China Steel Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2014 and 2013 and Independent Accountants' Review Report

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
China Steel Corporation

We have reviewed the accompanying consolidated balance sheets of China Steel Corporation (the "Corporation") and its subsidiaries as of March 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

As discussed in Note 4 to the accompanying consolidated financial statements, certain subsidiaries (all unlisted companies) included in the consolidated financial statements were unreviewed. As of March 31, 2014 and 2013, these subsidiaries' total assets amounted to NT$91,219,556 thousand and NT$67,363,853 thousand, or 13% and 10%, of consolidated total assets, respectively, and their total liabilities amounted to NT$26,797,316 thousand and NT$13,403,484 thousand, or 7% and 4%, of consolidated total liabilities, respectively. For the three months ended March 31, 2014 and 2013, their comprehensive income amounted to profit NT$894,558 thousand and NT$890,498 thousand, or 18% and 12%, of consolidated comprehensive income, respectively. As discussed in Note 16 to the accompanying consolidated financial statements, the investments accounted for using equity method amounted to NT$11,312,621 thousand and NT$10,472,872 thousand as of March 31, 2014 and 2013, respectively, the related share of the profit or loss amounted to profit NT$256,007 thousand and NT$38,250 thousand for the three months ended March, 31, 2014 and 2013, respectively, and the related share of the other comprehensive income amounted to loss NT$126,756 thousand and profit NT$15,776 thousand for the three months ended March 31, 2014 and 2013, respectively. These amounts were based on the investees' unreviewed financial statements for the same reporting periods as those of the Corporation.

Based on our reviews, except for the information of the subsidiaries, investees accounted for using equity method and other investees mentioned in the preceding paragraph based on the unreviewed financial statements where adjustments might have been determined to be necessary if the financial statements were reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

May 9, 2014

<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. As stated in Note 4 to consolidated financial statements, the additional footnote disclosures that are not required under generally accepted accounting principles were not translated into English.

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2014 (Reviewed) Amount	%	December 31, 2013 (Audited) Amount	%	March 31, 2013 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 33)	$ 16,822,994	2	$ 13,700,839	2	$ 16,091,435	2
Financial assets at fair value through profit or loss - current (Notes 7 and 33)	5,930,983	1	5,014,510	1	4,939,400	1
Available-for-sale financial assets - current (Notes 8 and 33)	6,494,744	1	5,290,437	1	4,142,501	1
Derivative financial assets for hedging - current (Notes 10 and 33)	70,692	-	30,501	-	52,517	-
Bond investments with no active market - current (Notes 15 and 33)	-	-	9,259	-	-	-
Notes receivable (Notes 11 and 33)	1,137,224	-	1,198,221	-	964,647	-
Notes receivable - related parties (Notes 11, 33 and 34)	485,801	-	607,062	-	360,199	-
Accounts receivable, net (Notes 11 and 33)	12,034,720	2	10,248,930	2	11,706,196	2
Accounts receivable - related parties (Notes 11, 33 and 34)	834,676	-	520,732	-	490,289	-
Amounts due from customers for construction contracts (Note 12)	7,351,529	1	7,309,470	1	8,398,416	1
Other receivables (Note 33)	2,007,182	-	1,943,126	-	1,597,494	-
Current tax assets	282,704	-	120,617	-	147,881	-
Inventories (Note 13)	80,169,932	12	82,589,612	12	74,734,540	12
Lands and buildings under construction (Note 14)	451,967	-	450,665	-	-	-
Other financial assets - current (Notes 17, 33 and 35)	14,645,221	2	13,529,793	2	14,984,133	2
Other current assets	5,654,471	1	5,673,611	1	4,510,390	1
Total current assets	154,374,840	22	148,237,385	22	143,120,038	22
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent (Notes 7 and 33)	-	-	-	-	3,225	-
Available-for-sale financial assets - noncurrent (Notes 8, 20 and 33)	29,914,972	4	28,100,611	4	20,755,803	3
Held-to-maturity financial assets - noncurrent (Notes 9 and 33)	214,676	-	209,991	-	204,539	-
Derivative financial assets for hedging - noncurrent (Notes 10 and 33)	47,196	-	42,202	-	28,519	-
Bond investments with no active market - noncurrent (Notes 15, 20 and 33)	3,104,777	1	2,973,651	1	3,343,212	1
Investments accounted for using equity method (Notes 4, 16 and 34)	11,312,621	2	10,990,162	2	10,472,872	2
Property, plant and equipment (Notes 10, 17, 18 and 35)	462,538,830	67	462,742,294	68	439,862,609	69
Investment properties (Notes 19 and 35)	8,353,152	1	8,337,249	1	8,640,684	1
Intangible assets (Notes 16 and 34)	2,655,545	1	2,680,365	-	1,499,155	-
Deferred tax assets	5,976,061	1	6,077,668	1	7,892,247	1
Refundable deposits (Note 33)	563,484	-	513,180	-	453,487	-
Other financial assets - noncurrent (Notes 17, 33 and 35)	2,381,111	-	2,361,443	-	391,564	-
Other noncurrent assets	8,176,875	1	8,733,172	1	5,890,157	1
Total noncurrent assets	535,239,300	78	533,761,988	78	499,438,073	78
TOTAL	$ 689,614,140	100	$ 681,999,373	100	$ 642,558,111	100

LIABILITIES AND EQUITY	March 31, 2014 (Reviewed) Amount	%	December 31, 2013 (Audited) Amount	%	March 31, 2013 (Reviewed) Amount	%
CURRENT LIABILITIES						
Short-term borrowings and bank overdraft (Notes 6, 20, 33 and 35)	$ 27,125,087	4	$ 28,652,599	4	$ 41,876,646	6
Short-term bills payable (Notes 20, 33 and 35)	35,050,921	5	30,786,300	5	45,810,367	7
Financial liabilities at fair value through profit or loss - current (Notes 7,21 and 33)	8,592	-	9,094	-	9,871	-
Derivative financial liabilities for hedging - current (Notes 10 and 33)	21,333	-	44,281	-	230,493	-
Notes payable (Note 33)	420,114	-	1,015,417	-	666,273	-
Notes payable - related parties (Notes 33 and 34)	-	-	756	-	92	-
Accounts payable (Notes 22 and 33)	12,076,735	2	11,543,379	2	10,549,427	2
Accounts payable - related parties (Notes 22, 33 and 34)	263,891	-	157,372	-	186,113	-
Amounts due to customers for construction contracts (Note 12)	5,793,217	1	5,818,449	1	4,634,097	1
Other payables (Notes 23 and 33)	21,442,866	3	23,925,757	3	19,515,019	3
Current tax liabilities	4,447,807	1	3,700,145	1	2,919,737	-
Provisions - current (Note 24)	3,786,732	1	2,968,838	-	3,424,255	1
Current portion of bonds payable (Notes 21 and 33)	3,499,489	-	3,499,318	1	11,273,157	2
Current portion of long-term bank borrowings (Notes 20, 33 and 35)	19,663,990	3	19,426,467	3	19,294,771	3
Other current liabilities	3,635,080	-	3,306,668	-	2,527,180	-
Total current liabilities	137,235,854	20	134,854,840	20	162,917,498	25
NONCURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - noncurrent (Notes 7 and 33)	-	-	-	-	1,610	-
Derivative financial liabilities for hedging - noncurrent (Notes 10 and 33)	13,755	-	18,043	-	32,601	-
Bonds payable (Notes 21 and 33)	85,842,369	13	62,994,437	9	46,913,747	8
Long-term bank borrowings (Notes 20, 33 and 35)	92,670,350	13	108,062,267	16	76,403,763	12
Long-term bills payable (Notes 20 and 33)	27,617,342	4	34,882,033	5	25,180,376	4
Provisions - noncurrent (Note 24)	1,071,224	-	1,067,087	-	56,057	-
Deferred tax liabilities	13,031,192	2	12,976,988	2	13,071,324	2
Accrued pension liabilities	7,118,598	1	7,237,168	1	7,394,499	1
Other noncurrent liabilities	507,808	-	536,795	-	527,634	-
Total noncurrent liabilities	227,872,638	33	227,774,818	33	169,581,611	27
Total liabilities	365,108,492	53	362,629,658	53	332,499,109	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 10, 17, 26 and 35)						
Share capital						
Ordinary shares	154,255,840	23	154,255,840	23	152,724,765	24
Preference shares	382,680	-	382,680	-	382,680	-
Total share capital	154,638,520	23	154,638,520	23	153,107,445	24
Capital surplus	36,965,456	5	36,960,818	5	36,621,543	6
Retained earnings						
Legal reserve	55,359,726	8	55,359,726	8	54,778,577	8
Special reserve	26,920,581	4	26,920,871	4	29,247,207	5
Unappropriated earnings	19,975,451	3	16,348,240	3	9,959,782	1
Total retained earnings	102,255,758	15	98,628,837	15	93,985,566	14
Other equity	8,562,010	1	7,955,853	1	6,534,912	1
Treasury shares	(8,498,235)	(1)	(8,496,974)	(1)	(8,582,187)	(1)
Total equity attributable to owners of the Corporation	293,923,509	43	289,687,054	43	281,667,279	44
NON-CONTROLLING INTERESTS	30,582,139	4	29,682,661	4	28,391,723	4
Total equity	324,505,648	47	319,369,715	47	310,059,002	48
TOTAL	$ 689,614,140	100	$ 681,999,373	100	$ 642,558,111	100

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

(With Deloitte & Touche review report dated May 9, 2014)

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 March 31			
	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 10, 24, 27 and 34)	$ 92,415,530	100	$ 88,460,515	100
OPERATING COSTS (Notes 10, 13, 25, 28 and 34)	84,306,926	91	79,373,906	90
GROSS PROFIT	8,108,604	9	9,086,609	10
REALIZED GAIN ON THE TRANSACTIONS WITH ASSOCIATES	-	-	7,809	-
REALIZED GROSS PROFIT	8,108,604	9	9,094,418	10
OPERATING EXPENSES (Notes 25 and 28)				
Selling and marketing expenses	1,274,358	1	1,296,434	1
General and administrative expenses	1,668,466	2	1,467,616	2
Research and development expenses	440,148	1	420,265	1
Total operating expenses	3,382,972	4	3,184,315	4
PROFIT FROM OPERATIONS	4,725,632	5	5,910,103	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 28 and 34)	612,128	1	509,966	1
Other gains and losses (Notes 10, 16, 28, 33 and 34)	397,891	1	(116,393)	-
Finance costs (Note 28)	(918,561)	(1)	(663,015)	(1)
Share of the profit of associates and joint ventures	256,002	-	37,992	-
Total non-operating income and expenses	347,460	1	(231,450)	-
PROFIT BEFORE INCOME TAX	5,073,092	6	5,678,653	6
INCOME TAX EXPENSE (Notes 4 and 29)	795,698	1	801,087	1
NET PROFIT FOR THE PERIOD	4,277,394	5	4,877,566	5
OTHER COMPREHENSIVE INCOME (Notes 10, 17, 26, 29 and 33)				
Exchange differences on translating foreign operations	872,742	1	826,923	1
Unrealized gain on available-for-sale financial assets	16,431	-	1,319,859	2
Cash flow hedges	100,345	-	144,153	-

(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 March 31			
	2014		2013	
	Amount	%	Amount	%
Actuarial loss from defined benefit plans	$ -	-	$ (1,130)	-
Share of the other comprehensive income of associates and joint ventures	(126,756)	-	15,776	-
Income tax expense relating to the components of other comprehensive income	(32,463)	-	(42,713)	-
Total other comprehensive income for the period, net of income tax	830,299	1	2,262,868	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 5,107,693	6	$ 7,140,434	8
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 3,628,539	4	$ 3,792,596	4
Non-controlling interests	648,855	1	1,084,970	1
	$ 4,277,394	5	$ 4,877,566	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 4,234,696	5	$ 5,750,472	6
Non-controlling interests	872,997	1	1,389,962	2
	$ 5,107,693	6	$ 7,140,434	8
EARNINGS PER SHARE (Note 30)				
Basic	$ 0.24		$ 0.25	
Diluted	$ 0.24		$ 0.25	

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

(With Deloitte & Touche review report dated May 9, 2014) (Concluded)

CHINA STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to the Owners of the Corporation													
	Share Capital			Retained Earnings			Other Equity							
	Ordinary Shares	Preference Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Cash Flow Hedges	Total Other Equity	Treasury Shares	Total Equity Attributable to the Owners of the Corporation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 154,255,840	$ 382,680	$ 36,960,818	$ 55,359,726	$ 26,920,871	$ 16,348,240	$ (659,689)	$ 8,603,167	$ 12,375	$ 7,955,853	$ (8,496,974)	$ 289,687,054	$ 29,682,661	$ 319,369,715
Reversal of special reserve	-	-	-	-	(290)	290	-	-	-	-	-	-	-	-
Net profit for the three months ended March 31, 2014	-	-	-	-	-	3,628,539	-	-	-	-	-	3,628,539	648,855	4,277,394
Other comprehensive income for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	-	439,872	89,449	76,836	606,157	-	606,157	224,142	830,299
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	-	3,628,539	439,872	89,449	76,836	606,157	-	4,234,696	872,997	5,107,693
Purchase of the Corporation's shares by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,261)	(1,261)	(3,773)	(5,034)
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	30,254	30,254
Adjustment of other equity	-	-	4,638	-	-	(1,618)	-	-	-	-	-	3,020	-	3,020
BALANCE AT MARCH 31, 2014	$ 154,255,840	$ 382,680	$ 36,965,456	$ 55,359,726	$ 26,920,581	$ 19,975,451	$ (219,817)	$ 8,692,616	$ 89,211	$ 8,562,010	$ (8,498,235)	$ 293,923,509	$ 30,582,139	$ 324,505,648
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)	$ 275,871,151	$ 26,869,649	$ 302,740,800
Reversal of special reserve	-	-	-	-	(1,784)	1,784	-	-	-	-	-	-	-	-
Net profit for the three months ended March 31, 2013	-	-	-	-	-	3,792,596	-	-	-	-	-	3,792,596	1,084,970	4,877,566
Other comprehensive income for the three months ended March 31, 2013, net of income tax	-	-	-	-	-	8,681	455,542	1,371,325	122,328	1,949,195	-	1,957,876	304,992	2,262,868
Total comprehensive income for the three months ended March 31, 2013	-	-	-	-	-	3,801,277	455,542	1,371,325	122,328	1,949,195	-	5,750,472	1,389,962	7,140,434
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	132,112	132,112
Adjustment of other equity	-	-	45,546	-	-	-	-	-	-	-	110	45,656	-	45,656
BALANCE AT MARCH 31, 2013	$ 152,724,765	$ 382,680	$ 36,621,543	$ 54,778,577	$ 29,247,207	$ 9,959,782	$ 37,722	$ 6,655,128	$ (157,938)	$ 6,534,912	$ (8,582,187)	$ 281,667,279	$ 28,391,723	$ 310,059,002

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

(With Deloitte & Touche review report dated May 9, 2014)

CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 5,073,092	$ 5,678,653
Adjustments for:		
Depreciation expense	8,559,973	7,386,962
Amortization expense	89,153	62,361
Net gain on financial assets and liabilities at fair value through profit or loss	(79,419)	(75,862)
Finance costs	918,561	663,015
Interest income	(118,316)	(92,806)
Dividend income	(130)	(1,803)
Share of the profit of associates and joint ventures	(256,007)	(38,250)
Loss on disposal of property, plant and equipment	65,018	16,900
Gain on disposal of intangible assets	(71,563)	-
Gain on disposal of investments	(305,675)	(230,594)
Decrease in provision for loss on inventories	(128,165)	(945,557)
Realized gain on the transactions with associates	-	(7,809)
Recognition of provisions	1,522,930	1,700,649
Others	(9,848)	40,218
Changes in operating assets and liabilities		
Financial assets held for trading	(51,750)	(477,059)
Notes receivable	60,997	6,886
Notes receivable - related parties	121,261	159,254
Accounts receivable	(1,786,524)	(1,750,423)
Accounts receivable - related parties	(313,944)	114,988
Amounts due from customers for construction contracts	(42,059)	(965,750)
Other receivables	(34,436)	(188,394)
Inventories	2,550,036	3,080,845
Lands and buildings under construction	(1,302)	-
Other current assets	19,140	265,332
Notes payable	(595,303)	405,824
Notes payable - related parties	(756)	(1,076)
Accounts payable	533,356	448,571
Accounts payable - related parties	106,519	(45,194)
Amounts due to customers for construction contracts	(25,232)	986,741
Other payables	(2,189,731)	(1,218,208)
Provisions	(702,947)	(396,516)
Other current liabilities	328,412	113,763
Accrued pension liabilities	(118,570)	(44,783)
Cash generated from operations	13,116,771	14,650,878
Income taxes paid	(86,775)	(25,915)
Net cash generated from operating activities	13,029,996	14,624,963

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CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31 2014	For the Three Months Ended March 31 2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	$ (1,599,184)	$ (1,147,120)
Proceeds from disposal of financial assets designated as at fair value through profit or loss	799,619	707,842
Acquisition of available-for-sale financial assets	(3,066,706)	(1,524,327)
Proceeds from disposal of available-for-sale financial assets	798,964	1,156,629
Proceeds from the capital reduction on available-for-sale financial assets	-	14,403
Acquisition of bond investments with no active market	(9,690)	(14,488)
Proceeds from disposal of bond investment with no active market	9,758	-
Acquisition of held-to-maturity financial assets	-	(44,122)
Proceeds from disposal of held-to-maturity financial assets	-	72,800
Acquisition of investments accounted for using equity method	(45,714)	(8,105,185)
Acquisition of property, plant and equipment	(8,250,095)	(15,849,843)
Proceeds from disposal of property, plant and equipment	6,586	95,323
Increase in refundable deposits	(50,304)	(21,708)
Acquisition of intangible assets	(35,093)	(3,303)
Acquisition of investment properties	-	(5,214)
Proceeds from disposal of investment properties	89	-
Increase in other financial assets	(1,178,836)	(1,355,536)
Decrease in other noncurrent assets	500,731	474,864
Interest received	112,979	90,908
Dividends received from associates	224,787	-
Dividends received from others	167	6,775
Net cash used in investing activities	(11,781,942)	(25,451,302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	58,047,397	36,345,421
Repayments of short-term borrowings	(58,217,153)	(21,292,156)
Increase in short-term bills payable	4,264,621	17,130,937
Issuance of bonds payable	22,900,000	-
Proceeds from long-term bank borrowings	6,404,511	1,738,421
Repayments of long-term bank borrowings	(22,272,725)	(19,187,445)
Decrease in long-term bills payable	(7,264,691)	(6,603,355)
Increase (decrease) in other noncurrent liabilities	(28,987)	42,582
Dividends paid to owners of the Corporation	(2,205)	(2,668)
Purchase of the Corporation's shares by subsidiaries	(5,034)	-
Interest paid	(690,416)	(647,547)
Increase in non-controlling interests	30,254	132,112
	3,165,572	7,656,302

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CHINA STEEL CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31 2014	2013
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	$ 379,008	$ 261,237
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,792,634	(2,908,800)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	10,541,442	16,959,256
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 15,334,076	$ 14,050,456
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2014 and 2013:		
Cash and cash equivalents in the consolidated balance sheets	$ 16,822,994	$ 16,091,435
Bank overdraft	(1,488,918)	(2,040,979)
Cash and cash equivalents in the consolidated statements of cash flows	$ 15,334,076	$ 14,050,456

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

(With Deloitte & Touche review report date May 9, 2014) (Concluded)

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

1. GENERAL INFORMATION

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

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

As of March 31, 2014, 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 May 9, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. The 2013 version of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Under Rule No. 1030010325 issued by the Financial Supervisory Commission ("FSC") on April 3, 2014, starting January 1, 2015, the Corporation and its subsidiaries should apply the 2013 version of IFRS, IAS, IFRIC and SIC (the "IFRSs") announced by the International Accounting Standards Board (IASB) and endorsed by the FSC.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 or January 1, 2010
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 or January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

(Concluded)

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

Except for the following, whenever applied, the initial application of the 2013 version of the IFRSs would not have any material impact on the Corporation and its subsidiaries' accounting policies:

1) IFRS 10 “Consolidated Financial Statements”

   IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Corporation and its subsidiaries consider whether they have control over other entities for consolidation. The Corporation and its subsidiaries have control over an investee if and only if they have i) power over the investee; ii) exposure, or rights, to variable returns from their involvement with the investee and iii) the ability to use their power over the investee to affect the amount of their returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 11 “Joint Arrangements”

   IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities - Non-Monetary Contributions by Ventures”. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Corporation and its subsidiaries account for their jointly controlled entities using the proportionate consolidation method.

3) 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, joint arrangements and associates. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

4) Revision to IAS 28 "Investments in Associates and Joint Ventures"

Under revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Corporation and its subsidiaries continue to apply the equity method and do not remeasure the retained interest. Under current IAS 28, on the loss of joint control, the Corporation and its subsidiaries measure at fair value any investment the Corporation and its subsidiaries retain in the former jointly controlled entity. The Corporation and its subsidiaries recognize in profit or loss any difference between the aggregate amounts of fair value of retained investment and proceeds from disposal of the part of interest in the jointly controlled entity, and the carrying amount of the investment at the date when joint control is lost.

5) 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.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

6) 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) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

Starting 2015, the Corporation and its subsidiaries will apply the above amendments when preparing their consolidated statements of comprehensive income. The items which will not be reclassified to profit or loss include actuarial gains and losses from defined benefit plans and share of actuarial gains and losses of associates and joint ventures. The items which are likely to be reclassified subsequently to profit or loss include exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, cash flow hedges and share of the other comprehensive income of associates and joint ventures (except share of actuarial gains and losses from defined benefit plans).

7) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur and accelerates the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Except the aforementioned impact, as of the date 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 impending initial application of the 2013 version of the IFRSs on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

b. IFRSs announced by the IASB but not yet endorsed by the FSC

The Corporation and its subsidiaries have not applied the IFRSs announced by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were reported to the board of directors and approved for issue, the FSC has not yet announced the effective date.

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures"	Note 3
Amendment to IFRS 11 "Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual periods beginning on or after the respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual period beginning on or after January 1, 2018.

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

1) IFRS 9 "Financial Instruments"

<u>Recognition and measurement of financial assets</u>

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are 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. 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.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Corporation and its subsidiaries present all gains or losses on that liability in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity’s risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

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

In issuing IFRS 13 “Fair Value Measurement”, the IASB made 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 such disclosure of recoverable amount is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Corporation and its subsidiaries are required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IAS 39 or IFRS 9. Fair value changes should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Corporation and its subsidiaries is a related party of the Corporation and its subsidiaries. Consequently, the Corporation and its subsidiaries are required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 "Investment Property" were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

As of the date 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 impending initial application of the aforementioned and other Standards and the amendments to Interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

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.

Except the following, the same accounting policies have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2013.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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

a. Subsidiaries included in consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2014	December 31, 2013	March 31, 2013	Additional Descriptions
China Steel Corporation	China Steel Express Corporation (CSE)	Ocean freight forwarding	100	100	100	
	C. S. Aluminium Corporation	Production and sale of aluminum and other non-ferrous metal	100	100	100	
	Gains Investment Corporation	General investment	100	100	100	
	China Prosperity Development Corporation (CPDC)	Real estate sale, rental and development service	100	100	100	
	China Steel Asia Pacific Holdings Pte Ltd.	Investment holding company	100	100	100	
	China Steel Global Trading Corporation	Steel product agency and trading service	100	100	100	
	China Steel Machinery Corporation	Manufacture of machinery and equipment	74	74	74	Direct and indirect ownerships amounted to 100%
	China Steel Security Corporation	Guard security and system security	100	100	100	
	Info-Champ Systems Corporation (ICSC)	Design and sale of IT hardware and software	100	100	100	
	CSC Steel Australia Holdings Pty Ltd. (CSCAU)	Investment holding company	100	100	100	
	Himag Magnetic Corporation	Manufacture and trading of magnetic powder	50	50	50	Direct and indirect ownerships amounted to 85%
	Dragon Steel Corporation (DSC)	Manufacture and sale of steel product	100	100	100	
	China Steel Management Consulting Corporation	Business management consultant	100	100	100	
	China Ecotek Corporation (CEC)	Electrical engineering and co-generation	45	45	47	Refer to 1) below
	China Steel Chemical Corporation (CSCC)	Production and sale of coal chemistry and specialty chemicals	29	29	29	Refer to 1) below
	Chung Hung Steel Corporation Ltd. (CHSC)	Manufacture and sale of steel product	41	41	41	Refer to 1) below
	CHC Resources Corporation (CHC)	Manufacture and sale of slag powder and blast furnace cement, and waste disposal	20	20	20	Direct and indirect ownerships amounted to 35%, and refer to 1) below
	China Steel Structure Co., Ltd. (CSSC)	Design, manufacture and sale of steel structure	33	33	33	Direct and indirect ownerships amounted to 37%, and refer to 1) below
	China Steel Sumikin Vietnam Joint Stock Company (CSVC)	Manufacture of steel product	51	51	51	
	China Steel Corporation India Pvt. Ltd. (CSCI)	Manufacture and sale of steel product (electromagnetic steel coil)	100	100	100	
	Kaohsiung Rapid Transit Corporation (KRTC)	Operation of mass rapid transit	43	43	31	Increased investment in the second half of 2013 and included in the consolidated entities in December 2013; direct and indirect ownerships amounted to 50%, 50% and 32% as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively
	China Steel Resources Corporation	Disposal and process of waste	100	-	-	Investment in February, 2014
	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	
	CSEI Transport Corporation (Panama) (CSEIP)	Ocean freight forwarding	100	100	100	
	Transyang Shipping Pte Ltd. (TSP)	Ocean freight forwarding	51	51	51	
	Transglory Investment Corporation (TIC)	General investment	50	50	50	Direct and indirect ownerships amounted to 100%

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2014	December 31, 2013	March 31, 2013	Additional Descriptions
	Kaohsiung Port Cargo Handling Services Corp.	Cargo Stevedoring	66	66	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	
ALU Investment Offshore Corporation	United Steel International Development Corp.	Industry investment	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	
Gains Investment Corporation	Eminence Investment Corporation	General investment	100	100	100	
	Gainsplus Asset Management Inc.	General investment	100	100	100	
	Mentor Consulting Corporation	General investment consulting service	100	100	100	
	AmbiCom Technology, Inc.	Wholesale of office machinery and equipment	-	80	80	End of settlement in February 2014
	Betacera Inc. (BETA)	Manufacture, processing and trading of electronic ceramics	48	48	48	Refer to 1) below
	Universal Exchange Inc.	Software programming	64	64	64	
	Thintech Materials Technology Co., Ltd. (TMTC)	Target material and bimetal material tube sale	32	33	33	Direct and indirect ownerships amounted to 40%, 41% and 42% as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively and refer to 2) below
Eminence Investment Corporation	Shin-Mau Investment Corporation	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
	Gau Ruel Investment Corporation	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
	Ding Da Investment Corporation	General investment	30	30	30	Direct and indirect ownerships amounted to 100%
	Chiun Yu Investment Corporation	General investment	25	25	25	Direct and indirect ownerships amounted to 100%
Shin-Mau Investment Corporation	Horng Chyuan Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
	Chi Yih Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
Gau Ruel Investment Corporation	Lih Ching Loong Investment Corporation	General investment	5	5	5	Direct and indirect ownerships amounted to 100%
	Sheng Lih Dar Investment Corporation	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Ding Da Investment Corporation	Jiing Cherng Fa Investment Corporation	General investment	4	4	4	Direct and indirect ownerships amounted to 100%
Betacera Inc.	Lefkara Ltd.	Electronic ceramics trading	100	100	100	
Lefkara Ltd.	Shang Hai Xike Ceramic Electronic Co., Ltd.	Electronic ceramics trading	100	100	100	
	Betacera (Su Zhou) Co., Ltd.	Manufacture and sale of electronic ceramics	100	100	100	
	Suzhou Betacera Technology Co., Ltd.	Manufacture and sale of life-saving equipment for aviation and shipping	100	100	100	
Thintech Materials Technology Co., Ltd.	Thintech International Limited	International trading and investment service	100	100	100	
	Thintech Global Limited	International trading and investment service	100	100	100	
	Thintech United Limited	International trading and investment service	100	100	100	
Thintech International Limited	Nantong Zhongxing Materials Technology Co., Ltd. (NZMTCL)	Manufacture, processing and trading of target material	47	47	47	Refer to 1) below
Thintech Global Limited	Taicang Thintech Materials Co., Ltd.	Manufacture, processing and trading of target material	100	100	100	
Thintech United Limited	Thintech United Metal Resources (Taicang) Co., Ltd.	Refining, purification and sale of metal	84	76	65	
China Prosperity Development Corporation	CK Japan Co., Ltd.	Real estate sale and rental	80	80	80	Direct and indirect ownerships amounted to 100%
China Steel Asia Pacific Holdings Pte Ltd.	CSC Steel Holdings Berhad (CSHB)	Investment holding company	46	46	46	Refer to 1) below
	Changzhou China Steel Precision Materials Corporation (CCSPMC)	Manufacture and sale of titanium-nickel alloy and non-ferrous metal	70	70	70	
	Qingdao China Steel Precision Metals Co., Ltd.	Steel cutting and processing	60	60	60	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	
	Group Steel Corp. (M) Sdn. Bhd.	Manufacture and sale of steel product	100	100	100	
	CSC Bio-Coal Sdn. Bhd.	Manufacture biomass coal	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2014	December 31, 2013	March 31, 2013	Additional Descriptions
CSC Steel Sdn. Bhd.	Constant Mode Sdn. Bhd.	General investment	100	100	100	
China Steel Global Trading Corporation	Chung Mao Trading (SAMOA) Co., Ltd.	Investment and trading service	100	100	100	
	CSGT (Singapore) Pte. Ltd.	Steel product agency and trading service	100	100	100	
	Chung Mao Trading (BVI) Co., Ltd.	Steel product agency and trading service	53	53	53	
	Wabo Global Trading Corporation	Steel product agency and trading service	44	44	44	Direct and indirect ownerships amounted to 50%
	CSGT International Corporation	Investment and trading service	100	100	100	
	China Steel Global Trading Vietnam Co., Ltd.	Steel trading	100	100	-	Investment in August 2013
Chung Mao Trading (SAMOA) Co., Ltd.	CSGT (Shanghai) Co., Ltd.	Steel product agency and trading service	100	100	100	
Chung Mao Trading (BVI) Co., Ltd.	CSGT Hong Kong Limited	Steel product agency and trading service	100	100	100	
CSGT International Corporation	CSGT Metals Vietnam Joint Stock Company	Steel cutting and processing	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	
China Steel Machinery Corporation	China Steel Machinery Holding Corporation	General investment	100	100	100	
	China Steel Machinery Vietnam Co., Ltd.	Installation of machinery and equipment, and technology service	100	100	-	Investment in May 2013
	China Steel Machinery Corporation India Pvt. Ltd.	Manufacture of machinery	99	99	-	Investment in September 2013; direct and indirect ownerships amounted to 100%
China Steel Machinery Holding Corporation	CSMC (Shanghai) Global Trading Co., Ltd.	International trading	100	100	100	
China Steel Security Corporation	Steel Castle Technology Corporation	Firefighting equipment wholesaling	100	100	100	
	China Steel Management and Maintenance for Building Corporation	Building management	100	100	100	
Info-Champ Systems Corporation	Info-Champ System (B.V.I.)	Information service	100	100	100	
Info-Champ System (B.V.I.)	Wuham InfoChamp I.T. Co., Ltd.	Software programming	100	100	100	
CSC Steel Australia Holdings Pty Ltd.	CSC Sonoma Pty Ltd.	General investment	100	100	100	
Himag Magnetic Corporation	Himag Magnetic (Belize) Corporation	Magnetic powder trading	100	100	100	
China Ecotek Corporation	CEC International Corp.	General investment	100	100	100	
	CEC Development Co.	General investment	100	100	100	
	CEC Holding Co., Ltd.	General investment	100	100	100	
	China Ecotek Construction Corporation	Construction, interior design and decoration, and retail and wholesale of building materials	100	100	100	
CEC International Corp.	China Ecotek India Private Limited	Planning, maintenance and management of eco-construction and eco-equipment	100	100	100	
CEC Development Co.	China Ecotek Vietnam Company Ltd. (CEVC)	Engineering design and construction	100	100	100	
	Xiamen Ecotek PRC Co., Ltd.	Metal materials agency and trading service	100	100	100	
China Steel Chemical Corporation	Ever Glory International Co., Ltd.	International trading	100	100	100	
	Ever Wealthy Investment Corporation	General investment	100	100	100	
Ever Wealthy Investment Corporation	Ever Earning Investment Company	General investment	51	51	51	Direct and indirect ownerships amounted to 100%
	China Steel Carbon Materials Technology Co., Ltd.	General investment	100	100	-	Investment in December 2013
China Steel Carbon Materials Technology Co., Ltd.	Changzhou China Steel New Carbon Technology Co., Ltd.	Sale of asphalt, carbon materials and graphite materials	100	100	-	Investment in December 2013
Chung Hung Steel Corporation Ltd.	Taiwan Steel Corporation (TSC)	Manufacture of steel product	100	100	100	
	Hung Kao Investment Corporation	General investment	100	100	100	
	Hung Li Steel Corporation Ltd. (HLSC)	Steel product processing	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	
	Pao Good Industrial Co., Ltd.	Slag powder processing and trading	51	51	51	
	Yu Cheng Lime Corporation	Manufacture of other non-metal mineral product	90	90	90	
China Steel Structure Co., Ltd.	United Steel Constructure Corporation	Contract project of civil engineering and construction engineering, and steel structure installation	100	100	100	
	China Steel Structure Investment Pte Ltd.	General investment	100	100	100	
United Steel Constructure Corporation	United Steel Investment Holding Co., Ltd.	General investment	100	100	100	

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%) March 31, 2014	December 31, 2013	March 31, 2013	Additional Descriptions
	United Steel Investment Pte Ltd.	General investment	100	100	100	
	Lian Chuan Construction Consultation (Shanghai) Co., Ltd.	Engineering technology consulting	100	100	100	
	United Steel Construction Vietnam Co., Ltd.	Civil engineering construction and other business contract and management	100	100	100	
	United Steel Development Co., Ltd.	Construction development and rental business	100	100	100	
United Steel Investment Holding Co., Ltd.	United Steel International Co., Ltd.	General investment	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	
China Steel Structure Investment Pte Ltd.	China Steel Structure Holding Co., Ltd.	General investment	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	
China Steel Structure Investment Co., Ltd.	Chung-Kang Steel Structure (Kunshan) Co., Ltd.	Steel structure installation, consulting and steel plate cutting	100	100	100	

(Concluded)

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

1) 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.

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

Certain subsidiaries (all unlisted companies) included in the consolidated financial statements were unreviewed. As of March 31, 2014 and 2013, these subsidiaries' total assets amounted to NT$91,219,556 thousand and NT$67,363,853 thousand, respectively, and their total liabilities amounted to NT$26,797,316 thousand and NT$13,403,484 thousand, respectively. For the three months ended March 31, 2014 and 2013, their total comprehensive income amounted to profit NT$894,558 thousand and NT$890,498 thousand, respectively. These amounts were based on the subsidiaries' unreviewed financial statements for the same reporting period as that of the Corporation.

b. Honley Auto. Parts Co., Ltd. of which the Corporation holds 50% equity as of March 31, 2014 is not included in the consolidated entities since the Corporation expects to hold only 30% equity after the second capital increase based on agreements between shareholders and has no control over the board of directors.

Retirement Benefit Costs

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

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 year ended December 31, 2013.

6. CASH AND CASH EQUIVALENTS

	March 31, 2014	December 31, 2013	March 31, 2013
Cash on hand	$ 43,323	$ 50,046	$ 38,179
Checking accounts and demand deposits	9,620,330	8,240,411	6,645,900
Cash equivalents			
Commercial papers and bonds with repurchase agreements	1,183,248	1,434,610	2,581,176
Time deposits with original maturities less than three months	5,976,093	3,975,772	6,826,180
	$ 16,822,994	$ 13,700,839	$ 16,091,435

Cash and cash equivalents shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets. The reconciliation information as of March 31, 2014 and 2013 was shown in the consolidated statements of cash flows; the reconciliation information as of December 31, 2013 was as follows:

	December 31, 2013
Cash and cash equivalents	$ 13,700,839
Bank overdraft	(3,159,397)
	$ 10,541,442

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2014	December 31, 2013	March 31, 2013
Financial assets at FVTPL - current			
Financial assets designated as at FVTPL			
Mutual funds	$ 3,227,487	$ 2,342,785	$ 2,251,287

(Continued)

	March 31, 2014	December 31, 2013	March 31, 2013
Structured notes	$ 79,556	$ 118,270	$ 72,579
Listed shares	39,960	39,441	33,237
Convertible bonds	-	10,660	10,250
Options	-	-	1,043
	3,347,003	2,511,156	2,368,396
Financial assets held for trading			
Mutual funds	1,279,020	1,091,978	1,204,611
Listed shares	1,009,576	1,091,299	1,015,420
Emerging market shares	278,344	283,883	300,500
Convertible bonds	10,185	12,250	-
Foreign exchange forward contracts	6,855	3,891	16,058
Structured notes	-	20,053	33,460
Futures contracts	-	-	955
	2,583,980	2,503,354	2,571,004
	$ 5,930,983	$ 5,014,510	$ 4,939,400
Financial assets at FVTPL - noncurrent			
Financial assets held for trading			
Foreign exchange forward contracts	$ -	$ -	$ 3,225
Financial liabilities at FVTPL - current			
Financial liabilities designated as at FVTPL			
Call and put options (Note 21)	$ 1,236	$ 1,561	$ -
Financial liabilities held for trading			
Foreign exchange forward contracts	7,356	7,533	9,871
	$ 8,592	$ 9,094	$ 9,871
Financial liabilities at FVTPL - noncurrent			
Financial liabilities held for trading			
Foreign exchange forward contracts	$ -	$ -	$ 1,610

(Concluded)

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

	Currency	Maturity Date	Contract Amount (In Thousands)
March 31, 2014			
Buy	NTD/USD	April 2014-May 2014	NTD121,607/USD4,197
Buy	NTD/GBP	July 2014-December 2014	NTD 29,785/GBP603
Buy	NTD/JPY	December 2014	NTD13,487/JPY37,460

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	April 2014	USD9,136/NTD275,969
Sell	EUR/NTD	April 2014-June 2014	EUR2,805/NTD115,921
Sell	HKD/NTD	April 2014	HKD9,266/NTD36,048
Sell	JPY/NTD	April 2014	JPY100,250/NTD29,604
December 31, 2013			
Buy	NTD/USD	February 2014-April 2014	NTD154,417/USD5,304
Buy	NTD/JPY	February 2014-December 2014	NTD16,631/JPY46,270
Sell	USD/NTD	January 2014-February 2014	USD8,131/NTD240,507
Sell	EUR/NTD	February 2014	EUR801/NTD32,072
Sell	HKD/NTD	February 2014	HKD9,266/NTD35,158
March 31, 2013			
Buy	NTD/USD	April 2013-April 2014	NTD682,553/USD23,494
Buy	NTD/JPY	February 2014-December 2014	NTD30,000/JPY83,730
Buy	NTD/EUR	November 2013	NTD70,247/EUR1,906
Sell	USD/NTD	April 2013	USD9,937/NTD290,297
Sell	HKD/NTD	April 2013	HKD17,614/NTD65,877

(Concluded)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2014	December 31, 2013	March 31, 2013
Current			
Domestic investments			
Listed shares	$ 5,475,767	$ 4,169,630	$ 2,581,348
Mutual funds	954,297	1,043,144	1,477,784
Emerging market shares and unlisted shares	5,804	5,521	23,147
	6,435,868	5,218,295	4,082,279
Foreign investments			
Listed shares	58,876	72,142	60,222
	$ 6,494,744	$ 5,290,437	$ 4,142,501
Noncurrent			
Domestic investments			
Emerging market shares and unlisted shares	$ 6,226,955	$ 7,471,575	$ 7,118,566
Listed shares	2,350,394	2,385,264	1,443,560
Private-placement shares of listed companies	110,060	146,898	644,473
	8,687,409	10,003,737	9,206,599
Foreign investments			
Unlisted shares	14,067,551	11,286,722	7,793,110
Certificate of entitlement	5,302,070	5,023,220	2,112,342
Listed shares	1,857,942	1,786,932	1,643,752
	21,227,563	18,096,874	11,549,204
	$ 29,914,972	$ 28,100,611	$ 20,755,803

In May 2011, the subsidiary EVCC invested in Taiwan Liposome Company, Ltd. through its private placement and in September 2010, the Corporation invested in Rechi Precision Co., Ltd. through its private placement. According to the Securities Exchange Act, the securities acquired by private placement could be transferred freely in public market only after held for three years starting from the delivery date. Those securities of Rechi Precision Co., Ltd. held by the Corporation were transferred freely in public market in December 2013.

9. HELD-TO-MATURITY FINANCIAL ASSETS - NONCURRENT

	March 31, 2014	December 31, 2013	March 31, 2013
Structured notes	$ 166,482	$ 163,530	$ 158,026
Guarantee debt certificates	112,239	176,116	176,168
	278,721	339,646	334,194
Less: Accumulated impairment	64,045	129,655	129,655
	$ 214,676	$ 209,991	$ 204,539

10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2014	December 31, 2013	March 31, 2013
Derivative financial assets for hedging - current			
Foreign exchange forward contracts (a)	$ 69,348	$ 30,501	$ 52,517
Futures contracts (b)	1,344	-	-
	$ 70,692	$ 30,501	$ 52,517
Derivative financial assets for hedging - noncurrent			
Foreign exchange forward contracts (a)	$ 23,383	$ 6,957	$ 22,312
Interest rate swap contracts (c)	23,813	35,245	6,207
	$ 47,196	$ 42,202	$ 28,519
Derivative financial liabilities for hedging - current			
Foreign exchange forward contracts (a)	$ 21,333	$ 44,281	$ 230,493
Derivative financial liabilities for hedging - noncurrent			
Foreign exchange forward contracts (a)	$ 13,755	$ 18,043	$ 22,955
Interest rate swap contracts (c)	-	-	9,646
	$ 13,755	$ 18,043	$ 32,601

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)
March 31, 2014			
Buy	NTD/USD	April 2014-January 2017	NTD2,872,399/USD97,854
Buy	NTD/JPY	April 2014-June 2015	NTD525,936/JPY1,683,638
Buy	NTD/EUR	August 2014-September 2015	NTD207,423/EUR5,310
Buy	NTD/GBP	January 2015	NTD10,335/GBP226
Sell	USD/NTD	June 2014	USD293/NTD8,823
December 31, 2013			
Buy	NTD/USD	January 2014-December 2016	NTD2,313,237/USD79,139
Buy	NTD/JPY	January 2014-June 2015	NTD609,912/JPY1,949,613
Buy	NTD/EUR	January 2014-September 2015	NTD225,739/EUR5,792
Buy	NTD/GBP	January 2014-January 2015	NTD33,599/GBP731
Sell	USD/NTD	January 2014-March 2014	USD3,413/NTD101,697
March 31, 2013			
Buy	NTD/USD	April 2013-March 2016	NTD4,253,079/USD144,996
Buy	NTD/JPY	April 2013-June 2015	NTD1,433,524/JPY3,812,130
Buy	NTD/EUR	April 2013-September 2015	NTD412,911/EUR10,378
Buy	NTD/GBP	January 2014-January 2015	NTD33,599/GBP731
Sell	USD/NTD	April 2013-June 2013	USD1,932/NTD56,291

b. The subsidiary TMTC entered into precious metals futures contracts to manage fair value exposures arising from price fluctuation on precious metals. As of March 31, 2014, the outstanding precious metals futures contracts were as follows:

	Maturity Date	Quantities (Ounce)	Amount (In Thousands)
Precious metals futures contracts	June 23, 2014-July 8, 2014	33,758	$ 21,885 (USD 718 thousand)

c. The subsidiary DSC 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 as of March 31, 2014, December 31, 2013 and March 31, 2013 were all as follows:

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

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

	For the Three Months Ended March 31	
	2014	2013
Balance, beginning of period	$ 10,379	$ (274,276)
Recognized in other comprehensive income	56,291	106,337
Recognized in operating costs	1,344	-
Recognized in other gains and losses	14,471	(312)
Transferred to construction in progress and equipment to be inspected	(1,756)	486
Transferred to foreign-currency equity investments	-	(1,080)
Transferred to operating revenues	2,071	(13,213)
Balance, end of period	$ 82,800	$ (182,058)

11. NOTES AND ACCOUNTS RECEIVABLE, NET (INCLUDING RELATED PARTIES)

	March 31, 2014	December 31, 2013	March 31, 2013
Notes receivable - operating	$ 1,623,025	$ 1,805,283	$ 1,324,846
Less: Allowance for doubtful accounts	-	-	-
	$ 1,623,025	$ 1,805,283	$ 1,324,846
Accounts receivable	$ 12,887,546	$ 10,787,154	$ 12,214,409
Less: Allowance for doubtful accounts	18,150	17,492	17,924
	$ 12,869,396	$ 10,769,662	$ 12,196,485

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. If not collected after demanding, the past due notes and accounts receivable of the Corporation would be 100% recognized with allowance for doubtful accounts.

The Corporation and its subsidiaries had not recognized an allowance for some notes receivable and accounts receivable that are past due at the balance sheet date because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Corporation and its subsidiaries did not hold any collateral or other credit enhancement for these balances. Aging analysis of notes and accounts receivable that are past due but not impaired was as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Less than 31 days	$ 171,757	$ 413,177	$ 1,117,287
31-60 days	77,357	84,381	95,699
61-365 days	120,328	150,485	184,878
More than 365 days	61,168	54,818	9,712
	$ 430,610	$ 702,861	$ 1,407,576

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 Three Months Ended March 31	
	2014	2013
Balance, beginning of period	$ 17,492	$ 57,957
Add: Recognition	498	-
Less: Reversal	-	40,336
Write off	76	-
Effect of foreign currency exchange difference	236	303
Balance, end of period	$ 18,150	$ 17,924

Aging analysis of impaired accounts receivable was as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Less than 31 days	$ 59	$ -	$ -
31-60 days	153	-	-
61-365 days	505	3,880	3,859
	$ 717	$ 3,880	$ 3,859

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$805,146 thousand, NT$798,637 thousand and NT$707,776 thousand as of March 31, 2014, December 31, 2013 and March 31, 2013, 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.

For the three months ended March 31, 2014 and 2013, the related information for the Corporation and CHSC's sale of accounts receivable was as follows:

Counterparty	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected by Bank	Advances Received at Period - End	Interest Rate on Advances Received (%)	Credit Line (In Billions of NT$)
For the Three Months Ended March 31, 2014						
Mega International Commercial Bank	$ 4,773,367	$ 3,178,734	$ 3,162,779	$ 4,789,322	1.25-1.51	$ 12
Bank of Taiwan	1,432,364	906,799	871,463	1,467,700	1.25-1.51	3
	$ 6,205,731	$ 4,085,533	$ 4,034,242	$ 6,257,022		

(Continued)

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 Three Months Ended March 31, 2013						
Mega International Commercial Bank	$ 4,495,587	$ 3,690,463	$ 3,216,938	$ 4,969,112	1.24-1.51	$ 12
Bank of Taiwan	1,242,954	966,961	821,750	1,388,165	1.24-1.51	3
	$ 5,738,541	$ 4,657,424	$ 4,038,688	$ 6,357,277		

(Concluded)

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

	March 31, 2014	December 31, 2013	March 31, 2013
Amounts due from customers for construction contracts			
Construction costs incurred plus recognized profits less recognized losses to date	$ 51,109,903	$ 45,548,144	$ 49,051,597
Less: Progress billings	43,758,374	38,238,674	40,653,181
Amounts due from customers for construction contracts	$ 7,351,529	$ 7,309,470	$ 8,398,416
Amounts due to customers for construction contracts			
Progress billings	$ 31,224,480	$ 30,549,296	$ 28,894,407
Less: Construction costs incurred plus recognized profits less recognized losses to date	25,431,263	24,730,847	24,260,310
Amounts due to customers for construction contracts	$ 5,793,217	$ 5,818,449	$ 4,634,097
Retentions receivable (Note 11)	$ 805,146	$ 798,637	$ 707,776
Retentions payable (Note 22)	$ 2,253,654	$ 2,821,026	$ 1,393,039

13. INVENTORIES

	March 31, 2014	December 31, 2013	March 31, 2013
Finished goods	$ 20,832,065	$ 22,187,421	$ 19,346,606
Work in progress	21,319,076	24,033,890	23,269,976
Raw materials	21,111,508	20,239,655	17,577,472
Supplies	8,874,352	8,233,416	8,689,297
Raw materials and supplies in transit	7,781,163	7,604,018	5,298,152
Others	251,768	291,212	553,037
	$ 80,169,932	$ 82,589,612	$ 74,734,540

The cost of inventories recognized as operating costs for the three months ended March 31, 2014 and 2013 was NT$72,392,263 thousand and NT$69,348,468 thousand, respectively.

Movements of provision for loss on inventories were as follows:

	For the Three Months Ended March 31	
	2014	2013
Balance, beginning of period	$ 4,677,333	$ 4,519,281
Add: Recognized	2,357,848	1,657,017
Less: Sold	2,486,013	2,602,574
Balance, end of period	$ 4,549,168	$ 3,573,724

14. BUILDINGS AND LANDS UNDER CONSTRUCTION

The subsidiary CPDC has planned a housing development project for a portion of land located in Shijia Section of the Qianzhen District in Kaohsiung City which was initially for the purpose of rental. The project has been approved by Urban Development Bureau, Kaohsiung City Government and is in the process of designing. The balances as of March 31, 2014 and December 31, 2013 included:

	March 31, 2014	December 31, 2013	March 31, 2013
Land under construction	$ 411,907	$ 411,907	$ -
Construction in process	14,019	12,717	-
Payment for floor area	26,041	26,041	-
	$ 451,967	$ 450,665	$ -

15. BOND INVESTMENTS WITH NO ACTIVE MARKET

	March 31, 2014	December 31, 2013	March 31, 2013
Current			
Bonds	$ -	$ 9,259	$ -
Noncurrent			
Unlisted preference shares - overseas			
East Asia United Steel Corporation (EAUS) - Preference A	$ 2,960,000	$ 2,839,000	$ 3,172,000
Subordinated financial bonds	120,000	120,000	120,000
Bonds	24,777	14,651	51,212
	$ 3,104,777	$ 2,973,651	$ 3,343,212

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. 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.

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2014		December 31, 2013		March 31, 2013	
	Amount	**% of Owner - ship**	**Amount**	**% of Owner - ship**	**Amount**	**% of Owner - ship**
Unlisted companies						
7623704 Canada Inc.	$ 7,681,391	25	$ 7,741,788	25	$ 8,228,850	25
Kaohsiung Arena Development Corporation	776,377	29	768,674	29	778,567	29
Eminent II Venture Capital Corporation	556,381	46	557,366	46	247,389	46
Hsin Hsin Cement Enterprise Corp.	459,538	41	457,863	41	408,851	39
Chateau International Development Co., Ltd.	280,972	20	279,661	20	262,452	20
Wuhan Wisco Yutek Environment Technology Co., Ltd.	241,738	49	240,989	49	-	-
Ascentek Venture Capital Corp.	231,664	39	226,333	39	202,869	39
Dyna Rechi Co., Ltd.	229,422	29	231,839	29	-	-
IPASS Corporation (IPASS) (Note 34)	144,592	32	-	-	-	-
Honley Auto. Part Co., Ltd. (Note 4)	141,469	50	-	-	-	-
Kaohsiung Rapid Transit Corporation (KRTC)	-	-	-	-	81,558	32
Others	569,077		485,649		262,336	
	$ 11,312,621		$ 10,990,162		$ 10,472,872	

In the second half of 2013, the Corporation and its subsidiaries further invested NT$982,436 thousand in KRTC, acquiring 98,244 thousand shares, which increased the Corporation and its subsidiaries' total equity in KRTC to 50% (Note 31) and made KRTC a subsidiary of the Corporation.

The subsidiary KRTC acquired 25% equity of IPASS in the amount of NT$130,000 thousand through prepaid investment of NT$10,000 thousand in December 2013 and transfer of intangible assets in February 2014. Gain on disposal of intangible assets, after deducting transaction cost of NT$5,714 thousand, amounted to NT$94,366 thousand of which NT$23,259 thousand was deferred by the percentage of ownership and recognized as reduction in investments accounted for using equity method. The subsidiary ICSC further invested in IPASS for NT$40,000 thousand, acquiring 7% equity, which increased the Corporation and its subsidiaries' total equity in IPASS to 32%.

The above investments accounted for using equity method as of March 31, 2014 and 2013 and the Corporation and its subsidiaries' share of profit and other comprehensive income of associates for the three months ended March 31, 2014 and 2013 were based on the associates' unreviewed financial statements.

17. OTHER FINANCIAL ASSETS

	March 31, 2014	December 31, 2013	March 31, 2013
Current			
Pledged time deposits	$ 7,060,636	$ 7,379,446	$ 6,760,069
Time deposits with original maturities more than three months	5,101,161	3,896,332	3,585,963
Hedging foreign-currency deposits	2,398,471	2,169,062	4,607,965
Deposits for projects	84,953	84,953	30,136
	$ 14,645,221	$ 13,529,793	$ 14,984,133
Noncurrent			
Pledged receivables	$ 2,000,000	$ 2,000,000	$ -
Pledged time deposits	309,656	297,349	300,677
Deposits for projects	49,785	42,424	38,034
Time deposits with original maturities more than three months	21,670	21,670	52,853
	$ 2,381,111	$ 2,361,443	$ 391,564

For the purpose of managing cash flow risk arising from exchange rate fluctuations due to purchasing imported equipment, the Corporation and its subsidiaries purchased foreign-currency deposits and entered into foreign exchange forward contracts (Note 10). As of March 31, 2014, December 31, 2013 and March 31, 2013, the balance of the foreign-currency deposits, which were designated as hedging instruments and were settlements of expired foreign exchange forward contracts, was NT$2,398,471 thousand (JPY1.1 billion, CNY80,000 thousand, USD40,695 thousand, EUR9,853 thousand and GBP783 thousand), NT$2,169,062 thousand (JPY1 billion, CNY80,000 thousand, USD38,501 thousand, EUR8,053 thousand and GBP278 thousand) and NT$4,607,965 thousand (JPY1.6 billion, USD129,563 thousand, EUR4,806 thousand and GBP894 thousand), respectively. The unrealized gain of NT$43,296 thousand and NT$53,353 thousand on the above deposits designated as hedging instruments were recognized as cash flow hedges in other comprehensive income for the three months ended March 31, 2014 and 2013, respectively. For the three months ended March 31, 2014 and 2013, the cash flow hedges in other equity transferred to construction in progress and equipment to be inspected were loss of NT$444 thousand and gain of NT$1,730 thousand, respectively. As of March 31, 2014, December 31, 2013 and March 31, 2013, cash outflows would be expected from aforementioned contracts during the periods from 2014 to 2015, from 2014 to 2015 and from 2013 to 2015, respectively.

Refer to Note 35 for information relating to other financial assets pledged as security.

18. PROPERTY, PLANT AND EQUIPMENT

For the three months ended March 31, 2014

	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, 2014	$ 60,395,056	$ 4,876,444	$ 107,286,428	$ 560,158,429	$ 25,096,303	$ 15,306,847	$ 10,285,676	$ 46,150,896	$ 829,556,079
Additions	-	1,253	636,907	3,403,310	1,625,707	304,193	379,365	1,858,126	8,208,861

(Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Disposals	$ -	$ -	$ (669)	$ (469,671)	$ (88,343)	$ (57,387)	$ (225,610)	$ -	$ (841,680)
Reclassification	-	-	33,673	(496,922)	-	5,118	(34,917)	(48,882)	(541,930)
Effect of foreign currency exchange difference	2,302	-	70,583	446,793	216,979	8,759	-	167,560	912,976
Others	-	-	-	-	-	-	(327)	-	(327)
Balance at March 31, 2014	$ 60,397,358	$ 4,877,697	$ 108,026,922	$ 563,041,939	$ 26,850,646	$ 15,567,530	$ 10,404,187	$ 48,127,700	$ 837,293,979
Accumulated depreciation and impairment									
Balance at January 1, 2014	$ 25,546	$ 4,351,474	$ 33,920,610	$ 301,901,198	$ 13,232,418	$ 9,682,984	$ 3,699,555	$ -	$ 366,813,785
Depreciation	-	17,310	847,922	6,641,584	331,585	326,149	376,124	-	8,540,674
Disposals	-	-	(669)	(400,091)	(88,172)	(54,967)	(225,610)	-	(769,509)
Reclassification	-	-	17,676	(42)	-	(236)	-	-	17,398
Effect of foreign currency exchange difference	-	-	8,652	68,410	71,350	4,389	-	-	152,801
Balance at March 31, 2014	$ 25,546	$ 4,368,784	$ 34,794,191	$ 308,211,059	$ 13,547,181	$ 9,958,319	$ 3,850,069	$ -	$ 374,755,149
Carrying amount at March 31, 2014	$ 60,371,812	$ 508,913	$ 73,232,731	$ 254,830,880	$ 13,303,465	$ 5,609,211	$ 6,554,118	$ 48,127,700	$ 462,538,830
Carrying amount at December 31, 2013	$ 60,369,510	$ 524,970	$ 73,365,818	$ 258,257,231	$ 11,863,885	$ 5,623,863	$ 6,586,121	$ 46,150,896	$ 462,742,294

(Concluded)

For the three months ended March 31, 2013

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2013	$ 59,559,883	$ 4,874,937	$ 88,028,362	$ 468,819,360	$ 21,192,946	$ 13,900,630	$ 10,243,979	$ 106,427,780	$ 773,047,877
Additions	-	4,635	668,137	2,029,726	66,730	165,621	377,054	11,508,416	14,820,319
Disposals	-	-	(4,745)	(482,479)	(3,968)	(17,575)	(215,394)	-	(724,161)
Reclassification	-	-	(28,733)	(9,255)	-	39,690	(3,491)	(523,644)	(525,433)
Effect of foreign currency exchange difference	(1,504)	-	61,216	167,414	197,486	11,302	-	376,803	812,717
Others	-	-	-	-	(4,100)	-	(44,527)	-	(48,627)
Balance at March 31, 2013	$ 59,558,379	$ 4,879,572	$ 88,724,237	$ 470,524,766	$ 21,449,094	$ 14,099,668	$ 10,357,621	$ 117,789,355	$ 787,382,692
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	-	18,166	705,533	5,716,962	263,959	313,989	347,550	-	7,366,159
Disposals	-	-	(4,745)	(461,535)	(3,897)	(16,935)	(215,394)	-	(702,506)
Impairment losses recognized in profit or loss	-	-	-	33	-	-	-	-	33
Reversals of impairment losses recognized in profit or loss	-	-	-	(4,292)	-	-	-	-	(4,292)
Reclassification	-	-	(8,182)	(3,292)	-	10,835	-	-	(639)
Effect of foreign currency exchange difference	-	-	15,004	84,063	88,386	7,640	-	-	195,093
Others	-	-	-	-	(4,100)	-	(44,503)	-	(48,603)
Balance at March 31, 2013	$ 25,546	$ 4,298,814	$ 31,646,837	$ 286,616,405	$ 12,710,708	$ 8,911,452	$ 3,310,321	$ -	$ 347,520,083
Carrying amount at March 31, 2013	$ 59,532,833	$ 580,758	$ 57,077,400	$ 183,908,361	$ 8,738,386	$ 5,188,216	$ 7,047,300	$ 117,789,355	$ 439,862,609

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
Rails	5 years
Others	5 years
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
Others	2-8 years
Transportation	
Ship equipment	18-25 years
Railway equipment	10-20 years
Transportation equipment	2-10 years
Telecommunication equipment	4-8 years
Others	2 years
Other equipment	
Leasehold improvement	3-35 years
Tank	8-18 years
Office, air condition and extinguishment equipment	3-12 years
Computer equipment	3-10 years
Others	2-15 years

The subsidiary CHSC bought farmlands for warehousing at the Jia Xing Section and Bai Mi Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit CHSC from registering the title of these farmlands in CHSC's name; thus, the registration was made in the name of an individual person. The individual person consented to fully cooperate with CHSC in changing the land title in the future and pledged the land to CHSC as collateral. The Kaohsiung City government levied some parts of Jia Xing Section farmlands in May 2012. As of March 31, 2014, December 31, 2013 and March 31, 2013, the book value of those remaining farmlands recognized as land were all NT$66,753 thousand.

Refer to Note 35 for the carrying amount of property, plant and equipment that had been pledged by the Corporation and its subsidiaries to secure borrowings.

19. INVESTMENT PROPERTIES

For the three months ended March 31, 2014

	Land	Buildings	Total
Cost			
Balance at January 1, 2014	$ 8,266,753	$ 2,589,535	$ 10,856,288
Disposals	(89)	-	(89)

(Continued)

	Land	Buildings	Total
Reclassification	$ -	$ (3,329)	$ (3,329)
Effect of foreign currency exchange difference	6,873	14,758	21,631
Balance at March 31, 2014	$ 8,273,537	$ 2,600,964	$ 10,874,501
Accumulated depreciation and impairment			
Balance at January 1, 2014	$ 1,891,031	$ 628,008	$ 2,519,039
Depreciation	-	19,299	19,299
Reclassification	-	(17,634)	(17,634)
Effect of foreign currency exchange difference	-	645	645
Balance at March 31, 2014	$ 1,891,031	$ 630,318	$ 2,521,349
Carrying amount at March 31, 2014	$ 6,382,506	$ 1,970,646	$ 8,353,152
Carrying amount at December 31, 2013	$ 6,375,722	$ 1,961,527	$ 8,337,249

(Concluded)

For the three months ended March 31, 2013

	Land	Buildings	Total
Cost			
Balance at January 1, 2013	$ 8,666,564	$ 2,478,766	$ 11,145,330
Additions	5,215	-	5,215
Effect of foreign currency exchange difference	(10,907)	(22,256)	(33,163)
Balance at March 31, 2013	$ 8,660,872	$ 2,456,510	$ 11,117,382
Accumulated depreciation and impairment			
Balance at January 1, 2013	$ 1,920,494	$ 535,700	$ 2,456,194
Depreciation	-	20,803	20,803
Effect of foreign currency exchange difference	-	(299)	(299)
Balance at March 31, 2013	$ 1,920,494	$ 556,204	$ 2,476,698
Carrying amount at March 31,2013	$ 6,740,378	$ 1,900,306	$ 8,640,684

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	5-7 years

The fair value of the investment properties was partly arrived at on the basis of valuation carried out on August 30, 2011 and December 31, 2013 by independent appraisers, who are not related parties, and partly on the basis of information on Ministry of the Interior’s real estate transaction database website. Appraised lands and buildings were evaluated under market approach and income approach. The important assumptions and fair value were as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Fair value	$ 11,313,360	$ 11,285,636	$ 9,798,178
Depreciation rate	1.9%-2.57%	1.9%-2.57%	1.8%-1.9%
Discount rate	2.13%-5.5%	2.13%-5.5%	-

All of the Corporation and its subsidiaries' investment properties were held under freehold interests. Refer to Note 35 for the carrying amount of the investment properties that had been pledged by the Corporation and its subsidiaries to secure borrowings.

20. BORROWINGS

a. Short-term borrowings and bank overdraft

	March 31, 2014	December 31, 2013	March 31, 2013
Unsecured loans - interest at 0.87%-5.40% p.a., 0.64%-3.27% p.a. and 0.60%-7.00% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	$ 22,614,090	$ 21,981,951	$ 37,645,928
Letters of credit - interest at 0.37%-1.69% p.a., 0.57%-1.75% p.a. and 0.35%-4.80% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	2,887,544	3,367,143	2,108,195
Bank overdraft - interest all at 0.43%-7.35% p.a., as of March 31, 2014, December 31, 2013 and March 31, 2013	1,488,918	3,159,397	2,040,979
Secured loans - interest at 5.04%-6.16% p.a. 5.04%-6.16 p.a. and 5.88%-6.16% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	134,535	144,108	81,544
	$ 27,125,087	$ 28,652,599	$ 41,876,646

The amount of AUD160,555 thousand (NT$4,517,225 thousand), which is included in the above unsecured loans as of March 31, 2014; the amount of AUD53,595 thousand (NT$1,424,832 thousand), which is included in the above unsecured loans as of December 31, 2013; the amount of CAD278,345 thousand, USD131,733 thousand and AUD16,642 thousand (NT$12,615,507 thousand), which is included in the above unsecured loans as of March 31, 2013, were used to hedge the exchange rate fluctuations on investment in CSCAU and CSVC.

Starting January 2013, the subsidiary CCSPMC entered into several credit facility agreements with Taipei Fubon Bank and several banks. Under the agreements, the Corporation and its subsidiaries should collectively hold 70% of the CCSPMC's equity and 75% of the seats in the board of directors and supervisors. As of March 31, 2014, the Corporation held 70% equity of CCSPMC and three-quarters of the seats in the board of directors and supervisors.

In March 2014, the subsidiary CSCI entered into a short-term financing contract with Credit Agricole Corporate and Investment Bank for a USD25,000 thousand credit line. No amount was used as of March 31, 2014. Under the agreement, the Corporation and its related parties should collectively hold at least 60% of the CSCI's issued shares and hold half or more of the seats in the board of directors. As of March 31, 2014, the Corporation held 100% equity of CSCI and all of the seats in the board of directors.

b. Short-term bills payable

	March 31, 2014	December 31, 2013	March 31, 2013
Commercial paper - interest at 0.66%-1.11% p.a., 0.45%-1.11% p.a. and 0.59%-1.16% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	$ 35,064,700	$ 30,798,800	$ 45,825,200
Less: Unamortized discounts	13,779	12,500	14,833
	$ 35,050,921	$ 30,786,300	$ 45,810,367

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

c. Long-term borrowings

	March 31, 2014	December 31, 2013	March 31, 2013
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 1.59% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013	$ 5,364,616	$ 5,903,077	$ 6,441,538
Repayable in March 2019 with a revolving credit, interest at 1.59%-1.61% p.a., 1.59%-1.60% and 1.60%-1.61% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	2,700,000	4,050,000	4,500,000
Bank of Taiwan and other banks loan to DSC			
Repayable in 14 equal semiannual installments from January 2012 to July 2018, interest at 1.28%-1.32% p.a., 1.31%-1.35% p.a. and 1.32%-1.36% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	33,235,000	36,928,000	40,621,000
Repayable in 10 equal semiannual installments from August 2012 to February 2017, interest at 1.51%-1.55% p.a., 1.49%-1.54% p.a. and 1.52%-1.57% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	12,000,000	14,000,000	16,000,000

(Continued)

	March 31, 2014	December 31, 2013	March 31, 2013
Repayable in 10 equal semiannual installments from June 2015 to December 2019, interest all at 1.58% p.a. as of March 31, 2014 and December 31, 2013, respectively	$ 8,000,000	$ 8,000,000	$ -
Taiwan Cooperative Bank and other banks loan to HLSC, repayable in June 2015 with a revolving credit, interest at 1.58% p.a., 1.51%-1.56% p.a., and 1.58% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	1,500,000	2,300,000	1,600,000
Chinatrust Commercial Bank and other banks loan to CSCI, repayable in 5 semiannual installments from June 2017 to June 2019, interest all at 2.10% p.a. as of March 31, 2014 and December 31, 2013, respectively	3,054,912	2,392,697	-
Mega International Commercial Bank and other banks loan to CSVC, repayable in 10 semiannual installments from September 2015 to March 2020, interest at 2.40% p.a., 1.60%-1.85% p.a. and 1.50% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	3,839,220	3,755,430	89,475
Bank of Taiwan and other banks loan to the Corporation, repayable in full in July 2018, interest at 1.34% p.a. and 2.56% p.a. as of March 31, 2014 and December 31, 2013, respectively	6,336,500	6,442,300	-
Bank of Taiwan and other banks loan to the Corporation, repayable in full in July 2016, interest at 3.10% p.a. and 2.52% p.a. as of March 31, 2014 and December 31, 2013, respectively	1,331,900	1,354,138	-
Mortgage loans (Note 35)			
Due on various dates through April 2032, interest at 0.85%-2.10% p.a., 0.88%-1.80% p.a. and 0.62%-1.80% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	11,014,646	11,369,428	13,627,125
Bank loans			
Due on various dates through April 2019, interest at 0.41%-3.82% p.a., 0.44%-3.90% p.a., and 0.49%-3.87% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	24,101,863	31,146,867	12,981,975
	112,478,657	127,641,937	95,861,113
Less: Syndicated loan fee	144,317	153,203	162,579
Current portion	19,663,990	19,426,467	19,294,771
	$ 92,670,350	$ 108,062,267	$ 76,403,763

(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 May 2010, the subsidiary HLSC entered into a syndicated credit facility agreement with Taiwan Cooperative Bank and 13 other banks for a NT$6 billion credit line, which consists of NT$3.5 billion secured loans with a revolving credit line and NT$2.5 billion unsecured loans with a revolving credit line. No unsecured loan was used as of March 31, 2014. 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 half a year from the next day of the financial statements' declaration date; otherwise, the interest rate need to be adjusted in accordance with the agreement. CHSC and HLSC were in compliance with the syndicated credit facility agreement based on their financial statements of 2013. As of March 31, 2014, the Corporation held directly and indirectly 41% equity of CHSC and held over half of the seats in the board of directors and controlled its operation; CHSC held 100% equity of HLSC and 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; in December 2009, the subsidiary DSC entered into another syndicated credit facility agreement with Bank of Taiwan and 12 other banks for a NT$20 billion credit line; in February 2008, DSC entered into the other syndicated credit facility agreement with Bank of Taiwan and 13 other banks for a NT$51.7 billion credit line. As of March 31, 2014, NT$8 billion secured loan and all secured commercial paper (recognized as long-term bills payable) were used. Under the agreement, the Corporation and its related parties should collectively hold at least 80%, 80% and 40% 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. DSC was in compliance with the syndicated credit facility agreement based on its financial statements of 2013. As of March 31, 2014, the Corporation held 100% equity of DSC and 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 majority of the seats in the board of directors. Starting 2015, CSVC should meet some financial ratios and criteria based on the agreement amended in March 2014. As of March 31, 2014, the Corporation held 51% equity of CSVC and over half of the seats in the board of directors.

4) In January 2013, the subsidiary CSCI entered into a syndicated credit facility agreement with Chinatrust Commercial Bank and 9 other banks for a USD110,000 thousand revolving credit line. Under the agreement, the Corporation and its related parties should collectively hold at least 75% of CSCI's issued shares and hold two-thirds or more of the seats in the board of directors. If CSCI expands or invites new strategic investors, the Corporation and its related parties should collectively hold at least 60% of CSCI's issued shares and hold half or more of the seats in the board of directors. Starting 2013, CSCI should meet some financial ratios and criteria. Based on its financial statements of 2013, CSCI got the consent of the syndicated banks in December 2013 and expected to increase capital before June 2014. CSCI could meet the criteria relating to tangible net worth after capital increase. As of March 31, 2014, the Corporation held 100% equity of CSCI and all of the seats in the board of directors.

5) In July 2013, the Corporation entered into a syndicated credit facility agreement with Bank of Taiwan and 11 other banks for a CAD278,000 thousand unsecured non-revolving credit line. Under the agreement, the Corporation should meet some financial ratios and criteria which were based on reviewed consolidated financial statements as of June 30 and audited annual consolidated financial statements. If the Corporation breaches the financial ratios or the agreements, the management bank can, based on the decision by majority of banks, immediately terminate the credit line, declare the Corporation's outstanding principal and interest to maturity as due, and request the Corporation to settle immediately. The Corporation was in compliance with the syndicated credit facility agreement based on the Corporation's consolidated financial statements of 2013.

6) The above bank loans include those obtained by the Corporation in JPY, AUD and USD to hedge the exchange rate fluctuations on investments in EAUS, CSCAU and CSVC and on the available-for-sale financial assets in Maruichi Steel Tube Ltd. and Yodogawa Steel Works, Ltd..

d. Long-term bills payable

	March 31, 2014	**December 31, 2013**	**March 31, 2013**
Commercial paper - interest at 0.72%-1.31% p.a., 0.65%-1.76% p.a. and 0.78%-1.24% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	$ 22,630,000	$ 29,900,000	$ 20,190,000
Secured commercial paper in syndicated bank loans - interest at 1.20% p.a., 1.18% p.a. and 1.20% p.a. as of March 31, 2014, December 31, 2013 and March 31, 2013, respectively	5,000,000	5,000,000	5,000,000
	27,630,000	34,900,000	25,190,000
Less: Unamortized discounts	12,658	17,967	9,624
	$ 27,617,342	$ 34,882,033	$ 25,180,376

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 ANZ Bank (Taiwan).

21. BONDS PAYABLE

	March 31, 2014	December 31, 2013	March 31, 2013
5-year unsecured bonds - issued at par by the Corporation in:			
December 2008; repaid in December 2012 and December 2013; interest at 2.08% p.a.	$ -	$ -	$ 6,475,000
December 2008; repaid in December 2012 and December 2013; interest at 2.42% p.a.	-	-	4,800,000
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
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
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
August 2012, repayable in August 2018 and August 2019; interest at 1.37% p.a., payable annually	5,000,000	5,000,000	5,000,000
July 2013, repayable in July 2019 and July 2020; interest at 1.44% p.a., payable annually	6,300,000	6,300,000	-
January 2014, repayable in January 2020 and January 2021; interest at 1.75% p.a., payable annually	6,900,000	-	-
10-year unsecured bonds - issued at par by the Corporation in:			
August 2012, repayable in August 2021 and August 2022; interest at 1.50% p.a., payable annually	15,000,000	15,000,000	15,000,000
July 2013, repayable in July 2022 and July 2023; interest at 1.60% p.a., payable annually	9,700,000	9,700,000	-
January 2014, repayable in January 2023 and January 2024; interest at 1.95% p.a., payable annually	7,000,000	-	-
15-year unsecured bonds - issued at par by the Corporation in:			
July 2013, repayable 30% in July 2026 and July 2027, and 40% in July 2028; interest at 1.88% p.a., payable annually	3,600,000	3,600,000	-
January 2014, repayable 30% in January 2027 and January 2028, and 40% in January 2029; interest at 2.15% p.a., payable annually	9,000,000	-	-
Liability component of unsecured domestic convertible bonds - issued by CEC and TMTC	45,500	73,100	260,100
Liability component of secured domestic convertible bonds - issued by TMTC	185,700	194,300	-
	89,431,200	66,567,400	58,235,100

(Continued)

		March 31, 2014	December 31, 2013	March 31, 2013
Add:	Accrued interest	$ -	$ -	$ 723
Less:	Issuance cost of bonds payable	76,154	55,879	41,838
	Unamortized discount on bonds payable	13,188	17,766	7,081
	Current portion	3,499,489	3,499,318	11,273,157
		$ 85,842,369	$ 62,994,437	$ 46,913,747

(Concluded)

In February 2012, the subsidiary CEC issued NT$600,000 thousand of 3-year unsecured domestic convertible bonds with face value of NT$100 thousand each and zero interest coupon; the bond issuance had been approved by the government. The issuance cost was NT$4,900 thousand and the proceeds were used to increase operating capital and indirectly invest in CEVC. From one month after the issuance date to 10 days before the maturity date, bondholders may request CEC to convert the bonds into its ordinary shares. From one month after the issuance date to 40 days before the maturity date, if the closing price of CEC's shares in the secondary financial market is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued convertible bonds, CEC may redeem by cash the remaining bonds at their face value. On the repurchase date (February 20, 2014), two years after the issuance date, bondholders may request CEC to repurchase the bonds at their face value plus interest (100.501% of face value). The convertible bonds have been fully converted into CEC's ordinary share in 2013.

In September 2013, the subsidiary TMTC issued NT$200,000 thousand of 3-year secured domestic convertible bonds at par from September 2013 to September 2016 which were secured by Hua Nan Commercial Bank. From one month after the issuance date to 10 days before the maturity date, bondholders may request TMTC to convert the bonds into its ordinary shares (except for the related book closure period). On the repurchase date, two years after the issuance date, bondholders may request TMTC to repurchase the bonds at their face value plus interest (1.9090% of face value, yield to put 0.95%) by cash in five trading days. From one month after the issuance date to 40 days before the maturity date, if the closing price of TMTC's shares on the Taiwan GreTai Securities Market is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued bonds, TMTC may redeem the remaining bonds at their face value by cash in five trading days after the redemption date. As of March 31, 2014, the convertible bonds with NT$14,300 thousand face value have been converted into NT$5,766 thousand ordinary share capital.

In September 2013, the subsidiary TMTC issued NT$100,000 thousand of 5-year unsecured domestic convertible bonds at par from September 2013 to September 2018. From one month after the issuance date to 10 days before the maturity date, bondholders may request TMTC to convert the bonds into its ordinary shares (except for the related book closure period). On the repurchase dates, two years, three years and four years after the issuance date, bondholders may request TMTC to repurchase the bonds at their face value plus interest (2.5156%, 3.7971% and 5.0945% of face value for two years, three years and four years, respectively, yield to put 1.25%) by cash in five trading days. From one month after the issuance date to 40 days before the maturity date, if the closing price of TMTC's shares on the Taiwan GreTai Securities Market is higher than 130% of the conversion price for 30 consecutive trading days or when the outstanding convertible bonds are less than 10% of initial issued bonds, TMTC may redeem the remaining bonds at their face value by cash in five trading days after the redemption date. As of March 31, 2014, the convertible bonds with NT$54,500 thousand face value have been converted into NT$21,975 thousand ordinary share capital.

According to IAS 32 and IAS 39, CEC and TMTC have separately accounted for the embedded derivatives and the host contract - bonds payable. The embedded derivatives, including put options and call options, were recognized in financial instruments at fair value through profit or loss (Note 7) and measured at fair value.

22. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Accounts payable includes advances received on construction contracts. Advances received on construction contracts bears no interests and are expected to be paid until the satisfaction of conditions specified in each contract for the payment of such amounts during retention periods, which are 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.

23. OTHER PAYABLES

	March 31, 2014	December 31, 2013	March 31, 2013
Purchase of equipment	$ 7,709,272	$ 8,869,389	$ 6,299,432
Salaries and incentive bonus	4,207,555	6,339,587	3,990,320
Bonus to employees, and remuneration to directors and supervisors	1,900,503	1,582,465	1,219,004
Sales returns and discounts	1,003,436	1,035,974	1,278,714
Interest payable	855,913	484,738	527,919
Outsourced repair and construction	381,568	361,873	287,727
Others	5,384,619	5,251,731	5,911,903
	$ 21,442,866	$ 23,925,757	$ 19,515,019

24. PROVISIONS

	March 31, 2014	December 31, 2013	March 31, 2013
Current			
Onerous contracts (a)	$ 2,860,576	$ 2,293,019	$ 1,946,080
Construction warranties (b)	619,422	632,341	763,477
Sales discounts (c)	264,601	-	677,250
Others	42,133	43,478	37,448
	$ 3,786,732	$ 2,968,838	$ 3,424,255
Noncurrent			
Provision for stabilization funds (d)	$ 1,028,430	$ 1,026,382	$ -
Others	42,794	40,705	56,057
	$ 1,071,224	$ 1,067,087	$ 56,057

	Onerous Contracts	Construction Warranties	Sale Discounts	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2014	$ 2,293,019	$ 632,341	$ -	$ 1,026,382	$ 84,183	$ 4,035,925
Recognized (reversed)	1,268,105	(12,919)	264,601	-	3,143	1,522,930
Paid	(700,548)	-	-	-	(2,399)	(702,947)
Others	-	-	-	2,048	-	2,048
Balance at March 31, 2014	$ 2,860,576	$ 619,422	$ 264,601	$ 1,028,430	$ 84,927	$ 4,857,956

(Continued)

	Onerous Contracts	Construction Warranties	Sale Discounts	Provision for Stabilization Funds	Others	Total
Balance at January 1, 2013	$ 1,378,181	$ 764,562	$ 25,754	$ -	$ 7,682	$ 2,176,179
Recognized (reversed)	964,377	(1,047)	651,496	-	85,823	1,700,649
Paid	(396,478)	(38)	-	-	-	(396,516)
Balance at March 31, 2013	$ 1,946,080	$ 763,477	$ 677,250	$ -	$ 93,505	$ 3,480,312

(Concluded)

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 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.

d. The provision for stabilization funds represents the provision recognized in accordance with the build-operate-transfer contract by the subsidiary KRTC. The provision was used for capital demand due to force majeure, exceptional events, operating deficits, etc.

25. RETIREMENT BENEFIT PLANS

The relating pension expenses under defined benefit plans were calculated using actuarially determined pension cost discount rate as of December 31, 2013 and 2012, and recognized in respective periods in the following line items:

	For the Three Months Ended March 31	
	2014	2013
Operating costs	$ 169,332	$ 163,927
Operating expenses	82,558	68,828
Others	1,660	3,334
	$ 253,550	$ 236,089

26. EQUITY

a. Share capital

	March 31, 2014	December 31, 2013	March 31, 2013
Numbers of shares authorized (in thousands)	17,000,000	17,000,000	17,000,000
Shares authorized	$ 170,000,000	$ 170,000,000	$ 170,000,000
Numbers of shares issued and fully paid (in thousands)			
Ordinary shares (in thousands)	15,425,584	15,425,584	15,272,477
Preference shares (in thousands)	38,268	38,268	38,268
	15,463,852	15,463,852	15,310,745

(Continued)

	March 31, 2014	December 31, 2013	March 31, 2013
Shares issued			
Ordinary shares	$ 154,255,840	$ 154,255,840	$ 152,724,765
Preference shares	382,680	382,680	382,680
	$ 154,638,520	$ 154,638,520	$ 153,107,445

(Concluded)

1) Ordinary shares

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

In August 2013, the Corporation issued 153,107 thousand ordinary shares through capitalization of retained earnings of NT$1,531,075 thousand; the capital increase has been registered with the government.

2) Preference shares

Preference shareholders have the following entitlements or rights:

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

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

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

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

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

3) Overseas depositary receipts

In May 1992, February 1997, October 2003 and August 2011, for the purpose of working capital expansion and in accordance with the instruction of the MOEA, the largest shareholder of the Corporation, the Corporation issued 126,512,550 units of GDR. The depositary receipts then increased by 6,875,837 units resulting from the capital increase out of retained earnings. Each unit represents 20 shares of the Corporation's ordinary shares and the issued GDRs account for the Corporation's ordinary shares totaling 2,667,768,015 shares (including 275 fractional shares). Under relevant regulations, the GDR holders may also request the conversion to the shares represented by the GDR. The foreign investors may also request the reissuance of such depositary receipts within the originally approved units. As of March 31, 2014, December 31, 2013, and March 31, 2013, the outstanding depositary receipts were 3,564,472 units, 3,511,961 units and 2,680,493 units, equivalent to 71,289,735 ordinary shares (including 295 fractional shares), 70,239,515 ordinary shares (including 295 fractional shares), and 53,610,144 ordinary shares (including 284 fractional shares), which represented 0.46%, 0.46% and 0.35% of the outstanding ordinary shares, respectively.

b. Capital surplus

	March 31, 2014	December 31, 2013	March 31, 2013
Additional paid-in capital	$ 31,154,766	$ 31,154,766	$ 31,154,766
Treasury share transactions	5,487,610	5,487,610	5,332,432
Share of change in capital surplus of associates	314,981	310,343	126,246
Others	8,099	8,099	8,099
	$ 36,965,456	$ 36,960,818	$ 36,621,543

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

c. Retained earnings and dividend policy

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

1) 10% as legal reserve;

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

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

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

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

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

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

For the three months ended March 31, 2014, the Corporation's bonus to employees and remuneration to directors and supervisors were NT$244,628 thousand and NT$4,386 thousand, respectively, and for the three months ended March 31, 2013 the related amounts were NT$348,128 thousand and NT$7,067 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. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue or on the date of shareholders' resolution, 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 of unappropriated earnings shall be transferred 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.

Starting 2013, the Corporation appropriates and reverses special reserves under Rule No. 1010012865, Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity item.

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

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

The appropriations of earnings for 2013 and 2012 had been approved in the board of directors' meeting on March 21, 2014 and the shareholders' meeting on June 19, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividend Per Share (NT$)**	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 1,598,154	$ 581,149		
Special reserve	166,266	-		
Preference shares				
Cash dividends	45,922	49,748	$ 1.2	$ 1.3
Share dividends	7,653	3,827	0.2	0.1
			$ 1.4	$ 1.4
Ordinary shares				
Cash dividends	10,797,909	6,108,990	$ 0.7	$ 0.4
Share dividends	3,085,117	1,527,248	0.2	0.1
	$ 15,701,021	$ 8,270,962	$ 0.9	$ 0.5

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

The bonus to employees and remuneration to directors and supervisors (distributed in cash) for 2013 and 2012 approved in the above shareholders' meetings, respectively, were as follows:

	For the Year Ended December 31			
	2013		2012	
	Bonus to Employees	**Remuneration to Directors and Supervisors**	**Bonus to Employees**	**Remuneration to Directors and Supervisors**
Amounts approved in board of directors' meetings and shareholders' meetings	$ 1,133,084	$ 21,245	$ 414,141	$ 7,765
Amounts recognized in respective financial statements	1,133,084	21,245	414,141	7,765
Difference	$ -	$ -	$ -	$ -

The 2013 appropriations of earnings, bonus to employees and remuneration to directors and supervisors will be resolved by the shareholders in their meeting scheduled for June 2014.

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

	For the Three Months Ended March 31	
	2014	**2013**
Balance, beginning of period	$ 26,920,871	$ 29,248,991
Reversal of special reserve:		
Disposal of property, plant and equipment	(290)	(1,784)
Balance, end of period	$ 26,920,581	$ 29,247,207

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2014	**2013**
Balance, beginning of period	$ (659,689)	$ (417,820)
Exchange differences arising on translating foreign operations	1,004,277	803,136
Income tax relating to gain arising on translating the net assets of foreign operations	(14,885)	(16,350)
Loss on hedging instruments designated in hedges of the net assets of foreign operations	(422,421)	(330,965)
Share of exchange difference of associates accounted for using the equity method	(127,099)	(279)
Balance, end of period	$ (219,817)	$ 37,722

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

	For the Three Months Ended March 31	
	2014	2013
Balance, beginning of period	$ 8,603,167	$ 5,283,803
Unrealized gain on available-for-sale financial assets	344,879	1,573,184
Income tax relating to unrealized gain on available-for-sale financial assets	(917)	(1,990)
Reclassified to profit or loss on disposal of available-for-sale financial assets	(257,390)	(212,882)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	1,231	1,973
Share of unrealized gain on available-for-sale financial assets of associates accounted for using the equity method	1,646	11,040
Balance, end of period	$ 8,692,616	$ 6,655,128

3) Cash flow hedge

	For the Three Months Ended March 31	
	2014	2013
Balance, beginning of period	$ 12,375	$ (280,266)
Fair value changes of hedging instrument	91,682	163,203
Income tax relating to fair value changes	(15,476)	(27,980)
Fair value changes of hedging instruments transferred to profit or loss	2,071	(13,213)
Income tax relating to amounts transferred to profit or loss	(352)	2,246
Fair value changes of hedging instruments transferred to adjust carrying amount of hedged items	(1,313)	(2,324)
Income tax relating to amounts transferred to adjust carrying amount of hedged items	224	396
Balance, end of period	$ 89,211	$ (157,938)

f. Treasury shares

	Thousand Shares			March 31	
Purpose of Treasury Shares	Beginning of Period	Addition	Reduction	Thousand Shares	Book Value
For the three months ended March 31, 2014					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	308,545	50	-	308,595	$ 8,498,235
For the three months ended March 31, 2013					
Shares held by subsidiaries reclassified from investments accounted for using equity method to treasury shares	309,816	-	8	309,808	$ 8,582,187

The Corporation's shares acquired and held by subsidiaries for the purpose of investment are accounted for as treasury shares. 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 change in percentage of ownership.

For the three months ended March 31, 2014 and 2013, the subsidiaries did not sell any shares of the Corporation. As of March 31, 2014, December 31, 2013, and March 31, 2013, the market values of the treasury shares calculated by combined holding percentage were NT$7,915,457 thousand, NT$8,330,708 thousand, and NT$8,070,499 thousand, respectively.

g. Non-controlling interests

	For the Three Months Ended March 31	
	2014	**2013**
Balance, beginning of period	$ 29,682,661	$ 26,869,649
Attributable to non-controlling interests:		
Share of profit for the period	648,855	1,084,970
Exchange difference on translating foreign operations	290,886	354,752
Income tax relating to exchange difference on translating foreign operations	17	-
Unrealized loss on available-for-sale financial assets	(71,058)	(40,443)
Income tax relating to unrealized gain and loss on available-for-sale financial assets	(963)	(1,614)
Fair value changes of cash flow hedges	7,905	(3,513)
Income tax relating to cash flow hedges	(1,342)	606
Actuarial gain or loss on defined benefit plans	-	(9,811)
Share of other comprehensive income of associates accounted for using the equity method	(1,303)	5,015
Additional non-controlling interests arising from partial disposal of subsidiaries	-	27,005
Equity component of convertible bonds issued by subsidiaries	28,586	99,396
Purchase of the Corporation's shares by subsidiaries	(3,773)	-
Others	1,668	5,711
Balance, end of period	$ 30,582,139	$ 28,391,723

27. OPERATING REVENUES

	For the Three Months Ended March 31	
	2014	**2013**
Revenue from the sale of goods	$ 85,361,979	$ 82,947,492
Construction contract revenue	4,400,755	3,405,076
Freight and service revenues	1,784,167	1,256,446
Other revenues	868,629	851,501
	$ 92,415,530	$ 88,460,515

28. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Three Months Ended March 31	
	2014	2013
Interest income	$ 118,316	$ 92,806
Rental income	31,983	29,494
Dividend income	-	1,617
Others	461,829	386,049
	$ 612,128	$ 509,966

b. Other gains and losses

	For the Three Months Ended March 31	
	2014	2013
Gain on disposal of investments	$ 138,509	$ 162,524
Net foreign exchange gain	249,488	118,525
Gain arising on financial assets at fair value through profit or loss	9,669	27,598
Loss on disposal of property, plant and equipment	(65,018)	(16,900)
Other gains (losses)	65,243	(408,140)
	$ 397,891	$ (116,393)

The components of net foreign exchange gain were as follows:

	For the Three Months Ended March 31	
	2014	2013
Foreign exchange gain	$ 544,252	$ 670,193
Foreign exchange loss	(294,764)	(551,668)
Net exchange gain	$ 249,488	$ 118,525

The gain arising on financial assets at fair value through profit or loss included (a) increases in fair value of NT$6,132 thousand and NT$21,431 thousand for the three months ended March 31, 2014 and 2013, respectively, and (b) interest income of NT$3,537 thousand and NT$6,167 thousand for the three months ended March 31, 2014 and 2013, respectively.

c. Finance costs

	For the Three Months Ended March 31	
	2014	2013
Total interest expense for financial liabilities measured at amortized cost	$ 1,061,591	$ 874,598
Less: Amounts included in the cost of qualifying assets	(143,030)	(211,583)
	$ 918,561	$ 663,015

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2014	2013
Capitalized amounts	$ 143,030	$ 211,583
Capitalized annual rates	1.06%-1.70%	1.10%-1.47%

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2014	2013
Property, plant and equipment	$ 8,540,674	$ 7,366,159
Investment properties	19,299	20,803
Intangible assets	65,190	39,316
Others	23,963	23,045
	$ 8,649,126	$ 7,449,323
Analysis of depreciation by function		
Operating costs	$ 8,216,364	$ 7,173,869
Operating expenses	335,556	206,495
Others	8,053	6,598
	$ 8,559,973	$ 7,386,962
Analysis of amortization by function		
Operating costs	$ 54,655	$ 47,923
Operating expenses	33,867	14,153
Others	631	285
	$ 89,153	$ 62,361

e. Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2014	2013
Direct operating expenses of investment properties that generated rental income	$ 33,789	$ 38,814

f. Employee benefits

	For the Three Months Ended March 31	
	2014	2013
Short-term employee benefits		
Salaries	$ 7,497,103	$ 6,813,732
Labor and health insurance	430,186	392,104
Others	402,812	478,334
	8,330,101	7,684,170

(Continued)

	For the Three Months Ended March 31	
	2014	2013
Post-employment benefits		
Defined contribution plans	$ 100,375	$ 98,728
Defined benefit plans (Note 25)	253,550	236,089
	353,925	334,817
Termination benefits	6,325	341,807
	$ 8,690,351	$ 8,360,794

(Concluded)

29. 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 March 31	
	2014	2013
Current tax		
In respect of the current period	$ 661,509	$ 743,630
In respect of prior years	10,767	13,338
Deferred tax		
In respect of the current period	123,459	44,119
In respect of prior years	(12,590)	-
Write-down in the current period	12,553	-
	$ 795,698	$ 801,087

b. Income tax recognized directly in equity

	For the Three Months Ended March 31	
	2014	2013
Current tax		
Reversal of special reserve due to disposal of property, plant and equipment	$ 74	$ 71
Deferred tax		
Reversal of special reserve due to disposal of property, plant and equipment	(74)	(71)
	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2014	2013
Recognized in other comprehensive income:		
Translation of financial statements of foreign operations	$ 14,868	$ 16,350
Unrealized gain on available-for-sale financial asset	1,880	3,604
Fair value changes of cash flow hedges	16,818	27,374
Fair value changes of hedging instrument in cash flow hedges transferred to profit or loss	352	(2,246)
Disposal of available-for-sale financial assets	(1,231)	(1,973)
Fair value changes of hedging instruments in cash flow hedges transferred to adjust carrying amounts of hedged items	(224)	(396)
	$ 32,463	$ 42,713

d. Integrated income tax

	March 31, 2014	December 31, 2013	March 31, 2013
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 15,954	$ 15,954	$ 15,440
Unappropriated earnings generated on and after January 1, 1998	19,959,497	16,332,286	9,944,342
	$ 19,975,451	$ 16,348,240	$ 9,959,782
Imputation credits accounts ("ICA")	$ 57,815	$ 27,022	$ 56,398

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution.

The creditable ratio of the Corporation for the distribution of 2013 and 2012 earnings was 6.98% (estimated) and 13.84%, respectively. The actual imputation credits allocated to shareholders of the Corporation was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

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

e. Income tax assessments

The Corporation's income tax returns through 2008 and the subsidiaries' income tax returns through 2008 to 2012 have been assessed by the tax authorities. The Petitions and Appeals Committee of Ministry of Finance rejected the Corporation's request for corrections of 2008 income tax return. Therefore, the Corporation filed for administrative litigation. Furthermore, the subsidiary KRTC disagreed with the tax authorities' assessment of its 2009 tax return and filed for administrative litigation of first instance.

30. 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 March 31	
	2014	2013
Profit for the period attributable to owners of the Corporation	$ 3,628,539	$ 3,792,596
Less: Dividends on preference shares	(13,394)	(13,394)
Earnings used in computation of basic and diluted earnings per share	$ 3,615,145	$ 3,779,202

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

	For the Three Months Ended March 31	
	2014	2013
Weighted average number of ordinary shares in computation of basic earnings per share	15,116,989	15,112,678
Effect of dilutive potential ordinary shares:		
Bonus to employees	56,325	30,011
Weighted average number of ordinary shares used in the computation of diluted earnings per share	15,173,314	15,142,689

Preference shares were not included in the calculation of diluted earnings per share for the three months ended March 31, 2014 and 2013 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 March 31, 2013 were both NT$0.25.

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

31. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity/ Interests Acquired (%)	Consideration Transferred
KRTC	Operation of mass rapid transit	December 1, 2013	50 / 18	$ 982,436

On the basis of public interest and corporate social responsibility, the Corporation and its subsidiaries acquired KRTC through participating in its capital increase in 2013, which increased the Corporation and its subsidiaries' total equity in KRTC from 32% to 50%.

b. Assets acquired and liabilities assumed at the date of acquisition

Current assets	
Cash and cash equivalents	$ 41,793
Accounts receivable and other receivables	2,388,411
Current tax assets	2,498
Inventories	5,406
Other financial assets-current	220,500
Other current assets	186,639
Non-current assets	
Property, plant and equipment	627,976
Intangible assets	1,037,435
Refundable deposits	54
Other financial assets-noncurrent	2,001,445
Other noncurrent assets	1,025,939
Current liabilities	
Short-term borrowings	(1,070,000)
Accounts payable and other payables	(1,583,704)
Current tax liabilities	(56,901)
Amount due to customers for construction contracts	(9,649)
Other current liabilities	(251,989)
Non-current liabilities	
Provisions - noncurrent	(1,025,621)
Other noncurrent liabilities	(50,608)
	$ 3,489,624

c. Non-controlling interests

The non-controlling interest (50% ownership interest in KRTC) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to NT$1,735,390 thousand. This fair value was estimated by reference to KRTC's identifiable net assets.

d. Goodwill arising on acquisition

Consideration transferred	$ 982,436
Add: Fair value of previous holding of KRTC's interest on the date of acquisition	771,798
Non-controlling interests (50% in KRTC)	1,735,390
Less: Fair value of identifiable net assets acquired	3,489,624
Goodwill arising on acquisition	$ -

32. CAPITAL MANAGEMENT

The management of the Corporation and its subsidiaries optimized the balances of working capital, debt and equity as well as the related cost through monitoring the Corporation and its subsidiaries' 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 20, the Corporation and its subsidiaries are not subject to any externally imposed capital requirements.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value measurements recognized in the consolidated balance sheets

The financial assets and financial liabilities measured at fair value were grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
March 31, 2014				
Financial assets at fair value through profit or loss				
Mutual funds	$ 4,506,507	$ -	$ -	$ 4,506,507
Listed shares	1,049,536	-	-	1,049,536
Emerging market shares	-	-	278,344	278,344
Structure notes	-	79,556	-	79,556
Convertible bonds	10,185	-	-	10,185
Foreign exchange forward contracts	-	6,855	-	6,855
	$ 5,566,228	$ 86,411	$ 278,344	$ 5,930,983
Available-for-sale financial assets				
Foreign unlisted shares	$ -	$ -	$ 14,067,551	$ 14,067,551
Domestic listed shares	7,826,161	-	-	7,826,161
Domestic emerging market shares and unlisted shares	-	-	6,232,759	6,232,759
Certificate of entitlement	-	-	5,302,070	5,302,070
Foreign listed shares	1,916,818	-	-	1,916,818
Mutual funds	954,297	-	-	954,297
Private-placement shares of listed companies	-	110,060	-	110,060
	$ 10,697,276	$ 110,060	$ 25,602,380	$ 36,409,716

(Continued)

	Level 1	Level 2	Level 3	Total
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 92,731	$ -	$ 92,731
Interest rate swap contracts	-	23,813	-	23,813
Future contracts	-	1,344	-	1,344
	$ -	$ 117,888	$ -	$ 117,888
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	$ -	$ 7,356	$ -	$ 7,356
Call and put options	-	1,236	-	1,236
	$ -	$ 8,592	$ -	$ 8,592
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 35,088	$ -	$ 35,088
December 31, 2013				
Financial assets at fair value through profit or loss				
Mutual funds	$ 3,434,763	$ -	$ -	$ 3,434,763
Listed shares	1,130,740	-	-	1,130,740
Emerging market shares	-	-	283,883	283,883
Structure notes	-	138,323	-	138,323
Convertible bonds	22,910	-	-	22,910
Foreign exchange forward contracts	-	3,891	-	3,891
	$ 4,588,413	$ 142,214	$ 283,883	$ 5,014,510
Available-for-sale financial assets				
Foreign unlisted shares	$ -	$ -	$ 11,286,722	$ 11,286,722
Domestic listed shares	6,554,894	-	-	6,554,894
Domestic emerging market shares and unlisted shares	-	-	7,477,096	7,477,096
Certificate of entitlement	-	-	5,023,220	5,023,220
Foreign listed shares	1,859,074	-	-	1,859,074
Mutual funds	1,043,144	-	-	1,043,144
Private-placement shares of listed companies	-	146,898	-	146,898
	$ 9,457,112	$ 146,898	$ 23,787,038	$ 33,391,048
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 37,458	$ -	$ 37,458
Interest rate swap contracts	-	35,245	-	35,245
	$ -	$ 72,703	$ -	$ 72,703

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	$ -	$ 7,533	$ -	$ 7,533
Call and put options	-	1,561	-	1,561
	$ -	$ 9,094	$ -	$ 9,094
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 62,324	$ -	$ 62,324
March 31, 2013				
Financial assets at fair value through profit or loss				
Mutual funds	$ 3,455,898	$ -	$ -	$ 3,455,898
Listed shares	1,048,657	-	-	1,048,657
Emerging market shares	-	-	300,500	300,500
Structure notes	-	106,039	-	106,039
Foreign exchange forward contracts	-	19,283	-	19,283
Convertible bonds	10,250	-	-	10,250
Options	-	1,043	-	1,043
Futures contracts	-	955	-	955
	$ 4,514,805	$ 127,320	$ 300,500	$ 4,942,625
Available-for-sale financial assets				
Foreign unlisted shares	$ -	$ -	$ 7,793,110	$ 7,793,110
Domestic emerging market shares and unlisted shares	-	-	7,141,713	7,141,713
Domestic listed shares	4,024,908	-	-	4,024,908
Certificate of entitlement	-	-	2,112,342	2,112,342
Foreign listed shares	1,703,974	-	-	1,703,974
Mutual funds	1,477,784	-	-	1,477,784
Private-placement shares of listed companies	-	644,473	-	644,473
	$ 7,206,666	$ 644,473	$ 17,047,165	$ 24,898,304
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 74,829	$ -	$ 74,829
Interest rate swap contracts	-	6,207	-	6,207
	$ -	$ 81,036	$ -	$ 81,036
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	$ -	$ 11,481	$ -	$ 11,481

(Continued)

	Level 1	Level 2	Level 3	Total
Derivative financial liabilities for hedging				
Foreign exchange forward contracts	$ -	$ 253,448	$ -	$ 253,448
Interest rate swap contracts	-	9,646	-	9,646
	$ -	$ 263,094	$ -	$ 263,094

(Concluded)

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2014 and 2013.

The private-placement shares of Rechi Precision Co., Ltd. held by the Corporation which were able to be transferred freely in the public market since December 2013 had been transferred from Level 2 to Level 1.

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

For the three months ended March 31, 2014	Financial Assets at Fair Value Through Profit or Loss	Available-for-sale Financial Assets	Total
Balance, beginning of period	$ 283,883	$ 23,787,038	$ 24,070,921
Recognized in profit or loss - other gains and losses	(5,539)	105,265	99,726
Recognized in other comprehensive income - unrealized gain on available-for-sale financial assets	-	16,934	16,934
Purchases	-	2,799,293	2,799,293
Disposal	-	(189,486)	(189,486)
Effect of foreign currency exchange difference	-	384,417	384,417
Transfers out of Level 3	-	(1,301,081)	(1,301,081)
Balance, end of period	$ 278,344	$ 25,602,380	$ 25,880,724
For the three months ended March 31, 2013			
Balance, beginning of period	$ 304,655	$ 14,606,157	$ 14,910,812
Recognized in profit or loss - other gains and losses	(4,155)	(24,086)	(28,241)
Recognized in other comprehensive income - unrealized gain on available-for-sale financial assets	-	1,317,168	1,317,168
Reclassification	-	15,734	15,734
Purchases	-	1,085,334	1,085,334
Disposal	-	(29,315)	(29,315)
Effect of foreign currency exchange difference	-	76,173	76,173
Balance, end of period	$ 300,500	$ 17,047,165	$ 17,347,665

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

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

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

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

b. Categories of financial instruments

	March 31, 2014	December 31, 2013	March 31, 2013
Financial assets			
Fair value through profit or loss			
Held for trading	$ 2,583,980	$ 2,503,354	$ 2,574,229
Designated as at fair value through profit or loss	3,347,003	2,511,156	2,368,396
Derivative instruments in designated hedge accounting relationships	117,888	72,703	81,036
Held-to-maturity investments	214,676	209,991	204,539
Loans and receivables 1)	54,017,190	47,606,236	50,382,656
Available-for-sale financial assets	36,409,716	33,391,048	24,898,304
Financial liabilities			
Fair value through profit or loss			
Held for trading	7,356	7,533	11,481
Designated as at fair value through profit or loss	1,236	1,561	-
Derivative instruments in designated hedge accounting relationships	35,088	62,324	263,094
Measured at amortized cost 2)	325,673,154	324,946,102	297,669,751

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

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

c. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

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

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

	March 31, 2014	**December 31, 2013**	**March 31, 2013**
Assets			
USD	$ 12,615,658	$ 8,134,138	$ 11,374,764
JPY	3,601,130	3,479,503	3,764,044
VND	1,706,044	798,069	689,315
AUD	4,223	6,365	3,679
CAD	146	3,777	1,059
Liabilities			
USD	22,384,707	20,589,139	18,434,717
CAD	7,668,399	7,796,438	8,169,420
AUD	7,462,453	4,207,803	4,517,094
JPY	4,170,553	4,013,306	1,031,131
VND	233,244	216,597	748,508

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

	USD Impact			JPY Impact		
	For the Three Months Ended March 31			For the Three Months Ended March 31		
	2014	2013		2014	2013	
Profit or loss	$ 21,015	$ 21,932	i	$ 8,831	$ 12,725	ii
Equity	76,676	48,668	iii	(3,137)	(5,195)	iii

	CAD Impact			AUD Impact		
	For the Three Months Ended March 31			For the Three Months Ended March 31		
	2014	2013		2014	2013	
Profit or loss	$ (1)	$ (11)	i	$ (42)	$ (37)	i
Equity	76,684	81,694	iii	74,625	10,311	iii

	VND Impact		
	For the Three Months Ended March 31		
	2014	2013	
Profit or loss	$ (14,728)	$ (592)	i

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

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

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

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:

	March 31, 2014	December 31, 2013	March 31, 2013
Fair value interest rate risk			
Financial liabilities	$ 124,392,779	$ 97,280,055	$ 103,997,271
Cash flow interest rate risk			
Financial liabilities	167,076,769	191,023,366	162,755,556

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the three months ended March 31, 2014 and 2013 would have been lower/higher by NT$417,692 thousand and NT$406,889 thousand, respectively.

c) Other price risk

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

If equity prices had been 1% higher/lower, the pre-tax profit for the three months ended March 31, 2014 and 2013 would have been higher/lower by NT$55,560 thousand and NT$45,046 thousand, respectively, as a result of the fair value changes of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the three months ended March 31, 2014 and 2013 would have been higher/lower by NT$108,073 thousand and NT$78,511 thousand, respectively, as a result of the fair value changes of available-for-sale financial assets.

2) Credit risk

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

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

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

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

As of March 31, 2014, the maximum credit risk of off-balance-sheet guarantees provided to investees of co-investment for procurement compliance was NT$2,505,657 thousand (USD50,350 thousand and MYR97,130 thousand).

3) Liquidity risk

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

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

	Less Than 1 Year	2-5 Years	Over 5 Years	Total
March 31, 2014				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 33,241,758	$ 105,935	$ -	$ 33,347,693
Variable interest rate liabilities	49,992,210	108,480,555	12,805,179	171,277,944
Fixed interest rate liabilities	40,729,239	30,841,146	64,347,362	135,917,747
Financial guarantee liabilities	2,505,657	-	-	2,505,657
	$ 126,468,864	$ 139,427,636	$ 77,152,541	$ 343,049,041
December 31, 2013				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 36,076,857	$ 81,086	$ -	$ 36,157,943
Variable interest rate liabilities	49,090,354	130,246,111	15,466,452	194,802,917
Fixed interest rate liabilities	35,361,370	29,179,020	39,114,886	103,655,276
Financial guarantee liabilities	2,462,939	-	-	2,462,939
	$ 122,991,520	$ 159,506,217	$ 54,581,338	$ 337,079,075
March 31, 2013				
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 30,355,867	$ 33,138	$ -	$ 30,389,005
Variable interest rate liabilities	62,042,153	93,410,457	10,006,279	165,458,889
Fixed interest rate liabilities	58,476,335	24,017,953	26,191,665	108,685,953
	$ 150,874,355	$ 117,461,548	$ 36,197,944	$ 304,533,847

The amounts included above for financial guarantee contracts were the maximum amounts the Corporation and its subsidiaries could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the balance sheet date, the Corporation and its subsidiaries consider that it is more likely than not that none of the amount will be payable under the arrangement.

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not in this note. Details of transactions between the Corporation and its subsidiaries and other related parties were disclosed below:

a. Operating revenues

Account Items	Related Parties Types	For the Three Months Ended March 31 2014	2013
Revenue from sales of goods	The Corporation and its subsidiaries as key management personnel of other related parties	$ 1,247,831	$ 652,513
	Other related parties as key management personnel of subsidiaries	988,561	702,286
	Other related parties as supervisors of the Corporation and its subsidiaries	583,981	915
	Others	125,913	55,333
		$ 2,946,286	$ 1,411,047
Construction contract revenue	The Corporation and its subsidiaries as key management personnel of other related parties	$ 209,328	$ 97,621
	Others	3,508	78
		$ 212,836	$ 97,699

Sales to related parties were made under normal terms.

b. Purchase of goods

Related Parties Types	For the Three Months Ended March 31 2014	2013
Associates	$ 62,585	$ 65,110
Other related parties as key management personnel of subsidiaries	51,846	44,550
Others	615	1,231
	$ 115,046	$ 110,891

Purchases from related parties were made under normal terms.

c. Receivables from related parties

Account Items	Related Parties Types	March 31, 2014	December 31, 2013	March 31, 2013
Notes and accounts receivable	The Corporation and its subsidiaries as key management personnel of other related parties	$ 852,615	$ 709,635	$ 465,278
	Other related parties as key management personnel of subsidiaries	388,290	401,596	379,727
	Others	79,572	16,563	5,483
		$ 1,320,477	$ 1,127,794	$ 850,488

No guarantee had been received for receivables from related parties. No expense was recognized for the three months ended March 31, 2014 and 2013 for allowance for impaired receivables in respect of the amounts owed by related parties.

d. Payables to related parties

Account Items	Related Parties Types	March 31, 2014	December 31, 2013	March 31, 2013
Notes and accounts payable	Other related parties as supervisors of subsidiaries	$ 107,160	$ 94,790	$ 112,157
	Companies with significant influence over subsidiaries	72,728	-	-
	Associates	44,333	28,248	54,409
	Other related parties as key management personnel of subsidiaries	28,293	23,563	19,210
	Others	11,377	11,527	429
		$ 263,891	$ 158,128	$ 186,205

The outstanding accounts payable to related parties are unsecured.

e. Disposal of other assets

		Price		Gain on Disposal	
		For the Three Months Ended March 31		For the Three Months Ended March 31	
Related Parties Types	Account Items	2014	2013	2014	2013
Associates	Intangible assets	$ 114,286	$ -	$ 94,366	$ -

Refer to Note 16 for details.

f. Others

		For the Three Months Ended March 31	
Account Items	Related Parties Types	2014	2013
Service and other revenues	The Corporation and its subsidiaries as key management personnel of other related parties	$ 263,572	$ 156,766
	Others	25,664	22,850
		$ 289,236	$ 179,616

g. Refer to Note 36 f. for endorsements/guarantees provided to the related parties.

h. Compensation of key management personnel

The remuneration to directors and other members of key management personnel were as follows:

	For the Three Months Ended March 31	
	2014	2013
Short-term employee benefits	$ 20,707	$ 17,351
Post-employment benefits	571	385
	$ 21,278	$ 17,736

35. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

	March 31, 2014	December 31, 2013	March 31, 2013
Net property, plant and equipment	$ 167,903,020	$ 170,022,417	$ 155,654,707
Time deposits	7,370,292	7,676,795	7,060,746
Shares (Note 1)	5,922,585	5,964,300	2,039,715
Pledged receivables (Note 2)	2,000,000	2,000,000	-
Investment properties, net	1,777,794	1,765,703	1,845,578
	$ 184,973,691	$ 187,429,215	$ 166,600,746

Note 1: Shares of the Corporation were pledged by the subsidiaries WIC and TIC and were recorded as treasury shares in the consolidated financial statements.

Note 2: In accordance with revised agreements of build-operate-transfer contract in 2013, the subsidiary KRTC reclassified NT$2,000,000 thousand including arbitration receivable - Kaohsiung City Government and part of the consideration of transferred assets to operating performance guarantees.

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 20, significant commitments and contingencies of the Corporation and its subsidiaries as of March 31, 2014 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$79.6 billion to banks and owners for loans, purchase agreements and warranty.

b. Unused letters of credit for importation of materials and machinery amounted to NT$10.3 billion.

c. Property purchase and construction contracts for NT$20.8 billion were signed but not yet recorded.

d. Construction contracts for NT$40.8 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 9,580,000 metric tons of coal, 23,650,000 metric tons of iron ore, and 3,240,000 metric tons of limestone are at prices negotiable with the counterparties. Purchase commitments as of March 31, 2014 were USD10 billion (including 13,110,000 metric tons of coal, 76,950,000 metric tons of iron ore, and 520,000 metric tons of limestone).

f. Endorsements/guarantees provided to the consolidated entities as of March 31, 2014 were as follows:

Endorsement/Guarantee Provider	Counterparty	Ending Balance	
China Steel Corporation	Sakura Ferroalloys Sdn. Bhd.	MYR	97,131 thousand
		USD	50,350 thousand

37. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The subsidiary DSC received the approval of FSC for the issuance of unsecured bonds with a ceiling of NT$12 billion (Approval NO. 1030013133) on April 23, 2014. DSC will issue NT$7 billion of 5-year unsecured bonds and NT$5 billion of 7-year unsecured bonds in early June to repay bank borrowings.

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

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

March 31, 2014	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary financial assets				
USD	$ 363,805	30.4700	(USD:NTD)	$ 11,085,152
USD	18,479	59.9213	(USD:INR)	563,047
USD	15,784	6.2184	(USD:CNY)	480,950
USD	9,671	1.0830	(USD:AUD)	294,680
USD	5,139	21,842.2939	(USD:VND)	156,579
USD	1,157	3.4026	(USD:MYR)	35,250
JPY	12,042,546	0.2960	(JPY:NTD)	3,564,594
JPY	82,990	0.0097	(JPY:USD)	24,565
JPY	40,443	0.0604	(JPY:CNY)	11,971
VND	1,222,970,679	0.00005	(VND:USD)	1,706,044
AUD	76	0.9234	(AUD:USD)	2,124
AUD	75	28.1350	(AUD:NTD)	2,099
CAD	5	0.9042	(CAD:USD)	146
Non-monetary financial assets				
USD	286,295	30.4700	(USD:NTD)	8,723,417
JPY	6,192,000	0.2960	(JPY:NTD)	1,832,832
KRW	42,596,550	0.0288	(KRW:NTD)	1,226,781
Monetary financial liabilities				
USD	517,850	30.4700	(USD:NTD)	15,778,892
USD	100,000	59.9213	(USD:INR)	3,047,000
USD	94,043	6.2184	(USD:CNY)	2,865,499
USD	22,104	21,842.2939	(USD:VND)	673,520
USD	650	3.4026	(USD:MYR)	19,796
JPY	14,073,613	0.2960	(JPY:NTD)	4,165,789

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
JPY	$ 10,305	0.0604	(JPY:CNY)	$ 3,050
JPY	5,789	0.0097	(JPY:USD)	1,714
CAD	278,345	27.5500	(CAD:NTD)	7,668,399
AUD	265,237	28.1350	(AUD:NTD)	7,462,453
VND	167,200,000	0.00005	(VND:USD)	233,244
December 31, 2013				
Monetary financial assets				
USD	225,811	29.8050	(USD:NTD)	6,730,288
USD	21,201	61.6570	(USD:INR)	631,906
USD	18,539	6.0592	(USD:CNY)	552,561
USD	4,384	21,755.4745	(USD:VND)	130,669
USD	1,604	1.1211	(USD:AUD)	47,794
USD	1,373	3.4133	(USD:MYR)	40,920
JPY	11,953,539	0.2839	(JPY:NTD)	3,393,610
JPY	272,334	0.0095	(JPY:USD)	77,316
JPY	30,214	0.0577	(JPY:CNY)	8,577
AUD	179	26.5850	(AUD:NTD)	4,750
AUD	61	0.8920	(AUD:USD)	1,615
CAD	135	0.9398	(CAD:USD)	3,777
VND	582,532,274	0.00005	(VND:USD)	798,069
Non-monetary financial assets				
VND	3,653,577,680	0.0014	(VND:NTD)	5,005,401
USD	114,061	29.8050	(USD:NTD)	3,399,580
JPY	6,218,000	0.2839	(JPY:NTD)	1,765,290
KRW	40,558,250	0.0284	(KRW:NTD)	1,151,854
Monetary financial liabilities				
USD	498,775	29.8050	(USD:NTD)	14,865,982
USD	88,073	6.0592	(USD:CNY)	2,625,010
USD	80,000	61.6570	(USD:INR)	2,384,400
USD	20,239	21,755.4745	(USD:VND)	603,219
USD	3,708	3.4133	(USD:MYR)	110,528
JPY	14,121,101	0.2839	(JPY:NTD)	4,008,981
JPY	9,856	0.0577	(JPY:CNY)	2,798
JPY	5,378	0.0095	(JPY:USD)	1,527
CAD	278,345	28.0100	(CAD:NTD)	7,796,438
AUD	158,277	26.5850	(AUD:NTD)	4,207,803
VND	158,100,000	0.00005	(VND:USD)	216,597
March 31, 2013				
Monetary financial assets				
USD	345,828	29.8250	(USD:NTD)	10,314,331
USD	25,881	6.2058	(USD:CNY)	771,906
USD	6,952	21,690.9100	(USD:VND)	207,334
USD	2,236	0.9598	(USD:AUD)	66,680
USD	487	3.2193	(USD:MYR)	14,513
JPY	11,775,289	0.3172	(JPY:NTD)	3,735,122
JPY	86,213	0.0106	(JPY:USD)	27,347
JPY	4,966	0.0660	(JPY:CNY)	1,575
VND	501,319,857	0.00005	(VND:USD)	689,315

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
AUD	$ 110	1.0419	(AUD:USD)	$ 3,427
AUD	8	31.0750	(AUD:NTD)	252
CAD	36	0.9841	(CAD:USD)	1,059
Non-monetary financial assets				
USD	114,911	29.8250	(USD:NTD)	3,427,217
VND	1,523,625,517	0.00138	(VND:NTD)	2,094,982
JPY	5,134,000	0.3172	(JPY:NTD)	1,628,505
KRW	47,030,038	0.0270	(KRW:NTD)	1,280,611
Monetary financial liabilities				
USD	521,242	29.8250	(USD:NTD)	15,546,034
USD	73,644	6.2058	(USD:CNY)	2,196,428
USD	19,613	21,690.9100	(USD:VND)	584,945
USD	3,319	54.2174	(USD:INR)	99,002
USD	279	3.2193	(USD:MYR)	8,308
CAD	278,345	29.3500	(CAD:NTD)	8,169,420
JPY	14,233,642	0.3172	(JPY:NTD)	4,514,911
JPY	6,881	0.0660	(JPY:CNY)	2,183
AUD	33,182	31.0750	(AUD:NTD)	1,031,131
VND	544,369,608	0.00005	(VND:USD)	748,508

(Concluded)

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reportable segments of the Corporation and its subsidiaries were as follows:

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

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

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	Others	Adjustment and Elimination	Total
For the three months ended March 31, 2014					
Revenues from external customers	$ 75,285,794	$ 327,921	$ 16,801,815	$ -	$ 92,415,530
Inter-segment revenues	15,583,602	4,212,252	6,906,872	(26,702,726)	-
Segment revenues	$ 90,869,396	$ 4,540,173	$ 23,708,687	$ (26,702,726)	$ 92,415,530

(Continued)

	Steel	Ocean Freight Forwarding	Others	Adjustment and Elimination	Total
Segment profit	$ 2,166,636	$ 767,343	$ 1,802,525	$ (10,872)	$ 4,725,632
Interest income	72,894	1,073	57,181	(12,832)	118,316
Interest expense	(854,667)	(17,136)	(54,711)	7,953	(918,561)
Share of the profit of associates and joint ventures	2,701,851	726,555	434,909	(3,607,313)	256,002
Other non-operating income and expenses	406,976	358,158	192,474	(65,905)	891,703
Profit before income tax	4,493,690	1,835,993	2,432,378	(3,688,969)	5,073,092
Income tax expense	349,091	129,974	311,005	5,628	795,698
Net profit for the period	$ 4,144,599	$ 1,706,019	$ 2,121,373	$ (3,694,597)	$ 4,277,394
For the three months ended March 31, 2013					
Revenues from external customers	$ 73,246,211	$ 587,070	$ 14,627,234	$ -	$ 88,460,515
Inter-segment revenues	10,329,158	3,476,148	8,217,865	(22,023,171)	-
Segment revenues	$ 83,575,369	$ 4,063,218	$ 22,845,099	$ (22,023,171)	$ 88,460,515
Segment profit	$ 3,427,290	$ 844,572	$ 1,625,196	$ 13,045	$ 5,910,103
Interest income	47,175	3,586	41,725	320	92,806
Interest expense	(610,040)	(6,462)	(46,520)	7	(663,015)
Share of the profit of associates and joint ventures	2,228,825	481,530	627,074	(3,299,437)	37,992
Other non-operating income and expenses	95,757	249,125	99,781	(143,896)	300,767
Profit before income tax	5,189,007	1,572,351	2,347,256	(3,429,961)	5,678,653
Income tax expense	399,944	124,840	286,203	(9,900)	801,087
Net profit for the period	$ 4,789,063	$ 1,447,511	$ 2,061,053	$ (3,420,061)	$ 4,877,566

(Concluded)

Inter-segment revenues were accounted for according to market price or cost-plus pricing.

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

b. Segment total assets

Segment assets	March 31, 2014	December 31, 2013	March 31, 2013
Steel	$ 755,657,279	$ 740,605,749	$ 714,011,276
Ocean freight forwarding	24,051,875	22,123,762	20,315,203
Others	173,114,226	165,914,621	146,490,698
Adjustment and elimination	(263,209,240)	(246,644,759)	(238,259,066)
Consolidated total assets	$ 689,614,140	$ 681,999,373	$ 642,558,111