012, the proceeds of treasury shares sold, calculated by shareholding percentage, amounted to zero and NT$15,740 thousand, and after deducting book values, resulted in the amounts of zero and NT$1,192 thousand, respectively, recorded as capital surplus. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the market values of the treasury shares calculated by combined holding percentage were NT7,604,639 thousand, NT$8,473,457 thousand, NT$8,491,773 thousand and NT$8,497,875 thousand, respectively.

26. OPERATING REVENUES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Revenue from the sale of goods	$ 78,371,620	$ 89,719,669	$ 161,319,112	$ 177,973,121
Construction contract revenue	4,182,985	4,830,168	7,588,061	8,228,097
Revenue from the rendering of services	1,215,849	1,353,848	2,472,295	2,763,225
Other revenues	924,833	843,609	1,776,334	1,645,318
	$ 84,695,287	$ 96,747,294	$ 173,155,802	$ 190,609,761

27. PROFIT BEFORE INCOME TAX

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

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Interest income	$ 124,355	$ 114,750	$ 217,161	$ 205,315
Rental income	28,600	30,631	58,094	61,187
Dividends	54,716	63,987	56,333	67,895
Gain on reversal of allowance for doubtful accounts	14,638	13,203	40,336	75,616
Others	112,812	216,810	473,163	359,533
	$ 335,121	$ 439,381	$ 845,087	$ 769,546

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Net foreign exchange gain	$ 178,362	$ 128,755	$ 296,887	$ 250,517
Gain on disposal of investments	24,272	9,834	186,796	19,177
Gain (loss) arising on financial assets at fair value through profit or loss	(7,895)	44,169	19,703	29,067
Loss on disposal of property, plant and equipment	(10,376)	(34,061)	(27,276)	(135,962)
Other losses	(119,412)	(145,015)	(527,552)	(239,523)
	$ 64,951	$ 3,682	$ (51,442)	$ (76,724)

The components of net foreign exchange gain were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Foreign exchange gain	$ 525,892	$ 625,238	$ 1,196,085	$ 1,065,617
Foreign exchange loss	(347,530)	(496,483)	(899,198)	(815,100)
	$ 178,362	$ 128,755	$ 296,887	$ 250,517

The gain (loss) arising on financial assets at fair value through profit or loss included (a) a decrease in fair value of NT$8,732 thousand, an increase in fair value of NT$34,748 thousand, an increase in fair value of NT$12,699 thousand and an increase in fair value of NT$18,869 thousand for the three months and six months ended June 30, 2013 and 2012, respectively and (b) interest income of NT$837 thousand, NT$9,421 thousand, NT$7,004 thousand and NT$10,198 thousand for the three months and six months ended June 30, 2013 and 2012, respectively.

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Total interest expense for financial liabilities measured at amortized cost	$ 926,814	$ 862,992	$ 1,801,412	$ 1,691,735
Less: Amounts included in the cost of qualifying assets	(264,858)	(154,733)	(476,441)	(398,553)
	$ 661,956	$ 708,259	$ 1,324,971	$ 1,293,182

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Capitalized amounts	$ 264,858	$ 154,733	$ 476,441	$ 398,553
Capitalized annual rates (%)	1.1496-2	0.8904-1.4718	1.1004-2	0.8904-1.51

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Property, plant and equipment	$ 7,350,539	$ 7,250,692	$ 14,716,698	$ 13,882,074
Investment properties	20,679	20,888	41,482	42,101
Intangible assets	39,315	35,557	78,631	69,691
Others	48,394	20,181	71,439	38,196
	$ 7,458,927	$ 7,327,318	$ 14,908,250	$ 14,032,062

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Analysis of depreciation by function				
Operating costs	$ 7,163,547	$ 7,081,104	$ 14,337,416	$ 13,565,087
Operating expenses	203,020	186,780	409,515	353,541
Others	4,651	3,696	11,249	5,547
	$ 7,371,218	$ 7,271,580	$ 14,758,180	$ 13,924,175
Analysis of amortization by function				
Operating costs	$ 74,703	$ 41,789	$ 122,626	$ 83,613
Operating expenses	11,703	12,024	25,856	22,260
Others	1,303	1,925	1,588	2,014
	$ 87,709	$ 55,738	$ 150,070	$ 107,887

(Concluded)

e. Operating expenses directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Direct operating expenses of investment properties that generated rental income	$ 39,167	$ 34,763	$ 77,981	$ 67,815

f. Employee benefits

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term employee benefits				
Salaries	$ 7,175,165	$ 6,659,627	$ 13,988,897	$ 12,332,151
Labor and health insurance	388,034	385,182	780,138	734,069
Others	405,947	417,390	884,281	831,115
	7,969,146	7,462,199	15,653,316	13,897,335
Post-employment benefits (see Note 24)				
Defined contribution plans	107,008	97,122	205,736	189,662
Defined benefit plans	237,306	256,444	473,395	514,653
	344,314	353,566	679,131	704,315
Termination benefits	335	5,421	342,142	8,955
	$ 8,313,795	$ 7,821,186	$ 16,674,589	$ 14,610,605

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 June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	$ 1,260,880	$ 460,902	$ 2,004,510	$ 806,446
In respect of prior periods	47,975	839,332	61,313	844,003
Deferred tax				
In respect of the current period	(314,757)	127,547	(270,638)	(279,880)
In respect of prior periods	179,921	(849,683)	179,921	(849,683)
	$ 1,174,019	$ 578,098	$ 1,975,106	$ 520,886

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

	For the Six Months Ended June 30	
	2013	2012
Profit before income tax	$ 12,210,303	$ 3,267,252
Income tax expense at the statutory rate (17%)	$ 2,075,752	$ 555,433
Tax effect of adjusting items		
Expenses that are not deductible for tax purpose	34,782	26,591
Temporary difference	244,256	(396,507)
Tax-exempt income	(146,244)	(34,155)
Others	(110,303)	(90,396)
Additional income tax under the Alternative Minimum Tax Act	8,236	103
Additional income tax on unappropriated earnings	28,541	30,898
Loss carryforwards used	(128,112)	(1,367)
Investment tax credits used	(107,637)	-
Tax benefit from loss carryforwards	26,382	676,387
Current tax	1,925,653	766,987
Deferred tax		
Temporary difference	(244,256)	396,507
Loss carryforwards	(26,382)	(676,387)
	(270,638)	(279,880)
Tax effect of different tax rate of subsidiaries in other jurisdictions	78,857	39,459
Current adjustments for prior years' tax expense	241,234	(5,680)
Income tax expense recognized in profit or loss	$ 1,975,106	$ 520,886

b. Income tax recognized directly in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
Reversal of special reserve due to disposal of property, plant and equipment	$ 178	$ 339	$ 249	$ 339
Deferred tax				
Reversal of special reserve due to disposal of property, plant and equipment	(178)	(339)	(249)	(339)
	$ -	$ -	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Recognized in other comprehensive income:				
Translation of foreign operations	$ 4,692	$ (7,776)	$ 21,042	$ (8,264)
Fair value remeasurement of available-for-sale financial asset	(1,386)	391	2,218	253
Fair value changes of cash flow hedges	6,544	31,949	33,918	(47,054)
Actuarial gains and losses on defined benefit retirement plan	(192)	-	(192)	-
Arising on income and expenses reclassified from equity to profit or loss:				
Relating to cash flow hedges	(2,953)	-	(5,199)	-
Relating to available-for-sale financial assets	(949)	(88)	(2,922)	(88)
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	8,159	1,193	7,763	5,262
	$ 13,915	$ 25,669	$ 56,628	$ (49,891)

d. Integrated income tax

	June 30, 2013	December 31, 2012	June 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	10,395,912	6,141,281	4,358,877	19,591,531
	$ 10,411,352	$ 6,156,721	$ 4,374,317	$ 19,606,971
Imputation credits accounts ("ICA")	$ 103,653	$ 24,717	$ 2,987,157	$ 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 actual creditable ratio of the Corporation for the distribution of 2011 earnings was 17.84%.

The estimated creditable ratio of the Corporation for the distribution of 2012 earnings was 10.03%, which was calculated on the basis of draft amendment of Income Tax Law. As of the date of the board of directors' approval to issue the consolidated financial statements, the amendment of Income Tax Law has not been approved by the Legislative Yuan of Republic of China.

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.

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 June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Profit for the period attributable to owners of the Corporation	$ 4,885,757	$ 2,662,399	$ 8,678,353	$ 1,959,883
Less: Dividends on preference shares	(13,394)	(13,394)	(26,788)	(26,788)
Earnings used in computation of basic and diluted earnings per share	$ 4,872,363	$ 2,649,005	$ 8,651,565	$ 1,933,095

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	15,115,823	15,114,679	15,115,823	15,114,679
Effect of dilutive potential ordinary shares:				
Bonus to employees	54,812	53,858	55,971	58,401
Weighted average number of ordinary shares used in the computation of diluted earnings per share	15,170,635	15,168,537	15,171,794	15,173,080

Preference shares were not included in the calculation of diluted earnings per share for the three months and six months ended June 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 June 30, 2012 were NT$0.18 and NT$0.17; for the six months ended June 30, 2013 were both NT$0.13.

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:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Assets				
USD	$ 10,538,501	$ 9,897,431	$ 11,502,232	$ 10,842,987
JPY	3,670,779	4,325,825	4,932,097	5,259,136
VND	1,624,998	674,275	177,257	27,824
CAD	-	1,074	322	722
Liabilities				
USD	18,082,992	16,396,426	18,672,248	13,510,263
CAD	7,974,579	-	-	-
JPY	4,245,854	4,750,360	5,377,499	5,487,319
VND	1,713,803	732,177	136,533	77,132

The Corporation and its subsidiaries were mainly exposed to the currencies USD, JPY, CAD 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 Six Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Profit or loss	$ 14,777	$ 44,196 1)	$ 10,176	$ 13,136 2)
Equity	60,668	27,504 3)	(4,426)	(8,682) 3)

	CAD Impact		VND Impact	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Profit or loss	$ -	$ (3) 1)	$ 888	$ (407) 1)
Equity	79,746	- 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:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial liabilities	$ 98,919,441	$ 87,021,200	$ 76,176,902	$ 71,572,326
Cash flow interest rate risk				
Financial liabilities	179,796,401	170,655,391	168,198,805	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 six months ended June 30, 2013 and 2012 would have been lower/higher by NT$898,982 thousand and NT$840,994 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 six months ended June 30, 2013 and 2012 would have been higher/lower by NT$46,506 thousand and NT$35,230 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 six months ended June 30, 2013 and 2012 would have been higher/lower by NT$78,747 thousand and NT$91,750 thousand, respectively, as a result of the changes in fair value of available-for-sale financial assets.

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 June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
<u>Sales of Goods</u>				
The Corporation and its subsidiaries as key management personnel of other related parties	$ 987,705	$ 1,097,750	$ 1,640,218	$ 2,194,867

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Other related parties as key management personnel of subsidiaries	$ 559,807	$ 589,726	$ 1,262,093	$ 1,169,025
Others	119,452	6,567	175,700	97,035
	$ 1,666,964	$ 1,694,043	$ 3,078,011	$ 3,460,927
Purchases of Goods				
Associates	$ 84,754	$ 104,764	$ 149,864	$ 144,267
Other related parties as key management personnel of subsidiaries	70,916	72,364	115,466	127,362
Others	319	3,008	1,550	7,128
	$ 155,989	$ 180,136	$ 266,880	$ 278,757

(Concluded)

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Accounts Receivable from Related Parties				
The Corporation and its subsidiaries as key management personnel of other related parties	$ 665,283	$ 726,619	$ 650,694	$ 540,588
Other related parties as key management personnel of subsidiaries	303,539	393,192	304,453	311,056
Others	31,560	4,919	51,539	$ 2,933
	$ 1,000,382	$ 1,124,730	$ 1,006,686	$ 854,577
Accounts Payable to Related Parties				
Other related parties as supervisors of subsidiaries	$ 92,751	$ 130,417	$ 106,207	$ 152,818
Associates	79,362	57,450	61,468	44,014
Other related parties as key management personnel of subsidiaries	22,516	34,387	28,337	28,944
Others	12,893	10,221	-	993
	$ 207,522	$ 232,475	$ 196,012	$ 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 six months ended June 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 June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Short-term employee benefits	$ 18,400	$ 14,276	$ 35,751	$ 26,725
Post-employment benefits	385	385	770	777
	$ 18,785	$ 14,661	$ 36,521	$ 27,502

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, bankers' acceptance bills etc. were as follows (listed according to their carrying amounts):

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Net property, plant and equipment	$ 154,201,386	$ 157,408,178	$ 128,668,443	$ 132,351,547
Time deposits	6,982,933	7,221,840	7,174,070	7,188,354
Shares (Note)	5,423,095	5,959,565	5,507,600	6,672,960
Investment properties, net	1,810,276	1,892,298	1,982,634	1,242,447
	$ 168,417,690	$ 172,481,881	$ 143,332,747	$ 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 June 30, 2013 were as follows:

a. The Corporation and its subsidiaries provided letters of credits for NT$4.3 billion guaranteed by financial institutions for several construction and lease contracts, and guarantee notes for NT$73.9 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$13.5 billion.

c. Property purchase and construction contracts for NT$26.2 billion were signed but not yet recorded.

d. Construction contracts for NT$50.7 billion were not yet completed.

e. The Corporation and its subsidiaries entered into raw material purchase contracts with suppliers in Australia, Brazil, Canada, United States, Bahrain, Japan and domestic companies with contract terms of 1 to 10 years. Contracted annual purchases of 11,440,000 metric tons of coal, 20,320,000 metric tons of iron ore, and 3,200,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of June 30, 2013 were USD9.6 billion (including 11,880,000 metric tons of coal, 72,150,000 metric tons of iron ore, and 2,470,000 metric tons of limestone).

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

Endorsement/Guarantee Provider	Counterparty	Ending Balance	
China Steel Corporation	Dragon Steel Corporation	USD	355,504 thousand
	CSC Steel Australia Holding Pty Ltd.	AUD	369,846 thousand
China Steel Structure Co., Ltd.	United Steel Constructure Corporation	NTD	167,500 thousand
	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	NTD	929,360 thousand
	United Steel Construction Vietnam Co., Ltd.	NTD	330,000 thousand
United Steel Constructure Corporation	China Steel Structure Co., Ltd.	NTD	3,404,983 thousand
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co., Ltd.	USD	3,000 thousand
	CSGT International Corporation	USD	3,200 thousand
China Steel Express Corporation	CSE Transport Corporation (Panama)	USD	216,000 thousand
	CSEI Transport Panama Corp. (Panama)	USD	49,976 thousand
China Ecotek Corporation	China Ecotek India Private Limited	NTD	95,116 thousand

35. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In July 2013, the Corporation issued NT$6.3 billion of 7-year unsecured bonds, NT$9.7 billion of 10-year unsecured bonds and NT$3.6 billion of 15-year unsecured bonds, totaling NT$19.6 billion.

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

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

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
June 30, 2013				
Monetary financial assets				
USD	$ 299,515	30	(USD:NTD)	$ 8,985,456
USD	28,704	6.1375	(USD:CNY)	861,135
USD	15,000	59.3354	(USD:INR)	450,000
USD	4,213	21,897.8102	(USD:VND)	126,383
USD	3,391	1.0801	(USD:AUD)	101,721

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
USD	$ 460	3.3012	(USD:MYR)	$ 13,806
JPY	11,949,603	0.3036	(JPY:NTD)	3,627,899
JPY	118,952	0.0101	(JPY:USD)	36,114
JPY	22,284	0.0621	(JPY:CNY)	6,766
VND	1,184,415,688	0.000046	(VND:USD)	1,622,650
VND	1,713,959	0.0014	(VND:NTD)	2,348
Non-monetary financial assets				
JPY	5,856,000	0.3036	(JPY:NTD)	1,777,882
Monetary financial liabilities				
USD	478,212	30	(USD:NTD)	14,346,369
USD	80,461	6.1375	(USD:CNY)	2,413,833
USD	24,679	21,897.8102	(USD:VND)	740,366
USD	19,030	59.3354	(USD:INR)	570,914
USD	384	3.3012	(USD:MYR)	11,510
CAD	278,345	28.65	(CAD:NTD)	7,974,579
JPY	13,977,360	0.3036	(JPY:NTD)	4,243,526
JPY	4,196	0.0621	(JPY:CNY)	1,274
JPY	3,471	0.0101	(JPY:USD)	1,054
VND	1,250,951,243	0.000046	(VND:USD)	1,713,803
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
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
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)
June 30, 2012				
Monetary financial assets				
USD	$ 316,365	29.88	(USD:NTD)	$ 9,452,979
USD	58,463	6.3561	(USD:CNY)	1,746,863
USD	7,288	21,652.17	(USD:VND)	217,773
USD	1,594	3.3147	(USD:MYR)	47,620
USD	1,238	0.98	(USD:AUD)	36,997
CAD	11	0.9749	(CAD:USD)	322
JPY	13,100,476	0.3754	(JPY:NTD)	4,917,919
JPY	30,202	0.0126	(JPY:USD)	11,338
JPY	7,566	0.0799	(JPY:CNY)	2,840
VND	128,446,846	0.000046	(VND:USD)	177,257
Non-monetary financial assets				
JPY	4,026,000	0.3754	(JPY:NTD)	1,511,361
Monetary financial liabilities				
USD	502,454	29.88	(USD:NTD)	15,013,325
USD	104,026	6.3561	(USD:CNY)	3,108,311
USD	4,550	3.3147	(USD:MYR)	135,964
USD	13,877	21,652.17	(USD:VND)	414,648
JPY	14,317,246	0.3754	(JPY:NTD)	5,374,694
JPY	7,404	0.0799	(JPY:CNY)	2,779
JPY	68	0.0126	(JPY:USD)	26
VND	98,936,604	0.000046	(VND:USD)	136,533
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
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
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
VND	55,490,763	0.000046	(VND:USD)	77,132

(Concluded)

37. SEGMENT INFORMATION

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

- Steel - manufacture and sell steel products, including the Corporation, DSC, CHSC, CSCSSB, CSVC, CSCI, HLSC and TSC.

- Ocean freight forwarding - ship bulk merchandise, such as iron ore and coal, including CSE, TSP, CSEP and CSEIP.

- CSCC - produces processes and sells coal tar distillation products, light oil products, and also engages in the commerce of related upstream and downstream merchandise.

a. Segment revenues and operating results

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

	Steel	Ocean Freight Forwarding	CSCC	Others	Adjustment and Elimination	Total
For the six months ended June 30, 2013						
Revenues from external customers	$ 141,907,981	$ 1,018,407	$ 4,411,365	$ 25,818,049	$ -	$ 173,155,802
Inter-segment revenues	24,162,251	7,296,676	46,041	16,516,639	(48,021,607)	-
Segment revenues	$ 166,070,232	$ 8,315,083	$ 4,457,406	$ 42,334,688	$ (48,021,607)	$ 173,155,802
Segment profit	$ 7,869,656	$ 1,547,879	$ 1,184,415	$ 2,085,630	$ (179,383)	$ 12,508,197
Interest income	117,177	5,664	5,934	88,400	(14)	217,161
Interest expense	(1,215,901)	(13,421)	(1,177)	(94,486)	14	(1,324,971)
Share of the profit (loss) of associates and joint ventures	4,707,190	872,352	50,297	995,889	(6,392,296)	233,432
Other non-operating income and expenses	421,320	252,332	39,296	258,415	(394,879)	576,484
Profit before income tax	11,899,442	2,664,806	1,278,765	3,333,848	(6,966,558)	12,210,303
Income tax expense	1,243,634	194,813	182,733	416,433	(62,507)	1,975,106
Net profit for the period	$ 10,655,808	$ 2,469,993	$ 1,096,032	$ 2,917,415	$ (6,904,051)	$ 10,235,197
For the six months ended June 30, 2012						
Revenues from external customers	$ 157,025,630	$ 1,512,221	$ 4,376,828	$ 27,695,082	$ -	$ 190,609,761
Inter-segment revenues	19,092,200	7,342,697	77,905	14,614,553	(41,127,355)	-
Segment revenues	$ 176,117,830	$ 8,854,918	$ 4,454,733	$ 42,309,635	$ (41,127,355)	$ 190,609,761
Segment profit (loss)	$ (1,551,184)	$ 1,745,675	$ 1,110,189	$ 2,278,114	$ 401,869	$ 3,984,663
Interest income	108,784	7,705	8,647	80,186	(7)	205,315
Interest expense	(1,173,077)	(21,617)	(1,155)	(99,275)	1,942	(1,293,182)
Share of the profit (loss) of associates and joint ventures	2,137,205	1,062,151	42,110	913,063	(4,271,580)	(117,051)
Other non-operating income and expenses	645,442	9,744	17,331	(154,306)	(30,704)	487,507
Profit before income tax	167,170	2,803,658	1,177,122	3,017,782	(3,898,480)	3,267,252
Income tax expense (benefit)	-	(15,416)	160,471	653,747	(277,916)	520,886
Net profit for the period	$ 167,170	$ 2,819,074	$ 1,016,651	$ 2,364,035	$ (3,620,564)	$ 2,746,366

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Segment assets				
Steel	$ 729,016,174	$ 696,574,292	$ 702,504,644	$ 676,124,361
Ocean freight forwarding	18,945,461	18,501,237	18,210,018	19,553,481
CSCC	8,467,208	7,339,203	8,239,674	7,402,776
Others	141,466,794	123,823,167	121,284,567	115,060,090
Adjustment and elimination	(236,608,408)	(222,787,934)	(222,016,389)	(199,919,547)
Total	$ 661,287,229	$ 623,449,965	$ 628,222,514	$ 618,221,161

38. 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 six months ended June 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 June 30, 2012. (Table 1)

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

3) Reconciliation of consolidated statement of comprehensive income for the three months ended June 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:

Presentation difference

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 June 30, 2012, the amounts reclassified from cash to other financial assets were NT$3,125,963 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 June 30, 2012, the amounts reclassified from current deferred income tax assets to noncurrent assets were NT$3,141,017 thousand; the amounts reclassified from current deferred income tax liabilities to noncurrent liabilities were NT$2,677 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 June 30, 2012, the amounts reclassified from assets leased to others under property, plant and equipment to investment property were NT$4,541,735 thousand; the amounts reclassified from assets leased to others under other assets to investment property were NT$2,922,606 thousand; the amounts reclassified from idle assets under other assets to property, plant and equipment were NT$1,318,594 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 2012, June 30, 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 2012, June 30, 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$10,660,477 thousand; financial assets at fair value through profit or loss were adjusted for an increase of NT$313,309 thousand; available-for-sale financial assets were adjusted for an increase of NT$13,184,224 thousand; unrealized gain on available-for-sale financial assets was adjusted for an increase of NT$2,802,129 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 June 30, 2012, accrued pension cost was adjusted for an increase of NT$6,895,257 thousand; net loss not recognized as pension cost was adjusted for a decrease of NT$230,770 thousand; deferred income tax assets were adjusted for an increase of NT$1,222,392 thousand; retained earnings were adjusted for a decrease of NT$5,699,068 thousand. Pension cost for the six months ended June 30, 2012 and for the three months ended June 30, 2012 was also adjusted for a decrease of NT$22,177 thousand (decrease of operating costs NT$7,821 thousand, selling expenses NT$601 thousand, general and administrative expenses NT$16,068 thousand and increase of nonoperating expenses and losses NT$2,313 thousand) and NT$5,684 thousand (decrease of operating costs NT$4,116 thousand, selling expenses NT$229 thousand, general and administrative expenses NT$3,652 thousand and increase of nonoperating expenses and losses NT$2,313 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.

TABLE 1

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
AS OF JUNE 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	Note
CURRENT ASSETS					CURRENT ASSETS	
Cash and cash equivalents	$ 20,315,952	$ (3,125,963)	$ 3	$ 17,189,992	Cash and cash equivalents	A
Financial assets at fair value through profit or loss - current	3,748,623	-	313,309	4,061,932	Financial assets at fair value through profit or loss - current	(a)
Available-for-sale financial assets - current	5,748,608	-	18,446	5,767,054	Available-for-sale financial assets - current	(a)
Hedging derivative assets - current	136,527	-	-	136,527	Derivative financial assets for hedging - current	
Notes receivable, net	1,789,959	-	-	1,789,959	Notes receivable, net	
Accounts receivable, net	12,334,681	-	-	12,334,681	Accounts receivable, net	
-	-	8,713,529	-	8,713,529	Amounts due from customers for construction contracts	
Other receivables	1,104,141	(84,151)	-	1,019,990	Other receivables	
-	-	100,074	-	100,074	Current tax assets	
Other financial assets - current	5,259,897	10,014,660	-	15,274,557	Other financial assets - current	A
Inventories	101,377,978	(8,713,529)	24,035	92,688,484	Inventories	
Deferred income tax assets - current	3,141,017	(3,141,017)	-	-	-	B
Restricted assets - current	6,989,750	(6,989,750)	-	-	-	
Others	8,309,691	(2,892)	1,298	8,308,097	Other current assets	
Total current assets	170,256,824	(3,229,039)	357,091	167,384,876	Total current assets	
INVESTMENTS					INVESTMENTS	
Financial assets at fair value through profit or loss - noncurrent	16,371	-	-	16,371	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets - noncurrent	3,426,438	-	13,165,778	16,592,216	Available-for-sale financial assets - noncurrent	(a)
Held-to-maturity financial assets - noncurrent	161,531	-	-	161,531	Held-to-maturity financial assets - noncurrent	
Hedging derivative assets - noncurrent	46,958	-	-	46,958	Derivative financial assets for hedging - noncurrent	
Financial assets carried at cost - noncurrent	10,660,477	-	(10,660,477)	-	-	(a)
Bond investments with no active market - noncurrent	3,899,340	-	-	3,899,340	Bond investments with no active market - noncurrent	
Investments accounted for by the equity method	2,728,945	-	(1,842)	2,727,103	Investments accounted for using equity method	
Investments in real estate	381,905	(381,905)	-	-	-	
Other financial assets - noncurrent	173,709	311,314	-	485,023	Other financial assets - noncurrent	A
Total investments	21,495,674	(70,591)	2,503,459	23,928,542	Total investments	
PROPERTY, PLANT AND EQUIPMENT					PROPERTY, PLANT AND EQUIPMENT	
Cost and revaluation increment	665,066,145	(3,754,988)	181,113	661,492,270	Cost	
Less: Accumulated depreciation	328,462,167	(322,948)	14,711	328,153,930	Less: Accumulated depreciation	
Accumulated impairment	443,268	(275,652)	-	167,616	Accumulated impairment	
	336,160,710	(3,156,388)	166,402	333,170,724		C
Construction in progress and prepayments for equipment	83,141,713	(1,547,980)	248,796	81,842,529	Construction in progress and equipment to be inspected	
Net property, plant and equipment	419,302,423	(4,704,368)	415,198	415,013,253	Net property, plant and equipment	
INTANGIBLE ASSETS	2,411,069	(796,597)	(21,224)	1,593,248	INTANGIBLE ASSETS	
-	-	9,288,189	-	9,288,189	INVESTMENT PROPERTIES	C
OTHER ASSETS					OTHER ASSETS	
Assets leased to others, net	2,922,606	(2,922,606)	-	-	-	C
Idle assets, net	2,760,537	(2,760,537)	-	-	-	C
Refundable deposits	425,814	-	-	425,814	Refundable deposits	
Deferred income tax assets - noncurrent	1,830,450	3,141,017	2,551,652	7,523,119	Deferred tax assets	B, (b), (d)
Restricted assets - noncurrent	210,261	(210,261)	-	-	-	
Deferred charges and others	818,873	2,264,793	(18,193)	3,065,473	Other noncurrent assets	
Total other assets	8,968,541	(487,594)	2,533,459	11,014,406	Total other assets	
TOTAL	$ 622,434,531	$ -	$ 5,787,983	$ 628,222,514	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to IFRSs: Presentation Difference	Effects of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans and overdraft	$ 35,805,424	$ -	$ -	$ 35,805,424	Short-term borrowings and bank overdraft	
Commercial paper payable	26,387,447	-	-	26,387,447	Short-term bills payable	
Financial liabilities at fair value through profit or loss - current	4,163	-	-	4,163	Financial liabilities at fair value through profit or loss - current	
Hedging derivative liabilities - current	81,473	-	-	81,473	Derivative financial liabilities for hedging - current	
Notes payable	619,518	-	-	619,518	Notes payable	
Accounts payable	12,534,936	-	-	12,534,936	Accounts payable	
Income tax payable	1,750,738	-	(3,846)	1,746,892	Current tax liabilities	
Accrued expenses	12,826,547	(12,826,547)	-	-	-	
Dividends payable	18,121,094	-	-	18,121,094	Dividends payable	
-	-	3,732,923	-	3,732,923	Amounts due to customers for construction contracts	
Other payables	10,116,525	10,079,291	-	20,195,816	Other payables	
-	-	3,868,273	-	3,868,273	Provisions - current	
Bonds payable - current portion	11,272,543	-	-	11,272,543	Current portion of bonds payable	
Long-term debt - current portion	20,512,742	-	-	20,512,742	Current portion of long-term borrowings	
Deferred income tax liabilities - current	2,677	(2,677)	-	-	-	B
Others	8,308,756	(4,853,940)	(58,962)	3,395,854	Other current liabilities	
Total current liabilities	158,344,583	(2,677)	(62,808)	158,279,098	Total current liabilities	
LONG-TERM LIABILITIES					LONG-TERM LIABILITIES	
Hedging derivative liabilities - noncurrent	57,733	-	-	57,733	Derivative financial liabilities for hedging - noncurrent	
Bonds payable	38,516,912	-	-	38,516,912	Bonds payable	
Long-term debt	90,598,659	-	-	90,598,659	Long-term borrowings	
Long-term notes payable	21,281,980	-	-	21,281,980	Long-term bills payable	
Total long-term liabilities	150,455,284	-	-	150,455,284	Total long-term liabilities	
RESERVE FOR LAND VALUE INCREMENT TAX	10,240,123	(10,240,123)	-	-	-	D
OTHER LIABILITIES					OTHER LIABILITIES	
Accrued pension cost	708,975	-	6,895,257	7,604,232	Accrued pension liabilities	(b)
Deferred income tax liabilities - noncurrent	1,403,186	10,242,800	1,411,612	13,057,598	Deferred tax liabilities	B, D, (d)
Others	978,460	-	-	978,460	Other noncurrent liabilities	
Total other liabilities	3,090,621	10,242,800	8,306,869	21,640,290	Total other liabilities	
Total liabilities	322,130,611	-	8,244,061	330,374,672	Total liabilities	
STOCKHOLDERS' EQUITY OF PARENT COMPANY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Capital stock	150,844,773	-	-	150,844,773	Share capital	
Capital surplus	36,287,500	-	(101,712)	36,185,788	Capital surplus	(c)
Retained earnings					Retained earnings	
Legal reserve	54,778,577	-	-	54,778,577	Legal reserve	
Special reserve	7,615,701	-	21,634,941	29,250,642	Special reserve	
Unappropriated earnings	4,358,187	-	16,130	4,374,317	Unappropriated earnings	D, (b), (c), 4)
Total retained earnings	66,752,465	-	21,651,071	88,403,536	Total retained earnings	
Other equity adjustments					Other equity	
Unrealized revaluation increment	26,755,768	-	(26,755,768)	-	-	D
Unrealized gain on financial instruments	3,239,199	(109,287)	2,923,126	6,053,038	Unrealized gain on available-for-sale financial assets	(a), (c)
-	-	109,287	-	109,287	Cash flow hedges	
Cumulative translation adjustments	(190,772)	-	(19,461)	(210,233)	Exchange differences on translating foreign operations	
Net loss not recognized as pension cost	(230,770)	-	230,770	-	-	(b)
Treasury stock	(8,359,796)	-	(166,949)	(8,526,745)	Treasury shares	(c)
Total other equity adjustments	21,213,629	-	(23,788,282)	(2,574,653)	Total other equity	
Total stockholders' equity of parent company	275,098,367	-	(2,238,923)	272,859,444	Total equity attributable to owners of the Corporation	
MINORITY INTEREST	25,205,553	-	(217,155)	24,988,398	NON-CONTROLLING INTERESTS	
Total stockholders' equity	300,303,920	-	(2,456,078)	297,847,842	Total equity	
TOTAL	$ 622,434,531	$ -	$ 5,787,983	$ 628,222,514	TOTAL	

TABLE 2

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Operating revenues	$ 190,638,822	$ -	$ (29,061)	$ 190,609,761	Operating revenues	
Operating costs	180,984,990	-	(21,983)	180,963,007	Operating costs	(b)
Gross profit	9,653,832	-	(7,078)	9,646,754	Gross profit	
Realized gain from affiliates	15,618	-	-	15,618	Realized gain on the transactions with associates	
Realized gross profit	9,669,450	-	(7,078)	9,662,372	Realized gross profit	
Operating expenses					Operating expenses	
Research and development	847,440	-	-	847,440	Research and development expenses	
Selling	2,230,183	-	(1,553)	2,228,630	Selling and marketing expenses	(b)
General and administrative	2,592,311	33,414	(24,086)	2,601,639	General and administrative expenses	(b)
Total operating expenses	5,669,934	33,414	(25,639)	5,677,709	Total operating expenses	
Operating income	3,999,516	(33,414)	18,561	3,984,663	Profit from operations	
Nonoperating income and gains					Non-operating income and gains	
Interest income	205,315	-	-	205,315	Interest income	
Exchange gain, net	250,294	-	223	250,517	Net foreign exchange gains	
Others	598,095	(2,200)	19,257	615,152	Others	
Total nonoperating income and gains	1,053,704	(2,200)	19,480	1,070,984	Total non-operating income and gains	
Nonoperating expenses and losses					Non-operating expenses and losses	
Interest expense	1,293,182	-	-	1,293,182	Interest expense	
Investment loss recognized under equity method, net	117,972	-	(921)	117,051	Share of the loss of associates and joint ventures	
Others	390,195	(35,614)	23,581	378,162	Others	
Total nonoperating expenses and losses	1,801,349	(35,614)	22,660	1,788,395	Total non-operating expenses and losses	
Income before income tax	3,251,871	-	15,381	3,267,252	Income before income tax	
Income tax expense	522,502	-	(1,616)	520,886	Income tax expense	
Net income	$ 2,729,369	$ -	$ 16,997	2,746,366	Net profit for the period	
					Other comprehensive income	
				(379,047)	Exchange differences on translating foreign operations	
				641,444	Unrealized gain on available-for-sale financial assets	
				(250,626)	Cash flow hedges	
				3,083	Share of the other comprehensive income of associates and joint ventures	
				49,891	Income tax relating to the components of other comprehensive income	
				64,745	Total other comprehensive income, net of income tax	
				$ 2,811,111	Total comprehensive income for the period	
					Net profit attributable to:	
				$ 1,959,883	Owners of the Corporation	
				786,483	Non-controlling interests	
				$ 2,746,366		
					Total comprehensive income attributable to:	
				$ 2,087,219	Owners of the Corporation	
				723,892	Non-controlling interests	
				$ 2,811,111		

CHINA STEEL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Operating revenues	$ 96,712,805	$ -	$ 34,489	$ 96,747,294	Operating revenues	
Operating costs	89,934,787	-	43,957	89,978,744	Operating costs	(b)
Gross profit	6,778,018	-	(9,468)	6,768,550	Gross profit	
Realized gain from affiliates	7,809	-	-	7,809	Realized gain on the transactions with associates	
Realized gross profit	6,785,827	-	(9,468)	6,776,359	Realized gross profit	
Operating expenses					Operating expenses	
Research and development	444,639	-	-	444,639	Research and development expenses	
Selling	1,129,076	-	(646)	1,128,430	Selling and marketing expenses	(b)
General and administrative	1,333,696	23,245	(11,217)	1,345,724	General and administrative expenses	(b)
Total operating expenses	2,907,411	23,245	(11,863)	2,918,793	Total operating expenses	
Operating income	3,878,416	(23,245)	2,395	3,857,566	Profit from operations	
Nonoperating income and gains					Non-operating income and gains	
Interest income	114,750	-	-	114,750	Interest income	
Exchange gain, net	128,845	-	(90)	128,755	Net foreign exchange gains	
Investment gain recognized under equity method, net	39,388	-	587	39,975	Share of the profit of associates and joint ventures	
Others	337,030	(2,200)	15,815	350,645	Others	
Total nonoperating income and gains	620,013	(2,200)	16,312	634,125	Total non-operating income and gains	
Nonoperating expenses and losses					Non-operating expenses and losses	
Interest expense	708,259	-	-	708,259	Interest expense	
Others	155,792	(25,445)	20,740	151,087	Others	(b)
Total nonoperating expenses and losses	864,051	(25,445)	20,740	859,346	Total non-operating expenses and losses	
Income before income tax	3,634,378	-	(2,033)	3,632,345	Profit before income tax	
Income tax expense	581,887	-	(3,789)	578,098	Income tax expense	
Net income	$ 3,052,491	$ -	$ 1,756	3,054,247	Net profit for the period	
					Other comprehensive income	
				(62,464)	Exchange differences on translating foreign operations	
				(953,937)	Unrealized loss on available-for-sale financial assets	
				219,018	Cash flow hedges	
				(8,847)	Share of the other comprehensive income of associates and joint ventures	
				(25,669)	Income tax relating to the components of other comprehensive income	
				(831,899)	Total other comprehensive income, net of income tax	
				$ 2,222,348	Total comprehensive income for the period	
					Net profit attributable to:	
				$ 2,662,399	Owners of the Corporation	
				391,848	Non-controlling interests	
				$ 3,054,247		
					Total comprehensive income attributable to:	
				$ 1,848,882	Owners of the Corporation	
				373,466	Non-controlling interests	
				$ 2,222,348		