

**Far Eastern New Century Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2013 and 2012 and  
Independent Accountants' Review Report**

## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and the Stockholders  
Far Eastern New Century Corporation

We have reviewed the accompanying consolidated balance sheets of Far Eastern New Century Corporation (the "Company") and its subsidiaries as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income for the three months ended June 30, 2013 and 2012, six months ended June 30, 2013 and 2012, and changes in equity and cash flows for the six months ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except for the matter stated in the next 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 stated in Note 4 to the consolidated financial statements, the financial statements as of June 30, 2013 and 2012 of some immaterial subsidiaries, with combined total assets that were 47.70% (NT\$173,906,258 thousand) and 46.92% (NT\$162,838,805 thousand), respectively, of the consolidated total assets and with combined total liabilities that were 27.99% (NT\$55,196,003 thousand) and 28.75% (NT\$52,467,426 thousand), respectively, of the consolidated total liabilities, had not been reviewed. In the three months ended June 30, 2013 and 2012 and the six months ended June 30, 2013 and 2012 these subsidiaries' combined comprehensive incomes were 10.50% (NT\$457,782 thousand), (138.47)% (NT\$(1,687,365) thousand), 21.85% (NT\$2,043,322 thousand) and (25.04)% (NT\$(1,106,424) thousand), respectively, of the consolidated comprehensive income. In addition, as stated in Note 16 to the consolidated financial statements, the financial statements supporting the Company's and subsidiaries' investments in certain equity-method investees, with carrying values of NT\$18,919,709 thousand and NT\$15,619,691 thousand, as of June 30, 2013 and 2012, respectively, had not been reviewed. The Company's equity of NT\$364,678 thousand, NT\$231,405 thousand, NT\$1,182,865 thousand and NT\$778,851 thousand in the comprehensive incomes of these investees was included in the consolidated comprehensive incomes for the three months ended June 30, 2013 and 2012 and six months ended June 30, 2013 and 2012, respectively, and relevant information as disclosed in Note 41 was also based on these equity-method investees' unreviewed financial statements.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had been reviewed the financial statements of the subsidiaries and equity-method investees, as described in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements of Far Eastern New Century Corporation and subsidiaries referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard 1 “First-time Adoption of International Financial Reporting Standards” and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

As disclosed in Note 37(8) of the consolidated financial statements on the nullification by the Department of Commerce (“DOC”) under the Ministry of Economic Affairs of the registration of capital increases in Pacific Liu Tung Investment Corporation (“PLT”) by Far Eastern New Century Corporation and its subsidiaries, the Taipei High Administrative Court (Court Reference Number: Year 2010 Letter Su No. 1258 verdict) revoked the DOC’s decision to nullify the capital registrations and subsequent rejection of an administrative review on November 29, 2012. However, DOC did not agree with the decision of the Taipei High Administrative Court and filed an appeal against this court decision with Supreme Administrative Court on December 25, 2012. On May 9, 2013, the Supreme Administrative Court issued its final and non-appealable decision, rejecting the DOC’s appeal, ruling that the nullification by the DOC of capital increase registrations and relevant registrations in DOC’s letter Shang No. 09901000210 was invalid and ordering DOC to revalidate the registration. Thus, the DOC conformed to the court’s decision and reversed its decision nullifying the capital increase registrations and relevant registrations. Further, on July 3, 2013, the DOC approved PLT’s amendment registration to reflect the election of directors, supervisors, and chairman of board on August 1, 2011.

August 14, 2013

Notice to Readers

*The accompanying consolidated financial statements are intended only to present the condensed 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 condensed 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 condensed 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 condensed consolidated financial statements shall prevail.*

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars, Except Par Value)  
(Reviewed, Not Audited)

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash and cash equivalents (Note 6)	\$ 37,188,540	10	\$ 30,645,166	9	\$ 25,092,002	7	\$ 19,305,661	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	689,176	-	1,058,519	-	791,192	-	954,871	-
Available-for-sale financial assets - current (Notes 4, 8 and 35)	2,792,773	1	2,272,149	1	2,848,982	1	3,496,456	1
Held-to-maturity financial assets - current (Notes 4 and 9)	100,000	-	100,000	-	-	-	-	-
Hedging derivative financial assets - current (Notes 4 and 10)	3,731	-	21,962	-	3,300	-	1,500	-
Financial assets carried at cost - current (Notes 4 and 11)	7,895	-	-	-	-	-	-	-
Bond investments with no active market (Notes 4, 6 and 12)	1,541,311	-	3,145,035	1	10,625,678	3	9,025,221	3
Notes and accounts receivable, net (Notes 4 and 13)	29,715,046	8	27,892,166	8	30,530,512	9	32,168,924	10
Notes and accounts receivable from affiliates (Notes 4 and 34)	726,352	-	731,426	-	591,933	-	684,104	-
Amounts due from customers for construction contracts (Notes 4 and 15)	1,551,605	1	1,551,686	1	2,009,165	1	1,572,245	1
Other receivables	4,349,059	1	1,139,895	-	4,109,902	1	966,369	-
Other receivables from affiliates (Note 34)	1,654,428	1	1,283,844	-	1,352,248	-	1,084,665	-
Current tax assets (Notes 4, 5 and 29)	49,532	-	114,392	-	30,506	-	99,293	-
Inventories, net (Notes 4, 14 and 35)	23,577,505	7	21,617,120	6	22,727,408	7	23,946,055	7
Prepayments	4,726,107	1	2,817,079	1	4,362,641	1	3,338,837	1
Other financial assets - current (Note 35)	3,393,350	1	2,874,067	1	3,046,047	1	3,187,326	1
Refundable deposits - current (Note 31)	1,050,177	-	48,207	-	63,777	-	65,174	-
Other current assets	1,792,012	1	1,966,445	1	2,066,441	1	1,601,868	1
Total current assets	114,908,599	32	99,279,158	29	110,251,734	32	101,498,569	31
<b>NONCURRENT ASSETS</b>								
Available-for-sale financial assets - non-current (Notes 4, 8 and 35)	4,674,550	1	4,489,491	1	4,065,722	1	4,032,047	1
Held-to-maturity financial assets - non-current (Notes 4 and 9)	99,923	-	99,871	-	199,819	-	199,768	-
Financial assets carried at cost - non-current (Notes 4 and 11)	1,211,728	-	1,130,424	-	1,148,468	-	1,038,213	-
Bond investment with no active market - non-current (Notes 4 and 12)	-	-	256,508	-	248,391	-	261,384	-
Investments accounted for using the equity method (Notes 4, 16 and 35)	45,828,381	13	46,677,090	14	43,758,944	13	44,512,553	13
Property, plant and equipment (Notes 4, 5, 17 and 35)	120,014,219	33	116,298,137	34	116,215,383	34	116,968,528	35
Investment properties, net (Notes 4 and 18)	35,809,539	10	36,495,583	11	36,569,218	11	35,365,567	11
Concession (Note 20)	5,541,193	1	5,090,449	1	5,247,124	2	5,608,938	2
Goodwill (Notes 4 and 19)	11,983,297	3	11,980,944	4	11,981,337	3	11,982,600	4
Other intangible assets (Notes 4 and 20)	4,000,317	1	3,818,998	1	3,347,862	1	3,369,539	1
Deferred tax assets, net (Notes 4, 5 and 29)	1,991,446	1	1,834,329	1	844,079	-	1,402,473	-
Prepayment for equipment (Note 17)	4,181,662	1	2,881,210	1	1,634,487	-	1,585,957	1
Refundable deposits (Note 31)	659,081	-	582,788	-	549,439	-	499,731	-
Other financial assets - noncurrent (Note 35)	6,153,234	2	7,543,319	2	8,557,666	2	115,805	-
Long-term prepayments for lease	7,258,130	2	2,315,715	1	2,208,076	1	1,737,843	1
Other non-current assets	283,938	-	314,901	-	193,917	-	182,192	-
Total noncurrent assets	249,690,638	68	241,809,757	71	236,769,932	68	228,863,138	69
<b>TOTAL</b>	<b>\$ 364,599,237</b>	<b>100</b>	<b>\$ 341,088,915</b>	<b>100</b>	<b>\$ 347,021,666</b>	<b>100</b>	<b>\$ 330,361,707</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>								
<b>CURRENT LIABILITIES</b>								
Short-term borrowings (Notes 21 and 34)	\$ 26,073,132	7	\$ 25,807,392	8	\$ 27,917,489	8	\$ 27,995,384	8
Short-term bills payable (Notes 21)	8,254,220	2	6,286,740	2	7,937,974	2	10,765,090	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	15,685	-	619	-	30,608	-	4,708	-
Derivative financial liabilities for hedging - current (Notes 4 and 10)	26,725	-	-	-	19,980	-	2,667	-
Notes and accounts payable (Note 4)	19,909,804	6	19,253,330	6	20,499,491	6	21,823,881	7
Notes and accounts payable to affiliates (Notes 4 and 34)	164,638	-	292,283	-	433,363	-	432,078	-
Amounts due to customers for construction contracts (Notes 4 and 15)	432,303	-	160,779	-	315,013	-	504,941	-
Payables to suppliers of machinery and equipment	3,976,975	1	4,012,183	1	1,926,699	1	2,210,448	1
Other payable	25,586,944	7	11,243,873	3	23,299,783	7	9,687,831	3
Other payable to affiliates (Note 34)	73,612	-	43,119	-	60,291	-	27,971	-
Current tax liabilities (Notes 4, 5 and 29)	2,632,199	1	2,688,208	1	2,434,547	1	1,700,572	-
Provisions - current (Notes 4 and 22)	178,662	-	160,425	-	183,338	-	171,474	-
Guarantee deposits received - current (Note 31)	440,209	-	401,798	-	500,149	-	504,806	-
Receipts in advance (Note 34)	943,600	-	1,107,451	-	898,629	-	2,153,720	1
Unearned revenue	3,096,731	1	2,643,111	1	2,732,361	1	2,895,090	1
Current portion of long-term liabilities (Note 23)	6,429,668	2	3,991,578	1	3,265,697	1	2,525,144	1
Other current liabilities	2,271,988	1	1,807,603	1	3,350,273	1	2,432,120	1
Total current liabilities	100,507,095	28	79,900,492	24	95,805,685	28	85,837,925	26
<b>NONCURRENT LIABILITIES</b>								
Derivative financial liabilities for hedging - non-current, net of current portion (Notes 4 and 10)	370,732	-	287,522	-	143,678	-	-	-
Bonds payable (Note 23)	47,945,800	13	41,726,021	12	37,111,236	11	28,327,158	9
Long-term borrowings (Note 23)	32,924,008	9	32,232,012	10	35,067,820	10	33,124,195	10
Provisions - non-current (Notes 4 and 22)	675,383	-	654,791	-	518,520	-	509,799	-
Deferred tax liabilities (Notes 4, 5 and 29)	10,336,150	3	10,267,307	3	9,619,277	3	10,305,320	3
Accrued pension liabilities (Note 25)	3,156,226	1	3,392,655	1	2,847,082	1	3,000,773	1
Guarantee deposits received - non-current (Notes 31 and 34)	679,270	-	739,923	-	680,308	-	630,861	-
Deferred credit-gains on inter-affiliate accounts (Note 34)	150,461	-	150,738	-	151,018	-	151,296	-
Other non-current liabilities	484,838	-	509,628	-	572,181	-	604,723	-
Total noncurrent liabilities	96,722,868	26	89,960,597	26	86,711,120	25	76,654,125	23
Total liabilities	197,229,963	54	169,861,089	50	182,516,805	53	162,492,050	49
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>								
Capital stock								
Common stock	50,441,338	14	50,441,338	15	48,972,173	14	48,972,173	15
Stock dividends to be distributed	1,008,827	-	-	-	1,469,165	1	-	-
Capital surplus								
Premium on capital stock	932,814	-	932,814	-	932,814	-	932,814	-
Differences between the acquisition prices and carrying amounts on equity transactions	3,729,710	1	3,793,876	1	3,448,935	1	-	-
Others	18,433	-	17,355	-	8,884	-	7,672	-
Total capital surplus	4,680,957	1	4,744,045	1	4,390,633	1	940,486	-
Retained earnings								
Legal reserve	12,687,509	4	11,820,720	3	11,820,720	4	10,710,699	3
Special reserve	25,461,284	7	25,471,594	8	25,472,021	7	25,472,605	8
Unappropriated earnings	10,586,201	3	15,100,772	4	13,702,311	4	21,637,279	7
Total retained earnings	48,734,994	14	52,393,086	15	50,995,052	15	57,820,583	18
Other stockholders' equity								
Exchange differences on translating foreign operations	(194,572)	-	(2,534,967)	(1)	(1,321,952)	(1)	-	-
Unrealized gain on available-for-sale financial assets	4,234,947	1	5,038,679	2	3,184,492	1	3,500,409	1
Unrealized loss on cash flow hedge	(125,010)	-	(73,287)	-	(39,061)	-	(4,963)	-
Total other stockholders' equity	3,915,365	1	2,430,425	1	1,823,479	-	3,495,446	1
Treasury stocks	(25,063)	-	(25,063)	-	(25,063)	-	(25,063)	-
Total equity attributable to owners of the company	108,756,418	30	109,983,831	32	107,625,439	31	111,203,625	34
<b>NON-CONTROLLING INTERESTS</b>	<b>58,612,856</b>	<b>16</b>	<b>61,243,995</b>	<b>18</b>	<b>56,879,422</b>	<b>16</b>	<b>56,666,032</b>	<b>17</b>
Total equity	167,369,274	46	171,227,826	50	164,504,861	47	167,869,657	51
<b>TOTAL</b>	<b>\$ 364,599,237</b>	<b>100</b>	<b>\$ 341,088,915</b>	<b>100</b>	<b>\$ 347,021,666</b>	<b>100</b>	<b>\$ 330,361,707</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 14, 2013)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>OPERATING REVENUES</b>								
(Notes 4,10 and 30)								
Net sales	\$ 40,142,984	66	\$ 39,593,688	66	\$ 78,085,180	66	\$ 80,994,618	67
Telecommunications service income	17,004,900	28	16,898,779	28	33,668,870	28	33,349,969	28
Gain on disposal of investments, net	31,241	-	-	-	202,441	-	14,553	-
Construction income	1,289,634	2	1,729,941	3	1,750,008	2	2,844,770	2
Other operating revenue	2,611,784	4	1,683,363	3	4,994,537	4	3,277,684	3
Total operating revenues	<u>61,080,543</u>	<u>100</u>	<u>59,905,771</u>	<u>100</u>	<u>118,701,036</u>	<u>100</u>	<u>120,481,594</u>	<u>100</u>
<b>OPERATING COSTS (Notes 4, 14, 28 and 34)</b>								
Cost of sales	39,498,589	65	39,860,148	67	77,267,935	65	78,717,800	65
Cost of telecommunications services	6,963,473	11	7,121,363	12	13,762,790	12	14,514,953	12
Loss on disposal of investments, net	-	-	31,663	-	-	-	-	-
Construction cost	1,127,562	2	1,501,029	2	1,624,642	1	2,431,930	2
Other operating cost	1,906,673	3	1,216,333	2	3,524,588	3	1,823,125	2
Total operating costs	<u>49,496,297</u>	<u>81</u>	<u>49,730,536</u>	<u>83</u>	<u>96,179,955</u>	<u>81</u>	<u>97,487,808</u>	<u>81</u>
<b>GROSS PROFIT</b>	<u>11,584,246</u>	<u>19</u>	<u>10,175,235</u>	<u>17</u>	<u>22,521,081</u>	<u>19</u>	<u>22,993,786</u>	<u>19</u>
<b>REALIZED CONSTRUCTION INCOME</b>	<u>277</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>277</u>	<u>-</u>	<u>278</u>	<u>-</u>
<b>OPERATING EXPENSES (Notes 4, 28 and 34)</b>								
Selling	5,379,662	9	4,450,675	7	10,531,992	9	9,768,587	8
General and administrative	2,646,814	4	3,376,353	6	5,100,200	5	6,029,643	5
Research and development	148,124	-	178,847	-	322,968	-	339,226	-
Total operating expenses	<u>8,174,600</u>	<u>13</u>	<u>8,005,875</u>	<u>13</u>	<u>15,955,160</u>	<u>14</u>	<u>16,137,456</u>	<u>13</u>
<b>OPERATING INCOME</b>	<u>3,409,923</u>	<u>6</u>	<u>2,169,638</u>	<u>4</u>	<u>6,566,198</u>	<u>5</u>	<u>6,856,608</u>	<u>6</u>
<b>NONOPERATING INCOME AND EXPENSES</b>								
Share of the profit or loss of associates (Note 16)	1,088,983	2	789,673	1	2,385,485	2	1,760,092	1
Interest income	142,130	-	106,459	-	245,547	-	208,082	-
Other income - other	533,869	1	395,974	1	820,275	1	558,888	-
Exchange gain, net	144,196	-	-	-	63,102	-	-	-
Gain on financial assets (liabilities) at fair value through profit or loss, net (Note 7)	115,439	-	11,922	-	208,156	-	85,521	-
Interest expense (Note 28)	(384,861)	(1)	(352,705)	(1)	(705,984)	(1)	(722,287)	(1)
Other expense	(25,678)	-	(69,078)	-	(218,096)	-	(273,235)	-
Loss on disposal of property, plant and equipment, net (Note 17)	(211,313)	-	(388,249)	(1)	(423,738)	-	(640,764)	-
Loss on disposal of investment properties, net (Note 18)	-	-	-	-	(518)	-	-	-
Loss on disposal of intangible properties, net (Note 20)	(40)	-	(563)	-	(265)	-	(563)	-
Exchange loss, net (Note 4)	-	-	(131,002)	-	-	-	(248,725)	-
Impairment loss on assets	(3,412)	-	(9,310)	-	(10,046)	-	(87,692)	-
Total nonoperating incomes and expenses	<u>1,399,313</u>	<u>2</u>	<u>353,121</u>	<u>-</u>	<u>2,363,918</u>	<u>2</u>	<u>639,317</u>	<u>-</u>

(Continued)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
CONSOLIDATED INCOME BEFORE INCOME TAX	\$ 4,809,236	8	\$ 2,522,759	4	\$ 8,930,116	7	\$ 7,495,925	6
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(874,929)</u>	<u>(2)</u>	<u>(515,825)</u>	<u>(1)</u>	<u>(1,428,714)</u>	<u>(1)</u>	<u>(1,295,769)</u>	<u>(1)</u>
NET PROFIT	<u>3,934,307</u>	<u>6</u>	<u>2,006,934</u>	<u>3</u>	<u>7,501,402</u>	<u>6</u>	<u>6,200,156</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	627,442	1	31,617	-	2,230,743	2	(1,240,317)	(1)
Unrealized gain (loss) on available-for-sale financial assets	(52,655)	-	(159,823)	-	243,883	-	61,057	-
Cash flow hedges	(1,302)	-	(94,688)	-	(151,022)	-	(39,970)	-
Share of the other comprehensive loss of associates	<u>(148,583)</u>	<u>-</u>	<u>(565,469)</u>	<u>(1)</u>	<u>(473,151)</u>	<u>-</u>	<u>(561,970)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>424,902</u>	<u>1</u>	<u>(788,363)</u>	<u>(1)</u>	<u>1,850,453</u>	<u>2</u>	<u>(1,781,200)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 4,359,209</u>	<u>7</u>	<u>\$ 1,218,571</u>	<u>2</u>	<u>\$ 9,351,855</u>	<u>8</u>	<u>\$ 4,418,956</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	2,033,678	3	644,043	1	3,906,054	3	3,001,627	2
Non-controlling interests	<u>1,900,629</u>	<u>3</u>	<u>1,362,891</u>	<u>2</u>	<u>3,595,348</u>	<u>3</u>	<u>3,198,529</u>	<u>3</u>
	<u>\$ 3,934,307</u>	<u>6</u>	<u>\$ 2,006,934</u>	<u>3</u>	<u>\$ 7,501,402</u>	<u>6</u>	<u>\$ 6,200,156</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	2,261,780	4	105,357	-	5,385,836	5	1,334,826	1
Non-controlling interests	<u>2,097,429</u>	<u>3</u>	<u>1,113,214</u>	<u>2</u>	<u>3,966,019</u>	<u>3</u>	<u>3,084,130</u>	<u>3</u>
	<u>\$ 4,359,209</u>	<u>7</u>	<u>\$ 1,218,571</u>	<u>2</u>	<u>\$ 9,351,855</u>	<u>8</u>	<u>\$ 4,418,956</u>	<u>4</u>
CONSOLIDATED EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 30)								
Basic	<u>\$ 0.43</u>		<u>\$ 0.14</u>		<u>\$ 0.83</u>		<u>\$ 0.64</u>	
Diluted	<u>\$ 0.43</u>		<u>\$ 0.14</u>		<u>\$ 0.83</u>		<u>\$ 0.63</u>	

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

(With Deloitte & Touche review report dated August 14, 2013)

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company						Other Equity			Treasury Stocks	Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Common Stock	Stock Dividend to Be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Loss on Cash Flow Hedge				
BALANCE AT JANUARY 1, 2012	\$ 48,972,173	\$ -	\$ 940,486	\$ 10,710,699	\$ 25,472,605	\$ 21,637,279	\$ -	\$ 3,500,409	\$ (4,963)	\$ (25,063)	\$ 111,203,625	\$ 56,666,032	\$ 167,869,657
Appropriation of the 2011 earnings													
Legal reserve	-	-	-	1,110,021	-	(1,110,021)	-	-	-	-	-	-	-
Cash dividends - NT\$1.7 per share	-	-	-	-	-	(8,325,270)	-	-	-	-	(8,325,270)	-	(8,325,270)
Stock dividends - NT\$0.3 per share	-	1,469,165	-	-	-	(1,469,165)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,547,666)	(6,547,666)
Net profit for the six months ended June 30, 2012	-	-	-	-	-	3,001,627	-	-	-	-	3,001,627	3,198,529	6,200,156
Other comprehensive loss for the six months ended June 30, 2012	-	-	-	-	-	(12)	(1,322,003)	(310,688)	(34,098)	-	(1,666,801)	(114,399)	(1,781,200)
Total comprehensive income for the six months ended June 30, 2012	-	-	-	-	-	3,001,615	(1,322,003)	(310,688)	(34,098)	-	1,334,826	3,084,130	4,418,956
Change in equity in associates	-	-	-	-	(4)	(309)	-	-	-	-	(313)	-	(313)
Partial disposal of interests in subsidiaries	-	-	3,448,935	-	(163)	(32,235)	51	(5,229)	-	-	3,411,359	3,153,843	6,565,202
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	523,083	523,083
Change in capital surplus from dividends distributed to subsidiaries	-	-	1,212	-	-	-	-	-	-	-	1,212	-	1,212
Reversal of special reserve	-	-	-	-	(417)	417	-	-	-	-	-	-	-
<b>BALANCE, JUNE 30, 2012</b>	<b>\$ 48,972,173</b>	<b>\$ 1,469,165</b>	<b>\$ 4,390,633</b>	<b>\$ 11,820,720</b>	<b>\$ 25,472,021</b>	<b>\$ 13,702,311</b>	<b>\$ (1,321,952)</b>	<b>\$ 3,184,492</b>	<b>\$ (39,061)</b>	<b>\$ (25,063)</b>	<b>\$ 107,625,439</b>	<b>\$ 56,879,422</b>	<b>\$ 164,504,861</b>
BALANCE AT JANUARY 1, 2013	\$ 50,441,338	\$ -	\$ 4,744,045	\$ 11,820,720	\$ 25,471,594	\$ 15,100,772	\$ (2,534,967)	\$ 5,038,679	\$ (73,287)	\$ (25,063)	\$ 109,983,831	\$ 61,243,995	\$ 171,227,826
Appropriation of the 2012 earnings													
Legal reserve	-	-	-	866,789	-	(866,789)	-	-	-	-	-	-	-
Cash dividends - NT\$1.3 per share	-	-	-	-	-	(6,557,374)	-	-	-	-	(6,557,374)	-	(6,557,374)
Stock dividends - NT\$0.2 per share	-	1,008,827	-	-	-	(1,008,827)	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(7,716,375)	(7,716,375)
Net profit for the six months ended June 30, 2013	-	-	-	-	-	3,906,054	-	-	-	-	3,906,054	3,595,348	7,501,402
Other comprehensive income for the six months ended June 30, 2013	-	-	-	-	-	-	2,339,372	(807,860)	(51,730)	-	1,479,782	370,671	1,850,453
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	-	-	3,906,054	2,339,372	(807,860)	(51,730)	-	5,385,836	3,966,019	9,351,855
Change in equity in associates	-	-	-	-	5	-	-	-	-	-	5	-	5
Disposal of investment in associates	-	-	123	-	(34)	2,084	1,023	4,128	7	-	7,331	(3)	7,328
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	1,108,330	1,108,330
Change in capital surplus from dividends distributed to subsidiaries	-	-	955	-	-	-	-	-	-	-	955	-	955
Partial disposal (acquisition) of interests in subsidiaries	-	-	(64,166)	-	-	-	-	-	-	-	(64,166)	10,890	(53,276)
Reversal of special reserve	-	-	-	-	(10,281)	10,281	-	-	-	-	-	-	-
<b>BALANCE, JUNE 30, 2013</b>	<b>\$ 50,441,338</b>	<b>\$ 1,008,827</b>	<b>\$ 4,680,957</b>	<b>\$ 12,687,509</b>	<b>\$ 25,461,284</b>	<b>\$ 10,586,201</b>	<b>\$ (194,572)</b>	<b>\$ 4,234,947</b>	<b>\$ (125,010)</b>	<b>\$ (25,063)</b>	<b>\$ 108,756,418</b>	<b>\$ 58,612,856</b>	<b>\$ 167,369,274</b>

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

(With Deloitte & Touche review report dated August 14, 2013)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Consolidated income before income tax	\$ 8,930,116	\$ 7,495,925
Adjustments for:		
Depreciation	7,402,966	7,418,368
Amortization	1,187,877	964,278
Allowance for doubtful accounts	94,151	232,817
Interest expenses	705,984	722,287
Interest income	(245,547)	(208,082)
Dividend revenue	(162,456)	(122,845)
Loss on disposal of property, plant and equipment, net	423,738	640,764
Loss on disposal of investment properties, net	518	-
Loss on disposal of intangible assets, net	265	563
Share of the (profit) or loss of associates	(2,385,485)	(1,760,092)
Gain on disposal of investments, net	(206,785)	(33,345)
Impairment loss recognized on assets	10,046	87,692
Unrealized gain on the transactions with associates	(277)	(278)
Net (loss) gain on unrealized foreign currency exchange	(4,836)	12,993
Deferred income (loss) on derivative assets for hedging	(16,436)	43,163
Net changes in operating assets and liabilities		
Financial assets held for trading	369,343	163,679
Notes and accounts receivable	(1,919,152)	1,406,684
Notes and accounts receivable from affiliates	5,074	92,171
Amounts due from customers for construction contracts	81	(436,920)
Other receivables	(501,326)	(253,326)
Other receivables from affiliates	11,624	(62,081)
Inventories	(1,960,385)	1,218,647
Prepayments	(1,904,180)	(1,427,765)
Other current assets	(424,495)	(378,890)
Financial liabilities held for trading	15,066	25,900
Notes and accounts payable	656,474	(1,324,390)
Notes and accounts payable to affiliates	(127,645)	1,285
Amounts due to customers for construction contracts	271,524	(189,928)
Other payables	34,827	(1,414,298)
Other payables to affiliates	30,493	32,320
Provisions	38,829	20,585
Receipts in advance	(163,851)	(1,255,091)
Other current liabilities	464,385	995,137
Accrued pension liabilities	(236,429)	(153,691)
Unearned revenue	453,620	(162,729)
Cash generated from operations	10,847,716	12,391,507
Interest received	40,328	217,342
Dividend received	264,963	45,600

(Continued)



# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	2012
Interest paid	\$ (670,914)	\$ (738,688)
Income tax paid	<u>(1,508,137)</u>	<u>(723,267)</u>
Net cash generated from operating activities	<u>8,973,956</u>	<u>11,192,494</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(673,861)	(166,772)
Proceeds of the disposal of available-for-sale financial assets	821,481	844,185
Decrease in bond investments with no active market	1,865,068	(1,600,457)
Acquisition of financial assets carried at cost	(100,000)	(126,000)
Proceeds of the disposal of financial assets carried at cost	-	980
Acquisition of equity-method investments	(128,484)	(1,084,375)
Proceeds of the disposal of equity-method investments	521,448	-
Acquisition of property, plant, equipment and prepayment for equipments	(10,635,056)	(10,115,055)
Proceeds of the disposal of property, plant and equipment	53,284	42,604
Increase in refundable deposits	(1,078,263)	(48,311)
Increase in other receivable from affiliates	(382,208)	(205,502)
Acquisition of intangible assets	(754,475)	(404,754)
Proceeds of the disposal of intangible assets	2	3
Acquisition of investment properties	(142)	(12,304)
Increase in prepayments for lease	(4,805,150)	-
Increase in concession	(998,813)	(133,887)
(Increase) decrease in other financial assets	870,802	(8,300,582)
Decrease in other assets - non-current	<u>27,946</u>	<u>27,775</u>
Net cash used in investing activities	<u>(15,396,421)</u>	<u>(21,282,452)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	265,740	(77,895)
Decrease in short-term bills payables	1,967,000	(2,824,000)
Proceeds of the issue of bonds	8,976,500	9,200,000
Repayments of bond payables	(400,000)	(300,000)
Proceeds of long-term borrowings	72,034,992	66,509,992
Repayment of long-term borrowings	(71,270,647)	(63,929,251)
(Decrease) in guarantee deposits	(22,242)	44,790
Increase in other liabilities - noncurrent	(24,790)	(32,542)
Dividends paid	-	(2,040)
Increase in non-controlling interest	<u>1,055,054</u>	<u>7,088,285</u>
Net cash generated from financing activities	<u>12,581,607</u>	<u>15,677,339</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<u>384,232</u>	<u>198,960</u>

(Continued)

# FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

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	For the Six Months Ended	
	June 30	
	2013	2012
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 6,543,374	\$ 5,786,341
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>30,645,166</u>	<u>19,305,661</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 37,188,540</u>	<u>\$ 25,092,002</u>

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

(With Deloitte & Touche review report dated August 14, 2013)

(Concluded)

# **FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. GENERAL INFORMATION**

Far Eastern New Century Corporation (FENC or the “Company”), which was incorporated in 1954, manufactures and sells polyester materials, semifinished products and finished goods such as cotton, synthetic or blended fabrics, towels and bedsheets, and woven and knitted garments; PET (polyethylene terephthalate) bottles and PET sheets; and natural, synthetic or blended yarns and polyester textured yarns. It also does yarn, silk and cloth printing and dyeing as well as manufactures wide-view film, antiglare film, antireflection film and other optical films. The Company’s stock is listed on the Taiwan Stock Exchange. On October 19, 1999, the Company issued global depositary receipts (GDRs), which became listed on the Luxembourg Stock Exchange.

On October 13, 2009, the stockholders resolved to change their company name of Far Eastern Textile Ltd. to Far Eastern New Century Corporation; thus, the original stock symbol of FETL was changed to FENC.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the board of directors and authorized for issue on August 12, 2013.

### **3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS**

#### **a. New and revised standards, amendments and interpretations in issue but not yet effective**

Except for the disclosure in Note 3 to the consolidated financial statements as of and for the three months ended March 31, 2013, the Company and all of its subsidiaries (the “Group”) have not applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission (FSC) has not announced the effective dates for the following new and revised standards, amendments and interpretations:

<b>New, Revised Standards, Amendments and Interpretations</b>		<b>Effective Date Announced by IASB (Note)</b>
<u>Not yet endorsed by the FSC</u>		
Amendment to IAS 36	Impairment of Assets: 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: Unless otherwise noted, the above new and revised standards, amendments and interpretations are effective for annual periods beginning on or after the respective effective dates.

- b. Possible significant changes in accounting policy resulting from new and revised Standards, amendments and interpretations in issue but not yet effective

Except for the disclosure in Note 3 to the consolidated financial statements as of and for the three months ended March 31, 2013, the initial application of the above new and revised Standards, amendments and interpretations is not expected to have any material impact on the Group's accounting policies.

- c. Possible material impact on consolidated financial statements resulted from new and revised Standards, amendments and interpretations in issue but not yet effective

The Group is in the process of estimating the impact of the initial application of the Standards, amendments and interpretations on its financial position and results of operations. Progressive disclosures of the impact of the ongoing application of the IFRSs will be provided until a detailed review of the impact has been completed and the relevant consolidated financial statements have been approved and authorized for issuance.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

On May 14, 2009, the Financial Supervisory Commission (FSC) announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC. The transition date to IFRSs was January 1, 2012. Refer to Note 40 for the impact of IFRS conversion on the consolidated financial statements.

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosures in interim financial reports are less than those required for a full set of annual financial reports.

b. Basis of preparation

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

1) Subsidiaries included in consolidated financial statements

Refer to Note 1 for the details of the investment relationship and percentage ownership between the Company and its subsidiaries as of June 30, 2013.

The consolidated entities as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were as follows:

Investor	Investee	Main Business	% of Ownership			
			June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Far Eastern New Century Corporation	Far EasTone Telecommunications Co., Ltd.	Telecommunications	38.29	38.25	38.51	41.44
	Yuan Ding Investment Co., Ltd.	Investment	99.70	99.70	99.70	100.00
	Far Eastern Resources Development Co.	Real estate leasing and development service	100.00	100.00	100.00	100.00
	Yuan Tong Investment Co., Ltd.	Investment	100.00	100.00	100.00	100.00
	Far Eastern Polychem Industries Ltd. (FEPI)	Investment	100.00	100.00	100.00	100.00
	Oriental Petrochemical (Taiwan) Co., Ltd.	Petrochemical materials production	80.76	80.76	80.76	80.76
	Far Eastern Investment (Holding) Ltd.	Investment	100.00	100.00	100.00	100.00
	PET Far Eastern (Holding) Ltd. (PETH)	Investment	100.00	100.00	100.00	100.00
	Kai Yuan International Investment Co., Ltd.	Investment	100.00	100.00	100.00	100.00
	Far Eastern Polytex (Holding) Ltd.	Investment	100.00	100.00	100.00	100.00
	Yuan Ding Company Ltd.	Real estate construction and selling	49.99	49.99	49.99	49.99
	Far Eastern Construction Co., Ltd.	Real estate construction and selling	65.11	65.11	65.11	65.11
	Ding Yuan International Investment Co., Ltd.	Investment	100.00	100.00	100.00	100.00
	An Ho Garment Co., Ltd.	Investment	100.00	100.00	100.00	100.00
	FEDP (Holding) Ltd. (FEDP)	Investment	100.00	100.00	100.00	100.00
	Fu Kwok Garment Manufacturing Co., Ltd.	Garment production	99.99	99.99	99.99	99.99
	Far Eastern Textile Ltd.	Chemical fiber production	100.00	100.00	100.00	100.00
	Far Eastern Electronic Toll Collection Co., Ltd.	Electronic toll collection service	66.33	66.33	59.89	58.14
	Yuan Hsin Digital Payment Co., Ltd.	Other financing and supporting services	65.01	-	-	-
	Yuan Ding Investment Co., Ltd.	Oriental Textile (Holding) Ltd. (OTTI)	Investment	100.00	100.00	100.00
Far Eastern Apparel (Holding) Ltd. (FEAH)		Sale of textile, garments, and clothing	100.00	100.00	100.00	100.00
Far Eastern Fibertech Co., Ltd.		Nylon production	100.00	100.00	100.00	100.00
Far Eastern Apparel Co., Ltd.		Sale of textile, garments, and clothing	100.00	100.00	100.00	100.00
Oriental Resources Development Ltd.		Waste recycling and processing	70.00	70.00	70.32	70.32
Far Eastern Investment (Holding) Ltd. (FEIH)	Yuan Faun Ltd.	PET bottle production and selling	100.00	100.00	100.00	100.00
	FETG Investment Autilles N.V.	Investment	100.00	100.00	100.00	100.00
	PET Far Eastern (M) Sdn. Bhd.	Bottle production	50.00	50.00	50.00	50.00

(Continued)

Investor	Investee	Main Business	% of Ownership			
			June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Far Eastern Polychem Industries Ltd. (FEPI)	Far Eastern Apparel (Vietnam) Ltd.	Clothing production	100.00	100.00	100.00	100.00
	Worldwide Polychem (HK) Ltd. (WWPI)	Foreign trade	100.00	100.00	100.00	100.00
	Far Eastern Industries (Shanghai) Ltd.	Chemical fiber production	100.00	100.00	100.00	100.00
	Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	100.00	100.00	100.00	-
	Far Eastern Ishizuka Green Pet Corporation (FIGP)	PET production and sale	80.00	-	-	-
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	Construction	99.95	99.95	99.95	99.95
Far Eastern Apparel (Holding) Ltd. (FEAH)	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Dyeing and finishing	100.00	100.00	100.00	100.00
Far Eastern Apparel Co., Ltd.	Ming Ding Co.	Underwear selling	-	44.80	44.80	44.80
FETG Investment Antilles N.V.	Waldorf Services B.V.	Investment	100.00	100.00	100.00	100.00
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Personnel recruitment	55.56	55.56	55.56	55.56
Yuan Tong Investment Co., Ltd.	Sino Belgium (Holding) Ltd.	Investment	91.39	91.39	91.39	91.39
Far Eastern Apparel (Suzhou) Ltd.	An Ho Garment (Suzhou) Ltd.	Garment production	100.00	100.00	100.00	100.00
	Suqian Far Eastern Apparel Co., Ltd.	Garment production and accessories	100.00	100.00	100.00	100.00
PET Far Eastern (Holding)Ltd. (PETH)	Oriental Petrochemical (Shanghai) Corp.	PTA production and sale	61.35	61.35	61.35	61.35
	Far Eastern Union Petrochemical (Yangzhou) Corporation	MEG and its by-product sale	50.00	50.00	-	-
Oriental Textile (Holding) Ltd. (OTTI)	Far Eastern Industries (WuXi) Ltd.	Fiber and textile production	100.00	100.00	100.00	100.00
	Oriental Industries (Suzhou) Ltd.	Textile production	100.00	100.00	100.00	100.00
FEDP (Holding) Ltd. (FEDP)	Far Eastern Industries (Suzhou) Ltd.	Garment production	100.00	100.00	100.00	100.00
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	Garment production and sale	100.00	100.00	100.00	100.00
	Far Eastern Apparel (Suzhou) Ltd.	Garment production	100.00	100.00	100.00	100.00
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PTA and by-product production and sale	60.00	60.00	60.00	60.00
	Far Eastern New Century (China) Investment Ltd.	Investment	100.00	100.00	100.00	100.00
Far Eastern New Century (China) Investment Ltd.	Shanghai Yuan Zi Information Co., Ltd.	Software development, equipment maintenance and consulting	100.00	100.00	100.00	100.00
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Ltd.	Brewer	100.00	100.00	100.00	100.00
	Martens Beers Trading (Shanghai) Ltd.	Beer sale	100.00	100.00	100.00	100.00
Oriental Petrochemical (Shanghai) Corp.	Shanghai Far Eastern Petrochemical Logistic Ltd.	Transportation	100.00	100.00	100.00	100.00
Yuan Ding Company Ltd.	Ding Ding Hotel Co., Ltd.	Hotel	80.98	80.98	80.98	80.98
	YDT Technology International Co., Ltd.	Electronic materials and by-product sale	100.00	100.00	100.00	100.00
	Far Eastern Technical Consultants Co, Ltd.	Real estate development business consulting and management	100.00	100.00	100.00	100.00
	FET Consulting Engineers Co., Ltd.	Business consulting	100.00	100.00	100.00	100.00
	Ding Ding Integrated Marketing Services Co., Ltd.	Market research and general advertisement	80.00	80.00	80.00	80.00
	Far Eastern Electronic Commerce Co., Ltd.	Electronic information providing services	69.15	69.15	69.15	69.15

(Continued)

Investor	Investee	Main Business	% of Ownership			
			June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	Investment	100.00	100.00	100.00	100.00
YDT Technology International Co., Ltd.	YDC (Virgin Islands) Ltd.	Investment	100.00	100.00	100.00	100.00
YDC (Virgin Islands) Ltd.	Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products	100.00	100.00	100.00	100.00
	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	-	-	-	100.00
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	Internet software development services	100.00	100.00	100.00	-
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Types I and II telecommunications services	100.00	100.00	100.00	100.00
	ARCOA Communication Co., Ltd.	Type II telecommunications services, sale of communications products and office equipment	61.07	61.07	61.07	61.07
	KGEx.com Co., Ltd.	Type II telecommunications services	99.97	99.97	99.97	89.25
	Yuan Cing Co., Ltd.	Call center services	99.99	99.99	99.99	99.99
	E. World (Holdings) Ltd.	Investment	85.92	85.92	85.92	85.92
	Far EasTron Holding Ltd.	Investment	100.00	100.00	100.00	100.00
	Far EasTern Info Service Holding Ltd.	Investment	100.00	100.00	100.00	100.00
	O-music Co., Ltd.	Electronic information providing services	50.00	50.00	50.00	50.00
	Q-Ware Communication Co., Ltd.	Type II telecommunications services	81.46	81.46	51.00	51.00
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Sale of communications products	70.00	70.00	70.00	70.00
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Investment	100.00	100.00	100.00	100.00
	Information Security Service Digital United Co., Ltd.	Security and monitoring service via Internet	100.00	100.00	100.00	100.00
	Digital United (Cayman) Ltd.	Investment	100.00	100.00	100.00	100.00
	Simple InfoComm Co., Ltd.	Type II telecommunications services	100.00	100.00	100.00	100.00
	ADCast Interactive Marketing Co., Ltd.	Internet advertisements and marketing	-	-	-	99.13
Digital United (Cayman) Ltd.	Digital United Information Technology (Shanghai) Co., Ltd.	Design and research of computer system	100.00	100.00	100.00	100.00
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Telecommunications services	100.00	100.00	100.00	100.00
	Far Eastern New Diligent Co., Ltd.	Electronic toll collection service	100.00	100.00	100.00	100.00
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and network information providing services	100.00	100.00	100.00	100.00
DataExpress Infotech Co., Ltd.	Linkwell Tech. Co., Ltd.	Sale of communications products	100.00	100.00	100.00	100.00
	Home Master Technology Co., Ltd.	Sale of communications products	99.99	99.99	99.99	99.99
	Jing Yuan Technology Co., Ltd.	Data Processing services	100.00	100.00	100.00	100.00
Far Eastern Tech-info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Limited	Software development, equipment maintenance and consulting	-	55.00	55.00	55.00
Far Eastern New Diligent Co., Ltd.	Far Eastern New Century Information Technology (Beijing) Limited	Software development, equipment maintenance and consulting	79.04	-	-	-

(Concluded)

Except for (a) the financial statements as of and for the six months ended June 30, 2013 of the Company, Yuan Ding Investment Co., Ltd. (YDI), Far Eastern Construction Co., Ltd. (FECC), Far Eastern General Contractor Inc. (FEGC), Far EasTone Telecommunications Co., Ltd. (Far EasTone),

New Century InfoComm Tech Co., Ltd. (NCIC) and ARCOA Communication Co., Ltd. (ARCOA), and (b) the financial statements as of and for the six months ended June 30, 2012 of the Company, YDI, FECC, FEGC, Far EasTone, NCIC, New Diligent Co., Ltd. (New Diligent), ARCOA, DataExpress Infotech Co., Ltd. (DataExpress), Linkwell Tech. Co., Ltd. (Linkwell), Q-Ware Communication Co., Ltd. (Q-ware Com) and KGEx.com Co., Ltd. (KGEx. Com), all the financial statements were unreviewed. The Group's management believes that had the financial statements of these investees been reviewed, any adjustments would have had no material effect on the Group's consolidated financial statements.

c. Other significant accounting policies

The accounting policies followed in preparing these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for the summary of significant accounting policies.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

### **Held-to-maturity Financial Assets**

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

### **Impairment of Goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows from the cash-generating unit and a suitable discount rate for calculating the present value of these cash flows. If the actual future cash flows are less than expected, a material impairment loss may arise.

### **Income Taxes**

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the carrying amounts of the deferred tax assets in relation to unused tax losses were NT\$1,991,446 thousand, NT\$1,834,329 thousand, NT\$844,079 thousand and NT\$1,402,473 thousand, respectively. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, no deferred tax asset has been recognized on the tax loss of NT \$4,399,763 thousand, NT\$4,570,621 thousand, NT\$4,465,540 thousand and NT\$4,666,814 thousand, respectively, because of the unpredictability of future profit streams. The reliability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. If the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which the reversal takes place.



### **Estimated Impairment of Notes and Accounts Receivable**

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

### **Fair Value of Derivatives and Other Financial Instruments**

As described in Note 33, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments with no quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis that includes assumptions based on quoted market prices or rates (if available). Note 33 shows the key assumptions used in determining the fair value of financial instruments. The Group's management believes that the valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

### **Useful Lives of Property, Plant and Equipment**

The Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

### **Impairment of Inventory**

Net realizable value is generally equal to the estimated selling price of the inventory goods less the estimated costs of construction completion and the estimated selling costs. These estimations are based on the historical selling experiences of similar products in a similar market. The estimations may be significantly affected by market changes.

### **Defined Benefit Plan**

The pension cost and accrued pension liabilities recognized under a defined benefit plan are determined by actuarial valuations through the projected unit credit method. Under this method, the actuarial assumptions for pension plans are based on the estimation of appropriate discount rates for the plan obligation, employee turnover rates, and long-term average rates of salary increases. The expenses and liabilities recognized under the estimation of the defined benefit plan may be affected significantly by changes in the market and the economy.

### **Estimation of Gain and Loss on Construction Contracts**

Contract revenues and costs of long-term construction contracts are recognized by the percentage-of-completion method. Under this method, the stage of completion of each contract is measured as a ratio of cumulative actual construction costs to total estimated contract costs. However, where reasonably reliable estimates cannot be made, the percentage-of-completion method may not be used. If contract-related situations such as structural changes, demand for indemnity and the giving of bonus commission occur during the contract period, contract revenues are recognized only to the extent that the amount of the construction contract can be estimated reliably or to the extent that a recoverable contract cost has been incurred.

The Group's estimation of total contract costs is based on the nature of construction, amounts of the components of construction costs, length of the construction periods, and construction techniques as projected by the management team of the Group.

## 6. CASH AND CASH EQUIVALENTS

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Cash				
Cash on hand and petty cash	\$ 38,008	\$ 42,237	\$ 36,622	\$ 33,108
Demand and checking accounts	<u>9,874,490</u>	<u>11,071,486</u>	<u>10,894,581</u>	<u>14,366,514</u>
	<u>9,912,498</u>	<u>11,113,723</u>	<u>10,931,203</u>	<u>14,399,622</u>
Cash equivalents				
Time deposits with original maturities of less than three months	24,757,300	15,673,463	8,813,363	3,092,977
Commercial paper purchased under resell agreements	180,693	1,978,629	1,458,892	-
Corporate bonds purchased under resell agreements	<u>2,160,724</u>	<u>1,789,141</u>	<u>3,670,174</u>	<u>1,729,494</u>
	<u>27,098,717</u>	<u>19,441,233</u>	<u>13,942,429</u>	<u>4,822,471</u>
Management discretionary accounts				
Demand accounts	<u>177,325</u>	<u>90,210</u>	<u>218,370</u>	<u>83,568</u>
	<u>\$ 37,188,540</u>	<u>\$ 30,645,166</u>	<u>\$ 25,092,002</u>	<u>\$ 19,305,661</u>

The Group's members individually contracted and fully authorized Oriental Securities Investment Advisory Co., Ltd. (OSIAC, trustee) to manage discretionary funds. Deposits that were entrusted to OSIAC's full management amounted to NT\$177,325 thousand, NT\$90,210 thousand, NT\$218,370 thousand and NT\$83,568 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively.

The market rates for bank deposits as of the balance sheet date were as follows:

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Time deposits	0.10%-6.15%	0.35%-2.86%	0.19%-4.50%	0.00%-3.10%
Commercial paper purchased under resell agreements	0.60%-0.74%	0.68%-0.82%	0.63%-0.82%	-
Corporate bonds purchased under resell agreement	0.50%-0.69%	0.70%-0.80%	0.63%-0.81%	0.45%-0.83%

Time deposits with original maturities of over three months amounted to NT\$1,279,967 thousand, NT\$3,145,035 thousand, NT\$10,625,678 thousand and NT\$9,025,221 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, and were classified under bond investments with no active market (Note 12).

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Financial assets held for trading</u>				
Beneficial certificates	\$ 488,601	\$ 642,699	\$ 624,809	\$ 375,346
Marketable equity securities	147,260	387,107	140,241	530,617
Cotton futures contracts	26,169	25,345	26,111	46,209
Combined foreign exchange options	4,339	-	-	-
Forward exchange contracts	<u>22,807</u>	<u>3,368</u>	<u>31</u>	<u>2,699</u>
	<u>\$ 689,176</u>	<u>\$ 1,058,519</u>	<u>\$ 791,192</u>	<u>\$ 954,871</u>
Current	<u>\$ 689,176</u>	<u>\$ 1,058,519</u>	<u>\$ 791,192</u>	<u>\$ 954,871</u>
<u>Financial liabilities held for trading</u>				
Forward exchange contracts	\$ 15,685	\$ 619	\$ 17,763	\$ -
Combined foreign exchange options	-	-	4,668	-
Exchangeable bonds-exchange rights	<u>-</u>	<u>-</u>	<u>8,177</u>	<u>4,708</u>
	<u>\$ 15,685</u>	<u>\$ 619</u>	<u>\$ 30,608</u>	<u>\$ 4,708</u>
Current	<u>\$ 15,685</u>	<u>\$ 619</u>	<u>\$ 30,608</u>	<u>\$ 4,708</u>

### a. Cotton futures contracts

The Company entered into cotton futures contracts mainly to hedge against the adverse fluctuation of cotton prices in the six months ended June 30, 2013 and 2012. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading.

The Company had no outstanding cotton future contracts as of June 30, 2013, December 31, 2012 and June 30, 2012.

The outstanding cotton futures contracts as of January 1, 2012 were as follows:

	Maturity Date	Units	Contract Amount (Thousands)
<u>January 1, 2012</u>			
Cotton futures contracts	March 2012	60	USD3,000/NTD90,272

### b. Forward exchange contracts

The Group entered into forward exchange contracts for the six months ended June 30, 2013 and 2012 to hedge against the exchange risks on foreign currency assets and liabilities. Since these transactions did not meet the criteria for hedge accounting, they were classified as held for trading. The Group used non-hedging forward exchange contracts to profit from the pricing differences between exchange rate fluctuations for the six months ended June 30, 2013 and 2012.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group had outstanding forward exchange contracts, as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2013</u>			
Sell	EUR/USD	2013.7.31	EUR2,000/USD2,605
Sell	NTD/USD	2013.7.5-2013.9.2	NTD3,072,350/USD102,850
Sell	JPY/USD	2013.7.30-2013.12.2	JPY2,755,231/USD27,740
Sell	USD/CAD	2013.7.25	USD4,000/CAD4,134
Sell	MYR/USD	2013.7.10-2013.8.15	MYR9,250/USD3,000
<u>December 31, 2012</u>			
Sell	EUR/USD	2013.1.30-2013.2.26	EUR4,000/USD5,235
Sell	USD/NTD	2013.1.28-2013.2.26	USD14,620/NTD424,992
Sell	JPY/USD	2013.1.30	JPY342,185/USD4,000
Sell	NTD/USD	2013.1.7-2013.3.8	NTD1,188,275/USD40,913
<u>June 30, 2012</u>			
Sell	EUR/USD	2012.7.30-2012.8.30	EUR17,000/USD21,145
Sell	USD/NTD	2012.7.6-2012.9.11	USD39,230/NTD1,161,430
Sell	JPY/USD	2012.8.30	JPY79,330/USD1,000
Sell	NTD/USD	2012.7.17-2012.7.30	NTD272,118/USD9,100
<u>January 1, 2012</u>			
Sell	EUR/USD	2012.1.30-2012.2.24	EUR9,000/USD11,702
Sell	USD/NTD	2012.1.11-2012.1.30	USD9,280/NTD280,967
Sell	NTD/USD	2012.1.3	NTD45,428/USD1,500
Sell	USD/CAD	2012.1.20	USD1,000/CAD1,018
Sell	USD/RMB	2012.2.21-2012.4.5	USD10,000/RMB63,888

c. Option contracts

The Group sold option contracts to profit on royalties and the difference between exchange rate fluctuations for the six months ended June 30, 2013 and 2012.

The Group had no outstanding option contracts as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.

d. Exchangeable bonds

For the exchangeable bonds issued in 2007, the Company separately recognized the embedded derivatives and the host debt instruments. In addition, the derivatives were measured at fair value and recognized as financial assets and liabilities at fair value through profit or loss. The Company redeemed the bonds in September 2012.

e. Combined foreign exchange options

The Group entered into combined foreign exchange options for the six months ended June 30, 2013 and 2012 to hedge against the exchange risks on foreign currency assets and liabilities. As of June 30, 2013 and 2012, the Company had outstanding combined foreign exchange options, as follows:

	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (Thousands)</b>
<u>June 30, 2013</u>			
Buy JPY put options	JPY/USD	2013.7.2-2013.12.28	JPY491,883/USD5,310
Sell JPY call options	JPY/USD	2013.7.2-2013.12.28	JPY1,475,648/USD15,930
Buy EUR call options	EUR/USD	2013.7.3-2013.9.25	EUR1,950/USD2,482
Sell EUR put options	EUR/USD	2013.7.3-2013.9.25	EUR7,800/USD9,929
<u>June 30, 2012</u>			
Buy EUR call options	EUR/USD	2012.9.4-2012.10.2	EUR6,925/USD8,481
Sell EUR put options	EUR/USD	2012.9.4-2012.10.2	EUR27,700/USD35,927

**8. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
<u>Equity Investments</u>				
Marketable equity securities	\$ 4,885,341	\$ 4,680,058	\$ 3,065,286	\$ 2,969,013
Private placement shares	-	-	1,191,280	1,240,329
Open-end mutual funds - beneficial certificates	153,499	204,336	479,028	1,178,595
Overseas mutual funds - beneficial certificates	<u>2,428,483</u>	<u>1,877,246</u>	<u>2,179,110</u>	<u>2,140,566</u>
	<u>\$ 7,467,323</u>	<u>\$ 6,761,640</u>	<u>\$ 6,914,704</u>	<u>\$ 7,528,503</u>
Current	\$ 2,792,773	\$ 2,272,149	\$ 2,848,982	\$ 3,496,456
Non-current	<u>4,674,550</u>	<u>4,489,491</u>	<u>4,065,722</u>	<u>4,032,047</u>
	<u>\$ 7,467,323</u>	<u>\$ 6,761,640</u>	<u>\$ 6,914,704</u>	<u>\$ 7,528,503</u>

In 1999, the Group bought private placement common shares of Far Eastern International Bank Co., Ltd. (FEIB), which were restricted from being traded under Article 43-8 of the Securities and Exchange Act. However, FEIB ceased to be subject to this restriction on December 31, 2012.

## 9. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Bond Investments</u>				
Asia Cement Corp. (ACC)	<u>\$ 199,923</u>	<u>\$ 199,871</u>	<u>\$ 199,819</u>	<u>\$ 199,768</u>
Current	\$ 100,000	\$ 100,000	\$ -	\$ -
Non-current	<u>99,923</u>	<u>99,871</u>	<u>199,819</u>	<u>199,768</u>
	<u>\$ 199,923</u>	<u>\$ 199,871</u>	<u>\$ 199,819</u>	<u>\$ 199,768</u>

In September 2009, an FENC subsidiary, Far EasTone, bought five-year corporate bonds of ACC for NT\$199,540 thousand (par value of NT\$200,000 thousand), with the effective interest rate of 2.004% and coupon interest rate of 1.95%. The interest is payable on September 22 annually.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Derivative financial assets under hedge accounting</u>				
Cash flow hedges - cross currency interest rate swap	\$ -	\$ 4,650	\$ -	\$ -
Cash flow hedges - forward exchange contracts	<u>3,731</u>	<u>17,312</u>	<u>3,300</u>	<u>1,500</u>
	<u>\$ 3,731</u>	<u>\$ 21,962</u>	<u>\$ 3,300</u>	<u>\$ 1,500</u>
Current	<u>\$ 3,731</u>	<u>\$ 21,962</u>	<u>\$ 3,300</u>	<u>\$ 1,500</u>
<u>Derivative financial liabilities under hedge accounting</u>				
Cash flow hedges - cross currency interest rate swap	\$ 4,450	\$ -	\$ 2,150	\$ 75
Cash flow hedges - forward exchange contracts	22,275	-	17,830	2,592
Cash flow hedges - interest rate swaps	<u>370,732</u>	<u>287,522</u>	<u>143,678</u>	<u>-</u>
	<u>\$ 397,457</u>	<u>\$ 287,522</u>	<u>\$ 163,658</u>	<u>\$ 2,667</u>
Current	\$ 26,725	\$ -	\$ 19,980	\$ 2,667
Non-current	<u>370,732</u>	<u>287,522</u>	<u>143,678</u>	<u>-</u>
	<u>\$ 397,457</u>	<u>\$ 287,522</u>	<u>\$ 163,658</u>	<u>\$ 2,667</u>

### Cash flow hedges

The Group's hedge strategy is to use cross currency interest rate swap and forward exchange contracts to hedge against adverse exchange risks on foreign currency assets.

The terms of the cross currency interest rate swap and forward exchange contracts were negotiated to match the terms of the respective designated hedged items. The outstanding cross currency interest rate swap and forward exchange contracts at the end of the reporting period were as follows:

#### June 30, 2013

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (Thousands)</b>
Cross currency interest rate swap	USD/NTD	2013.7.15	USD5,000
Forward exchange contracts	USD/NTD	2013.7.8-2013.8.30	USD67,500

#### December 31, 2012

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (Thousands)</b>
Cross currency interest rate swap	USD/NTD	2013.01.14	USD5,000
Forward exchange contracts	USD/NTD	2013.01.08-2013.05.07	USD68,000

#### June 30, 2012

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (Thousands)</b>
Cross currency interest rate swap	USD/NTD	2012.8.14	USD5,000
Forward exchange contracts	USD/NTD	2012.7.9-2012.8.14	USD65,000

#### January 1, 2012

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (Thousands)</b>
Cross currency interest rate swap	USD/NTD	2012.02.14	USD5,000
Forward exchange contracts	USD/NTD	2012.01.09-2012.02.13	USD65,000

The Group invested in overseas mutual funds and used cross currency interest rate swap and foreign exchange swaps (with terms of up to six months) to hedge against adverse cash flow fluctuations, and the foreign exchange agreements were designated as cash flow hedge. The cash flows will be generated when the hedged target is sold, and the unrealized gain (loss) on this cash flow hedge will be reclassified from equity to profit or loss.

The gain on the hedged items that was reclassified from equity to profit in the consolidated comprehensive statements of income for the three months and six months ended June 30, 2013 and 2012 were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net gain on sales of securities	<u>\$ 14,985</u>	<u>\$ -</u>	<u>\$ 56,235</u>	<u>\$ -</u>

The Group entered into interest rate swap contracts to mitigate the risk of adverse in interest rates on the cash flow exposure related to outstanding variable rate debt. The outstanding interest rate swap contracts at the end of the reporting period were as follows:

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
NTD2,906,000	2021.02.10	0%-4.8%	90d CP+1.10% (Note)
NTD3,294,000	2025.11.10	0%-4.8%	0.60%-4.90%

Note: The reference interest rate is based on Taiwan's second market 90 days, commercial paper fixing rate on page 6165 of Telerate interest rate index at 11:00 am.

All interest rate swap contracts, which involved the exchange of fixed interest amounts for floating interest amounts, were designated as cash flow hedges to reduce the Group's cash flow exposure to adverse changes in interest rates on borrowings. The interest rate swaps and the interest payments on the loan were transacted simultaneously, and the amount accumulated in equity was reclassified to profit or loss over the period that the floating interest payments on debts affected profit or loss.

Gains and losses reclassified from equity to profit or loss were included in the following line item in the consolidated statements of comprehensive income:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest expense credits	<u>\$ 19,064</u>	<u>\$ 10,980</u>	<u>\$ 38,214</u>	<u>\$ 10,980</u>

## 11. FINANCIAL ASSETS CARRIED AT COST

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic unlisted common shares	\$ 876,796	\$ 776,897	\$ 778,036	\$ 652,041
Overseas unlisted common shares	334,932	345,632	362,537	378,277
Convertible bonds-conversion rights (Note 12)	<u>7,895</u>	<u>7,895</u>	<u>7,895</u>	<u>7,895</u>
	<u>\$ 1,219,623</u>	<u>\$ 1,130,424</u>	<u>\$ 1,148,468</u>	<u>\$ 1,038,213</u>
Current	\$ 7,895	\$ -	\$ -	\$ -
Non-current	<u>1,211,728</u>	<u>1,130,424</u>	<u>1,148,468</u>	<u>1,038,213</u>
	<u>\$ 1,219,623</u>	<u>\$ 1,130,424</u>	<u>\$ 1,148,468</u>	<u>\$ 1,038,213</u>

The Group's management believed that the above unlisted equity investments and convertible bonds-conversion rights held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore, they were measured at cost less impairment at the end of reporting period.



## 12. BOND INVESTMENTS WITH NO ACTIVE MARKET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Bond investments - Bockhold N.V.	\$ 261,344	\$ 256,508	\$ 248,391	\$ 261,384
Time deposits with original maturities more than 3 months	<u>1,279,967</u>	<u>3,145,035</u>	<u>10,625,678</u>	<u>9,025,221</u>
	<u>\$ 1,541,311</u>	<u>\$ 3,401,543</u>	<u>\$ 10,874,069</u>	<u>\$ 9,286,605</u>
Current	\$ 1,541,311	\$ 3,145,035	\$ 10,625,678	\$ 9,025,221
Non-current	<u>-</u>	<u>256,508</u>	<u>248,391</u>	<u>261,384</u>
	<u>\$ 1,541,311</u>	<u>\$ 3,401,543</u>	<u>\$ 10,874,069</u>	<u>\$ 9,286,605</u>

On February 26, 2009, an FENC subsidiary, Yuan Tong Investment Co., Ltd., bought convertible bonds amounting to EUR6,670 thousand and issued by Bockhold N.V. The maturity date of the bond is February 26, 2014. The 7.5% interest on these three-year convertible bonds is payable semiannually, and the bonds can be converted proportionally to a total of 933 common shares of Bockhold N.V. The amount of the host debt contract was recognized as bond investment with no active market and the amount of conversion rights of convertible bonds was recognized as financial assets carried at cost. (Note 11).

## 13. NOTES AND ACCOUNTS RECEIVABLE

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Notes and accounts receivable</u>				
Notes and accounts receivable	\$ 30,875,777	\$ 29,042,406	\$31,704,784	\$ 33,178,998
Less: Allowance for doubtful accounts	<u>(1,160,731)</u>	<u>(1,150,240)</u>	<u>(1,174,272)</u>	<u>(1,010,074)</u>
	<u>\$ 29,715,046</u>	<u>\$ 27,892,166</u>	<u>\$ 30,530,512</u>	<u>\$32,168,924</u>

When deciding the recoverability of accounts receivable, the Group considers any change in the credit quality from the date credit was initially granted up to the end of the reporting period. Allowance for doubtful accounts is recognized against accounts receivable on the basis of estimated irrecoverable amounts determined by reference to past defaults by counter-parties and the analysis of its current financial position.

The concentration of credit risk is limited because the Group's customer base is wide and is not focused on certain customers and companies involved are unrelated.

Movements of allowance for doubtful accounts were as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Beginning balance	\$ 1,150,240	\$ 1,010,074
Add: Accounts recovered during the period	147,464	186,050
Add: Bad debt expenses	94,151	232,817
Deduct: Amounts written off during the period as uncollectible	(233,245)	(253,580)
Effect of exchange rate differences	<u>2,121</u>	<u>(1,089)</u>
Ending balance	<u>\$ 1,160,731</u>	<u>\$ 1,174,272</u>

### Sale of overdue accounts receivable

Under agreements signed in February 2013 and May 2013, Far EastOne sold to asset management companies the overdue accounts receivable that had been written off. Thus, as of June 30, 2013, Far EastOne was not under the risk of irrecoverable receivables.

Related information as of June 30, 2013 is as follows:

	<b>Amounts of Accounts Receivable Sold</b>	<b>Proceeds of the Sale of Accounts Receivable</b>
Hui Cheng Second Asset Management Co., Ltd.	<u>\$ 4,067,103</u>	<u>\$ 97,238</u>
Long Sun Asset Management Co., Ltd.	<u>\$ 3,123,682</u>	<u>\$ 72,886</u>

## **14. INVENTORIES**

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Merchandise inventories	\$ 3,991,928	\$ 3,370,419	\$ 3,688,461	\$ 3,116,002
Finished goods	5,662,243	4,646,465	5,382,579	5,282,432
Work in progress	2,776,883	2,138,420	2,467,176	2,518,902
Raw materials	8,108,602	8,611,484	8,503,591	9,549,766
Supplies	617,430	628,077	520,663	712,514
Available-for-sale - buildings and land	1,024,828	1,035,526	1,037,525	1,690,502
Available-for-sale - land	620,541	620,361	620,181	620,001
Construction-in-progress	711,050	502,368	443,232	391,936
Prepayment for land	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>
	<u>\$ 23,577,505</u>	<u>\$ 21,617,120</u>	<u>\$ 22,727,408</u>	<u>\$ 23,946,055</u>

In the three months ended June 30, 2013, the six months ended June 30, 2013, the three months ended June 30, 2012 and the six months ended June 30, 2012, the costs of sales were NT\$39,498,589 thousand, NT\$77,267,935 thousand, NT\$39,860,148 thousand and NT\$78,717,800 thousand, respectively. The costs of inventories recognized as cost of goods sold, which included inventory write-downs in the three months ended June 30, 2013, the six months ended June 30, 2013, the three months ended June 30, 2012 and the six months ended June 30, 2012, were NT\$16,325 thousand, NT\$100,169 thousand, NT\$177,293 thousand and NT\$83,417 thousand, respectively.

## 15. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Amount due from customers for <u>construction contracts</u>				
Construction costs incurred plus recognized profits less recognized losses to date	\$ 12,099,733	\$ 20,350,379	\$ 17,788,724	\$ 18,941,757
Less: Progress billings	<u>10,548,128</u>	<u>18,798,693</u>	<u>15,779,559</u>	<u>17,369,512</u>
	<u>\$ 1,551,605</u>	<u>\$ 1,551,686</u>	<u>\$ 2,009,165</u>	<u>\$ 1,572,245</u>
Amounts due to customers for <u>construction contracts</u>				
Progress billings	\$ 14,382,401	\$ 4,142,257	\$ 11,257,620	\$ 7,457,381
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>13,950,098</u>	<u>3,981,478</u>	<u>10,942,607</u>	<u>6,952,440</u>
	<u>\$ 432,303</u>	<u>\$ 160,779</u>	<u>\$ 315,013</u>	<u>\$ 504,941</u>
Retentions receivable	<u>\$ 229,306</u>	<u>\$ 271,677</u>	<u>\$ 304,236</u>	<u>\$ 339,538</u>
Retentions payable	<u>\$ 363,646</u>	<u>\$ 265,649</u>	<u>\$ 516,147</u>	<u>\$ 323,500</u>

Certain amounts due from (to) customers for construction contracts are accounted for as retentions receivable on construction contracts. Retentions receivable on construction contracts bear no interest and are expected to remain as receivables until the satisfaction of conditions specified in each contract for the payment of such amounts during the retention periods, which are within the Group's normal operating cycle of usually more than 12 months after the reporting period.

## 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in associates

	<u>June 30, 2013</u>		<u>December 31, 2012</u>		<u>June 30, 2012</u>		<u>January 1, 2012</u>	
	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship	Carrying Value	% of Owner- ship
Listed companies								
Asia Cement Corp.	\$ 15,045,202	26	\$ 16,181,356	26	\$ 14,829,573	25	\$ 16,383,667	25
Far Eastern Department Stores Co., Ltd.	6,340,388	22	6,422,810	21	6,142,797	21	5,630,169	20
Oriental Union Chemical Corp.	4,826,963	26	5,150,811	27	4,989,247	27	5,025,140	26
Everest Textile Co., Ltd.	<u>1,104,353</u>	27	<u>1,055,480</u>	27	<u>1,054,656</u>	27	<u>900,300</u>	27
	<u>27,316,906</u>		<u>28,810,457</u>		<u>27,016,273</u>		<u>27,939,276</u>	
Unlisted companies								
Oriental Securities Corp.	4,830,007	46	4,836,312	46	4,781,272	46	4,741,959	46
Pacific Liu Tong Investment Co., Ltd.	3,719,761	40	3,613,126	40	3,376,726	40	3,301,511	40
Yu Yuan Investment Co.	4,209,735	44	3,521,353	44	3,016,775	44	2,923,684	44
Far Eastern International Leasing Corp.	2,357,964	34	2,365,411	34	2,225,544	34	2,203,197	34
Liquid Air Far East Co., Ltd.	1,140,973	35	1,253,704	35	1,149,266	35	1,264,186	35
Da Ju Fiber Corp.	479,583	42	453,689	42	440,130	42	431,309	42
Yuan Ding Leasing Corp.	427,366	46	428,421	46	411,294	46	400,717	46
Yu Ding Industry Co., Ltd.	408,721	31	386,864	31	370,214	31	360,053	31
Kowloon Cement Corp.	315,813	49	361,010	49	358,923	49	353,697	49

(Continued)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Carrying Value	% of Ownership	Carrying Value	% of Ownership	Carrying Value	% of Ownership	Carrying Value	% of Ownership
Freudenberg Far Eastern Spunweb Co., Ltd.	\$ 272,147	30	\$ 351,586	30	\$ 323,286	30	\$ 303,259	30
FEDS Asia Pacific Development Co., Ltd.	121,932	5	124,686	5	120,625	5	122,931	5
Yue Ming Corp.	95,010	47	71,134	47	65,103	47	73,437	47
Malaysia Garment Manufactures PET Ltd.	69,005	38	56,967	38	58,334	38	45,746	38
Com 2B Corporation	15,911	20	22,293	20	23,560	20	24,953	20
iScreen	15,989	40	18,568	40	20,093	40	21,094	40
Opas Fund Segregated Portofolio Company	1,558	34	1,509	34	1,526	34	1,544	34
	<u>18,481,475</u>		<u>17,866,633</u>		<u>16,742,671</u>		<u>16,573,277</u>	
Prepayment for long-term investments								
Near Field Communication	30,000	-	-	-	-	-	-	-
	<u>\$ 45,828,381</u>		<u>\$ 46,677,090</u>		<u>\$ 43,758,944</u>		<u>\$ 44,512,553</u>	

(Concluded)

Investments in FEDS Asia Pacific Development Co., Ltd. and Com2B Corporation for the six months ended June 30, 2013 and 2012 were accounted for by the equity method since the Group exercised significant influence on them even though the Group owned less than 20% of each investee's voting stock.

The calculation of the gains (losses) and other comprehensive income on the equity-method investments was based on the audited financial statements of Asia Cement Corp. (ACC), Far Eastern Department Stores Co., Ltd. (FEDS), Oriental Union Chemical Corp. (OUCC), and Everest Textile Co., Ltd. (Everest Textile) for the three months and six months ended June 30, 2013 and 2012; however, the independent auditors expressed a qualified opinion because some of their investees' financial statements had not been audited.

The fair values of publicly traded investments accounted for using the equity method are summarized as follows, based on the closing prices of those investments as of the balance sheet date:

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Listed companies	<u>\$ 46,293,603</u>	<u>\$ 48,990,026</u>	<u>\$ 46,320,489</u>	<u>\$ 44,873,377</u>

The summarized financial information of the Group's associates is as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Total assets	<u>\$ 428,672,310</u>	<u>\$ 417,761,559</u>	<u>\$ 412,483,632</u>	<u>\$ 412,748,313</u>
Total liabilities	<u>\$ 226,199,598</u>	<u>\$ 211,226,160</u>	<u>\$ 214,057,947</u>	<u>\$ 208,586,693</u>

	For the Six Months Ended June 30	
	2013	2012
Operating revenue	<u>\$ 74,254,447</u>	<u>\$ 70,008,461</u>
Net income	<u>\$ 8,714,766</u>	<u>\$ 7,221,739</u>
Other comprehensive income	<u>\$ 1,312,385</u>	<u>\$ (279,950)</u>

## 17. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Carrying amounts</u>				
Land	\$ 17,002,953	\$ 16,269,784	\$ 16,263,295	\$ 16,239,206
Buildings	15,695,522	15,443,595	14,684,400	14,506,275
Machinery and equipment	35,559,515	34,921,783	34,475,145	33,490,745
Telecommunications equipment	31,275,828	30,482,677	30,359,873	33,612,679
Computer equipment	2,177,520	2,296,923	2,228,839	1,276,469
Leasehold improvements	1,196,050	1,166,576	962,556	743,953
Operating and miscellaneous equipment	5,279,386	5,122,679	4,623,391	4,161,565
Construction-in-progress	<u>11,827,445</u>	<u>10,594,120</u>	<u>12,617,884</u>	<u>12,937,636</u>
Total property, plant and equipment	120,014,219	116,298,137	116,215,383	116,968,528
Prepayment for equipment	<u>4,181,662</u>	<u>2,881,210</u>	<u>1,634,487</u>	<u>1,585,957</u>
	<u>\$ 124,195,881</u>	<u>\$ 119,179,347</u>	<u>\$ 117,849,870</u>	<u>\$ 118,554,485</u>

	Land	Buildings	Machinery and Equipment	Telecommuni- cations Equipment	Computer Equipment	Leasehold Improvements	Operating And Miscellaneous Equipment	Construction-in- progress and Prepayment for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2012	\$ 16,335,763	\$ 23,907,638	\$ 108,875,310	\$ 138,867,296	\$ 9,351,022	\$ 3,293,622	\$ 16,523,017	\$ 14,523,593	\$ 331,677,261
Additions	-	21,316	276,487	12,125	8,531	17,982	148,450	9,346,415	9,831,306
Disposals	-	(11,964)	(706,293)	(1,126,351)	(50,315)	(20,707)	(214,798)	(11,682)	(2,142,110)
Adjustments and reclassification	22,591	1,551,270	3,465,203	(425,197)	2,594,505	517,413	462,151	(9,509,183)	(1,321,247)
Effect of exchange rate difference	1,498	(184,053)	(1,004,674)	(43)	(620)	1	(68,891)	(96,772)	(1,353,554)
Balance at June 30, 2012	<u>\$ 16,359,852</u>	<u>\$ 25,284,207</u>	<u>\$ 110,906,033</u>	<u>\$ 137,327,830</u>	<u>\$ 11,903,123</u>	<u>\$ 3,808,311</u>	<u>\$ 16,849,929</u>	<u>\$ 14,252,371</u>	<u>\$ 336,691,656</u>
Balance at January 1, 2013	\$ 16,366,341	\$ 26,413,594	\$ 112,206,055	\$ 140,176,231	\$ 12,107,417	\$ 4,115,679	\$ 17,705,731	\$ 13,475,330	\$ 342,566,378
Additions	265,928	13,781	266,140	51,733	8,817	24,527	105,471	9,863,451	10,599,848
Disposals	-	(17,422)	(2,155,266)	(1,315,924)	(16,195)	(32,638)	(75,679)	(2,333)	(3,615,457)
Adjustments and reclassification	465,745	387,819	1,424,580	4,778,571	286,828	149,398	524,157	(7,420,550)	596,548
Effect of exchange rate difference	1,496	397,389	1,942,456	7	1,700	7	161,981	93,209	2,598,245
Balance at June 30, 2013	<u>\$ 17,099,510</u>	<u>\$ 27,195,161</u>	<u>\$ 113,683,965</u>	<u>\$ 143,690,618</u>	<u>\$ 12,388,567</u>	<u>\$ 4,256,973</u>	<u>\$ 18,421,661</u>	<u>\$ 16,009,107</u>	<u>\$ 352,745,562</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2012	\$ (96,557)	\$ (9,401,363)	\$ (75,384,565)	\$ (105,254,617)	\$ (8,074,553)	\$ (2,549,669)	\$ (12,361,452)	\$ -	\$ (213,122,776)
Disposals	-	11,652	688,072	482,594	49,382	17,589	209,453	-	1,458,742
Depreciation expense	-	(373,598)	(2,057,551)	(3,910,991)	(379,601)	(102,363)	(495,111)	-	(7,319,215)
Impairment loss	-	-	(61,359)	-	-	-	-	-	(61,359)
Adjustments and reclassification	-	(884,756)	1,500	1,715,053	(1,269,902)	(211,312)	385,628	-	(263,789)
Effect of exchange rate difference	-	48,258	383,015	4	390	-	34,944	-	466,611
Balance at June 30, 2012	<u>\$ (96,557)</u>	<u>\$ (10,599,807)</u>	<u>\$ (76,430,888)</u>	<u>\$ (106,967,957)</u>	<u>\$ (9,674,284)</u>	<u>\$ (2,845,755)</u>	<u>\$ (12,226,538)</u>	<u>\$ -</u>	<u>\$ (218,841,786)</u>
Balance at January 1, 2013	\$ (96,557)	\$ (10,969,999)	\$ (77,284,272)	\$ (109,693,554)	\$ (9,810,494)	\$ (2,949,103)	\$ (12,583,052)	\$ -	\$ (223,387,031)
Disposals	-	13,225	2,127,355	887,462	16,195	25,544	68,654	-	3,138,435
Depreciation expense	-	(400,214)	(2,168,684)	(3,621,172)	(415,554)	(137,290)	(559,349)	-	(7,302,263)
Adjustments and reclassification	-	(37,133)	2,658	12,478	(40)	(74)	6,665	-	(15,446)
Effect of exchange rate difference	-	(105,518)	(801,507)	(4)	(1,154)	-	(75,192)	-	(983,376)
Balance at June 30, 2013	<u>\$ (96,557)</u>	<u>\$ (11,499,639)</u>	<u>\$ (78,124,450)</u>	<u>\$ (112,414,790)</u>	<u>\$ (10,211,047)</u>	<u>\$ (3,060,923)</u>	<u>\$ (13,142,275)</u>	<u>\$ -</u>	<u>\$ (228,549,681)</u>

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

Building	3-55 years
Telecommunications equipment- excluding submarine cable system usage	2-15 years
Telecommunications equipment- submarine cable system usage	15-25 years
Computer equipment	3-10 years
Machinery and equipment	3-20 years
Leasehold improvements, operating and miscellaneous equipment	3-15 years

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, farmland was reclassified to property, plant and equipment amounting to NT\$238,430 thousand and to investment properties amounting to NT\$38,231 thousand. The titles to the land are temporarily registered in the name of trustees who have either signed an agreement showing the farmlands belong to the Company or have pledged the land to the Company.

## 18. INVESTMENT PROPERTIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Completed investment property	<u>\$ 35,809,539</u>	<u>\$ 36,495,583</u>	<u>\$ 36,569,218</u>	<u>\$ 35,365,567</u>
				<b>Completed Investment Properties</b>
<u>Cost</u>				
Balance at January 1, 2012				\$ 38,886,012
Additions				12,304
Disposals				-
Adjustments and reclassifications				1,242,188
Effect of exchange rate differences				<u>(13,395)</u>
Balance at June 30, 2012				<u>\$ 40,127,109</u>
Balance at January 1, 2013				\$ 40,081,067
Additions				142
Disposals				(2,874)
Adjustments and reclassifications				(633,815)
Effect of exchange rate differences				<u>25,687</u>
Balance at June 30, 2013				<u>\$ 39,470,207</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2012				\$ (3,520,445)
Disposals				-
Additions				(99,153)
Adjustments and reclassifications				54,369
Effect of exchange rate differences				<u>7,338</u>
Balance at June 30, 2012				<u>\$ (3,557,891)</u>
Balance at January 1, 2013				\$ (3,585,484)
Disposals				2,356
Additions				(100,703)
Reversal of impairment				5,770
Adjustments and reclassifications				32,776
Effect of exchange rate differences				<u>(15,383)</u>
Balance at June 30, 2013				<u>\$ (3,660,668)</u>

The fair values of the Group's investment properties were NT\$142,291,918 thousand, NT\$142,215,410 thousand, NT\$115,386,262 thousand and NT\$114,775,716 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively. The fair values of the Group's investment properties as of January 1, 2012 and December 31, 2012 were based on an independent appraiser's valuations. Later, the Group's management calculated the fair value of investment properties through the ratio of building spaces actually been rent out. The Group's management used the same appraisal report as the basis for calculating investment property fair values as of June 30, 2013 and 2012 because there was no material change in the economic environment and the market trading prices. In this calculation, the direct capitalization method was used. This method is similar to the real estate sales approach and income approach, which is based on the use of recently, sold properties in the immediate vicinity of a certain property to estimate the value of property.

## 19. GOODWILL

	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
<u>Cost</u>		
Beginning balance	\$ 11,980,944	\$ 11,982,600
Effect of exchange rate differences, net	<u>2,353</u>	<u>(1,263)</u>
Ending balance	<u>\$ 11,983,297</u>	<u>\$ 11,981,337</u>

If an investment acquisition cost exceeds the fair value of identifiable net assets acquired, and the source of this excess cannot be identified, this excess should be recorded as goodwill. Goodwill mainly resulted from the mergers and acquisitions of Far EasTone, which obtained a large percentage of companies with which it had merged.

Refer to Note 19 of the consolidated financial statements for the three months ended March 31, 2013 for related information on goodwill.

## 20. CONCESSION AND INTANGIBLE ASSETS

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
<u>Carrying amounts</u>				
Concession	<u>\$ 5,541,193</u>	<u>\$ 5,090,449</u>	<u>\$ 5,247,124</u>	<u>\$ 5,608,938</u>
Other intangible assets				
Computer software	2,432,588	2,529,280	2,480,942	2,566,088
Others	<u>1,567,729</u>	<u>1,289,718</u>	<u>866,920</u>	<u>803,451</u>
	<u>4,000,317</u>	<u>3,818,998</u>	<u>3,347,862</u>	<u>3,369,539</u>
	<u>\$ 9,541,510</u>	<u>\$ 8,909,447</u>	<u>\$ 8,594,986</u>	<u>\$ 8,978,477</u>

	<b>Concession</b>	<b>Computer Software</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2012	\$ 5,608,938	\$ 2,566,088	\$ 803,451	\$ 8,978,477
Additions	133,887	278,070	126,684	538,641
Amortization	(495,150)	(367,396)	(60,343)	(922,889)
Disposals	(565)	(1)	-	(566)
Adjustments and reclassifications	14	7,391	-	7,405
Effect of exchange rate differences	<u>-</u>	<u>(3,210)</u>	<u>(2,872)</u>	<u>(6,082)</u>
Balance at June 30, 2012	<u>\$ 5,247,124</u>	<u>\$ 2,480,942</u>	<u>\$ 866,920</u>	<u>\$ 8,594,986</u>
Balance at January 1, 2013	\$ 5,090,449	\$ 2,529,280	\$ 1,289,718	\$ 8,909,447
Additions	998,813	262,724	491,751	1,753,288
Amortization	(547,799)	(378,527)	(214,527)	(1,140,853)
Disposals	(267)	-	-	(267)
Adjustments and reclassifications	(3)	16,898	(3,980)	12,915
Effect of exchange rate differences	<u>-</u>	<u>2,213</u>	<u>4,767</u>	<u>6,980</u>
Balance at June 30, 2013	<u>\$ 5,541,193</u>	<u>\$ 2,432,588</u>	<u>\$ 1,567,729</u>	<u>\$ 9,541,510</u>

The above other intangible assets were depreciated on a straight-line basis up to the estimated useful lives of the assets, as follows:

Concession	14 years
Computer software	10 years
Others	16 years

## 21. SHORT-TERM BORROWINGS AND SHORT-TERM BILLS PAYABLE

### a. Short-term borrowings

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Credit loans	\$ 22,328,418	\$ 24,362,749	\$ 27,006,456	\$ 26,356,424
Secured and pledged borrowings	240,924	846,419	299,688	1,015,295
Loans from related parties	<u>3,503,790</u>	<u>598,224</u>	<u>611,345</u>	<u>623,665</u>
	<u>\$ 26,073,132</u>	<u>\$ 25,807,392</u>	<u>\$ 27,917,489</u>	<u>\$ 27,995,384</u>

- 1) The interest rates for bank loans were 0.63% to 6.16%, 0.75% to 6.16%, 0.68% to 8.83% and 0.74% to 9.18% as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively.
- 2) Loans from related parties were the Group's repayments to related parties. Interest rates were all 0% as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.



b. Short-term bills payable

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Commercial paper	\$ 8,257,000	\$ 6,290,000	\$ 7,945,000	\$ 10,769,000
Less: Unamortized discount on bills payable	<u>2,780</u>	<u>3,260</u>	<u>7,026</u>	<u>3,910</u>
	<u>\$ 8,254,220</u>	<u>\$ 6,286,740</u>	<u>\$ 7,937,974</u>	<u>\$ 10,765,090</u>

The short-term bills payable outstanding were issued at interest rates of 0.70% to 1.39%, 0.83% to 2.34% and 0.79% to 1.28%, and 0.45% to 2.18% as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively.

**22. PROVISIONS**

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Decommissioning obligations	\$ 760,782	\$ 733,552	\$ 580,625	\$ 564,536
Warranties	88,007	79,083	74,435	71,942
Onerous contracts	<u>5,256</u>	<u>2,581</u>	<u>46,798</u>	<u>44,795</u>
	<u>\$ 854,045</u>	<u>\$ 815,216</u>	<u>\$ 701,858</u>	<u>\$ 681,273</u>
Current	\$ 178,662	\$ 160,425	\$ 183,338	\$ 171,474
Non-current	<u>675,383</u>	<u>654,791</u>	<u>518,520</u>	<u>509,799</u>
	<u>\$ 854,045</u>	<u>\$ 815,216</u>	<u>\$ 701,858</u>	<u>\$ 681,273</u>
	<b>Decommissioning Obligations</b>	<b>Warranties</b>	<b>Onerous Contracts</b>	<b>Total</b>
Balance at January 1, 2012	\$ 564,536	\$ 71,942	\$ 44,795	\$ 681,273
Additional provisions recognized	18,289	10,002	2,003	30,294
Reductions	<u>(2,200)</u>	<u>(7,509)</u>	<u>-</u>	<u>(9,709)</u>
Balance at June 30, 2012	<u>\$ 580,625</u>	<u>\$ 74,435</u>	<u>\$ 46,798</u>	<u>\$ 701,858</u>
Balance at January 1, 2013	\$ 733,552	\$ 79,083	\$ 2,581	\$ 815,216
Additional provisions recognized	30,411	28,746	2,675	61,832
Reductions	<u>(3,181)</u>	<u>(19,822)</u>	<u>-</u>	<u>(23,003)</u>
Balance at June 30, 2013	<u>\$ 760,782</u>	<u>\$ 88,007</u>	<u>\$ 5,256</u>	<u>\$ 854,045</u>

## 23. LONG-TERM LIABILITIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Bank loans	\$ 34,026,989	\$ 33,243,911	\$ 36,340,451	\$ 33,770,708
Less: Current portion	<u>1,102,981</u>	<u>1,011,899</u>	<u>1,272,631</u>	<u>646,513</u>
	<u>\$ 32,924,008</u>	<u>\$ 32,232,012</u>	<u>\$ 35,067,820</u>	<u>\$ 33,124,195</u>
Nonconvertible bonds	\$ 53,356,500	\$ 44,780,000	\$ 37,940,000	\$ 29,040,000
Discount of nonconvertible bonds	<u>(84,013)</u>	<u>(74,300)</u>	<u>(68,764)</u>	<u>(52,842)</u>
	<u>53,272,487</u>	<u>44,705,700</u>	<u>37,871,236</u>	<u>28,987,158</u>
Exchangeable bonds	-	-	1,239,000	1,239,000
Discount of exchangeable bonds	<u>-</u>	<u>-</u>	<u>(5,934)</u>	<u>(20,369)</u>
	<u>-</u>	<u>-</u>	<u>1,233,066</u>	<u>1,218,631</u>
	<u>53,272,487</u>	<u>44,705,700</u>	<u>39,104,302</u>	<u>30,205,789</u>
Less: Current portion	<u>5,326,687</u>	<u>2,979,679</u>	<u>1,993,066</u>	<u>1,878,631</u>
	<u>\$ 47,945,800</u>	<u>\$ 41,726,021</u>	<u>\$ 37,111,236</u>	<u>\$ 28,327,158</u>

### Bank Loans

The foregoing loans are repayable through a lump sum payment on maturity in New Taiwan dollars or U.S. dollars. The Company and its subsidiaries had been allowed to make loans within the credit line limit. The Company's loan as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were due between April 2014 and March 2031, March 2014 and March 2031, April 2013 and March 2031 and February 2013 and March 2031, respectively. Bank interest rates were 0.77% to 2.95%, 0.63% to 2.08%, 0.60% to 4.10% and 0.76% to 4.2% as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively.

On September 12, 2008, the Company entered into a medium-term syndicated loan agreement with banks led by Hua Nan Commercial Bank. The total loan agreement amounted to NT\$5,700,000 thousand. Under this agreement, the Company should keep its current, liability, tangible asset-equity and interest cover within certain ranges. The Company's was in compliance with these ratio requirements.

On July 1, 2008, a Company subsidiary, Sino Belgium (Holding) Ltd. (SINO), reached a medium-term syndicated loan agreement with banks led by Chinatrust Commercial Bank. The total loan agreement amounted to US\$5,000 thousand. Under this agreement, another subsidiary of the Company, Yuan Tong, served as the guarantor of SINO and thus committed to keep its current, liability, tangible asset-equity and interest cover within certain ranges. Yuan Tong was in compliance with these ratio requirements.

On March 22, 2011, a Company subsidiary, FECC entered into a NT\$4,000,000 thousand credit agreement with Hua Nan Bank and other financial institutions. FECC pledged its land pertaining to the Zhong Ben and Zhong Ben (2) project (Ban Ciao - New Section No. 8) and amounting to NT\$4,800,000 thousand as first mortgage to the creditor banks. Other agreement terms were as follows:

	<b>Credit Line</b>	<b>Maturity Period</b>	<b>Interest Rate</b>	<b>Repayment</b>
A	NT\$ 2,000,000 thousand	20 years after use of the credit	Hua Nan Bank's periodic savings interest rate plus 0.40% then over 0.946	Revolving credit within the period and no repayment in the first five years; quarterly repayments of NT\$30,000 thousand quarterly from the sixth year and redemption of rest on maturity
B	NT\$ 2,000,000 thousand	5 years after use of the credit	Reference interest rate plus 0.433%	Revolving credit within the period; lump sum repayment on maturity
	<u>NT\$ 4,000,000</u> <u>thousand</u>			

Note: The reference interest rate is based on Taiwan's second market 90 days' commercial paper fixing rate on page 6165 of the Telerate interest rate index at 11:00 a.m.

On December 4, 2009, an FENC subsidiary, Oriental Petrochemicals (Taiwan) Co., Ltd. (OPTC), got a five-year syndicated loan of NT\$4,200,000 thousand from Mega International Commercial Bank and Chinatrust Commercial Bank. OPTC committed that, during the contract period, its financial statements should show it was keeping its liability ratio within a certain range. Once OPTC fails to meet its commitment, it should issue new shares for cash by the end of November of next year, fully repay the loan, or put the asset/liability ratio back within the required range. Otherwise, OPTC should pay fees monthly at 0.2% per day of the outstanding amounts during the period between the maturity date and the day before the asset/liability ratio has met the range requirement; the banks will assess OPTC's condition to determine the new deadline for the settlement of the principal and the interests. As of June 30, 2013, OPTC was in compliance with the ratio requirement.

On April 23, 2013, in order to construct a freeway taximeter system infrastructure, an FENC subsidiary, Far Eastern Electronic Toll Collection Co., Ltd. (FETC), entered into a syndicated loan agreement amounting to NT\$6,420,000 thousand with Cathay United bank and three other financial institutions. The agreement terms are as follows:

The syndicated loan, which consisted of three different loans with different terms and lines of credit (A, B and C), was obtained to meet FETC's capital needs for operating and maintain the infrastructure for the electronic toll collection project ("ETC project"). FETC withdrew NT\$2,906,000 thousand from Loan A and NT\$3,294,000 thousand from Loan B. FETC provided a guarantee amounting to NT\$22,000 thousand from Loan C. Credit Line A has been partly drawn for the first time on May 10, 2012. Loan A is repayable quarterly in 26 equal installments from November 10, 2014 until February 2021. Bank annual interest rates were 2.10% in 2013 and 2.0758% in 2012. Credit Line B has been partly drawn for the first time on May 10, 2012. Credit line B will be paid quarterly in 26 installments from August 10, 2019, with maturity in November 2025. Bank annual interest rates were 1.05% in 2013 and 0.6316% in 2012.

Another requirement in the syndicated loan agreement was for FETC to open special bank accounts and to place appropriate payments to these bank accounts through deposits and time deposits. The bank accounts pertaining to the loan reserve and time deposits that had been pledged to Cathay United Bank were accounted for under other financial assets - non-current (Note 35). The terms of loan A and B further

included a requirement for FETC to keep its loan capital and interest coverage ratio at more than 1.10 during the interest accrual period after November 10, 2014. In addition, FETC should get prior written consent from Cathay United Bank based on the schedule and amount of the ETC project shown in FETC's annual budget before FETC disposes of the pledged deposits and should replace these deposits with other operating assets as collateral. The value of the operating assets should be the lower of the value of newly built operating assets for ETC's operations or the value of other assets that had not been provided to Cathay United Bank as collateral.

With FETC's long-term debts with floating rates, which may cause material cash flow risks, FETC started to use interest rate swaps on the first day it made a loan drawdown to hedge against adverse cash flow fluctuations on its liabilities under the syndicated loan agreement.

## **Bonds**

### FENC

On June 20, 2008, the Company issued five-year unsecured bonds (the second tranche). The bonds had an aggregate face value of NT\$1,000,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds were repayable at the end of the third, fourth, and fifth years from the issuance date at 30%, 30% and 40%, respectively, of the total issued amounts, with 2.83% interest payable annually. On June 30, 2013, the Company redeemed its bonds.

On July 18, 2008, the Company issued five-year unsecured bonds (the third tranche). The bonds had an aggregate face value of NT\$1,200,000 thousand, with each unit having a face value of NT\$1,000 thousand. These bonds were repayable at the end of the third, fourth, and fifth years from the issuance date at 30%, 30% and 40%, respectively, of the total issued amounts, with 2.95% interest payable annually. On June 30, 2013, the Company redeemed NT\$720,000 thousand bonds.

On October 29, 2009, the Company issued unsecured bonds (the first tranche) amounting to NT\$3,000,000 thousand, with a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the aggregate value at the end of the fourth and fifth years of bond issuance, and the simple interest of 1.85% is payable annually.

On May 27, 2010, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$5,500,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.68% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On September 16, 2010, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$6,000,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.59% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On May 27, 2011, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$3,800,000 thousand at a unit face value of NT\$1,000 thousand. The five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.50% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On September 29, 2011, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$2,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.55% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On February 15, 2012, the Company issued five-year unsecured bonds (the third tranche) amounting to NT\$6,000,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.36% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On June 7, 2012, the Company issued five-year unsecured bonds (the first tranche) amounting to NT\$3,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.35% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On November 26, 2012, the Company issued five-year unsecured bonds (the second tranche) amounting to NT\$4,200,000 thousand at a unit face value of NT\$1,000 thousand. These five-year bonds are repayable at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.3% interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

On May 16, 2013, the Company issued three-year unsecured bonds (the first tranche) amounting to (a) RMB500,000 thousand and (b) JPY5,000,000 thousand with unit face values of RMB1,000 thousand and JPY 10,000 thousand, respectively. These three-year bonds will be repaid in lump sum on maturity. The interest rate of (a) is 2.95% and that of (b) is defined as three month JPY LIBOR + 1.10%. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

### **Exchangeable Bonds**

On September 14, 2007, the Company issued five-year unsecured exchangeable bonds amounting to NT\$2,500,000 thousand, with 0% coupon rate and maturity on September 14, 2012. These bonds were repayable in lump sum on maturity, with a 2.512% interest. The Company recognized the call and put options of these exchangeable bonds as assets and liabilities, respectively (Note 7).

Other bond issuance terms were as follows:

a. Exchangeable period:

Under the bond terms, the bondholders exchanged their bonds for Asia Cement Corporation's (ACC) common shares at any time between October 15, 2007, the 31st day after the issuance date, and September 4, 2012, the 10th day before the maturity date, except for the period starting from (a) the third day before the ex-dividend date of stock dividend issuance, (b) the third day before the ex-dividend date of cash dividend issuance, (c) the third day before the ex-dividend date of new share issuance, and (d) the third day before the ex-dividend date of capital decrease to the effective date of dividend (or new share) distribution. In addition, bondholders were not allowed to convert the bonds into ACC's common shares in the period specified by the law.

b. Exchange price

1) The exchange price was NT\$57.88 per share on the issuance date.

2) A After the issue of the exchangeable bonds, except for the convertible or exchangeable securities issued by ACC, the exchange price of the issued bonds were allowed to be adjusted in any one of these situations: (a) the number of ACC's common shares increased in the market (including capital increases through share issuance for cash; capitalization of earnings; capitalization of capital reserve; capitalization of employee bonus; enterprise mergers and acquisitions and stock splits; stock split and the issuance of global depository receipts); (b) ACC issued new convertible or

exchangeable securities at a price lower than the market conversion price; (c) the number of ACC's common shares decreased because of capital reduction (excluding the cancellation of ACC's treasury shares); or (d) the ratio of cash dividends to the market value of the common stock was higher than 1.5%.

c. Call option

If the closing price of ACC's shares on each of the 30 consecutive trading days on the Taiwan Stock Exchange reached more than 50% of the exchange price between October 15, 2007, one month after the issuance date of the exchangeable bonds, and August 5, 2012, the 40th day before the maturity date of the exchangeable bonds, the Company sent a bond redemption notice to the bondholders and redeemed the outstanding bonds at face value within 30 business days. In addition, if the total amount of the outstanding bonds was less than NT\$250,000 thousand (10% of the total amount of the bonds), the Company had the right to send a bond redemption notice to the bondholders and redeem the outstanding bonds at face value in cash at any time.

d. Put option:

Bondholders had the option to request the Company to redeem their bond holdings at 100% of face value on September 14, 2010, three years after the issuance date. As of September 14, 2010, the put options of the bonds had expired.

e. On July, 2011, the bondholders exchanged \$300 thousand in bonds for 6,858 ACC common shares at the exchange price of NT\$43.74 per ACC share. As of September 2012, the Company had redeemed its exchangeable bonds.

Yuan Ding Investment Co., Ltd. (YDI)

On August 14, 2009, an FENC subsidiary, YDI, made a domestic private placement of unsecured bonds with an aggregate value of NT\$1,000,000 thousand and a par value of NT\$10,000 thousand. These three-year unsecured bonds will be repayable in lump sum on maturity, with a 2.00% interest payable annually. The bondholders of the domestic private placement of unsecured bonds are FENC subsidiaries, New Century InfoComm Tech Co., Ltd. (NCIC) and ARCOA Communication Co., Ltd. (ARCOA). NCIC and ARCOA had NT\$990,000 thousand and NT\$10,000 thousand unsecured bonds, respectively. The above transactions were not included in the consolidated financial statements since ARCOA and NCIC were FENC's subsidiaries. In August 2012, the bonds were fully redeemed.

On July 19, 2010, YDI made its first issuance of unsecured bonds, with an aggregate value of NT\$2,000,000 thousand and par value of NT\$1,000 thousand. These five-year unsecured bonds are repayable at 30%, 30% and 40% of aggregate value at the end of the third, fourth and fifth years, respectively, of bond issuance, and the simple interest of 1.62% is payable annually.

On July 20, 2011, YDI made its first issuance of unsecured bonds, with an aggregate value of NT\$3,000,000 thousand and a par value of NT\$1,000 thousand. These five-year unsecured bonds are repayable at 30%, 30% and 40% of the aggregate value at the end of the third, fourth and fifth years, respectively, of bond issuance, and the simple interest of 1.5% is payable annually.

YDI issued five-year unsecured/nonconvertible bonds (the second tranche) on December 15, 2011. The bonds, which are repayable annually, have aggregate values of NT\$2,000,000 thousand and a par value of NT\$1,000 thousand. These bonds are repayable at 50% of aggregate value for each end of the fourth and fifth years, respectively, and the simple interest of 1.45% is payable annually.

On August 6, 2012, YDI issued three-year and five-year unsecured/nonconvertible bonds, with a total amount of NT\$3,000,000 thousand and a par value of NT\$1,000 thousand. The three-year bonds have an aggregate amount of NT\$1,900,000 thousand and are fully repayable on maturity, with 1.25% annual interest rate. The five-year bonds have an aggregate amount of NT\$1,100,000 thousand and are repayable

at 50% of the total amount at the end of the fourth year and the other 50% at the end of the fifth year of bond issuance, with a 1.4% annual interest rate. The interest is calculated by the simple interest method (based on the outstanding balance) starting from the issuance date and is payable annually.

Far EasTone

On June 27, 2013, Far EasTone issued seven-year unsecured domestic bonds (the fourth tranche), with an aggregate principal of NT\$5,000,000 thousand, each having a face value of \$10,000 thousand and a coupon interest rate of 1.33%, with simple interest due annually. Equal principal repayments will be made annually in the fifth and seventh years of bond issuance.

**24. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The contract-related assets and liabilities of Far Eastern Construction Co., Ltd. (FECC), Far Eastern General Contractor Inc. (FEGC) are classified as current or non-current depending on the operating cycle. Amounts expected to be received or paid within one year or less were as follows:

	<b>June 30, 2013</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 259,557	\$ 33,426	\$ 292,983
Notes and accounts receivable from affiliates	5,151	-	5,151
Inventories - construction and real estate	1,735,878	684,541	2,420,419
Amounts due from customers for construction contracts	1,447,557	104,048	1,551,605
Other financial assets - current	417,053	1,069,435	1,486,488
Refundable deposits - current	1,189	5,372	6,561
<u>Liabilities</u>			
Notes and accounts payable	1,234,664	53,386	1,288,050
Notes and accounts payable to affiliates	87,478	-	87,478
Amounts due to customers for construction contracts	222,426	209,877	432,303
Advances on land and buildings	6,723	-	6,723
Provisions - current	-	57,289	57,289
	<b>December 31, 2012</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 255,283	\$ 20,520	\$ 275,803
Notes and accounts receivable from affiliates	39,378	-	39,378
Inventories - construction and real estate	1,537,894	684,361	2,222,255
Amounts due from customers for construction contracts	1,540,771	10,915	1,551,686
Other financial assets - current	561,703	490,337	1,052,040
Refundable deposits - current	4,096	3,358	7,454

(Continued)

	<b>December 31, 2012</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Liabilities</u>			
Notes and accounts payable	\$ 1,504,635	\$ 105,338	\$ 1,609,973
Notes and accounts payable to affiliates	176,204	-	176,204
Advances on land and buildings	14,037	-	14,037
Amounts due to customers for construction contracts	12,515	148,264	160,779
Provisions - current	-	57,642	57,642
			(Concluded)

	<b>June 30, 2012</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 205,077	\$ 154,827	\$ 359,904
Notes and accounts receivable from affiliates	101,914	-	101,914
Inventories - construction and real estate	1,037,525	1,127,413	2,164,938
Amounts due from customers for construction contracts	877,991	1,131,174	2,009,165
Other financial assets - current	643,700	713,523	1,357,223
Refundable deposits - current	4,224	2,572	6,796
Other financial assets - non-current	-	16,000	16,000

<u>Liabilities</u>			
Notes and accounts payable	1,838,953	466,147	2,305,100
Notes and accounts payable to affiliates	203,179	-	203,179
Advances on land and buildings	15,811	-	15,811
Amounts due to customers for construction contracts	169,075	145,938	315,013
Provisions - current	-	53,462	53,462

	<b>January 1, 2012</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Assets</u>			
Notes and accounts receivable	\$ 189,650	\$ 172,132	\$ 361,782
Notes and accounts receivable from affiliates	86,330	-	86,330
Inventories - construction and real estate	1,690,502	1,075,937	2,766,439
Amounts due from customers for construction contracts	909,701	662,544	1,572,245
Other financial assets - current	511,765	1,163,585	1,675,350
Refundable deposits - current	5,240	1,566	6,806
Other financial assets - non-current	-	16,000	16,000
			(Continued)



	<b>January 1, 2012</b>		
	<b>Within One Year</b>	<b>Over One Year</b>	<b>Total</b>
<u>Liabilities</u>			
Notes and accounts payable	\$ 2,971,553	\$ 66,753	\$ 3,038,306
Notes and accounts payable to affiliates	258,247	-	258,247
Advances on land and buildings	990,147	-	990,147
Amounts due to customers for construction contracts	245,167	259,774	504,941
Provisions - current	-	53,494	53,494

## 25. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of monthly contributions by the Group to the employees' individual pension fund accounts is at 6% of monthly wages and salaries. The subsidiaries in mainland China and other areas also make monthly contributions at certain percentages of the basic salary to retirement benefit plans. Thus, the Company recognized expenses of NT\$186,074 thousand and NT\$185,438 thousand in the consolidated statements of comprehensive income for the three months ended June 30, 2013 and 2012, respectively; and NT\$367,090 thousand and NT\$317,512 thousand in the consolidated statements of comprehensive income for the six months ended June 30, 2013 and 2012, respectively.

### b. Defined benefit plans

The Company and its subsidiaries established in Republic of China have defined benefit plans under the Labor Standards Law, which provide benefits based on an employee's length of service and average monthly salary for the six months before retirement. These companies contribute amounts corresponding to certain percentages of monthly salaries to their respective pension funds, which are administered by the Labor Pension Fund Supervisory Committee and deposited in the Committee's name in the Bank of Taiwan.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out on December 31, 2012. The present values of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method. For the three months and the six months ended June 30, 2013 and 2012, the Group recognized employee benefit expenses of (a) NT\$(123) thousand and NT\$(1,216) thousand and (b) NT\$1,120 thousand and NT\$(2,431) thousand, respectively, based on the actuarially determined pension cost rate as of December 31, 2012 and January 1, 2012, respectively.

Actuarial assumptions were as follows:

	<b>December 31, 2012</b>	<b>January 1, 2012</b>
Discount rate used in determining present value	1.25%-1.75%	1.50%-1.75%
Expected rate of return on plan assets	1.75%-6.00%	2.00%-6.00%
Rate of future salary increase	1.50%-4.00%	1.50%-4.00%

The amounts included in the consolidated balance sheets arising from the Group's obligation on its defined benefit plans were as follows:

	<b>December 31, 2012</b>	<b>January 1, 2012</b>
Present value of funded defined benefit obligation	\$ 8,619,246	\$ 7,789,329
Fair value of plan assets	<u>(5,500,694)</u>	<u>(5,075,216)</u>
Deficit	3,118,552	2,714,113
Past service cost not yet recognized	234,231	257,987
Restrictions on asset recognized	5,293	3,633
Included in prepaid pension cost	<u>45,108</u>	<u>35,569</u>
Net liability arising from defined benefit obligation (Note)	<u>\$ 3,403,184</u>	<u>\$ 3,011,302</u>

Note: Yuan Cing Infocomm Tech Co. (YCIC) conducted a tender offer to acquire the common shares of New Century InfoComm Tech Co., Ltd. (NCIC); therefore, the accrued pension costs of NT\$10,529 thousand each as of December 31 and January 1, 2012 have been written off in the consolidated financial statements.

The percentages of major categories of plan assets at the end of the reporting period for each category were as follows:

	<b>December 31, 2012</b>	<b>January 1, 2012</b>
Equity instruments	67.27	66.43
Deposit in other financial institutions	9.87	9.47
Pension account in the Bank of Taiwan	<u>22.86</u>	<u>24.10</u>
	<u>100.00</u>	<u>100.00</u>

The overall expected rate of return is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by the Labor Pension Fund Supervision Committee and the consideration of guaranteed minimum income will not be less than the return on local banks' two-year time deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	<b>December 31, 2012</b>	<b>January 1, 2012</b>
Present value of defined benefit obligation	<u>\$ 8,619,246</u>	<u>\$ 7,789,329</u>
Fair value of plan assets	<u>\$ 5,500,694</u>	<u>\$ 5,075,216</u>
Deficit	<u>\$ 3,118,552</u>	<u>\$ 2,714,113</u>
Experience adjustments on plan liabilities	<u>\$ 264,508</u>	<u>\$ -</u>
Experience adjustments on plan assets	<u>\$ (139,835)</u>	<u>\$ -</u>

## 26. EQUITY

### a. Share capital

#### Common shares

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Numbers of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>5,044,134</u>	<u>5,044,134</u>	<u>4,897,217</u>	<u>4,897,217</u>
Shares issued	\$ 50,441,338	\$ 50,441,338	\$ 48,972,173	\$ 48,972,173
Premiums on capital stock	<u>932,814</u>	<u>932,814</u>	<u>932,814</u>	<u>932,814</u>
	<u>\$ 51,374,152</u>	<u>\$ 51,374,152</u>	<u>\$ 49,904,987</u>	<u>\$ 49,904,987</u>

The shares issued had a par value of NT\$10 and have the rights of voting and receiving dividends.

### b. Capital surplus

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares in excess of par, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments may not be used for any purpose.

### c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, net income should be used to pay its business income tax and offset deficits. From any remaining net income will be appropriated 10% as legal reserve and a special reserve as required by government regulations. After adding prior years' unappropriated earnings, the Company would retain a certain amount for expansion plans and then make the following appropriations:

	%
Dividends	60.0
Bonus for stockholders	33.0
Bonus for employees	4.0
Remuneration for directors and supervisors	3.0

All appropriations are approved by the stockholders in the year, and disclosed in the financial statements of the year, following the year of earnings generation. The Company's dividends should be appropriated at a percentage based on the Company's Articles of Incorporation to have a stable dividend distribution while taking into account the future economic condition, cash demands and taxation. The cash dividends should be at least 10% of total dividends declared, unless cash is required for investments, productivity expansion, any significant future capital expenditures or plans to improve financial structure.

The estimates of the bonuses to employees were NT\$132,775 thousand and NT\$162,949 thousand for the six months ended June 30, 2013 and 2012, respectively, and those of the remunerations to directors and supervisors were NT\$99,581 thousand and NT\$122,036 thousand for the six months ended June 30, 2013 and 2012, respectively. The bonus to employees and the remuneration are based on the Company's Article of Incorporation. If the actual amounts subsequently resolved by the stockholders differ from the estimates, the differences are recorded as a change in accounting estimate. The management of the Company approved the distribution of the employees' bonus in cash for the six months ended June 30, 2013 and 2012. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs," on the first-time adoption of IFRSs, a company should appropriate to a special reserve an amount that is the same as those of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. Earnings should not be made appropriated until this special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated.

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

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate shares of the income tax paid by the Company.

The appropriations from the 2012 and 2011 earnings were approved in the stockholders' meetings on June 25, 2013 and June 28, 2012, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
			<b>(NT\$)</b>	
	<b>For Year 2012</b>	<b>For Year 2011</b>	<b>For Year 2012</b>	<b>For Year 2011</b>
Legal reserve	\$ 866,789	\$ 1,110,021		
Cash dividends	6,557,374	8,325,270	\$ 1.3	\$ 1.7
Stock dividends	<u>1,008,827</u>	<u>1,469,165</u>	0.2	0.3
	<u>\$ 8,432,990</u>	<u>\$ 10,904,456</u>		

On the appropriation of earnings of the 2012 earnings, a capital increase of NT\$1,008,827 thousand from retained earnings was approved by the Financial Supervisory Commission. After this approval, the Company's board of directors set September 2, 2013 as the effective date of this distribution.

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2011, which were approved in the stockholders' meetings on June 25, 2013 and June 28, 2012, respectively, were as follows:

	<b>For the Year Ended 2012</b>		<b>For the Year Ended 2011</b>	
	<b>Cash Dividends</b>	<b>Stock Dividends</b>	<b>Cash Dividends</b>	<b>Stock Dividends</b>
Bonus to employees	\$ 325,428	\$ -	\$ 421,266	\$ -
Remuneration of directors and supervisors	244,071	-	315,950	-
<b>Years Ended December 31</b>				
	<b>2012</b>		<b>2011</b>	
	<b>Bonus to Employee Bonus</b>	<b>Remuneration to Directors and Supervisors</b>	<b>Bonus to Employee Bonus</b>	<b>Remuneration to Directors and Supervisors</b>
Amounts approved in stockholders' meetings	\$ 325,428	\$ 244,071	\$ 421,266	\$ 315,950
Amounts recognized in respective financial statements	<u>325,428</u>	<u>244,071</u>	<u>421,266</u>	<u>315,950</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same as the accrual amounts reflected in the financial statements for the six months ended June 30, 2013 and 2012. The total bonus to employees was paid in cash.

Information on the bonus of employees approved at stockholders' meetings can be accessed online through the Market Observation Post System on the Web site of the Taiwan Stock Exchange Corporation (<http://emops.tse.com.tw>).

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

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

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Special reserve	<u>\$ 22,276,817</u>	<u>\$ 22,287,098</u>	<u>\$ 22,287,512</u>	<u>\$ 22,287,929</u>

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

	<b>For the Six Months Ended June 30, 2012</b>
Balance at January 1, 2012	\$ 22,287,929
Reversed on elimination of the original need to appropriate a special reserve	
Depreciation of investment properties	<u>(417)</u>
Balance at June 30, 2012	<u>\$ 22,287,512</u>

	<b>For the Six Months Ended June 30, 2013</b>
Balance at January 1, 2013	\$ 22,287,098
Reversed on elimination of the original need to appropriate a special reserve	
Depreciation of investment properties	(413)
Disposal of investment properties	(28)
Disposal of associates	<u>(9,840)</u>
Balance at June 30, 2013	<u>\$ 22,276,817</u>

e. Other equity items

The changes in other equity items are as follow:

	<b>Exchange Differences on Translating Operations</b>	<b>Unrealized Gain on Financial Instruments</b>	<b>Cash Flow Hedges</b>	<b>Total</b>
Balance at January 1, 2012	\$ -	\$ 3,500,409	\$ (4,963)	\$ 3,495,446
Exchange differences on translating operations	(1,116,366)	-	-	(1,116,366)
Unrealized gain on available-for-sale financial assets	-	38,524	-	38,524
Disposal of partial interests in subsidiaries	51	(5,229)	-	(5,178)
Losses on hedging instruments in cash flow hedges arising from fair value changes	-	-	(31,504)	(31,504)
Share of the other comprehensive loss of associates	<u>(205,637)</u>	<u>(349,212)</u>	<u>(2,594)</u>	<u>(557,443)</u>
Balance at June 30, 2012	<u>\$ (1,321,952)</u>	<u>\$ 3,184,492</u>	<u>\$ (39,061)</u>	<u>\$ 1,823,479</u>

(Continued)

	<b>Exchange Differences on Translating Operations</b>	<b>Unrealized Gain on Financial Instruments</b>	<b>Cash Flow Hedges</b>	<b>Total</b>
Balance at January 1, 2013	\$ (2,534,967)	\$ 5,038,679	\$ (73,287)	\$ 2,430,425
Exchange differences on translating operations	1,767,153	-	-	1,767,153
Unrealized gain on available-for-sale financial assets	-	240,155	-	240,155
Losses on hedging instruments in cash flow hedges arising from fair value changes	-	-	(57,467)	(57,467)
Share of the other comprehensive income of associates	572,219	(1,048,015)	5,737	(470,059)
Disposal of investment in associates	<u>1,023</u>	<u>4,128</u>	<u>7</u>	<u>5,158</u>
Balance at June 30, 2013	<u>\$ (194,572)</u>	<u>\$ 4,234,947</u>	<u>\$ (125,010)</u>	<u>\$ 3,915,365</u> (Concluded)

f. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Beginning balance	\$ 61,243,995	\$ 56,666,032
Attributable to non-controlling interests:		
Share of current profit	3,595,348	3,198,529
Cash dividends distributed by subsidiaries	(7,716,375)	(6,547,666)
Exchange differences arising on translation of foreign entities	463,590	(123,951)
Loss on hedging instruments in cash flow hedges arising from fair value changes	(93,555)	(8,466)
Unrealized gains on available-for-sale financial assets	3,728	22,533
Non-controlling interests arising from the establishment of new subsidiaries	1,108,330	523,083
Acquisition of partial non-controlling interests in subsidiaries	10,890	3,153,843
Net change in net assets from investments in associates	(3,092)	(4,515)
Disposal of investment in associates	<u>(3)</u>	<u>-</u>
Ending balance	<u>\$ 58,612,856</u>	<u>\$ 56,879,422</u>

g. Treasury shares

The Company's shares held by its subsidiary, Yuan Ding Company Ltd. (Yuan Ding), at the end of the reporting periods were as follows:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>June 30, 2013</u>			
Yuan Ding	734	<u>\$ 25,063</u>	<u>\$ 22,583</u>
<u>December 31, 2012</u>			
Yuan Ding	734	<u>\$ 25,063</u>	<u>\$ 24,309</u>
<u>June 30, 2012</u>			
Yuan Ding	713	<u>\$ 25,063</u>	<u>\$ 24,350</u>
<u>January 1, 2012</u>			
Yuan Ding	713	<u>\$ 25,063</u>	<u>\$ 25,063</u>

The Company consolidated its subsidiary, Yuan Ding, on December 28, 2011. As of December 31, 2011, the Company's shares held by Yuan Ding had a carrying value of NT\$25,063 thousand.

The Company's shares held by the subsidiary are recognized as treasury stock. The subsidiaries holding treasury shares, however, retain stockholders' rights, except the rights to participate in any share issuance for cash and to vote.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Basic earnings per share				
Basic earnings per share	<u>\$ 0.43</u>	<u>\$ 0.14</u>	<u>\$ 0.83</u>	<u>\$ 0.64</u>
Pro forma earnings per share that were adjusted retrospectively for the changes in share number of shares due to stock dividend distribution on September 2, 2013 after the approval of the accompanying consolidated financial statements	<u>\$ 0.42</u>	<u>\$ 0.14</u>	<u>\$ 0.81</u>	<u>\$ 0.63</u>

(Continued)



	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Diluted earnings per share				
Diluted earnings per share	<u>\$ 0.43</u>	<u>\$ 0.14</u>	<u>\$ 0.83</u>	<u>\$ 0.63</u>
Pro forma earnings per share that were adjusted retrospectively for the changes in share number of shares due to stock dividend distribution after the approval of the accompanying consolidated financial statements	<u>\$ 0.42</u>	<u>\$ 0.14</u>	<u>\$ 0.81</u>	<u>\$ 0.62</u> (Concluded)

The earnings and weighted average number of common shares outstanding that were used in the computation of earnings per share were as follows:

#### Net Profit for the Period

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Profit for the period attributable to owners of the Company	<u>\$ 2,033,678</u>	<u>\$ 644,043</u>	<u>\$ 3,906,054</u>	<u>\$ 3,001,627</u>

#### Weighted Average Number of Common Shares Outstanding

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
				<b>Unit: In Thousand Shares</b>
Weighted average number of common shares used in the computation of basic earnings per share	4,711,546	4,719,159	4,711,740	4,719,008
Effect of dilutive potential common shares:				
Bonus issue to employee	<u>15,531</u>	<u>21,133</u>	<u>15,531</u>	<u>21,133</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>4,727,077</u>	<u>4,740,292</u>	<u>4,727,271</u>	<u>4,740,141</u>

In calculating the weighted average number of share outstanding for consolidated EPS, the Group recognized the number of the shares held by associates as treasury shares and deducted the number of treasury shares from the weighted average number of outstanding shares in the current period.

If the Company decides to settle the employee bonus in cash or stock, it should presume that the entire amount of the bonus would be settled in shares, and if the resulting potential shares would have a dilutive effect, these shares should be included in the weighted-average number of shares outstanding to be used in the calculation of the diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of the diluted EPS until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 28. NET PROFIT FROM CONTINUING OPERATIONS

### a. Interest expense

Capitalized interests on properties were NT\$26,698 thousand, NT\$25,045 thousand, NT\$48,740 thousand and NT\$49,165 thousand in the three months and the six months ended June 30, 2013 and 2012, respectively, and the capitalization rates were from 0.003% to 1.9177% and from 0.03% to 4.59% for the six months ended June 30, 2013 and 2012, respectively.

### b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Property, plant and equipment	\$ 3,638,610	\$ 3,662,384	\$ 7,302,263	\$ 7,319,215
Investment properties	47,431	50,084	100,703	99,153
Intangible assets	580,534	481,153	1,140,853	922,889
Long-term prepayments for lease	<u>19,371</u>	<u>9,722</u>	<u>47,024</u>	<u>41,389</u>
	<u>\$ 4,285,946</u>	<u>\$ 4,203,343</u>	<u>\$ 8,590,843</u>	<u>\$ 8,382,646</u>
An analysis of deprecation by function				
Operating costs	\$ 3,245,015	\$ 3,074,483	\$ 6,580,773	\$ 6,469,786
Operating expenses	422,203	623,355	781,475	918,995
Other expense	<u>18,823</u>	<u>14,630</u>	<u>40,718</u>	<u>29,587</u>
	<u>\$ 3,686,041</u>	<u>\$ 3,712,468</u>	<u>\$ 7,402,966</u>	<u>\$ 7,418,368</u>
An analysis of amortization by function				
Operating costs	\$ 413,021	\$ 328,997	\$ 823,692	\$ 648,620
Operating expenses	<u>186,884</u>	<u>161,878</u>	<u>364,185</u>	<u>315,658</u>
	<u>\$ 599,905</u>	<u>\$ 490,875</u>	<u>\$ 1,187,877</u>	<u>\$ 964,278</u>

c. Operating expenses directly related to investment properties

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Direct operating expenses from investment property that generated rental income	\$ 136,326	\$ 36,284	\$ 207,421	\$ 111,899
Direct operating expenses from investment property that did not generate rental income	<u>31,920</u>	<u>36,028</u>	<u>67,842</u>	<u>69,981</u>
	<u>\$ 168,246</u>	<u>\$ 72,312</u>	<u>\$ 275,263</u>	<u>\$ 181,880</u>

d. Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Post-employment benefits				
Defined contribution plans	\$ 186,074	\$ 185,439	\$ 367,090	\$ 317,512
Defined benefit plans	(123)	(1,216)	1,120	(2,431)
Other employee benefits	<u>8,341,491</u>	<u>7,895,623</u>	<u>8,341,491</u>	<u>7,895,623</u>
Total employee benefit expense	<u>\$ 8,527,442</u>	<u>\$ 8,079,846</u>	<u>\$ 8,709,701</u>	<u>\$ 8,210,704</u>
Analysis of employee benefit expense by function				
Operating costs	\$ 4,016,228	\$ 3,932,522	\$ 4,095,340	\$ 3,984,812
Operating expenses	<u>4,511,214</u>	<u>4,147,324</u>	<u>4,614,361</u>	<u>4,225,892</u>
	<u>\$ 8,527,442</u>	<u>\$ 8,079,846</u>	<u>\$ 8,709,701</u>	<u>\$ 8,210,704</u>

## 29. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Current tax	\$ 741,467	\$ 647,145	\$ 1,452,570	\$ 1,336,991
Deferred tax	69,044	(217,747)	(88,274)	(127,649)
Prior year's adjustments	<u>64,418</u>	<u>86,427</u>	<u>64,418</u>	<u>86,427</u>
Income tax expense recognized in profit or loss	<u>\$ 874,929</u>	<u>\$ 515,825</u>	<u>\$ 1,428,714</u>	<u>\$ 1,295,769</u>

A reconciliation of accounting profit and current income tax expenses is as follows:

	<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
Profit before tax from continuing operations	<u>\$ 8,930,116</u>	<u>\$ 7,495,925</u>
Income tax expense at the 17% statutory rate	\$ 1,518,120	\$ 1,274,307
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	(572,065)	(913,637)
Temporary differences	493,660	972,243
Additional income tax under the Alternative Minimum Tax Act	7,663	-
Additional income tax on unappropriated earnings	1,780	836
Loss carryforwards used	(87,379)	(103,948)
Additional tax effects of the Company and subsidiaries' using the linked-tax system for filing returns	<u>-</u>	<u>(482)</u>
Current income tax expense	1,361,779	1,229,319
Deferred income tax expense		
Temporary differences	(88,274)	(127,649)
Effect of different tax rates of group entities operating in other jurisdictions	79,435	128,695
Adjustment for effective tax rate change in applicable year	11,356	(21,023)
Adjustments for prior years' tax	<u>64,418</u>	<u>86,427</u>
Income tax expense recognized in profit or loss	<u>\$ 1,428,714</u>	<u>\$ 1,295,769</u>

b. Integrated income tax

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Unappropriated earnings				
Unappropriated earnings generated before January 1, 1998	\$ 236,793	\$ 236,793	\$ 236,793	\$ 236,793
Unappropriated earnings generated on and after January 1, 1998	<u>10,349,408</u>	<u>14,863,979</u>	<u>13,465,518</u>	<u>21,400,486</u>
	<u>\$ 10,586,201</u>	<u>\$ 15,100,772</u>	<u>\$ 13,702,311</u>	<u>\$ 21,637,279</u>
Imputation credits accounts	<u>\$ 259,904</u>	<u>\$ 259,904</u>	<u>\$ 281,513</u>	<u>\$ 256,961</u>

The actual creditable ratio for the distribution of the 2011 earnings was 9.08%.

Under the Income Tax Law, for the distribution of earnings generated after January 1, 1998, the calculation of the imputation credits allocable to ROC resident stockholders of the Company should be based on the creditable ratio as of the date of dividend distribution.

The expected creditable ratio for distribution of earnings of 2012 was 1.75%, which was calculated based on the draft amendments to Income Tax Law. As of the date that these consolidated financial statements were approved and authorized for issue, the draft amendments had not been approved by the Legislative Yuan. The actual imputation credits allocated to stockholders of the Company was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2012 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

c. Income tax assessments

	<b>Latest Year of Income Tax Return That Tax Authorities Had Examined and Cleared</b>
Far Eastern New Century Corporation	2007
Far Eastern Resources Development Co.	2007
Far Eastern Fibertech Co., Ltd.	2009
Far EasTone Telecommunications Co., Ltd.	2010
Fu Kwok Garment Manufacturing Co., Ltd.	2010
Oriental Petrochemical (Taiwan) Co., Ltd.	2010
Far Eastern Apparel Co., Ltd.	2010
Linkwell Tech. Co., Ltd.	2010
Yuan Cheng Human Resources Consultant Corp.	2010
Data Express Infotech Co., Ltd.	2010
Ming Ding Co., Ltd.	2010
Yuan Tong Investment Co., Ltd.	2010
Arcoa Communication Co., Ltd.	2010
Ding Ding Integrated Marketing Service Co., Ltd.	2010
Ding Ding Hotel Co., Ltd.	2010
Far Eastern General Contractor Inc.	2010
New Century InfoComm Tech Co., Ltd.	2010
Simple InfoComm Co., Ltd.	2010
Q-Ware Communication Corp.	2010
Information Security Service Digital United Co., Ltd.	2010
ADCast (dissolved because of the merger with NCIC on March 31, 2012)	2010
Yuan Ding Investment Co., Ltd.	2011
Yuan Faun Co., Ltd.	2011
Yuan Cing Co., Ltd.	2011
Kai Yuan International Investment Co., Ltd.	2011
Ding Yuan International Investment Co., Ltd.	2011
An Ho Garment Co., Ltd.	2011
Far Eastern Electronic Toll Collection Co., Ltd.	2011
Far Eastern Construction Co., Ltd.	2011
New Diligent Co., Ltd.	2011
KGEx.com Co., Ltd.	2011
Yuan Ding Co., Ltd.	2011
FET Consulting Engineers Co., Ltd.	2011
Far Eastern Technical Consultants Co., Ltd.	2011
Far Eastern Electronic Commerce Co., Ltd.	2011
YDT Technology International Co., Ltd.	2011
YCIC (dissolved because of the merger with Far EasTone on March 1, 2011)	2011
O-music Co., Ltd.	2011
Jing Yuan Technology Co., Ltd.	2011
Homet Master Technology Co., Ltd.	2011

Far EasTone

Income tax returns through 2007 and 2010 have been assessed and cleared by the tax authorities. However, Far EasTone disagreed with the tax authorities' assessment of its 2005, 2007 and 2010 returns. Thus, Far EasTone filed appeals for the reexamination of these returns. Nevertheless, Far EasTone accrued the related tax expense.

KG Telecom (merged with Far EasTone on January 1, 2010)

The tax returns through 2007 of KG Telecom and the former KG Telecom had been assessed and cleared by the tax authorities. However, KG Telecom disagreed with the tax authorities' assessment of its 2001 to 2007 returns and thus filed appeals for the reexamination of these returns. Nevertheless, KG Telecom accrued the related tax expense.

ARCOA

Income tax returns through 2010 of ARCOA Communication Co., Ltd. (ARCOA) had been assessed by the tax authorities. However, ARCOA disagreed with the tax authorities' assessment of its 2002 return; thus, ARCOA filed for a reexamination. Nevertheless, ARCOA accrued the related income tax expense.

Digital United Inc. (merged with NCIC on March 16, 2009)

Income tax returns through 2008 of Digital United Inc. (DUI) had been examined by the tax authorities. However, DUI disagreed with the tax authorities' assessment of its 2007 and 2008 returns. Thus, DUI filed an appeal for the reexamination of these returns. Nevertheless, DUI accrued the related tax expense.

OPTC

The tax authorities completed the review of and cleared the 2003 income tax return of Oriental Petrochemicals (Taiwan) Co., Ltd. (OPTC) in February 2006. In addition, the assessment of the 2002 tax return showed that OPTC should pay an extra NT\$6,556 thousand. OPTC disagreed with the tax authorities' assessment and thus filed an appeal for reexamination. As of August 12, 2013, the Supreme Administrative Court (SAC) had not handed down its decision. Believing it will win this lawsuit, OPTC did not show the related accrued tax expense in its 2013 financial statements.

On OPTC's 2004 tax return, the tax authorities assessed in March 2007 that OPTC should increase ~~in~~ its tax payable by NT\$268,485 thousand and decrease its investment tax credits by NT\$3,076 thousand. OPTC disagreed with the tax authorities' assessment and filed for reexamination. As of August 12, 2013, the SAC had ruled in favor of OPTC.

On OPTC's 2005 tax return, the tax authorities assessed in January 2008 that OPTC should decrease its loss carryforward by NT\$13,122 thousand and investment tax credits by NT\$2,859 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. As of August 12, 2013, the SAC had ruled in favor of OPTC.

On OPTC's 2006 income tax return, the tax authorities declared in November 2008 that the tax deductibles resulting from fiscal losses should be decreased by NT\$11,984 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. As of August 12, 2013, the SAC had ruled in favor of OPTC.

On OPTC's 2007 tax return, the tax authorities declared on July 6, 2009 that the tax deductions resulting from fiscal losses should be decreased by NT\$9,716 thousand. OPTC refused the tax authorities' assessment and filed for a reexamination. On April 14, 2011, the Taipei High Administrative Court ruled in favor of OPTC. The tax authorities filed a lawsuit with the Supreme Administrative Court but lost the lawsuit on November 30, 2011. OPTC thus increased the amount of deferred income tax assets as a result of the lawsuit.

The tax returns of New Century InfoComm Tech Co., Ltd. (NCIC) through 2010, except that of 2009, have been examined and cleared by tax authorities.

### 30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Six months ended June 30, 2012

The Group acquired some of interests in KGEx.com, ADCast Interactive Marketing Co., Ltd. (ADCast) and Far EasTone and disposed some of its interests in Far EasTone and Yuan Ding Investment Co., Ltd. (Yuan Ding Investment). Thus, the Group's interests in KGEx.com, ADCast (merged with New Century InfoComm Tech Co., Ltd.) on March 31, 2012), Far EasTone and Yuan Ding changed from 89.25%, 99.13%, 41.44% and 100% to 99.97%, 100%, 40.95% and 99.7%, respectively. In addition, the Group participated the capital increase of Far Eastern Electronic Toll Collection Co., Ltd. (FETC). Thus, the total interest of the Group in FETC increased from 58.14% to 59.89%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these investees.

	KGEx.com	ADCast	FETC
Cash consideration received (paid)	\$ (95,524)	\$ (203)	\$ (1,479,259)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (to) from non-controlling interests	<u>94,210</u>	<u>369</u>	<u>1,448,338</u>
Differences arising from equity transactions	<u>\$ (1,314)</u>	<u>\$ 166</u>	<u>\$ (30,921)</u>

	KGEx.com	FETC
<u>Line items adjusted for equity transactions</u>		
Retained earnings	<u>\$ (1,314)</u>	<u>\$ (30,921)</u>
	Far EasTone	Yuan Ding Investment
Cash consideration received (paid)	\$ 5,917,410	\$ 235,491
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (to) from non-controlling interests	(2,232,852)	(113,908)
Readjustment of the equity attributable to owners of the Company		
Special reserve	-	163
Exchange differences arising on the translation of the financial statements of foreign operations	(51)	-
Unrealized gains on available-for-sale financial assets	<u>4,405</u>	<u>824</u>
Differences arising from equity transactions	3,688,912	122,570
Tax effects of differences arising from equity transactions	<u>(362,547)</u>	<u>-</u>
	<u>\$ 3,326,365</u>	<u>\$ 122,570</u>

Line items adjusted for equity transactions

Capital surplus - differences between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	<u>\$ 3,326,365</u>	<u>\$ 122,570</u>
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Six months ended June 30, 2013

The Group acquired an additional equity interest in Far EasTone, increasing its interest from 38.25% to 38.29%. It also subscribed for the newly issued common shares of Far Eastern New Century Technology (Beijing) in May 2013 and increased its interest from 55% to 79.04%.

	<b>Far EasTone</b>	<b>Far Eastern New Century Information Technology (Beijing) Limited</b>
Cash consideration received (paid)	\$ (91,266)	\$ (118,264)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (to) from non-controlling interests	<u>29,686</u>	<u>115,678</u>
Differences arising from equity transactions	<u>\$ (61,580)</u>	<u>\$ (2,586)</u>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	<u>\$ (61,580)</u>	<u>\$ (2,586)</u>

### 31. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, guarantee deposits paid for operating leases amounted to NT\$367,248 thousand, NT\$355,422 thousand, NT\$351,259 thousand and NT\$324,535 thousand, respectively.

The future minimum lease payments for non-cancellable operating lease commitments were as follows:

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Up to 1 year	\$ 3,209,566	\$ 3,078,392	\$ 2,691,940	\$ 2,713,855
More than 1 year up to 5 years	6,017,680	5,834,516	5,576,844	5,310,928
Later than 5 years	<u>1,370,570</u>	<u>1,509,708</u>	<u>1,472,377</u>	<u>1,604,890</u>
	<u>\$ 10,597,816</u>	<u>\$ 10,422,616</u>	<u>\$ 9,741,161</u>	<u>\$ 9,629,673</u>

b. The Group as lessor

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, guarantee deposits received under operating leases mounted to NT\$215,556 thousand, NT\$212,154 thousand, NT\$212,784 thousand and NT\$208,846 thousand, respectively.



The future minimum lease payments for noncancellable operating lease commitments were as follows:

	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>	<b>January 1, 2012</b>
Up to 1 year	\$ 953,787	\$ 774,252	\$ 692,010	\$ 556,490
More than 1 year up to 5 years	2,329,794	2,596,538	2,532,389	2,183,323
Later than 5 years	<u>1,770,476</u>	<u>793,828</u>	<u>736,760</u>	<u>269,759</u>
	<u>\$ 5,054,057</u>	<u>\$ 4,164,618</u>	<u>\$ 3,961,159</u>	<u>\$ 3,009,572</u>

### 32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stockholders through the optimization of the debt and equity balance.

### 33. FINANCIAL INSTRUMENTS

#### a. Fair value of financial instruments

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

Except as detailed in the following table, the management of the Group considered the financial assets and financial liabilities recognized in the consolidated financial statements as having carrying amounts that approximate their fair values or as having fair values that cannot be reliably measured.

	<u>June 30, 2013</u>		<u>December 31, 2012</u>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial assets</u>				
Held-to-maturity investments	\$ 199,923	\$ 201,473	\$ 199,871	\$ 202,116
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	53,272,487	53,552,364	44,705,700	45,021,374

	<u>June 30, 2012</u>		<u>January 1, 2012</u>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial assets</u>				
Held-to-maturity investments	\$ 199,819	\$ 202,848	\$ 199,768	\$ 202,920
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	39,104,302	38,368,229	30,205,789	30,450,496

2) Fair value measurements recognized in the balance sheets

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 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).

June 30, 2013

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss (FVTPL)				
Open-end mutual funds - beneficial certificates	\$ 488,601	\$ -	\$ -	\$ 488,601
Marketable equity securities	147,260	-	-	147,260
Cotton futures contracts	-	-	26,169	26,169
Forward exchange contracts	-	-	22,807	22,807
Combined exchange options	-	-	4,339	4,339
	<u>\$ 635,861</u>	<u>\$ -</u>	<u>\$ 53,315</u>	<u>\$ 689,176</u>
Hedging derivative financial assets				
Forward exchange contracts	\$ -	\$ -	\$ 3,731	\$ 3,731
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,731</u>	<u>\$ 3,731</u>

(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Available-for-sale financial assets				
Marketable equity securities	\$ 4,885,341	\$ -	\$ -	\$ 4,885,341
Mutual funds - beneficial certificates	<u>153,499</u>	<u>2,428,483</u>	<u>-</u>	<u>2,581,982</u>
	<u>\$ 5,038,840</u>	<u>\$ 2,428,483</u>	<u>\$ -</u>	<u>\$ 7,467,323</u>
Financial liabilities at FVTPL				
Forward exchange contracts	\$ -	\$ -	\$ 15,685	\$ 15,685
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,685</u>	<u>\$ 15,685</u>
Hedging derivative financial liabilities				
Cross currency interest rate swap	\$ -	\$ -	\$ 4,450	\$ 4,450
Forward exchange contracts	-	-	22,275	22,275
Interest rate swaps	-	-	370,732	370,732
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,457</u>	<u>\$ 397,457</u>
				(Concluded)

December 31, 2012

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Open-end mutual funds - beneficial certificates	\$ 642,699	\$ -	\$ -	\$ 642,699
Marketable equity securities	387,107	-	-	387,107
Cotton futures contracts	-	-	25,345	25,345
Combined exchange options	-	-	3,368	3,368
	<u>\$ 1,029,806</u>	<u>\$ -</u>	<u>\$ 28,713</u>	<u>\$ 1,058,519</u>
Hedging derivative financial assets				
Cross currency interest rate swap	\$ -	\$ -	\$ 4,650	\$ 4,650
Forward exchange contracts	-	-	17,312	17,312
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,962</u>	<u>\$ 21,962</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 4,680,058	\$ -	\$ -	\$ 4,680,058
Mutual funds - beneficial certificates	<u>204,336</u>	<u>1,877,246</u>	<u>-</u>	<u>2,081,582</u>
	<u>\$ 4,884,394</u>	<u>\$ 1,877,246</u>	<u>\$ -</u>	<u>\$ 6,761,640</u>
				(Continued)

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at FVTPL				
Forward exchange contracts	\$ _____ -	\$ _____ -	\$ _____ 619	\$ _____ 619
	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ 619</u>	<u>\$ _____ 619</u>
Hedging derivative financial liabilities				
Interest rate swaps	\$ _____ -	\$ _____ -	\$ _____ 287,522	\$ _____ 287,522
	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ 287,522</u>	<u>\$ _____ 287,522</u>
				(Concluded)

June 30, 2012

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Open-end mutual funds - beneficial certificates	\$ 624,809	\$ -	\$ -	\$ 624,809
Marketable equity securities	140,241	-	-	140,241
Cotton futures contracts	-	-	26,111	26,111
Forward exchange contracts	_____ -	_____ -	_____ 31	_____ 31
	<u>\$ 765,050</u>	<u>\$ _____ -</u>	<u>\$ 26,142</u>	<u>\$ 791,192</u>
Hedging derivative financial assets				
Forward exchange contracts	\$ _____ -	\$ _____ -	\$ _____ 3,300	\$ _____ 3,300
	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ 3,300</u>	<u>\$ _____ 3,300</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 3,065,286	\$ -	\$ -	\$ 3,065,286
Private placement shares	-	1,191,280	-	1,191,280
Mutual funds - beneficial certificates	_____ 479,028	_____ 2,179,110	_____ -	_____ 2,658,138
	<u>\$ 3,544,314</u>	<u>\$ 3,370,390</u>	<u>\$ _____ -</u>	<u>\$ 6,914,704</u>
Financial liabilities at FVTPL				
Forward exchange contracts	\$ -	\$ -	\$ 17,763	\$ 17,763
Combined exchange options	-	-	4,668	4,668
Exchangeable bonds-exchange rights	_____ -	_____ -	_____ 8,177	_____ 8,177
	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ 30,608</u>	<u>\$ 30,608</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
Hedging derivative financial liabilities				
Cross currency interest rate swap	\$ -	\$ -	\$ 2,150	\$ 2,150
Forward exchange contracts	-	-	17,830	17,830
Interest rate swaps	-	-	143,678	143,678
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,658</u>	<u>\$ 163,658</u>
				(Concluded)

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Open-end mutual funds - beneficial certificates	\$ 375,346	\$ -	\$ -	\$ 375,346
Marketable equity securities	530,617	-	-	530,617
Cotton futures contracts	-	-	46,209	46,209
Forward exchange contracts	-	-	2,699	2,699
	<u>\$ 905,963</u>	<u>\$ -</u>	<u>\$ 48,908</u>	<u>\$ 954,871</u>
Hedging derivative financial assets				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>
Available-for-sale financial assets				
Marketable equity securities	\$ 2,969,013	\$ -	\$ -	\$ 2,969,013
Private placement shares	-	1,240,329	-	1,240,329
Mutual funds - beneficial certificates	1,178,595	2,140,566	-	3,319,161
	<u>\$ 4,147,608</u>	<u>\$ 3,380,895</u>	<u>\$ -</u>	<u>\$ 7,528,503</u>
Financial liabilities at FVTPL				
Exchangeable bonds-exchange rights	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,708</u>	<u>\$ 4,708</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,708</u>	<u>\$ 4,708</u>
Hedging derivative financial liabilities				
Cross currency interest rate swap	\$ -	\$ -	\$ 75	\$ 75
Forward exchange contracts	-	-	2,592	2,592
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,667</u>	<u>\$ 2,667</u>

There were no transfers between Level 1 and 2 for the six months ended June 30, 2013 and 2012.

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

June 30, 2013

	<b>Financial Assets at Fair Value Through Profit or Loss - Held for Trading</b>	<b>Hedging Derivative Financial Instruments</b>	<b>Total</b>
Balance at January 1, 2013	\$ 28,094	\$ (265,560)	\$ (237,466)
Total gains or losses			
In profit or loss	9,536	(56,235)	(46,699)
In other comprehensive income	<u>-</u>	<u>(71,931)</u>	<u>(71,931)</u>
Balance at June 30, 2013	<u>\$ 37,630</u>	<u>\$ (393,726)</u>	<u>\$ (356,096)</u>

June 30, 2012

	<b>Financial Assets at Fair Value Through Profit or Loss - Held for Trading</b>	<b>Hedging Derivative Financial Instruments</b>	<b>Total</b>
Balance at January 1, 2012	\$ 44,200	\$ (1,167)	\$ 43,033
Total gains or losses			
In profit or loss	(48,666)	-	(48,666)
In other comprehensive income	<u>-</u>	<u>(159,191)</u>	<u>(159,191)</u>
Balance at June 30, 2012	<u>\$ (4,466)</u>	<u>\$ (160,358)</u>	<u>\$ (164,824)</u>

4) Valuation techniques and assumptions applied to measure fair value

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

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined by referring to quoted market prices. If these prices are not available, valuation techniques are applied. The estimates and assumptions used by the Group are consistent with those that market participants use in setting prices for financial instruments.
- b) The fair values of derivative instruments are calculated using quoted prices. If these prices are not available, a discounted cash flow analysis is made 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 Group are consistent with those that market participants use in setting prices for financial instruments.
- c) The fair values of other financial assets and financial liabilities (i.e., excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. Categories of financial instruments

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Financial assets</u>				
FVTPL				
Held for trading	\$ 689,176	\$ 1,058,519	\$ 791,192	\$ 954,871
Derivative instruments in designated hedge accounting relationships	3,731	21,962	3,300	1,500
Held-to-maturity investments	199,923	199,871	199,819	199,768
Loans and receivables (Note1)	86,430,578	76,142,421	84,767,595	67,364,364
Available-for-sale financial assets (Note 2)	8,686,946	7,892,064	8,063,172	8,566,716
<u>Financial liabilities</u>				
FVTPL				
Held for trading	15,685	619	30,608	4,708
Derivative instruments in designated hedge accounting relationships	397,457	287,522	163,658	2,667
Amortized cost (Note 3)	173,312,325	146,845,468	159,402,158	138,736,120

Note:

- 1) The balances included loans and receivables measured at amortized cost, which comprised cash and cash equivalents, bond investments with no active market, notes and accounts receivable (including those from related parties), other receivables (including those from related parties), other financial assets, and refundable deposits. Those reclassified to held-for-sale disposal groups are also included.
- 2) The balances included the carrying amounts of available-for-sale financial assets and financial assets carried at cost.
- 3) The balances included financial liabilities measured at amortized cost, which comprised short-term borrowings, short-term bills payable, notes and accounts payables and other payables (including those to related parties), payables to suppliers of machinery and equipment, provisions, bonds payable, long-term borrowings and guarantee deposits.

c. Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the non-operating activities of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in exchange rates (see (1) below) and interest rates (see (2) below).

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to exchange rate risk. Exchange rate exposures were managed within approved policy parameters through forward exchange contracts.

The carrying amounts of the Group's significant foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Monetary financial assets</u>				
USD	\$ 23,951,284	\$ 24,877,536	\$ 22,848,808	\$ 25,975,556
<u>Monetary financial liabilities</u>				
USD	38,171,124	38,797,467	38,790,541	41,752,162

Sensitivity analysis

The Group was mainly exposed to U.S. dollars.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency) against the U.S. dollar. The 5% sensitivity rate is used when foreign currency risk is reported internally to key management personnel and represents management's assessment of the reasonably possible changes in exchange rates. The sensitivity analysis included only outstanding foreign currency-denominated monetary items, and the translation of these items at the end of the reporting period was adjusted for a 5% change in exchange rates. A positive number below indicates an increase in pretax profit and other equity associated with New Taiwan dollars that strengthen 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pretax profit and other equity, and the balances below would be negative.

	<u>June 30</u>	
	2013	2012
5% change in profit or loss		
USD	<u>\$ (710,992)</u>	<u>\$ (797,087)</u>

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. It managed the risk by maintaining an appropriate mix of fixed and floating rate borrowings.



The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	\$ 36,223,352	\$ 32,898,795	\$ 28,686,947	\$ 16,918,952
Financial liabilities	97,277,292	84,598,539	91,574,045	86,248,626
Cash flow interest rate risk				
Financial assets	11,888,888	10,791,874	17,753,033	14,672,114
Financial liabilities	25,483,877	25,582,321	20,110,195	16,605,754

#### Sensitivity analysis

The sensitivity analysis below was determined on the basis of the Group's exposure to interest rates for financial assets and financial liabilities at the end of the reporting period. An increase or decrease of 25 basis points is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. For the financial assets and financial liabilities with fixed interest rate, their fair value will change as the market interest rates change. For the financial assets and financial liabilities with floating interest rate, their effective interest rates will change as the market interest rates change.

For the six months ended June 30, 2013 and 2012, had interest rates been 25 basis points higher/lower and all other variables had been held constant, the fair value of the Group's financial assets with fixed interest rate would have decreased/increased by NT\$90,333 thousand and NT\$71,539 thousand, respectively, and the cash flows on the Group's financial assets with floating interest rate would have increased/decreased by NT\$29,722 thousand and NT\$44,383 thousand, respectively.

For the six months ended June 30, 2013 and 2012, had interest rates been 25 basis points higher/lower and all other variables had been held constant, the fair value of the Group's financial liabilities with fixed interest rate would have decreased/increased by NT\$242,587 thousand and NT\$228,364 thousand, respectively, and the cash flows on the Group's financial liabilities with floating interest rate would have decreased/increased by NT\$63,710 thousand and NT\$50,275 thousand, respectively.

#### c) Other price risks

The group was exposed to equity price risk because of its investments in domestic quoted stocks and mutual funds.

#### Sensitivity analysis

The following sensitivity analysis was based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% lower, the fair value of held-for-trading and available-for-sale financial assets as of June 30, 2013 and 2012 would have decreased by NT\$405,159 thousand and \$383,988 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that counter-parties will default on its contractual obligations, resulting in a financial loss to the Group. As of the end of a reporting period, the Group's maximum exposure to credit risk that will cause the Group a financial loss due to (a) the counter-parties' failure to discharge their obligations and (b) financial guarantees provided by the Group could arise from:

- 1) The carrying amounts of the recognized financial assets as stated in the balance sheets; and
- 2) The amounts of contingent liabilities in relation to financial guarantees issued by the Group.

The Group has a policy of dealing with only creditworthy counter-parties and obtaining sufficient collateral, where appropriate, to mitigate the risk of financial loss from defaults.

The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continually monitored.

Trade receivables refer to a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is made to determine the financial condition of trade receivables.

## 3) Liquidity risk

The Group manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank borrowings and ensures compliance with loan covenants.

The maturity dates of financial liabilities (except financial liabilities - current, i.e., with maturities of less than one year) are as follows:

	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>Over 3 Years</b>	<b>Total</b>
<u>June 30, 2013</u>				
Long-term borrowings	\$ 16,288,495	\$ 9,060,000	\$ 7,575,513	\$ 32,924,008
Bonds payable	<u>10,650,000</u>	<u>19,176,500</u>	<u>18,200,000</u>	<u>48,026,500</u>
	<u>\$ 26,938,495</u>	<u>\$ 28,236,500</u>	<u>\$ 25,775,513</u>	<u>\$ 80,950,508</u>
<u>December 31, 2012</u>				
Long-term borrowings	\$ -	\$ 18,024,306	\$ 14,207,706	\$ 32,232,012
Bonds payable	<u>8,750,000</u>	<u>13,350,000</u>	<u>19,700,000</u>	<u>41,800,000</u>
	<u>\$ 8,750,000</u>	<u>\$ 31,374,306</u>	<u>\$ 33,907,706</u>	<u>\$ 74,032,012</u>
<u>June 30, 2012</u>				
Long-term borrowings	\$ 25,262,895	\$ 2,700,000	\$ 7,104,925	\$ 35,067,820
Bonds payable	<u>5,330,000</u>	<u>10,650,000</u>	<u>21,200,000</u>	<u>37,180,000</u>
	<u>\$ 30,592,895</u>	<u>\$ 13,350,000</u>	<u>\$ 28,304,925</u>	<u>\$ 72,247,820</u>

(Continued)

	1-2 Years	2-3 Years	Over 3 Years	Total
<u>January 1, 2012</u>				
Long-term borrowings	\$ 620,000	\$ 23,119,066	\$ 9,385,129	\$ 33,124,195
Bonds payable	<u>2,980,000</u>	<u>8,750,000</u>	<u>16,650,000</u>	<u>28,380,000</u>
	<u>\$ 3,600,000</u>	<u>\$ 31,869,066</u>	<u>\$ 26,035,129</u>	<u>\$ 61,504,195</u>

(Concluded)

#### 34. RELATED-PARTY TRANSACTIONS

The Group had significant transactions with related parties. Besides the transactions mentioned in the other notes, the transactions for the six months and for the three months ended June 30, 2013 and 2012 and the related balances as of the balance sheet dates are summarized in the accompanying Schedules B and C.

#### 35. ASSETS PLEDGED OR MORTGAGED

In addition to those disclosed in the other notes, the following assets had been pledged or mortgaged as collaterals for short-term borrowings, short-term bills payable, tariff duties, and long-term borrowings; as construction warranties; as guarantees for related parties; and as administrative tax remedies for meeting requirements for certain projects.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Other financial assets - current				
Pledged time deposits	\$ 1,662,938	\$ 1,233,279	\$ 1,589,592	\$ 1,688,722
Others	36,885	191,040	23,006	190,191
Notes receivable	-	-	245,085	-
Inventories - available for construction - land	612,811	612,631	612,451	612,271
Inventories - construction-in-progress	214,578	214,578	208,240	208,240
Property, plant and equipment, net	12,398,025	12,826,557	16,948,646	14,425,194
Investment properties	8,045,753	8,448,751	13,782,129	13,718,534
Long-term prepayments for lease - land use rights	-	-	10,271	499,305
Available-for-sale financial assets - current and non-current	-	-	21,565	73,042
Investment accounted for using the equity method	3,923,034	1,577,400	1,604,584	1,588,745
Other financial assets - non-current				
Pledged time deposits	82,261	124,952	87,920	115,805
Others	<u>4,800,000</u>	<u>7,418,367</u>	<u>7,700,000</u>	<u>-</u>
	<u>\$ 31,776,285</u>	<u>\$ 32,647,555</u>	<u>\$ 42,833,489</u>	<u>\$ 33,120,049</u>

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, FENC and some of its subsidiaries had provided 144,672 thousand shares, 145,972 thousand shares, 148,673 thousand shares and 206,024 thousand shares, respectively, of the common shares of Far EasTone Telecommunications Co., Ltd. and 16,500 thousand common shares of Yuan Ding Company Ltd., as collaterals for short-term borrowings, short-term bills payable and long-term borrowings.

### 36. SEGMENT INFORMATION

#### Industry Information

The information provided to the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance focuses on types of goods delivered or services provided. Thus, under Statement of Financial Accounting Standards No. 41 - "Operating Segments," the Group defined its operating segments as follows: petrochemical business, chemical fiber business, textile business, mobile services business, real estate business, investment and other business.

Segment operating income is the profit generated by each operating segment, which excludes expenses allocated in group headquarter, remuneration for directors, share of the profit or loss of associates, interest revenue, gain or loss on disposal of property, plant and equipment, investment properties and intangible assets, exchange gain or loss, interest expense and income tax expense. It is the measure reported to the chief operating decision maker to allocate resources to the segments and assess their performance. However, information on segment assets is not regularly provided to the chief operating decision maker.

The analysis of the Group's revenues and operating results by operating segment is as follows:

	Segments Revenue		Segments Profit	
	Six Months Ended June 30		Six Months Ended June 30	
	2013	2012	2013	2012
Petrochemical business			\$ (1,371,125)	\$ (1,616,888)
Revenues generated from external customers	\$ 13,283,542	\$ 14,312,004		
Intersegment revenues	<u>12,506,691</u>	<u>12,570,741</u>		
	<u>25,790,233</u>	<u>26,882,745</u>		
Chemical fiber business			122,386	629,571
Revenues generated from external customers	38,426,567	39,372,410		
Intersegment revenues	<u>744,471</u>	<u>788,170</u>		
	<u>39,171,038</u>	<u>40,160,580</u>		
Textile business			48,685	(235,752)
Revenues generated from external customers	15,620,442	15,188,347		
Intersegment revenues	<u>83,308</u>	<u>819,602</u>		
	<u>15,703,750</u>	<u>16,007,949</u>		
Mobile services business			7,542,562	6,871,744
Revenues generated from external customers	43,863,754	42,675,583		
Intersegment revenues	<u>344,176</u>	<u>21,691</u>		
	<u>44,207,930</u>	<u>42,697,274</u>		
Real estate development			81,236	1,303,816
Revenues generated from external customers	3,940,930	6,920,806		
Intersegment revenues	<u>216,216</u>	<u>215,625</u>		
	<u>4,157,146</u>	<u>7,136,431</u>		
Investment and other			8,285	(542,920)
Revenues generated from external customers	3,619,411	2,012,444		
Intersegment revenues	<u>166,185</u>	<u>211,225</u>		
	<u>3,785,596</u>	<u>2,223,669</u>		
Adjustment and elimination	<u>(14,114,657)</u>	<u>(14,627,054)</u>	<u>134,169</u>	<u>447,037</u>
Total	<u>\$ 118,701,036</u>	<u>\$ 120,481,594</u>	<u>6,566,198</u>	<u>6,856,608</u>
Interest revenue			245,547	208,082
Share of the profit of associates			2,385,485	1,760,092
Exchange gain (loss)			63,071	(248,754)
Interest expense			(705,984)	(722,287)
Other revenue and income (other expenses and losses)			<u>375,799</u>	<u>(357,816)</u>
Profit before tax			<u>\$ 8,930,116</u>	<u>\$ 7,495,925</u>

### 37. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Significant commitments and contingencies of the Group as of June 30, 2013:

- a. Issued but unused letters of credit aggregated approximately NT\$2,473,882 thousand.
- b. Of (a) unpaid building construction and equipment installation contracts amounting to approximately NT\$11,951,564 thousand, and (b) properties and cellular phone equipment acquired for NT\$5,014,052 thousand and NT\$4,848,795 thousand, respectively, NT\$1,032,933 thousand and NT\$4,076,752 thousand, respectively, had been paid.
- c. There were undelivered cotton contracts amounting to NT\$614,278 thousand and have been recognized NT\$5,256 thousand on purchasing contract payable as of June 30, 2013.
- d. Project contracts already signed by Far Eastern General Contractor Inc. (FEGC) amounted to NT\$46,670,176 thousand.
- e. Endorsements and guarantees provided to the related parties are shown in Schedule E (attached).
- f. On December 29, 2005, the board of directors of Tai Ya International Telecommunications Co., Ltd. (TYIT) resolved to merge TYIT with Mobitai Communications Ltd. ("Mobitai") in accordance with Article 19 of the Business Mergers and Acquisitions Act and set January 1, 2006 as the record date of the merger. TYIT was the survivor company after the merger. Under a resolution of TYIT's board, the Company received NT\$167,863 thousand from Mobitai in exchange for Mobitai's 11,469 thousand common shares (NT\$14.68 per share) held by the Company. For its disposal of its investment in Mobitai, the Company recognized a gain of NT\$31,814 thousand. However, the Company regarded Mobitai's purchase price as too low and raised an objection to Mobitai. Afterwards, the Company filed a lawsuit against TYIT. As of August 12, 2013, the lawsuit was pending before the Taipei District Court.
- g. Ming-Chiung Chang filed an incidental civil suit, in connection with the criminal case of forgery, against Ming-chung Kuo (an FENC employee) and Hua-de Lin, Hung-Long Li and Yung-gi Lai (the fiduciaries of Pacific Liu Tung Investment Co. or PLT, an equity-method investee of the Company). Chang claimed that Kuo and Hua-de Lin, Hung-Long Li and Yung-gi Lai colluded and used their positions to carry out transactions that resulted in his losses and asked the Taiwan High Court to declare that the ownership of PLT held by FEDS, FEDS's subsidiaries, the Company and its subsidiaries was just a fabrication, i.e., it never existed. In October 2009, Chang lost the suit and then appealed to a higher court. The Supreme Court did not adjudicate this case and remanded the case to the Taiwan High Court for reexamination and as of August 12, 2013, the lawsuit was pending before the Taipei High Court.
- h. The registered capital of PLT, an investee of the Company, was originally NT\$4,010,000 thousand, representing 401,000 thousand shares at a par value of NT\$10.00. On February 3, 2010, following a letter from the Taiwan High Prosecutors Office (THPO), the Department of Commerce (DOC) decided to nullify PLT's registrations of the amendments of its Articles of Incorporation, the PLT registrations of the elected and appointed members of its Board of Directors and Supervisors as well as registrations of several tranches of capital increases given to PLT on November 13, 2002; May 1, 2003; August 8, 2005; August 3, 2006; June 6, 2007; and July 16, 2008. As a result, the capital amount of PLT reverted to the original NT\$10,000 thousand, representing 1 million common shares.

On January 27, 2010, PLT filed an administrative appeal with the THPO and pleaded for the revocation of the letter sent to the DOC on the registration nullifications and requested the stay of execution of registration cancellation. On March 9, 2010, referencing Article 77-8 of the Administrative Appeal Act, the Petitions and Appeals Committee (PAC) of the Executive Yuan declared that the letter was not subject to administrative disposition and thus beyond the scope of administrative appeal. On May 18, 2010, PLT filed a suit against THPO with the Taipei High Administrative Court. Later, however, the former PLT chairman, Heng-lung Lee withdrew this lawsuit.

On February 10, 2010, PLT filed an administrative appeal against the DOC for the revocation of the decision on administrative disposition and requested the stay of execution of registration cancellation. On May 20, 2010, referencing Article 79-1 of the Administrative Appeal Act, PAC dismissed the administrative appeal. On July 26, 2010, referencing Article 4-1 of the Administrative Procedure Law, PLT filed a suit against the DOC with the Taipei High Administrative Court. Later, however, the former PLT chairman, Heng-lung Lee withdrew this lawsuit.

Referencing Article 4-3 of the Administrative Procedure Law, Far Eastern Department Stores (FEDS, an equity-method investee of the Company), as an interested party of PLT, filed a lawsuit against THPO with the Taipei High Administrative Court on July 27, 2010. On November 30, 2010, the Taipei High Administrative Court dismissed the lawsuit, commenting that this lawsuit was the same case as the suit FEDS filed against the DOC on June 15, 2010 and thus did not conform to Article 4-3 of the Administrative Procedure Law.

On February 24, 2010, FEDS filed an administrative appeal with the DOC for the withdrawal of the administrative disposition and requested the stay of execution of registration cancellation. On April 14, 2010, referencing Article 77-3 of the Administrative Appeal Act, PAC decided that the appeal had no merit because FEDS was not a party to whom an administrative disposition was issued nor was it an interested party at stake. Thus, on June 15, 2010, referencing Article 4-1 of the Administrative Procedure Law, FEDS filed a suit against the DOC with the Taipei High Administrative Court (THAC). On November 29, 2012, the THAC (Court Reference Number: Year 2010 Letter Su No. 1258 verdict) ruled in favor of FEDS, and the capital increase registrations referencing letter shang No. 09901000210 nullified by DOC was invalidated and the subsequent rejection of an administrative review was revoked. However, the DOC did not conform to the THAC's decision and filed a lawsuit with the Supreme Administrative Court on December 25, 2012. On May 9, 2013, the Supreme Administrative Court issued its final and non-appealable decision, which rejected DOC's appeal and ruled that the nullification by DOC of capital increase registrations and other relevant registrations in DOC's referencing letter Shang No. 09901000210 was invalid and ordered DOC to reinstate the registration. Thus, DOC reinstated the nullified capital increase registrations and relevant registrations in conformity with the Court's decision. Further, on July 3, 2013, DOC approved PLT's amendment registration to show the names of the directors, supervisors, and chairman of board elected on August 1, 2011.

On February 10, 2010, FEDS filed a suit against PLT to affirm the existence of FEDS's rights as PLT stockholder. However, FEDS notified the Taipei District Court on June 25, 2010 that FEDS and PLT had agreed by consent to suspend the case proceedings for a certain period. Before the end of this suspension period, FEDS applied to the Taipei District Court for a resumption of the legal proceeding. As of June 30, 2013, this suit was still pending before the Taipei District Court.

The percentage ownership of PLT held by the Group reached 39.68%. Based on the local GAAP, this investment was accounted for by the equity method.

- i. A subsidiary of FENC, Far Eastern General Contractor Inc. (FEGC), contracted the Southern Taiwan Science Park (STSP) to do underground cable construction. During the construction period, material costs rose because of adverse economic factors and the rising prices of stainless steel and cable materials. Although the contract amount had been adjusted for price inflation, FEGC still incurred a great loss and got no indemnification. Thus, FEGC filed for conciliation with the Public Construction Commission (PCC) and claimed that STSP should pay NT\$125,100 thousand in damages. However, the conciliation failed because STSP and FEGC could not reach any compromise. FEGC filed a

lawsuit for indemnification with the Tainan District Court (TDC) and appealed for a decrease of indemnification to NT\$95,400 thousand after receiving the certification of conciliation failure. On September 21, 2011, the TDC ruled that STSP should pay FEGC NT\$35,546 thousand plus 5% interest from the sentencing date to the date of payment completion. STSP disagreed with this ruling and filed a lawsuit with the Tainan Branch of the Taiwan High Court. However, this second lawsuit was dismissed. STSC did not agree with the second court decision and filed a lawsuit with the Supreme Court.

The construction contract further stated that the construction would be started with manual excavation. However, on the request by people living in the vicinity of the construction, STSP instructed FEGC to obtain a notarized third-party evaluation of tunnel construction safety before starting the construction. The evaluation report showed, however, that manual excavation would result in land collapse. In consideration of public safety, FEGC requested STSP to do mechanical excavation instead. But STSP refused the request because of its insistence that the contractor should assume all the responsibility and related expenses for any contract change. Nevertheless, FEGC started the construction with mechanical excavation and incurred an additional operating expense of NT\$14,315 thousand. Thus, FEGC applied for conciliation with the PCC, but the conciliation failed because FEGC and STSP could not reach a compromise. FEGC filed a civil lawsuit for indemnification with the Tainan District Court on December 18, 2009 after receiving the certification of conciliation failure. On December 20, 2011, referencing the Year 2009 No. 33 civil verdict, the Tainan District Court dismissed FEGC's appeal. FEGC did not agree with the this civil lawsuit verdict and thus appealed to a higher court during the statutory period. As of January 12, 2012, FEGC appealed to a higher court; this case was still pending before higher court as of June 30, 2013.

Additionally, several constructing problems which were not FEGC's responsibilities were incurred during the pipe jacking construction; thus, FEGC suggested the postponement of construction completion to April 6, 2009. However, STSP disagreed with this extension and imposed an overdue fine of NT\$39,406 thousand for FEGC's construction delay and refused to pay the extra costs of NT\$3,080 thousand for FEGC's removal of the scrap piles. FEGC applied for conciliation with the PCC, but the conciliation failed since FEGC and STSP failed to reach any compromise. FEGC filed a lawsuit with the Tainan District Court for indemnification after receiving the certification of conciliation failure and also asked STSP pay all the extra costs and overdue fine for FEGC's construction delay. The extra costs and fine totaled NT\$42,486 thousand.

Additionally, several new constructing items were added to the construction, which resulted in an increase of NT\$30,997 thousand in FEGC's operating expense during the construction. Further, in making the construction payment, STSP reduced the contract amount by NT\$4,121 thousand without any reasonable excuses. Thus, FEGC filed a lawsuit with the Tainan District Court.

The original construction period was decided and then was extended because of several force majeure incidents. However, the extension of construction period entailed more operating expenses of NT\$37,515 thousand, but STSP was not willing to pay these added expenses; thus, FEGC filed a suit with the Tainan District Court

In 2008, FEGC recognized a partial construction loss of NT\$119,949 thousand. This case was still pending before the court as of June 30, 2013.

- j. An FENC subsidiary, FEGC, together with Pan Asia Corporation (Pan Asia) and Iwata Chizaki Construction Corporation, Taipei Branch (Iwata) entered into a contract to undertake the "Area CR3 of the Kaohsiung Rapid Transit-Red line" (KRT) project. FEGC claimed that, under Article 20.2 of the contract, KRT should pay NT\$312,844 thousand subject to the price adjustment clause and extra costs such as management fee of NT\$164,857 thousand resulting from several problems that were not attributable to FEGC and delayed the project for 277 days. Since KRT did not make the foregoing payments, FEGC, Pan Asia and Iwata have applied for mediation to the Kaohsiung District Court. During the mediation process, both parties mutually agreed to suspend temporarily the mediation proceedings. They also agreed to determine the next course of action only after the completion of the

arbitration between KRT and the Kaohsiung City Government. As of June 30, 2013, the result of the arbitration was still being awaited.

- k. An FENC subsidiary, FEGC, entered into a contract to undertake the “Area CR3 of KRT” project. Under this construction contract, TECO Electric & Machinery Co., Ltd. (TECO) undertook utility construction and the environmental control construction, including detailed design of CR3. However, FEGC and TECO had huge differences in their calculation of the final payment of construction, the deductible amount of construction cost, escalating construction costs due to inflation and the extra costs due to construction modification. Thus, TECO applied for dispute resolution to the Chinese Arbitration Association, Taipei (CAA), and TECO claimed FEGC had to pay NT\$246,096 thousand. The arbitration opened its first hearing of both parties on August 9, 2012. The outcome of the arbitration between FEGC and TECO and the final claim amount made by TECO needed further deliberation by CAA. This case was pending before the CAA as of June 30, 2013.
- l. For a construction Taiwan Power Company (TPC) had subcontracted to FEGC, FEGC had to pay a certain fine of NT\$23,000 thousand for a bid deposit call. This fine was based on the Government Procurement Act and TPC’s construction contract. TPC thus requested the Administrative Enforcement Agency to enforce the penalty concerned. Thus, FEGC had to pay NT\$23,000 thousand to the court, and this amount was accounted under other financial assets- current. FEGC further pursued this case and filed a civil lawsuit with the Taipei High Administrative Court (THAC). This case was pending before the THAC of June 30, 2013.
- m. An FENC subsidiary, FEGC, entered into a contract with the Taiwan Area National Expressway Engineering Bureau (TANEED) to be part of the construction of the “Taichung Living Circle Route 2 East Section, Taichung Living Circle Route 4 North Section and C709A Dali and Wufeng Access Road.” During the construction, the contracts with additional items that entailed extra costs were renegotiated six times. The contract amount which TANEED agreed with was NT\$126,524 thousand lower than what FENC suggested. FEGC applied for conciliation with the TANEED, but the conciliation failed since FEGC and TANEED could not reach any compromises. After receiving the certification of conciliation failure, FEGC filed a lawsuit for appealing NT\$126,524 thousand with the Tainan District Court. The appealing amount has been changed to NT\$93,641 thousand in the proceeding. This lawsuit was pending before the court as of June 30, 2013.
- n. FETC was entrusted by the TANFB to collect electronic tolls on freeways and had signed a third-party benefit trust contract with Far Eastern International Bank Co., Ltd. (FEIB) to manage the tolls collected. The trust property for this agreement had amounted to NT\$2,901,886 thousand as of June 30, 2013.
- o. Far Eastern Electronic Toll Collection Co., Ltd. (FETC) provides electronic toll collection (ETC) services on national freeways. As of June 30, 2011, the ETC usage rate of ETC had not reached the requirement stated in the contract of the Electronic Toll Collection BOT Project (“ETC Project”). Thus, FETC entered into a negotiation with the Taiwan Area National Freeway Bureau (TANFB) and proposed an improvement plan. TANFB accepted the improvement plan and set six inspection points. However, when the ETC usage rate in the sixth year did not reach 70%, TANFB planned to penalize FETC. For the settlement of this matter, a Negotiation Committee was set up to investigate TANFB’s claim. As of June 20, 2013, FETC was still negotiating with TANFB through the Negotiation Committee; thus, the final decision on the penalty could not be reasonably estimated.



In addition, a taximeter system infrastructure (TSI) that was part of the above ETC project that FETC committed to complete, had a delay. Thus, in October 2012, TANFB stated that the completion of the TSI beyond the period stated in the contract was an illegal construction. But after negotiating with TANFB through the Negotiation Committee, both the FETC and TANFB agreed to have a reasonable extension of the construction period. However, on April, 2013, TANFB again claimed that a TSI completed later than the period stated in the contract was an illegal construction and a penalty for construction delay was required. FETC applied for conciliation with TANFB through the Negotiation Committee. This Committee, finding there were some ambiguities in TANFB's statements, which needed to be clarified, suggested to TANFB suspend the penalty. As of June 30, 2013, FETC had completed the TSI as required in the contract; thus, the FETC's management believed that the penalty for breach of contract was unlikely to be imposed.

### 38. SUBSEQUENT EVENTS

- a. The board of directors of the Company decided to issue unsecured bonds on August 12, 2013. The bonds have an aggregate face value not more than NT\$8,000,000 thousand. The unsecured bonds may be found in the form of a tranche or a whole depending on market status; and, the term of bond is less than seven years. The bond funds will mainly be used for short-term borrowings repayment and long-term capital injection solidify the Company's financial structure.
- b. The board of directors of the Company decided to make an investment and established Yuan Ding Enterprise (Shanghai) Ltd. through Far Eastern Polytex (Holding) and Far Eastern New Century (China) Investment Corp. The capital invested was RMB 500, 000 thousand.

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

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

June 30, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount (NT\$)
<u>Financial assets</u>			
Monetary items			
USD	\$ 308,629	29.975	\$ 9,251,154
<u>Financial liabilities</u>			
Monetary items			
USD	586,230	29.975	17,572,244

December 31, 2012

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items USD	\$ 447,816	29.035	\$ 13,002,338
<u>Financial liabilities</u>			
Monetary items USD	786,484	29.035	22,835,563

June 30, 2012

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items USD	\$ 492,394	29.915	\$ 14,729,967
<u>Financial liabilities</u>			
Monetary items USD	649,835	29.915	19,439,814

January 1, 2012

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NT\$)</b>
<u>Financial assets</u>			
Monetary items USD	\$ 522,859	30.275	\$ 15,829,556
<u>Financial liabilities</u>			
Monetary items USD	1,043,969	30.275	31,606,161

#### **40. FIRST-TIME ADOPTION OF IFRSs**

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the six months ended June 30, 2013 not only followed the significant accounting policies stated in Note 4 but also applied the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact of the transition to IFRSs

Following is the additional information on the impact of the transition to IFRSs; refer to Note 41 to the consolidated financial statements as of and for the three months ended March 31, 2013 for the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income after transition to IFRSs.

1) Reconciliation of the consolidated balance sheet on June 30, 2012 was as follows:

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
<u>Asset</u>				
Cash and cash equivalents	\$ 35,717,680	\$ (10,625,678)	\$ 25,092,002	a)
Bond investments with no active market - current	-	10,625,678	10,625,678	a)
Long-term prepayment for lease - current (prepayment)	-	82,335	82,335	c)
Deferred income tax assets - current	413,923	(413,923)	-	h)
Construction-in-progress net of billings on construction-in-progress (inventories)	2,452,397	(2,009,165)	443,232	r)
Amounts due from customers for construction contracts	-	2,009,165	2,009,165	r)
Land use rights	1,832,427	(1,832,427)	-	c)
Investments accounted for using the equity method	43,371,326	387,618	43,758,944	p)
Investment properties	-	36,569,218	36,569,218	d), e), f)
Property, plant and equipment, net	151,031,426	(34,816,043)	116,215,383	d), e), f), k), o)
Non-operating properties, net	5,190,531	(5,190,531)	-	d)
Intangible assets - concession	4,778,779	468,345	5,247,124	k)
Deferred pension costs	44,968	(44,968)	-	i)
Deferred charges	809,297	(809,297)	-	e)
Deferred income tax assets - non-current	393,055	451,024	844,079	h), i)
Prepayment for equipment	-	1,634,487	1,634,487	e), o)
Farmland	276,661	(276,661)	-	f)
Long-term prepayment for lease - non-current	-	2,208,076	2,208,076	c), d)
<u>Liabilities</u>				
Deferred income tax liabilities - current	7,716	(7,716)	-	h)
Accrued expenses (other payables)	8,934,907	46,418	8,981,325	j), l)
Provisions - current	-	183,338	183,338	l)
Billings on construction-in-progress net of construction-in-progress	315,013	(315,013)	-	r)
Amounts due to customers for construction contracts	-	315,013	315,013	r)
Provision - non-current	-	518,520	518,520	l)
Reserve for the land value increment tax	8,660,653	(8,660,653)	-	g)
Deferred tax liabilities - non-current	1,079,822	8,539,455	9,619,277	g), h), i)
Deferred credits - gains on intercompany accounts	213,044	(62,026)	151,018	q)
Accrued pension liabilities	1,986,475	860,607	2,847,082	i)

(Continued)

	<b>ROC GAAP</b>	<b>Effect of Transition to IFRSs</b>	<b>IFRSs</b>	<b>Note</b>
<u>Stockholders' equity</u>				
Capital surplus - long-term investments	\$ 9,154,024	\$ (9,154,024)	\$ -	p), q)
Capital surplus - difference between acquisition price and carrying amount from equity transaction	-	3,448,935	3,448,935	q)
Special reserve	3,152,367	22,319,654	25,472,021	p), c.
Unappropriated earnings	9,110,436	4,591,875	13,702,311	b), i), j), m), n), p), q), c.
Exchange differences on translating foreign operations	1,549,178	(2,871,130)	(1,321,952)	n), p), q)
Net loss not recognized as pension cost	(129,921)	129,921	-	i), p), q)
Unrealized gain and loss on available-for-sale financial assets	3,955,893	(771,401)	3,184,492	m), p)
Unrealized revaluation increment on properties	19,165,621	(19,165,621)	-	b), p), q)
				(Concluded)

- 2) Reconciliation of the consolidated statements of comprehensive income for the six months ended June 30, 2012.

	<b>ROC GAAP</b>	<b>Effect of Transition to IFRSs</b>	<b>IFRSs</b>	<b>Note</b>
Gain on disposal of investments, net	\$ 3,726,173	\$ (3,711,620)	\$ 14,553	q)
Income tax expense	1,656,305	(360,536)	1,295,769	q)
Exchange differences on translating foreign operations			(1,240,317)	
Unrealized gain (loss) on available-for-sale financial assets			61,057	
Cash flow hedges			(39,970)	
Share of the other comprehensive income of associates			(561,970)	

- 3) Reconciliation of the consolidated statements of comprehensive income three months ended June 30, 2012.

	<b>ROC GAAP</b>	<b>Effect of Transition to IFRSs</b>	<b>IFRSs</b>	<b>Note</b>
Gain (loss) on disposal of investments, net	\$ 3,086,509	\$ (3,118,172)	\$ (31,663)	q)
Income tax expense	826,640	(310,815)	515,825	q)
Exchange differences on translating foreign operations			31,617	
Unrealized gain (loss) on available-for-sale financial assets			(159,823)	
Cash flow hedges			(94,688)	
Share of the other comprehensive income of associates			(565,469)	

a) Cash and cash equivalents

Under ROC GAAP, certificates of deposits that are cancelable without any loss of principal are recognized under cash and cash equivalents. Under IFRSs, cash equivalents are investments that can be transferred to cash at any time with immaterial risk on value. Thus, certificates of deposits with maturities of over three months from the date of acquisition will be separately disclosed from cash and cash equivalents and reclassified as bond investments without active market in the balance sheet. As of June 30, 2012, the Group had reclassified NT\$10,625,678 thousand under cash and cash equivalents to bond investments with no active market - current.

b) Deemed cost

Under ROC GAAP, an entity may use as deemed cost the sum of the carrying value and revaluation increment resulting from the revaluation of property, plant, and equipment based on certain regulations. The recognized amount of the revaluation increment is net of land revaluation increments and land reserve for land value increment tax. On January 1, 2012, the date of transition to IFRSs, the Group treated the carrying amount in ROC GAAP by reference to the revaluation amount established at the date revalued the property, plant, and equipment, as the deemed cost of the property, plant, and equipment.

Thus, the adjustment of unrealized revaluation increments on properties decreased by NT\$19,167,218 thousand. For the six months ended June 30, 2012, the Group decreased depreciation expenses by NT\$417 thousand because of the reversal of the remaining service years of depreciating properties; thus, the Group decreased special reserve and unrealized revaluation increments by NT\$417 thousand each.

c) Land leasehold rights

Under ROC GAAP, land leasehold rights are classified as intangible assets. Under IAS 17 "Leases," and leasehold rights are separately disclosed as prepaid rent. Thus, the Group reclassified NT\$1,832,427 thousand from land leasehold rights to prepaid rent - current and prepaid rent - non-current at NT\$82,335 thousand and NT\$1,750,092 thousand, respectively.

d) Fixed, leased and idle properties

Under ROC GAAP, the Group's properties and buildings held to earn rentals are fixed assets for operating purposes and are thus classified under property, plant and equipment. In addition, the Group recognized idle properties and part of rental properties as non-operating assets. Under IFRSs, fixed assets are classified as property, plant and equipment or investment properties in accordance with their nature. Thus, the Group decreased property, plant and equipment by NT\$31,550,242 thousand and non-operating properties by NT\$5,061,015 thousand and increased investment properties by NT\$36,513,089 thousand and long-term prepayments for lease - non-current by \$98,168 thousand.

e) Deferred charges

Under ROC GAAP, deferred charges are classified under other assets. Under IFRSs, deferred charges are classified under investment properties, property, plant and equipment and long-term prepayments in accordance with their nature. Thus, the Group decreased deferred charges by NT\$809,297 thousand and increased investment properties, property, plant and equipment, intangible assets and prepayment for equipment by NT\$17,898 thousand, NT\$508,728 thousand, NT\$280,154 thousand and NT\$2,517 thousand, respectively.

f) Farmland

Under ROC GAAP, farmland is accounted for under other assets - farmland. Under IFRSs, agricultural land is classified under investment properties or property, plant and equipment in accordance with their nature. Thus, the Group reclassified farmland amounting to NT\$38,231 thousand and NT\$238,430 thousand to investment properties and property, plant and equipment, respectively.

g) Reserve for the land value increment tax

Under Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for the land revaluation increment tax resulting from land revaluation is classified as reserve for land value increment tax. Under IFRS, the Group chose to use book value after land revaluation as deemed cost and reclassified the reserve for land value increment tax to deferred income tax liability - non-current. As of June 30, 2012, the Group reclassified a reserve of NT\$8,660,653 thousand for land value increment tax to deferred income tax liabilities - non-current.

h) Deferred income tax assets or liabilities and valuation allowance

Under ROC GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred income tax assets are recognized to the extent that it is highly probable that taxable profits will be available against which the deductible temporary differences can be used. Thus, valuation allowance is not needed.

In addition, a deferred income tax asset and liability is classified as current or non-current on the basis of the classification of the related assets and liabilities for financial reporting under ROC GAAP. A deferred asset or liability that cannot be related to an asset or a liability in the financial statements is classified as current or non-current in accordance with the expected realization date of the temporary difference. Under IFRSs, a deferred income tax asset and liability is always classified as non-current.

Under ROC GAAP, deferred current income tax liabilities and assets belonging to the same taxable entity should be offset and settled; these offset and settlement on a net basis were also applied to deferred non-current income tax liabilities and assets. Under IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and if the income taxes on the deferred tax assets and liabilities are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered).

Thus, the Group (a) decreased deferred income tax assets - current by NT\$413,923 thousand and deferred income tax liabilities -current by NT\$7,716 thousand and (b) increased deferred income tax assets - non-current by NT\$280,481 thousand and deferred income tax liabilities - non-current by NT\$125,726 thousand.

i) Employee benefits

Under ROC GAAP, unrecognized net transition obligation on the first-time adoption of SFAS No. 18 "Accounting for Pensions" should be amortized by the straight-line method over expected average remaining service lives of the employees who are still in service and expected to receive pension benefits and recorded in net pension cost. Under IFRSs, the Group is not subject to the transition requirements of IAS 19 "Employee Benefits." Thus, unrecognized net transition obligation should be recognized immediately to unappropriated earnings.

Under ROC GAAP, actuarial gains and losses are recognized under then corridor approach. The portion of those actuarial gains and losses to be recognized is calculated as the excess divided by the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits. Under IFRSs, actuarial gains and losses should be recognized immediately in other comprehensive income and unappropriated earnings, in statement of changes in equity, and should not be reclassified to profit or loss in a subsequent period.

In addition, under ROC GAAP, minimum pension liability is the present value of the defined benefit obligation in excess of the fair value of the plan assets. The entity should make up the deficit portion when the pension liabilities are less than the minimum pension liabilities. However, there is no provision on minimum pension liability under IFRSs.

As of June 30, 2012, the Company had performed actuarial valuation under IAS No. 19 "Employee Benefits" and recognized the valuation difference directly to unappropriated earnings under the requirement of IFRS 1 "First-time Adoption of International Financial Reporting Standards." Deferred pension cost, unrecognized net loss on pension cost, unappropriated earning and non-controlling interests were adjusted for decreases of NT\$44,968 thousand, NT\$43,745 thousand, NT\$643,105 thousand and NT\$139,777 thousand, respectively. Other assets - other, accrued pension liabilities, deferred income tax assets - non-current and deferred income tax liabilities - non-current were adjusted for increases of NT\$423 thousand, NT\$860,607 thousand NT\$170,543 thousand and NT\$4,528 thousand, respectively.

j) Short-term accumulating compensated absences

Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and are usually recognized as salary expense when employees actually go on leave. Under IFRSs, accumulating compensated absences are recognized as salary expense when the employees render services that increase their entitlements to future compensated absences. As of January 1, 2012, the Group accrued NT\$184,262 thousand as short-term accumulating compensated absences and decreased of unappropriated earnings and non-controlling interests by NT\$128,419 thousand and NT\$55,843 thousand, respectively.

k) Service concession arrangements

In practice, the Group had difficulty in retrospective application of IFRIC 12 "Service Concession Arrangements" as of June 30, 2012. Thus, under IFRSs, the Group reclassified specific service concession arrangements amounting to NT\$468,345 thousand from property, plant and equipment to intangible assets - service concession arrangements.

l) Product warranty and dismantling obligation

As of June 30, 2012, the Group reclassified product warranty and dismantling obligations (NT\$74,435 thousand as accrued expenses, NT\$46,798 thousand as other payable-current, NT\$66,574 thousand as other current liabilities and NT\$514,051 thousand as other liabilities - other) to provisions - current and provisions-non-current, respectively, amounting to NT\$183,338 thousand and NT\$518,520 thousand, respectively.

m) Loss of significant influence

Under ROC GAAP, if the Group loses the significant influence over an investee because of a decrease in ownership or any other reasons, the Group should stop using the equity method and, at the same time, recognize the carrying value as the investment cost. If there is additional capital surplus or other equity items arising from the equity-method investment, the Group should consider the related items in calculating the gain or loss on disposal of the investments.

Under IFRS, the Group needs to compare the fair value of the remaining investments plus proceeds from disposal of equity-method investments with the book value of the investment before disposal and recognize the gain or loss on the disposal. The Group should account for all amounts recognized in other comprehensive income in relation to that associate using the same accounting treatment as would have been required had the associate directly disposed of the related assets or liabilities

The Group accounted for equity-method investments on which significant influence had been lost under available-for-sale financial assets-non-current. Thus, the Group increased unrealized gain on financial instruments and decreased unappropriated earnings by NT\$785,102 thousand each on January 1, 2012.

n) Cumulative translation adjustments

On January 1, 2012, the Group elected to recognize all cumulative translation adjustments arising from foreign operations as unappropriated earnings. Thus, the Group deducted the cumulative translation adjustment from other adjustments included in stockholders' equity on the transition date while calculating the gain or loss on any foreign operations after the transition date. As of January 1, 2012, the Group had decreased cumulative translation adjustments and increased unappropriated earnings by NT\$2,915,415 thousand each.

o) Prepayment for equipment disclosure

Under ROC GAAP, the prepayment for equipment is classified as prepayment for equipment under property, plant and equipment. Under IFRS, the prepayment for equipment is classified as long-term prepayment. As of June 30, 2012, the Group reclassified NT\$1,631,970 thousand from prepayment for equipment to long-term prepayments.

p) Adjustment of long-term equity investments

The evaluation of significant differences between current accounting policies and future IFRS adoption used in the Group are also adopted in the equity investments.

Under ROC GAAP, the changes in investment percentage arising from an investor company's subscribing for new shares issued by the investee at a percentage different from its current investment percentage, the resulting increase or decrease in the investment company's equity in the investee is adjusted in "capital surplus - from long-term investments" and "equity-method investment."

Under IFRSs, changes in equity in associates in which significant influence over the associates is retained, are regarded as the acquisition or disposal of shares in associates; however, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions. In addition, under IFRS 1 "First-time Adoption of International Financial Reporting Standards" and "Q&A for adopting IFRSs" issued by the Taiwan Stock Exchange, the Group does not need to adjust related accounts retroactively if retroactive account adjustment is not feasible; but, it should reclassify capital surplus - from long-term investment to unappropriated earnings. As of January 1, 2012, capital surplus - from long-term investments decreased by NT\$9,421,242 thousand and unappropriated earnings increased by NT\$9,421,242 thousand.

As of June 30, 2012, the foregoing reclassification resulted in an increase of NT\$387,618 thousand in equity-method investments and decreased capital surplus - from long-term investment, unrealized gain or loss on financial instruments, unrecognized net loss of pension cost, and unrealized revaluation increments on properties by NT\$172 thousand, NT\$13,701 thousand, NT\$86,269 thousand and NT\$5 thousand, respectively. The unappropriated



earnings, special reserve, non-controlling interests and cumulative translation adjustments increased by NT\$249,922 thousand, NT\$32,142 thousand, NT\$5,166 thousand and NT\$27,997 thousand, respectively.

q) Changes in parent's ownership interest in a subsidiary

Under ROC GAAP, the parent company does not need to identify whether the controls over subsidiaries are retained or not when recognizing any difference arising between the fair value of disposing of the interest in the subsidiaries and the carrying amount of the investment as disposal gain or loss. Under IFRSs, changes in equity in subsidiaries in which control over the subsidiaries is retained are regarded as equity transactions.

Thus, on June 30, 2012, the Group increased capital surplus - the difference between the fair value of the ownership interest disposed of and the carrying amount of the subsidiary, by NT\$3,448,935 thousand; capital surplus - from long-term investments, by NT\$267,390 thousand; cumulative translation adjustments, by NT\$4,939 thousand; net loss not recognized as pension cost, by NT\$93 thousand; unrealized revaluation increments on properties, by NT\$1,185 thousand; and goodwill, by NT\$310,268 thousand.

The unappropriated earnings and deferred income decreased by NT\$3,350,062 thousand and NT\$62,026 thousand, respectively. In addition, for the three months ended June 30, 2012 and six months ended June 30, 2012, gain on disposal of investments, net and income tax expense decreased by NT\$3,118,172 thousand, NT\$3,711,620 thousand, NT\$311,817 thousand and NT\$362,547 thousand, respectively.

r) Construction contracts

Under ROC GAAP, when the construction-in-progress exceeds the billings on construction-in-progress, the billings on construction-in-progress will be the credit balance of construction-in-progress, and the excess construction-in-progress is classified under current assets; conversely, when the billings on construction-in-progress exceed construction-in-progress, construction-in-progress will be the credit balance of billings on construction-in-progress and the excess billings are classified under current liabilities. Under IFRS, construction contracts are classified as construction contract receivables if the contract cost performed plus recognized profit of the construction contract exceed the billings on the contract; otherwise, the construction contracts are classified as construction contract payable when billings on the contract exceed the contract cost performed plus recognized profit on the construction contract.

As of June 30, 2012, the Group reclassified NT\$2,009,165 thousand from the construction-in-progress, net of billings on construction-in-progress to construction contract receivables, and reclassified NT\$315,013 thousand from billings on construction-in-progress net of construction-in-progress to construction contract payable.

4) Optional exemptions

The exemptions adopted by the Group on January 1, 2012 were the same as those indicated in the consolidated financial statements as March 31, 2013. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for detailed information.

c. Special reserve recognized at the date of transition

According to Rule No. 1010012865 issued by the Financial Supervisory Commission (FSC) on April 6, 2012, on the first-time adoption of IFRSs, the Company is required to record special reserve equal to the amount of unrealized revaluation increments and cumulative translation adjustments (gain) under stockholders' equity reclassified to unappropriated earnings in accordance with IFRS 1; however, if the

increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve may be reversed to retained earnings in proportion to the use, disposal or reclassification of the related assets and thereafter distributed. On January 1, 2011, unrealized revaluation increments, cumulative translation adjustments and unappropriated earnings arising from the investment properties of equity-method investees which used revalued fair value as deemed cost amounted to NT\$19,167,218 thousand, NT\$2,915,415 thousand and NT\$205,296 thousand, respectively; and, the Group recorded these amounts under special reserve. For the three months ended June 30, 2012 and six months ended June 30, 2012, the Group decreased special reserve by NT\$208 thousand and NT\$417 thousand, respectively, and increased unappropriated earnings by NT\$208 thousand and NT\$417 thousand, respectively, on the basis of the remaining service years of property, plant and equipment being depreciated.

- d. The Company's aforementioned assessment is based on the 2010 version of IFRSs translated by the ARDF and issued by FSC and on the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on December 22, 2011. However, the assessments may change as the FSC may issue new rules governing the adoption of IFRSs, and as other laws and regulations may be amended to comply with IFRSs. Actual accounting policies may differ from these assessments.

#### **41. ADDITIONAL DISCLOSURES**

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company and investees and b. Reinvestment information:
  - 1) Financing provided: Schedule D (attached)
  - 2) Endorsement/guarantee provided: Schedule E (attached)
  - 3) Marketable securities and investments in share of stock held: Schedule F (attached)
  - 4) Securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the capital stock: Schedule G (attached)
  - 5) Acquisition of individual real states at costs of at least NT\$100 million or 20% of the capital stock: None
  - 6) Disposal of individual real states at prices of at least NT\$100 million or 20% of the capital stock: None
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule H (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the capital stock: Schedule I (attached)
  - 9) Names, locations, and related information of investees on which the Company exercises significant influence: Schedule J (attached)
  - 10) Derivative financial transactions: Notes 7 and 34

c. Investments in Mainland China

- 1) Investee company name, the description of the primary business activity and products, issued capital, nature of the relationship, capital inflow or outflow, ownership interest, gain or loss on investment, amounts received on investment, and the limitation on investment: Schedule K and K-1 (attached)
- 2) Significant direct or indirect transactions with the investee company, prices, payment terms, and unrealized gain or loss: Note 35 and Schedules J and K (attached)

d. Additional disclosure for consolidated financial statements:

- 1) Significant transactions between the Group and among subsidiaries: Schedule L (attached)
- 2) Reasons, amounts, number of shares held and subsidiaries' names, which owns FENC's shares:  
None



**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED RELATED-PARTY TRANSACTIONS**

**AS OF JUNE 30, 2013 AND 2012**

**(In Thousands of New Taiwan Dollars)**

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Sales</b>								
Investors that have significant influence over the Group	\$ 887,405	1	\$ 582,982	1	\$ 1,731,115	1	\$ 1,040,659	1
Others	<u>392,999</u>	<u>1</u>	<u>276,593</u>	<u>-</u>	<u>652,964</u>	<u>1</u>	<u>2,367,124</u>	<u>2</u>
	<u>\$ 1,280,404</u>	<u>2</u>	<u>\$ 859,575</u>	<u>1</u>	<u>\$ 2,384,079</u>	<u>2</u>	<u>\$ 3,407,783</u>	<u>3</u>
<b>Operating cost</b>								
Investors that have significant influence over the Group	\$ 54,127	-	\$ 475,877	1	\$ 97,421	-	\$ 701,917	1
Others	<u>411,050</u>	<u>1</u>	<u>204,975</u>	<u>-</u>	<u>707,846</u>	<u>1</u>	<u>369,704</u>	<u>-</u>
	<u>\$ 465,177</u>	<u>1</u>	<u>\$ 680,852</u>	<u>1</u>	<u>\$ 805,267</u>	<u>1</u>	<u>\$ 1,071,621</u>	<u>1</u>
<b>Operating expense</b>								
Investors that have significant influence over the Group	\$ 20,921	-	\$ 9,545	-	\$ 28,914	-	\$ 14,302	-
Others	<u>148,549</u>	<u>2</u>	<u>128,403</u>	<u>2</u>	<u>246,193</u>	<u>2</u>	<u>202,002</u>	<u>1</u>
	<u>\$ 169,470</u>	<u>2</u>	<u>\$ 137,948</u>	<u>2</u>	<u>\$ 275,107</u>	<u>2</u>	<u>\$ 216,304</u>	<u>1</u>
<b>Rental revenue</b>								
Investors that have significant influence over the Group	\$ 44,943	-	\$ 48,133	-	\$ 89,872	-	\$ 90,695	-
Others	<u>96,901</u>	<u>-</u>	<u>51,188</u>	<u>-</u>	<u>183,428</u>	<u>-</u>	<u>102,975</u>	<u>-</u>
	<u>\$ 141,844</u>	<u>-</u>	<u>\$ 99,321</u>	<u>-</u>	<u>\$ 273,300</u>	<u>-</u>	<u>\$ 193,670</u>	<u>-</u>
<b>Rental expense</b>								
Investors that have significant influence over the Group	\$ 24,512	-	\$ 31,376	-	\$ 51,641	-	\$ 61,134	-
Others	<u>40,048</u>	<u>-</u>	<u>43,345</u>	<u>-</u>	<u>83,055</u>	<u>-</u>	<u>84,142</u>	<u>-</u>
	<u>\$ 64,560</u>	<u>-</u>	<u>\$ 74,721</u>	<u>-</u>	<u>\$ 134,696</u>	<u>-</u>	<u>\$ 145,276</u>	<u>-</u>

Note:

- a. The terms of sales to and purchases from the related parties were based on agreements.
- b. Far EasTone Telecommunications Co., Ltd. had donated NT\$1,749 thousand and NT\$3,502 thousand to the Telecommunication and Transportation Foundation (TTF) for telecommunications technology studies as of June 30, 2013 and 2012, respectively.
- c. The fund transactions between the Group and Opas Fund Segregated Portfolio Company (“Opas Company”) involved the acquisition and disposal of the Opas Fund Segregated Portfolio Tranches “B,” “C,” “D,” and “E” through the trading platform of Opas Company. The decisions on these overseas mutual funds with different tranches were made by the investment committee formed by the Group and other investors. In the six months ended June 30, 2013, the Group disposed of a fund with a carrying amount of NT\$238,725 thousand. The disposal proceeds were NT\$255,637 thousand and the gain on fund disposal was NT\$16,912 thousand.

(Continued)

- d. As of June 30, 2012, the Company had sold 5,502 thousand common shares of Yuan Ding Investment Co., Ltd. (YDI) to Da Ju Fiber Co., Ltd. for a gain of NT\$235,491 thousand.
- e. The rental expense incurred for rental agreements on factories in Hukou and Hsinchu, office and equipment rooms in Tainan, base stations and departments around Taiwan. The term of the rental agreements was from June 2010 to December 2017. The revenue from renting out some of the floors of the Taipei Metro Tower building, buildings located in the Chen-Chung Section in Taipei City and building located in the Hsin-ban Section in New Taipei City; the related lease term was from January 2010 to December 2013. Rent is received or paid quarterly or monthly, and the amount of rent was based on market conditions in nearby locations.
- f. Compensation of key management personnel:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Short-term employee benefits	\$ 76,881	\$ 85,650	\$ 163,175	\$ 185,745
Post-employment benefits	<u>912</u>	<u>697</u>	<u>1,836</u>	<u>1,394</u>
	<u>\$ 77,793</u>	<u>\$ 86,347</u>	<u>\$ 165,011</u>	<u>\$ 187,139</u>

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

### CONSOLIDATED RELATED-PARTY TRANSACTIONS AS OF JUNE 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Notes and accounts receivable from related parties								
Investors that have significant influence over the Group	\$ 394,201	54	\$ 381,097	52	\$ 301,029	51	\$ 352,651	52
Others	<u>332,151</u>	<u>46</u>	<u>350,329</u>	<u>48</u>	<u>290,904</u>	<u>49</u>	<u>331,453</u>	<u>48</u>
	<u>\$ 726,352</u>	<u>100</u>	<u>\$ 731,426</u>	<u>100</u>	<u>\$ 591,933</u>	<u>100</u>	<u>\$ 684,104</u>	<u>100</u>
Other receivable from related parties								
Investors that have significant influence over the Group	\$ 31,333	2	\$ 67,181	5	\$ 35,267	3	\$ 56,694	5
Others	<u>263,247</u>	<u>16</u>	<u>239,023</u>	<u>19</u>	<u>297,593</u>	<u>22</u>	<u>214,085</u>	<u>20</u>
	<u>\$ 294,580</u>	<u>18</u>	<u>\$ 306,204</u>	<u>24</u>	<u>\$ 332,860</u>	<u>25</u>	<u>\$ 270,779</u>	<u>25</u>
Notes and accounts payable from related parties								
Investors that have significant influence over the Group	\$ 18,554	11	\$ 22,702	8	\$ 176,871	41	\$ 107,404	25
Others	<u>146,084</u>	<u>89</u>	<u>269,581</u>	<u>92</u>	<u>256,492</u>	<u>59</u>	<u>324,674</u>	<u>75</u>
	<u>\$ 164,638</u>	<u>100</u>	<u>\$ 292,283</u>	<u>100</u>	<u>\$ 433,363</u>	<u>100</u>	<u>\$ 432,078</u>	<u>100</u>
Other payable from related parties								
Investors that have significant influence over the Group	\$ 7,911	11	\$ 14,764	34	\$ 6,677	11	\$ 74	-
Others	<u>65,701</u>	<u>89</u>	<u>28,355</u>	<u>66</u>	<u>53,614</u>	<u>89</u>	<u>27,897</u>	<u>100</u>
	<u>\$ 73,612</u>	<u>100</u>	<u>\$ 43,119</u>	<u>100</u>	<u>\$ 60,291</u>	<u>100</u>	<u>\$ 27,971</u>	<u>100</u>
Advance on real estate receipts								
Others	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 935,000</u>	<u>43</u>
Billing on construction-in-progress								
Investors that have significant influence over the Group	\$ 2,880,312	12	\$ 2,202,643	10	\$ 1,726,919	6	\$ 1,376,981	5
Others	<u>821,513</u>	<u>3</u>	<u>728,229</u>	<u>3</u>	<u>596,478</u>	<u>2</u>	<u>512,793</u>	<u>3</u>
	<u>\$ 3,701,825</u>	<u>15</u>	<u>\$ 2,930,872</u>	<u>13</u>	<u>\$ 2,323,397</u>	<u>8</u>	<u>\$ 1,889,774</u>	<u>8</u>
Guarantee deposits received								
Investors that have significant influence over the Group	\$ 11,000	2	\$ 11,026	3	\$ 11,082	2	\$ 10,955	2
Others	<u>175,188</u>	<u>40</u>	<u>163,203</u>	<u>40</u>	<u>171,237</u>	<u>34</u>	<u>156,279</u>	<u>31</u>
	<u>\$ 186,188</u>	<u>42</u>	<u>\$ 174,229</u>	<u>43</u>	<u>\$ 182,319</u>	<u>36</u>	<u>\$ 167,234</u>	<u>33</u>
Deferred income								
Investors that have significant influence over the Group	\$ 141,339	94	\$ 141,616	94	\$ 141,896	94	\$ 142,174	94
Others	<u>9,122</u>	<u>6</u>	<u>9,122</u>	<u>6</u>	<u>9,122</u>	<u>6</u>	<u>9,122</u>	<u>6</u>
	<u>\$ 150,461</u>	<u>100</u>	<u>\$ 150,738</u>	<u>100</u>	<u>\$ 151,018</u>	<u>100</u>	<u>\$ 151,296</u>	<u>100</u>

(Continued)

Financing to affiliates

Loans to related parties

	<u>June 30, 2013</u>		<u>December 31, 2012</u>		<u>June 30, 2012</u>		<u>January 1, 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Investors that have significant influence over the Group	<u>\$ 1,359,848</u>	<u>82</u>	<u>\$ 977,640</u>	<u>76</u>	<u>\$ 1,019,388</u>	<u>75</u>	<u>\$ 813,886</u>	<u>75</u>

Loans from related parties

	<u>June 30, 2013</u>		<u>December 31, 2012</u>		<u>June 30, 2012</u>		<u>January 1, 2012</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Others	<u>\$ 3,503,790</u>	<u>13</u>	<u>\$ 598,224</u>	<u>2</u>	<u>\$ 611,345</u>	<u>2</u>	<u>\$ 623,665</u>	<u>2</u>

Note: The terms of sales to and purchases from the related parties were based on the agreement.

(Concluded)



FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2013  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
Far Eastern New Century Corporation	PET Far Eastern (Holding) Ltd.	Receivables from related parties	\$ 1,912,560	\$ 1,912,560	\$ 1,912,560	3.35	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	\$ 5,437,821 (Note T)	\$ 54,378,209 (Note E)
	Far Eastern Polychem Industries Ltd.	"	2,063,940	2,063,940	2,063,940	1.65-3.35	2	-	For revolving fund	-	Promissory note	-	5,437,821 (Note T)	54,378,209 (Note E)
Yuan Ding Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	400,000	400,000	400,000	1.70-1.73	2	-	For revolving fund	-	Promissory note	-	1,871,213 (Note T)	18,712,133 (Note E)
	Far Eastern Resources Development Co.	"	500,000	500,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,871,213 (Note T)	18,712,133 (Note E)
	Far Eastern Apparel Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,871,213 (Note T)	18,712,133 (Note E)
	Yuan Tong Investment Co., Ltd.	"	460,000	460,000	460,000	1.71-1.73	2	-	For revolving fund	-	Promissory note	-	1,871,213 (Note T)	18,712,133 (Note E)
Far Eastern Investment (Holding) Ltd.	PET Far Eastern (Holding) Ltd.	Receivables from affiliates	US\$ 20,000	US\$ 10,000	US\$ -	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	Malaysia Garment Manufactures Pte. Ltd.	"	US\$ 10,000	US\$ 10,000	US\$ 3,068	0-1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 86,316 (Note L)	US\$ 86,316 (Note L)
	PET Far Eastern (M) Sdn.Bhd.	"	US\$ 10,000	US\$ 10,000	MYR 29,041	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 86,316 (Note L)	US\$ 86,316 (Note L)
	Oriental Textile (Holding) Ltd.	"	US\$ 80,000	US\$ 70,000	US\$ 70,000	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	Far Eastern Polychem Industries Ltd.	"	US\$ 80,000	US\$ 10,000	US\$ -	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	Far Eastern Apparel (Vietnam) Ltd.	"	US\$ 9,000	US\$ 9,000	US\$ 6,360	-	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	Far Eastern Polytex (Holding) Ltd.	"	US\$ 65,000	US\$ 65,000	US\$ 33,700	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	FEDP (Holding) Ltd.	"	US\$ 20,000	US\$ 10,000	US\$ 10,000	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	Oriental Petrochemical (Shanghai) Corp.	"	US\$ 30,000	US\$ 25,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ 86,316 (Note L)	US\$ 86,316 (Note L)
	Sino Belgium (Holding) Ltd.	"	US\$ 36,000	US\$ 36,000	US\$ -	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 86,316 (Note L)	US\$ 86,316 (Note L)
Ding Yuan International Investment Co., Ltd.	Far Eastern Apparel (Holding) Ltd.	"	US\$ 50,000	US\$ 15,000	US\$ 8,180	1.51450	2	-	For revolving fund	-	Promissory note	-	US\$ 107,895 (Note M)	US\$ 194,211 (Note G)
	Da Ju Fiber Co., Ltd.	Receivables from related parties	100,000	100,000	100,000	1.20-1.21	2	-	For revolving fund	-	Promissory note	-	251,513 (Note O)	1,257,565 (Note S)
	Yuan Tong Investment Co., Ltd.	"	100,000	-	-	1.20-1.21	2	-	For revolving fund	-	-	-	251,513 (Note O)	1,257,565 (Note S)
	Yue Ding Industry Co., Ltd.	"	50,000	-	-	1.20-1.21	2	-	For revolving fund	-	-	-	251,513 (Note O)	1,257,565 (Note S)
	Yuan Ding Investment Co., Ltd.	"	250,000	250,000	176,000	1.20-1.21	2	-	For revolving fund	-	Promissory note	-	251,513 (Note O)	1,257,565 (Note S)

(Continued)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	Receivables from affiliates	US\$ 98,000	US\$ 98,000	US\$ 85,000	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	HK\$ 1,357,365 (Note M)	HK\$ 2,443,257 (Note G)
		"	US\$ 66,000	US\$ 66,000	US\$ 7,000	-	1	HK\$ 1,750,078	For business sale	-	Promissory note	-	HK\$ 1,750,078 (Note J)	HK\$ 1,900,311 (Note I)
	Far Eastern Industries (Suzhou) Ltd. Oriental Petrochemical (Shanghai) Corp. Far Eastern Industries (Yangzhou) Ltd. Sino Belgium (Suzhou) Limited Far Eastern Ishizuka Green Pet Corporation	"	US\$ 35,000	US\$ 35,000	US\$ 8,000	-	2	-	For revolving fund	-	Promissory note	-	HK\$ 1,357,365 (Note M)	HK\$ 2,443,257 (Note G)
		"	US\$ 4,000	US\$ 4,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	HK\$ 1,085,892 (Note L)	HK\$ 1,085,892 (Note L)
		"	US\$ 142,000	US\$ 142,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	HK\$ 1,357,365 (Note M)	HK\$ 2,443,257 (Note G)
		"	US\$ 10,000	US\$ 10,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	HK\$ 1,357,365 (Note M)	HK\$ 2,443,257 (Note G)
		"	JPY 1,600,000	JPY 1,600,000	JPY -	-	2	-	For revolving fund	-	Promissory note	-	HK\$ 1,085,892 (Note L)	HK\$ 1,085,892 (Note L)
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Receivables from affiliates	US\$ 30,000	US\$ 30,000	US\$ 8,000	-	2	-	For revolving fund	-	Promissory note	-	US\$ 38,309 (Note M)	US\$ 68,956 (Note G)
		"	US\$ 100,000	US\$ 30,000	US\$ 6,800	-	2	-	For revolving fund	-	Promissory note	-	US\$ 38,309 (Note M)	US\$ 68,956 (Note G)
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	"	US\$ 20,000	US\$ 20,000	US\$ -	-	1	US\$ 31,555	For business sale	-	Promissory note	-	US\$ 31,555 (Note J)	US\$ 53,632 (Note I)
FETG Investment Antilles N.V.	Waldorf Services B.V.	Receivables from affiliates	US\$ 1,000	US\$ 1,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ 9,595 (Note M)	US\$ 17,271 (Note G)
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Industries (WuXi) Ltd. Far Eastern Industries (Suzhou) Ltd. Oriental Industries (Suzhou) Ltd. Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd. Sino Belgium (Suzhou) Limited	Other receivables - loans to affiliates	RMB 150,000	RMB 110,000	RMB 5,003	3.63373	2	-	For revolving fund	-	Promissory note	-	RMB 246,084 (Note G)	RMB 546,853 (Note H)
		"	RMB 150,000	RMB 90,000	RMB 43,109	3.57332-3.63373	2	-	For revolving fund	-	Promissory note	-	RMB 246,084 (Note G)	RMB 546,853 (Note H)
		"	RMB 300,000	RMB 200,000	RMB 139,696	3.57332-3.63373	2	-	For revolving fund	-	Promissory note	-	RMB 246,084 (Note G)	RMB 546,853 (Note H)
		"	RMB 80,000	RMB 60,000	RMB -	3.57332-3.59739	2	-	For revolving fund	-	Promissory note	-	RMB 246,084 (Note G)	RMB 546,853 (Note H)
		"	RMB 80,000	RMB 80,000	RMB 35,671	3.57332-3.63373	2	-	For revolving fund	-	Promissory note	-	RMB 246,084 (Note G)	RMB 546,853 (Note H)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables - loans to affiliates	RMB 100,000	RMB 100,000	RMB 21,521	2.98035-3.37500	2	-	For revolving fund	-	Promissory note	-	RMB 384,327 (Note G)	RMB 854,059 (Note H)
Waldorf Services B.V.	Malaysia Garment Manufactures Pte. Ltd.	Receivables from affiliates	US\$ 5,000	US\$ 5,000	US\$ 4,600	-	2	-	For revolving fund	-	Promissory note	-	5,437,821 (Note P)	16,313,463 (Note Q)
	Chuang Yuan Co., Ltd.	Other receivables	US\$ 10,000	US\$ 10,000	US\$ 6,380	1.51450	2	-	For revolving fund	-	Promissory note	-	5,437,821 (Note P)	16,313,463 (Note Q)
	Far Eastern Investment (Holding) Ltd.	Receivables from affiliates	US\$ 5,000	US\$ 5,000	US\$ 4,865	1.51450	2	-	For revolving fund	-	Promissory note	-	5,437,821 (Note P)	16,313,463 (Note Q)
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	Receivables from affiliates	US\$ 64,900	US\$ 64,900	US\$ 17,000	-	2	-	For revolving fund	-	Promissory note	-	US\$ 95,298 (Note M)	US\$ 171,536 (Note G)
		"	US\$ 138,000	US\$ 90,000	US\$ 78,000	-	2	-	For revolving fund	-	Promissory note	-	US\$ 95,298 (Note M)	US\$ 171,536 (Note G)
	Oriental Industries (Suzhou) Ltd.	"	US\$ 48,000	US\$ 48,000	US\$ -	-	1	US\$ 72,656	For business sale	-	Promissory note	-	US\$ 72,656 (Note J)	US\$ 133,417 (Note I)
		"	US\$ 6,000	US\$ 6,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ 95,298 (Note M)	US\$ 171,536 (Note G)

(Continued)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Receivables from affiliates	US\$ 42,000	US\$ 42,000	US\$ 32,700	-	2	\$ -	For revolving fund	\$ -	Promissory note	\$ -	US\$ 77,733 (Note L)	US\$ 77,733 (Note L)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	Receivables from affiliates	US\$ 42,800	US\$ 19,000	US\$ 19,000	-	2	-	For revolving fund	-	Promissory note	-	US\$ 19,333 (Note M)	US\$ 34,799 (Note G)
Far Eastern Resources Development Co.	Ding Yuan International Investment Co., Ltd.	Receivables from related parties	200,000	-	-	-	2	-	For revolving fund	-	Promissory note	-	2,589,907 (Note O)	12,949,534 (Note S)
Far Eastern Industries (WuXi) Ltd.	Far Eastern Apparel (Suzhou) Ltd. Sino Belgium (Suzhou) Limited	Other receivables loans to affiliates	RMB 150,000	RMB 150,000	RMB -	2.79869-3.37500%	2	-	For revolving fund	-	Promissory note	-	RMB 610,879 (Note G)	RMB 1,357,510 (Note H)
		"	RMB 100,000	RMB 100,000	RMB 100,000	3.60%	2	-	For revolving fund	-	Promissory note	-	RMB 610,879 (Note G)	RMB 1,357,510 (Note H)
Far Eastern Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables loans to affiliates	RMB 150,000	RMB 150,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 177,065 (Note G)	RMB 393,478 (Note H)
Oriental Industries (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	Other receivables loans to affiliates	RMB 300,000	RMB 200,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 561,131 (Note G)	RMB 1,246,959 (Note H)
Sino Belgium (Suzhou) Limited	Far Eastern Apparel (Suzhou) Ltd.	Other receivables loans to affiliates	RMB 50,000	RMB 30,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 43,838 (Note G)	RMB 97,418 (Note H)
Far Eastern Polytex (Holding) Ltd.	Wu Han Far Eastern New Material Ltd.	Receivables from affiliates	US\$ 12,000	US\$ 12,000	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ 134,518 (Note M)	US\$ 242,133 (Note G)
	Far Eastern Investment (Holding) Ltd.	"	US\$ 10,000	US\$ 10,000	US\$ -	1.51450%	2	-	For revolving fund	-	Promissory note	-	US\$ 134,518 (Note M)	US\$ 242,133 (Note G)
	Far Eastern New Century (China) Investment Ltd.	"	US\$ 130,000	US\$ 130,000	US\$ 63,600	-	2	-	For revolving fund	-	Promissory note	-	US\$ 134,518 (Note M)	US\$ 242,133 (Note G)
Yuan Tong Investment Co., Ltd.	Yue Ding Industry Co., Ltd.	Receivables from related parties	200,000	-	-	-	2	-	For revolving fund	-	-	-	767,831 (Note O)	3,839,153 (Note S)
	Far Eastern Resources Development Co.	"	200,000	200,000	-	-	2	-	For revolving fund	-	Promissory note	-	767,831 (Note O)	3,839,153 (Note S)
Kai Yuan International Investment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	400,000	400,000	400,000	1.20-1.21%	2	-	For revolving fund	-	Promissory note	-	647,694 (Note O)	3,238,470 (Note S)
	Yuan Tong Investment Co., Ltd.	"	200,000	-	-	1.20-1.21%	2	-	For revolving fund	-	-	-	647,694 (Note O)	3,238,470 (Note S)
	Yuan Ding Investment Co., Ltd.	"	600,000	600,000	-	1.20-1.21%	2	-	For revolving fund	-	Promissory note	-	647,694 (Note O)	3,238,470 (Note S)
	Ding Yuan International Investment Co., Ltd.	"	100,000	100,000	-	1.20-1.21%	2	-	For revolving fund	-	Promissory note	-	647,694 (Note O)	3,238,470 (Note S)
An Ho Garment Co., Ltd.	Da Ju Fiber Co., Ltd.	Receivables from related parties	80,000	-	-	1.20-1.21%	2	-	For revolving fund	-	-	-	293,794 (Note O)	1,468,971 (Note S)
	Yuan Tong Investment Co., Ltd.	"	50,000	-	-	1.20-1.21%	2	-	For revolving fund	-	-	-	293,794 (Note O)	1,468,971 (Note S)
	Yue Ding Industry Co., Ltd.	"	230,000	230,000	230,000	1.20-1.21%	2	-	For revolving fund	-	Promissory note	-	293,794 (Note O)	1,468,971 (Note S)
	Yuan Ding Investment Co., Ltd.	"	280,000	280,000	-	1.20%	2	-	For revolving fund	-	Promissory note	-	293,794 (Note O)	1,468,971 (Note S)

(Continued)

Financier	Counter-party	Financial Statement Account	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Interest Rate (%)	Nature of Financing (Note A)	Transaction Amount	Reason for the Financing	Allowance for Doubtful Accounts	Collateral		Amount of Individual Company's Financial Limits	Amount of Financing Company's Financial Limits
											Item	Value		
Far EastTone Telecommunications Co., Ltd.	Q-ware Communications Co., Ltd.	Other receivables - related parties	\$ 250,000	\$ 250,000	\$ -	-	2	\$ -	For revolving fund	\$ -	-	\$ -	\$ 6,714,839 (Note N)	\$ 10,072,259 (Note F)
Far Eastern Tech-Info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Limited	Other receivables - related parties	61,589	61,589	-	6.56%	2	-	For revolving fund	-	-	-	61,972 (Note L)	77,465 (Note M)
Yuan Ding Co., Ltd.	YDT Technology International Co., Ltd.	Receivables from related parties	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Far Eastern Technical Consultants Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	FET Consulting Engineers Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Ding Ding Integrated Marketing Co., Ltd.	"	50,000	50,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Far Eastern Electronic Commerce Co., Ltd.	"	100,000	100,000	-	-	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
	Yuan Ding Integrated Information Service (Shanghai) Inc.	"	119,700	119,700	44,888	1.32%	2	-	For revolving fund	-	Promissory note	-	1,785,836 (Note C)	4,464,591 (Note K)
YDT Technology International Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	130,000	130,000	-	1.32%-1.36%	2	-	For revolving fund	-	Promissory note	-	134,948 (Note L)	168,686 (Note K)
Far Eastern Technical Consultants Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	12,000	-	-	-	2	-	For revolving fund	-	-	-	14,975 (Note C)	37,438 (Note K)
FET Consulting Engineers Co., Ltd.	Yuan Ding Co., Ltd.	Receivables from related parties	150,000	100,000	98,000	1.30%	2	-	For revolving fund	-	Promissory note	-	108,820 (Note L)	136,025 (Note K)
Oriental Petrochemical (Shanghai) Corp.	Wu Han Far Eastern New Material Ltd.	Other receivables - loans to affiliates	RMB 10,000	RMB 10,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 104,158 (Note B)	RMB 312,473 (Note D)
	Far Eastern Industries (Shanghai) Ltd.	"	RMB 20,000	RMB 20,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 104,158 (Note B)	RMB 312,473 (Note D)
Far Eastern Industries (Shanghai) Ltd.	Oriental Petrochemical (Shanghai) Corp.	Other receivables - loans to affiliates	RMB 20,000	RMB 20,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 166,260 (Note O)	RMB 249,391 (Note D)
	Martens Beers Trading (Shanghai) Ltd.	"	RMB 7,000	RMB 7,000	RMB 1,000	3.00%	2	-	For revolving fund	-	Promissory note	-	RMB 166,260 (Note O)	RMB 249,391 (Note D)
	Far Eastern New Century (China) Investment Ltd.	"	RMB 105,000	RMB -	RMB -	5.60%	2	-	For revolving fund	-	Promissory note	-	RMB 166,260 (Note O)	RMB 249,391 (Note D)
Wu Han Far Eastern New Material Ltd.	Oriental Petrochemical (Shanghai) Corp.	Other receivables - loans to affiliates	RMB 10,000	RMB 10,000	RMB -	-	2	-	For revolving fund	-	Promissory note	-	RMB 77,118 (Note L)	RMB 77,118 (Note L)
Sino Belgium (Holding) Ltd.	Martens Beers Trading (Shanghai) Ltd.	Receivables from affiliates	US\$ 3,600	US\$ -	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ - (Note R)	US\$ - (Note R)
	Sino Belgium (Suzhou) Limited	"	US\$ 29,600	US\$ -	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ - (Note R)	US\$ - (Note R)
	FEDP (Holding) Ltd.	"	US\$ 20,000	US\$ -	US\$ -	-	2	-	For revolving fund	-	Promissory note	-	US\$ - (Note R)	US\$ - (Note R)

(Continued)

- Notes: A. Reasons for financing are as follows:
1. Business relationship.
  2. For short-term financing.
- B. The limit is equal to 5% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- C. The limit is equal to 20% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- D. The limit is equal to 15% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- E. The limit is equal to 50% of the net value of the financier (based on reviewed financial statements) as of June 30, 2013. If necessary for short-term financing, the limit is equivalent to 15%.
- F. The limit is equal to 15% of the net value of the financier (based on reviewed financial statements) as of June 30, 2013.
- G. The limit is equal to 90% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- H. The limit is equal to 200% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- I. The limit is equal to 70% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- J. The limit is equal to business transaction amount.
- K. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2012. If necessary for short-term financing, the limit is equivalent to 40%.
- L. The limit is equal to 40% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- M. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- N. The limit is equal to 10% of the net value of the financier (based on reviewed financial statements) as of June 30, 2013.
- O. The limit is equal to 10% of the net value of the financier (based on audited financial statements) as of December 31, 2012.
- P. The limit is equal to 5% of the net value of FENC (based on reviewed financial statements) as of June 30, 2013.
- Q. The limit is equal to 15% of the net value of FENC (based on reviewed financial statements) as of June 30, 2013.
- R. There was no credit as the balance sheet date; thus, there was no need to calculate the financing limit.
- S. The limit is equal to 50% of the net value of the financier (based on audited financial statements) as of December 31, 2012. If necessary for short-term financing, the limit is equivalent to 25%.
- T. The limit is equal to 5% of the net value of the financier (based on reviewed financial statements) as of June 30, 2013.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2013  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Amounts Allowed for the Period	Amounts Allowed for Ending Period	Actual Appropriation for Ending Period	Value of Collateral Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statements (%) (Note L)	Maximum Collateral/Guarantee Amounts Allowable
	Name	Nature of Relationship							
Far Eastern New Century Corporation	Yuan Ding Investment Co., Ltd.	(Note A)	\$ 54,378,209 (Note N)	\$ 10,001,125	\$ 10,001,125	\$ 504,000	\$ -	9.20	\$ 108,756,418 (Note O)
Yuan Ding Investment Co., Ltd.	Far Eastern Apparel Co., Ltd.	(Note A)	18,712,133 (Note N)	135,000	135,000	-	-	0.36	37,424,266 (Note O)
	Da Ju Fiber Co., Ltd.	(Note B)	18,712,133 (Note N)	374,000	374,000	88,000	-	1.00	37,424,266 (Note O)
	Oriental Resources Development Ltd.	(Note A)	18,712,133 (Note N)	219,000	219,000	-	-	0.59	37,424,266 (Note O)
	Oriental Textile (Holding) Ltd.	(Note A)	18,712,133 (Note N)	3,603,000	3,603,000	887,515	-	9.63	37,424,266 (Note O)
	Far Eastern Apparel (Holding) Ltd.	(Note A)	18,712,133 (Note N)	1,801,500	1,801,500	359,544	-	4.81	37,424,266 (Note O)
	Oriental Industries (Suzhou) Ltd.	(Note A)	18,712,133 (Note N)	475,678	475,678	475,678	-	1.27	37,424,266 (Note O)
	FEDP (Holding) Ltd.	(Note C)	18,712,133 (Note N)	300,250	300,250	-	-	0.80	37,424,266 (Note O)
	Far Eastern Polychem Industries Ltd.	(Note B)	18,712,133 (Note N)	7,266,050	7,266,050	209,207	-	19.42	37,424,266 (Note O)
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note A)	18,712,133 (Note N)	300,250	300,250	150,125	-	0.80	37,424,266 (Note O)
	Far Eastern Industries (WuXi) Ltd.	(Note A)	18,712,133 (Note N)	450,375	450,375	225,188	-	1.20	37,424,266 (Note O)
	PET Far Eastern (Holding) Ltd.	(Note C)	18,712,133 (Note N)	1,050,875	1,050,875	-	-	2.81	37,424,266 (Note O)
	Far Eastern New Century Corporation	(Note D)	18,712,133 (Note N)	1,100,000	1,100,000	1,100,000	-	2.94	37,424,266 (Note O)
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	12,293,820 (Note J)	300,000	300,000	-	-	7.32	12,293,820 (Note J)
Yuan Tong Investment Co., Ltd.	Sino Belgium (Holding) Ltd.	(Note A)	54,378,209 (Note I)	500,517	500,517	500,517	-	0.46	108,756,418 (Note H)
Far EasTone Telecommunications Co., Ltd.	KGEx.com Co., Ltd.	(Note A)	33,574,197 (Note N)	45,000	45,000	6,493	-	0.07	67,148,394 (Note O)
	Q-Ware Communication Corp.	(Note A)	33,574,197 (Note N)	161,020	160,720	160,720	-	0.24	67,148,394 (Note O)
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note A)	54,378,209 (Note M)	US\$ 10,000 RMB 50,000	US\$ 10,000 -	US\$ 6,262 -	-	0.80	108,756,418 (Note K)
Far Eastern Industries (Shanghai) Ltd.	Wu Han Far Eastern New Material Ltd.	(Note C)	RMB 1,662,609 (Note G)	RMB 80,000	RMB 80,000	-	-	0.36	RMB 3,325,218 (Note E)
Far Eastern Resources Development Co.	Far Eastern New Century Corporation	(Note D)	54,378,209 (Note I)	7,721,448	6,271,448	5,919,096	6,271,448	5.77	108,756,418 (Note H)
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	54,378,209 (Note I)	RMB 50,000	-	-	-	-	108,756,418 (Note H)
PET Far Eastern (Holding) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	54,378,209 (Note I)	RMB 51,130	RMB 51,130	RMB 51,130	-	0.23	108,756,418 (Note H)
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	54,378,209 (Note M)	US\$ 10,000 RMB 160,000	US\$ 10,000 RMB 160,000	US\$ 5,000 RMB -	-	2.88	108,756,418 (Note K)
Yuan Ding Co., Ltd.	Ding Ding Hotel Corporation	(Note A)	4,464,591 (Note F)	503,000	503,000	68,000	50,000	0.46	8,929,182 (Note G)

(Continued)

- Note:
- A. Parent company's direct or indirect subsidiary.
  - B. Equity-method investee.
  - C. The guarantee provider and counter-party have the same ultimate parent company.
  - D. Parent company of the investee.
  - E. The amount of the collateral/guarantee is equal to 200% of the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - F. The amount of the collateral/guarantee is equal to 50% of the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - G. The amount of the collateral/guarantee is equal to the net value of the guarantor (based on audited financial statements) as of December 31, 2012.
  - H. The amount of the collateral/guarantee is equal to the net value of the parent company (based on reviewed financial statements) as of June 30, 2013.
  - I. The amount of the collateral/guarantee is equal to 50% of the net value of the parent company (based on reviewed financial statements) as of June 30, 2013.
  - J. The amount of the collateral/guarantee is equal to 300% of the net value of the guarantor (based on reviewed financial statements) as of June 30, 2013.
  - K. The amount of the collateral/guarantee is equal to the net value of the ultimate parent company (based on reviewed financial statements) as of June 30, 2013.
  - L. The ratio is calculated in accordance with Regulations Governing Loaning of Funds and Marketing of Endorsements/Guarantees by Public Companies.
  - M. The amount of the collateral/guarantee is equal to 50% of the net value of the ultimate parent company (based on reviewed financial statements) as of June 30, 2013.
  - N. The amount of the collateral/guarantee is equal to 50% of the net value of the guarantor (based on reviewed financial statements) as of June 30, 2013.
  - O. The amount of the collateral/guarantee is equal to the net value of the guarantor (based on reviewed financial statements) as of June 30, 2013.
  - P. The tariff guarantee maximum amount allowed for FENC during the period was NT\$160,000 thousand, and the actual appropriation as of period end was NT\$160,000 thousand.
  - Q. The tariff guarantee maximum amounts allowed for a subsidiary in Mainland China for the period and the actual appropriation as of period end are as follows:
    - 1) Far Eastern Apparel (Suzhou) Ltd.: RMB1,000 thousand (NT\$4,859 thousand); the actual remittance was this same amount.
    - 2) Oriental Petrochemical (Shanghai) Co., Ltd.: RMB30,000 thousand (NT\$145,771 thousand); actual remittance was this same amount.
    - 3) Far Eastern Industries (WuXi) Ltd.: RMB8,853 thousand (NT\$43,020 thousand); the actual appropriation RMB8,853 thousand (NT\$43,020 thousand).

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES AND INVESTMENTS IN SHARES OF STOCK HELD

JUNE 30, 2013

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

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note	
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Far Eastern New Century Corporation (FENC)	Asia Cement Corporation	(Note A)	Equity-method investments	721,368	\$ 12,024,924	22.33	\$ 26,618,479	19,900 thousand shares pledged or mortgaged as collaterals for loans	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	230,125	4,421,229	16.80	6,570,069		
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	81,216	1,363,278	9.17	2,253,744		
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	129	1,388	0.03	1,051		
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity-method investments	1,822,821	36,848,442	99.40	37,199,720		
	Far Eastern Resources Development Co.	(Note A)	Equity-method investments	557,354	25,551,825	100.00	25,819,643		
	Yuan Tong Investment Co., Ltd.	(Note A)	Equity-method investments	705,147	7,490,474	100.00	7,883,193		
	Far Eastern Polychem Industries Ltd.	(Note A)	Equity-method investments	830,815	7,643,418	73.04	7,643,418		
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity-method investments	881,078	7,095,926	75.56	7,084,155		
	Far Eastern Investment (Holding) Ltd.	(Note A)	Equity-method investments	1,700	6,846,010	100.00	6,846,010		
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity-method investments	228	4,981,384	86.73	5,058,388		
	Kai Yuan International Investment Co., Ltd.	(Note A)	Equity-method investments	302,844	4,705,991	100.00	4,707,191		
	Far Eastern Polytex (Holding) Ltd.	(Note A)	Equity-method investments	115	8,131,223	100.00	8,130,751		
	Yuan Ding Company Ltd.	(Note A)	Equity-method investments	186,926	3,281,672	37.13	3,379,228		
	Far Eastern Construction Co., Ltd.	(Note A)	Equity-method investments	188,875	2,611,850	65.11	2,668,169		
	Ding Yuan International Investment Co., Ltd.	(Note A)	Equity-method investments	205,000	2,512,028	100.00	2,512,075		
	Oriental Securities Corp.	(Note A)	Equity-method investments	140,278	1,997,959	19.65	1,991,504		
	An Ho Garment Co., Ltd.	(Note A)	Equity-method investments	66,346	1,557,093	100.00	1,626,070		
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	67,500	1,639,620	16.83	1,547,531		
	FEDP (Holding) Ltd.	(Note A)	Equity-method investments	244	497,045	50.43	497,045		
	Fu Kwok Garment Manufacturing Co., Ltd.	(Note A)	Equity-method investments	3,999	153,602	99.99	157,044		
	Ding Ding Hotel Co., Ltd.	(Note A)	Other liabilities - other	5,386	(7,460)	19.00	(5,777)		
	Far Eastern Textile Ltd.	(Note A)	Equity-method investments	100	1,076	100.00	1,076		
Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,939	53,667	3.73	37,935			
Far Eastern International Bank	(Note C)	Available-for-sale financial assets - noncurrent	69,054	839,012	3.08	839,012			
Yuan Ding Investment Co., Ltd.	Far Eastone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	1,066,658	21,931,601	32.73	85,865,969	43,145 thousand shares pledged or mortgaged as collaterals for loans	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	72,915	1,305,850	8.23	2,023,391		
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	118,869	1,028,089	25.23	968,782		
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	5,430	145,593	0.40	155,027		
	Asia Cement Corporation	(Note A)	Equity-method investments	13,649	356,200	0.42	503,648		
	Oriental Textile (Holding) Ltd.	(Note A)	Equity-method investments	89	6,089,098	100.00	6,089,098		
	Far Eastern Polychem Industries Ltd.	(Note A)	Equity-method investments	306,644	2,821,284	26.96	2,821,284		
	Oriental Securities Corp.	(Note A)	Equity-method investments	185,247	2,744,724	25.96	2,631,015		78,125 thousand shares pledged or mortgaged as collaterals for loans
	Far Eastern Apparel (Holding) Ltd.	(Note A)	Equity-method investments	111	2,320,859	100.00	2,320,859		

(Continued)



Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	59,827	\$ 1,366,853	14.92	\$ 1,371,905	16,500 thousand shares pledged or mortgaged as collaterals for loans
	Yuan Ding Company Ltd.	(Note A)	Equity-method investments	64,759	1,143,072	12.86	1,170,398	
	Air Liquide Far Eastern Ltd.	(Note A)	Equity-method investments	69,114	1,140,954	35.00	1,338,729	
	Far Eastern International Leasing Corp.	(Note A)	Equity-method investments	75,269	1,178,955	16.87	1,206,164	
	Far Eastern Fibertech Co., Ltd.	(Note A)	Equity-method investments	79,241	920,370	100.00	922,643	
	Da Ju Fiber Co., Ltd.	(Note A)	Equity-method investments	17,869	572,195	41.86	576,708	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note A)	Equity-method investments	60,590	481,390	5.20	487,528	
	Yuan Ding Leasing Corp.	(Note A)	Equity-method investments	36,706	427,366	46.20	434,232	
	Far Eastern Apparel Co., Ltd.	(Note A)	Equity-method investments	24,736	351,962	100.00	351,859	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity-method investments	13,052	272,103	29.80	393,299	
	Oriental Resources Development Co., Ltd.	(Note A)	Equity-method investments	34,242	340,924	70.00	344,830	
	Yuan Faun Ltd.	(Note A)	Equity-method investments	5,000	114,937	100.00	114,756	
	Yue Ming Co., Ltd.	(Note A)	Equity-method investments	1,280	93,755	45.50	69,705	
	Far Eastern General Contractor Co., Ltd.	(Note A)	Equity-method investments	1,270	18,472	1.00	17,128	
	Yue Yuan Investment Co., Ltd.	(Note A)	Equity-method investments	98,198	1,366,607	18.96	1,689,407	
	Chung Nan Textile Co., Ltd.	-	Financial assets carried at cost	2,985	81,405	5.27	117,835	
	Hantech Venture Capital Corp.	-	Financial assets carried at cost	4,688	56,019	3.54	36,002	
	Taiwan Stock Exchange Corp.	-	Financial assets carried at cost	956	22,493	0.16	70,418	
	Universal Venture Capital Investment Corp.	-	Financial assets carried at cost	1,400	14,000	1.16	13,338	
	Overseas Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,000	10,000	1.11	9,862	
	China Investment and Development Co., Ltd.	-	Financial assets carried at cost	1,287	8,250	0.80	13,039	
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	11	
	Gallery Management Limited	-	Financial assets carried at cost	914	6,597	9.81	2,788	
	Dah Chung Bills Finance Corp.	-	Financial assets carried at cost	2,165	30,669	0.50	31,351	
	DFE DWS Global Multi-asset Income Plus FOF	-	Available-for-sale financial assets - current	5,000	53,400	-	53,400	
	U-Ming Marine Transport Corporation	(Note B)	Available-for-sale financial assets - noncurrent	5,281	248,207	0.62	248,207	
	Far Eastern International Bank	(Note C)	Available-for-sale financial assets - noncurrent	93,946	1,141,439	4.19	1,141,439	
	<u>Financial assets under asset management contracts</u> (Note E)	-						
	Li Peng Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss - current	340	4,233	-	4,233	
	Kung Long Batteries Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	89	6,684	-	6,684	
	United Microelectronics Corp.	-	Financial assets at fair value through profit or loss - current	406	5,887	-	5,887	
	Universal Microwave Technology, Inc.	-	Financial assets at fair value through profit or loss - current	120	7,116	-	7,116	
	Coland Holdings Limited	-	Financial assets at fair value through profit or loss - current	146	10,162	-	10,162	
	Hu Lane Aaociate Inc.	-	Financial assets at fair value through profit or loss - current	21	1,447	-	1,447	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	126	31,059	-	31,059	
Far Eastern Investment (Holding) Ltd.	FETG Investment Antilles N.V.	(Note A)	Equity-method investments	6	US\$ 20,624	100.00	625,784	
	Filsyn Corporation	(Note A)	Equity-method investments	45,066	US\$ -	21.85	PESO (119,511)	
	PET Far Eastern (M) Sdn. Bhd.	(Note A)	Equity-method investments	Common stock 5,000	US\$ 4,932	50.00	MYR 16,269	
	Com2B	(Note A)	Equity-method investments	Preferred stock 3,000				
				9,000	US\$ 531	20.00	US\$ 909	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note	
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Ding Yuan International Investment Co., Ltd.	Far Eastern Apparel (Vietnam) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 9,373	100.00	US\$ 9,373		
	Worldwide Polychem (HK) Ltd.	(Note A)	Equity-method investments	2,700	US\$ 3,466	100.00	US\$ 3,466		
	Opas Fund Segregated Portfolio Company	(Note A)	Equity-method investments	-	US\$ 52	34.00	US\$ 52		
	Asia Cement Corporation	(Note A)	Equity-method investments	12,708	369,576	0.39	468,925		
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	2,487	64,556	0.18	71,004		
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	8,958	68,707	1.90	73,008		
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	16,183	423,828	1.83	449,078		
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	920	39,737	0.03	74,060		
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	9,000	199,399	2.24	205,970		
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	8,512	219,859	13.20	133,018		
Kai Yuan International Investment Co., Ltd.	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	69,809	848,177	3.11	848,177	30,268 thousand shares pledged or mortgaged as collaterals for loans	
	Ya Li Transportation Co., Ltd.	-	Financial assets carried at cost	1,000	16,240	10.00	44,036		
	Asia Cement Corporation	(Note A)	Equity-method investments	23,585	606,547	0.73	870,287		
	Far Eastone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	34,149	1,094,984	1.05	2,748,995		
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	25,834	497,865	2.92	716,894		
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	19,677	541,610	1.44	561,778		
	Kowloon Cement Co., Ltd.	(Note A)	Equity-method investments	1,127	315,813	49.00	315,813		
	Far Eastern International Leasing Corp.	(Note A)	Equity-method investments	74,970	1,179,009	16.80	1,201,160		
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	9,000	199,399	2.24	205,970		
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	84,751	1,029,723	3.78	1,029,723		
Far Eastern Polychem Industries Ltd.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	424	19,928	0.05	19,928		
	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity-method investments	(Note H)	HK\$ 1,794,866	87.64	RMB 1,421,181		
	PET Far Eastern (Holding) Ltd.	(Note A)	Equity-method investments	35	HK\$ 200,298	13.27	RMB 158,597		
	FEDP (Holding) Ltd.	(Note A)	Equity-method investments	240	HK\$ 126,441	49.57	488,569		
	Far Eastern Industries (Yangzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	HK\$ 379,836	100.00	RMB 300,755		
	Far Eastern Ishizuka Green Pet Corporation	(Note A)	Equity-method investments	72	HK\$ 54,740	80.00	JPY 698,305		
	Nippon Parison Co., Ltd	-	Financial assets carried at cost	4	HK\$ 16,941	10.00	JPY 322,019		
	Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd.	(Note A)	Equity-method investments	125,639	1,652,552	98.95		1,694,806
	Asia Cement Corporation	(Note A)	Equity-method investments	17,038	434,230	0.53	628,702		
	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	1,590	74,720	0.19	74,720		
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 17,135	38.46	RMB 106,102		
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 69,621	100.00	RMB 431,091		
Far Eastern Apparel Co., Ltd.	Ming Ding Co. (Note I)	(Note A)	Equity-method investments	-	-	-	-		
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	5	83	0.01	101		
Far Eastern General Contractor Co., Ltd.	U-Ming Marine Transport Corporation	(Note F)	Available-for-sale financial assets - current	746	35,085	0.09	35,085		
	Kaohsiung Rapid Transit Co., Ltd.	-	Financial assets carried at cost	7,572	50,000	2.72	94,939		
	Ya-Li Precast Prestressed Concrete Industries Corp.	-	Financial assets carried at cost	3,106	25,142	16.03	10,244		

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Equity-method investments	450	\$ 3,556	9.00	\$ 5,199	
	FSITC Money Market Fund		Financial assets at fair value through profit or loss - current	358	62,198	-	62,198	
	FSITC Taiwan Money Market Fund		Financial assets at fair value through profit or loss - current	3,560	53,020	-	53,020	
	Paradigm Pion Money Market Fund		Financial assets at fair value through profit or loss - current	6,317	71,118	-	71,118	
	Shin Kong Chi-Shin Money-market Fund		Financial assets at fair value through profit or loss - current	994	15,012	-	15,012	
FETG Investment Antilles N.V.	Waldorf Services B.V.	(Note A)	Equity-method investments	2	623,305	100.00	623,305	
Waldorf Services B.V.	Cemtex Apparel Inc.	(Note A)	Other liabilities - other	90	(10,378)	50.00	PESO (15,096)	
	Malaysia Garment Manufactures Pte. Ltd.	(Note A)	Equity-method investments	30	69,005	37.92	SGD 2,995	
	Far Eastern International Garments	(Note A)	Other liabilities - other	59	(11,523)	41.00	PESO (16,767)	
	Albert & Orient Glycol Ltd.	-	Financial assets carried at cost	-	47,478	25.00	CAD 20,244	
	Filsyn Corporation	-	Financial assets carried at cost	20,513	-	9.95	PESO (54,423)	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	40,818	1,018,983	1.25	3,285,849	28,860 thousand shares pledged or mortgaged as collaterals for loans
	Asia Cement Corporation	(Note A)	Equity-method investments	5,857	206,475	0.18	216,123	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	154	4,567	0.02	4,274	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	352	10,468	0.03	10,050	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	10,104	162,722	15.66	157,807	
	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	4,841	112,896	1.21	111,260	
	Oriental Securities Corp.	(Note A)	Equity-method investments	5,890	87,324	0.83	84,120	
	Yuan Ding Investment Co., Ltd.	(Note A)	Equity-method investments	5,502	154,941	0.30	112,273	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	17,384	211,210	0.78	211,210	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	(Note A)	Equity-method investments	750	11,441	55.56	11,441	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	3,684	44,756	0.17	44,756	
	Yi Tong Fiber Co., Ltd.	-	Financial assets carried at cost	3,504	28,519	3.56	38,381	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	520	19,767	0.02	41,860	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Corp. (Note G)	(Note A)	Equity-method investments	9,000	199,399	2.24	205,970	
	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	100,237	2,666,783	3.08	8,069,079	42,400 thousand shares pledged or mortgaged as collaterals for loans
	Asia Cement Corporation	(Note A)	Equity-method investments	27,470	883,250	0.85	1,013,643	
	Oriental Union Chemical Corporation	(Note A)	Equity-method investments	31,768	1,231,575	3.59	881,562	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	33,673	1,064,794	2.46	961,364	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity-method investments	77,257	417,242	11.98	281,585	
	Air Liquide Far Eastern Ltd.	(Note A)	Equity-method investments	1	19	-	19	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note A)	Equity-method investments	1	44	-	264	
	Sino Belgium (Holding) Ltd.	(Note A)	Other liabilities - other	26	(81,411)	91.39	(81,411)	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Far Eastern DWS Global Agribusiness Fund	-	Available-for-sale financial assets - current	9,862	\$ 100,099	-	\$ 100,099	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	16,799	204,104	0.75	204,104	
	Ding Shen Investment Co., Ltd.	-	Financial assets carried at cost	39,600	396,000	18.00	399,272	
	Bockhold N.V.-stock	-	Financial assets carried at cost	1	223,533	12.51	EUR 1,383	
	Bockhold N.V. - conversion option embedded into convertible bonds	-	Financial assets carried at cost - current	-	7,895	-	-	
	Bockhold N.V. - convertible bonds	-	Bond investments with no active market	-	261,344	-	-	
	<u>Financial assets under asset management contracts</u> (Note E)	-						
	Universal Microwave Technology, Inc.	-	Financial assets at fair value through profit or loss - current	326	19,332	-	19,332	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	103	25,390	-	25,390	
	Kung Long Batteries Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss - current	191	14,344	-	14,344	
	Coland Holdings Limited	-	Financial assets at fair value through profit or loss - current	145	10,092	-	10,092	
	Li Peng Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss - current	367	4,569	-	4,569	
	United Microelectronics Corp.	-	Financial assets at fair value through profit or loss - current	438	6,351	-	6,351	
	SDI Corporation	-	Financial assets at fair value through profit or loss - current	20	595	-	595	
Far Eastern Apparel (Suzhou) Ltd.	Suzhou An Ho Apparel Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 8,287	100.00	RMB 8,287	
	Suqian Far Eastern Apparel Co., Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 23,930	100.00	RMB 23,930	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note A)	Equity-method investments	(Note H)	RMB 1,048,839	53.24	RMB 1,049,893	
	Far Eastern Union Petrochemical (Yangzhou) Corporation	(Note A)	Equity-method investments	(Note H)	RMB 120,153	50.00	RMB 120,132	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 110,640	100.00	RMB 679,594	
	Oriental Industries (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 111,134	100.00	RMB 682,632	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	772,644	100.00	RMB 158,329	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd.	(Note A)	Equity-method investments	(Note H)	936,715	100.00	RMB 191,950	
	Far Eastern Apparel (Suzhou) Ltd.	(Note A)	Equity-method investments	(Note H)	828,495	61.54	RMB 169,774	
	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	(Note A)	Equity-method investments	(Note H)	4,259,214	60.00	RMB 872,790	
	Far Eastern New Century (China) Investment Ltd.	(Note A)	Equity-method investments	(Note H)	1,959,638	100.00	RMB 376,737	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 219,138	12.36	RMB 200,431	
	Shanghai Yuan Zi Information Co., Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 13,300	100.00	RMB 12,370	
	Oriental Petrochemical (Shanghai) Corp.	(Note A)	Equity-method investments	(Note H)	RMB 115,232	8.11	RMB 159,929	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited	(Note A)	Equity-method investments	(Note H)	149,035	100.00	RMB 30,540	
	Martens Beers Trading (Shanghai) Ltd.	(Note A)	Equity-method investments	(Note H)	35,989	100.00	RMB (1,546)	
Oriental Petrochemical (Shanghai) Corp.	Shanghai Yuan Hua Logistic Ltd.	(Note A)	Equity-method investments	(Note H)	RMB 22,734	100.00	RMB 22,739	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Yuan Ding Company Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note A)	Equity-method investments	4,164	\$ 105,509	0.13	\$ 335,202	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity-method investments	96,312	514,961	14.93	350,924	
	Ding Ding Hotel Co., Ltd.	(Note A)	Other liabilities - other	17,572	(24,130)	61.98	(18,844)	
	YDT Technology International Co., Ltd.	(Note A)	Equity-method investments	13,992	341,873	100.00	345,837	
	Far Eastern Technical Consultants Co., Ltd.	(Note A)	Equity-method investments	4,550	51,355	91.00	52,564	
	FET Consulting Engineers Co., Ltd.	(Note A)	Equity-method investments	39,000	201,307	100.00	197,502	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Equity-method investments	6,900	98,023	60.00	98,086	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Other liabilities - other	15,025	(13,888)	50.00	(11,622)	
	Yue Yuan Investment Co., Ltd.	(Note A)	Equity-method investments	129,637	2,882,790	25.02	2,229,375	
	FEDS Asia Pacific Development Ltd.	(Note A)	Equity-method investments	10,236	121,932	5.00	116,844	
	YDC (Virgin Islands) Ltd.	(Note A)	Equity-method investments	200	8,071	17.70	US\$ 241	
	Yue Ming Co., Ltd.	(Note A)	Equity-method investments	28	1,255	1.00	1,532	
	Yue Ding Industry Co., Ltd.	(Note A)	Equity-method investments	1,672	26,057	2.59	26,100	
	Asia Cement Corporation	(Note A)	Equity-method investments	5,122	162,154	0.16	189,002	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Equity-method investments	6,000	57,346	20.00	54,352	
	Far Eastern New Century Corporation	-	Financial assets at fair value through profit or loss - current	734	23,795	0.01	23,795	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	6,572	79,844	0.29	79,844	
Ding Ding Integrated Marketing Services Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Other liabilities - other	50	(41)	0.17	(40)	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Equity-method investments	4,503	43,038	15.01	40,791	
	Deutsche Far Eastern DWS Equity Fund		Financial assets at fair value through profit or loss - current	3,531	80,271	-	80,271	
Far Eastern Technical Consultants Co., Ltd.	Yuantai Foreign Trade	-	Financial assets carried at cost	480	4,800	4.00	7,429	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	(Note A)	Equity-method investments	(Note H)	35,035	100.00	US\$ 1,269	
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Equity-method investments	(Note H)	US\$ 18	1.39	RMB 114	
	Speedy (Shanghai) Digital Tech. Co., Ltd.	(Note A)	Equity-method investments	(Note H)	US\$ 1,286	100.00	RMB 8,067	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	(Note A)	Equity-method investments	(Note H)	US\$ 1,248	98.61	RMB 8,061	
YDT Technology International Co., Ltd.	YDC (Virgin Islands) Ltd.	(Note A)	Equity-method investments	930	32,502	82.30	US\$ 1,119	
	Asia Cement Corporation	(Note A)	Equity-method investments	58	1,846	-	2,140	
	Far Eastern Department Stores Co., Ltd.	(Note A)	Equity-method investments	2,631	92,138	0.19	75,115	
	Everest Textile Co., Ltd.	(Note A)	Equity-method investments	793	6,169	0.17	6,463	
	Far Eastern International Bank	(Note D)	Available-for-sale financial assets - noncurrent	2,311	28,078	0.10	28,078	
	Oriental Securities Investment Consultant Co., Ltd.	-	Financial assets carried at cost	1	10	-	10	
Far EasTone Telecommunications Co., Ltd.	<u>Stocks</u>							
	New Century InfoComm Tech Co., Ltd.	(Note A)	Equity-method investments	2,599,449	29,234,332	100.00	29,234,332	
	ARCOA Communication Co., Ltd.	(Note A)	Equity-method investments	82,009	1,191,960	61.07	1,191,960	
	KGEx.com Co., Ltd.	(Note A)	Equity-method investments	112,375	863,210	99.97	863,210	
	Far Eastern Info Service (Holding) Ltd.	(Note A)	Equity-method investments	1	119,875	100.00	119,875	
	Yuan Cing Co., Ltd.	(Note A)	Equity-method investments	19,349	105,831	99.99	105,831	
	E. World (Holdings) Ltd.	(Note A)	Equity-method investments	6,014	93,470	85.92	93,470	
Far EasTron Holding Ltd.	(Note A)	Equity-method investments	4,486	25,744	100.00	25,744		

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Omusic Co., Ltd.	(Note A)	Equity-method investments	2,500	\$ 4,078	50.00	\$ 4,078	
	Q-ware Communications Co., Ltd.	(Note A)	Other liabilities - other	33,982	(14,585)	81.46	(14,585)	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Other liabilities - other	4,202	(2,556)	13.98	(2,556)	
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note A)	Equity-method investments	254,239	926,480	39.42	926,480	
	Yuan Hsin Digital Payment Co., Ltd.	(Note A)	Prepayment for equity-method investments	9,000	90,000	30.00	90,000	
	Near Field Communication	(Note A)	Prepayment for equity-method investments	-	30,000	-	30,000	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Equity-method investments	1,725	26,445	15.00	26,445	
	iScreen Corporation	(Note A)	Equity-method investments	4,000	15,989	40.00	15,989	
	Asia Cement	-	Available-for-sale financial assets - current	2,196	81,058	-	81,058	
	Overseas funds							
	Opas Fund Segregated Portfolio Tranche D Bonds	-	Available-for-sale financial assets - current	5	163,688	-	163,688	
	98 Asia Cement 1 Corporate Bond	-	Held-to-maturity financial assets - current and noncurrent	-	199,923	-	201,473	
ARCOA Communication Co., Ltd.	<u>Stocks</u>							
	DataExpress Infotech Co., Ltd.	(Note A)	Equity-method investments	9,213	208,888	70.00	208,888	
	THI consultants Inc.	-	Financial assets carried at cost	1,213	12,190	18.32	12,190	
	VIBO Telecom Inc.	-	Financial assets carried at cost	289	1,385	0.02	1,385	
	Chunghwa Int'l Communication Network Co., Ltd.	-	Financial assets carried at cost	2,086	6,714	3.98	6,714	
	Web Point Co., Ltd.	-	Financial assets carried at cost	160	1,618	0.63	1,618	
New Century InfoComm Tech Co., Ltd.	<u>Stocks</u>							
	New Diligent Co., Ltd.	(Note A)	Equity-method investments	80,000	712,953	100.00	712,953	
	Information Security Service Digital United Inc.	(Note A)	Equity-method investments	14,878	92,207	100.00	92,207	
	Simple InfoComm Co., Ltd.	(Note A)	Equity-method investments	3,400	20,798	100.00	20,798	
	Ding Ding Integrated Marketing Services Co., Ltd.	(Note A)	Equity-method investments	575	8,815	5.00	8,815	
	Far Eastern Electronic Commerce Co., Ltd.	(Note A)	Other liabilities - other	1,503	(914)	5.00	(914)	
	Kaohsiung Rapid Transit Corporation	-	Financial assets carried at cost	8,858	50,000	3.18	50,000	
	Bank Pro E-service Technology Co., Ltd.	-	Financial assets carried at cost	450	4,500	3.33	4,500	
	Share certificates							
	Digital United (Cayman) Ltd.	(Note A)	Equity-method investments	3,320	27,049	100.00	27,049	
	Open-end mutual funds							
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss - current	3,989	54,011	-	54,011	
	Deutsche Far Eastern DWS Global Agribusiness Fund	-	Financial assets at fair value through profit or loss - current	5,000	50,750	-	50,750	
	DFE DWS Global Multi-asset Income Plus FOF-A	-	Financial assets at fair value through profit or loss - current	9,571	102,221	-	102,221	
	Overseas funds							
	Opas Fund Segregated Portfolio Tranche B	-	Available-for-sale financial assets - current	11	457,654	-	457,654	
	Opas Fund Segregated Portfolio Tranche C	-	Available-for-sale financial assets - current	15	570,581	-	570,581	
	Opas Fund Segregated Portfolio Tranche D	-	Available-for-sale financial assets - current	3	81,844	-	81,844	
	Opas Fund Segregated Portfolio Tranche E	-	Available-for-sale financial assets - current	34	1,154,716	-	1,154,716	
Digital United (Cayman) Ltd.	<u>Stocks</u>							
	Digital United Information Technologies (Shanghai) Co., Ltd.	(Note A)	Equity-method investments	-	RMB 1,599	100.00	RMB 1,599	
New Diligent Co., Ltd.	<u>Share certificates</u>							
	Sino Lead Enterprise Limited	(Note A)	Equity-method investments	-	374	100.00	374	
	Far Eastern New Diligent Company Ltd.	(Note A)	Equity-method investments	-	108,729	100.00	108,729	

(Continued)

Holding Company	Securities Type and Issuer/Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares or Units (All Common Shares Unless Stated Otherwise) (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Far Eastern New Diligent Company Ltd.	<u>Share certificates</u> Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Equity-method investments	-	RMB 19,178	76.92	RMB 19,178	
DataExpress Infotech Co., Ltd.	<u>Stocks</u> Linkwell Tech. Ltd.	(Note A)	Equity-method investments	-	50,115	100.00	50,115	
	Home Master Technology Ltd.	(Note A)	Equity-method investments	-	12,802	99.99	12,802	
	Jing Yuan Technology Ltd.	(Note A)	Equity-method investments	-	9,376	100.00	9,376	
Far Eastern Info Service (Holding) Ltd.	<u>Share certificates</u> Far Eastern Tech-info Ltd. (Shanghai)	(Note A)	Equity-method investments	-	RMB 33,340	100.00	RMB 33,340	
Far Eastern Tech-info Ltd. (Shanghai)	<u>Share certificates</u> Far Eastern New Century Information Technology (Beijing) Limited	(Note A)	Equity-method investments	-	RMB 43,311	2.12	RMB 43,311	

Notes: A. Equity-method investee.

B. Investor company and investee have the same chairman.

C. The vice chairman of investee is the chairman of FENC.

D. The chairman of FENC is the vice chairman of the investee company.

E. Financial assets under asset management contracts and the financial assets can be sold in the open market by the investee, Oriental Securities Corp.

F. The chairman of the investee is FENC's chairman.

G. The holding company opened a trust account in the Shanghai Bank in Taipei on September 26, 2002 to buy the stockholding of Pacific Liu Tung Investment Co., Ltd.

H. A private company.

I. The Company started liquidation procedures on December 20, 2012 but had not completed liquidation as of June 30, 2013.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK FOR THE SIX MONTHS ENDED JUNE 30, 2013**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
Far Eastern New Century Corporation	Oriental Petrochemical (Taiwan) Co., Ltd.	Equity-method investments	Cash capital increase	-	578,846	\$ 4,528,216	302,232	\$ 3,022,326	\$ -	\$ -	\$ -	\$ -	\$ (454,616)	881,078	\$ 7,095,926
Yuan Ding Investment Co., Ltd.	Oriental Union Chemical Corporation	Equity-method investments	Open market	-	81,900	1,516,566	-	-	8,985	297,206	167,836	136,916	(42,880)	72,915	1,305,850
	Oriental Textile (Holding) Ltd.	Equity-method investments	Cash capital increase	-	86	5,615,708	3	235,418	-	-	-	-	237,972	89	6,089,098
	Oriental Petrochemical (Taiwan) Co., Ltd.	Equity-method investments	Cash capital increase	-	39,806	303,936	20,784	207,839	-	-	-	-	(30,385)	60,590	481,390
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Yangzhou) Ltd.	Equity-method investments	Cash capital increase	-	(Note A)	HK\$ 263,432	(Note A)	HK\$ 114,660	-	-	-	-	HK\$ 1,744	(Note A)	HK\$ 379,836
	Far Eastern Ishizuka Green Pet Corporation	Equity-method investments	Cash capital increase	-	-	-	72	HK\$ 59,472	-	-	-	-	HK\$ (4,732)	72	HK\$ 54,740
PET Far Eastern (Holding) Ltd.	Far Eastern Union Petrochemical (Yangzhou) Corporation	Equity-method investments	Cash capital increase	-	(Note A)	RMB 86,600	(Note A)	RMB 37,634	-	-	-	-	RMB (4,081)	(Note A)	RMB 120,153
Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd.	Equity-method investments	Cash capital increase	-	(Note A)	US\$ 99,389	(Note A)	US\$ 8,000	-	-	-	-	US\$ 3,745	(Note A)	US\$ 111,134
Far Eastern Electronic Commerce Co., Ltd.	Deutsche Far Eastern DWS Equity Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	8,802	100,000	8,802	100,023	100,000 (Note B)	23	-	-	-
Far Eastern General Contractor Co., Ltd.	Taishin Ta Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	7,617	105,002 (Note B)	-	-	7,617	105,070	105,002 (Note B)	68	-	-	-
	Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	10,360	136,000 (Note B)	-	-	10,360	136,096	136,000 (Note B)	96	-	-	-
	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	1,152	200,000	794	138,000	137,892 (Note B)	108	-	358	62,108 (Note B)
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	15,464	230,000	11,904	177,166	177,000 (Note B)	166	-	3,560	53,000 (Note B)
	Paradigm Pion Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	11,026	124,000	4,709	53,000	52,953 (Note B)	47	-	6,317	71,047 (Note B)
New Century InfoComm Tech Co., Ltd.	<u>Overseas fund</u> Opas Fund Segregated Portfolio Tranche D	Available-for-sale financial assets - current	-	-	10	318,300 (Note B)	-	-	7	255,637	238,725 (Note B)	16,912	-	3	79,575 (Note B)
	Opas Fund Segregated Portfolio Tranche B	Available-for-sale financial assets - current	-	-	-	-	11	445,500	-	-	-	-	-	11	445,500 (Note B)
	Opas Fund Segregated Portfolio Tranche E	Available-for-sale financial assets - current	-	-	28	812,657 (Note B)	6	208,428	-	-	-	-	-	34	1,021,805 (Note B)

(Continued)



Company Name	Securities Type and Issuer	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Investment Income under the Equity Method	Ending Balance	
					Shares (Thousands)/ Thousand Units	Amount	Shares (Thousands) (Note A)	Amount	Shares (Thousands)	Price	Book Value	Disposal Gain		Shares (Thousands)/ Thousand Units	Amount
New Diligent Co., Ltd.	<u>Share certificates</u> Far Eastern New Diligent Company Ltd.	Equity-method investments	Issuance of capital stock for cash	-	-	\$ (4)	-	\$ 133,048	-	-	-	-	\$ (24,315)	-	\$ 108,729
Far Eastern New Diligent Company Ltd.	<u>Share certificates</u> Far Eastern New Century Information Technology (Beijing) Limited	Equity-method investments	Issuance of capital stock for cash	-	-	-	-	RMB 24,582	-	-	-	-	RMB (5,404)	-	RMB 19,178

Note: A. A private company.

B. The ending balances were shown as their investment cost without the adjustment of fair value.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK  
FOR THE SIX MONTHS ENDED JUNE 30, 2013  
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	% to Total	
Far Eastern New Century Corporation	Far Eastern Industries (Shanghai) Ltd.	(Note D)	Sale	\$ (199,183)	(1)	Based on contract	\$ -	-	\$ -	-	\$ 64,625	1	
	Far Eastern Industries (WuXi) Ltd.	(Note D)	Sale	(137,091)	(1)	Based on contract	-	-	-	-	43,766	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note D)	Purchase	6,189,345	21	Based on contract	-	-	-	-	(872,727)	(17)	
	Oriental Resources Development Ltd.	(Note D)	Purchase	125,729	-	Based on contract	-	-	-	-	(15,672)	-	
	Worldwide Polychem (HK) Ltd.	(Note D)	Sale	(951,778)	(3)	Based on contract	-	-	-	-	846,438	8	
	Everest Textile Co., Ltd.	(Note A)	Sale	(196,461)	(1)	Based on contract	-	-	-	-	55,489	1	
	Oriental Union Chemical Corporation	(Note A)	Sale	(462,154)	(1)	Based on contract	-	-	-	-	128,901	1	
	Freudenberg Far Eastern Spunweb Co., Ltd.	(Note F)	Sale	(191,426)	(1)	Based on contract	-	-	-	-	58,110	1	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note D)	Purchase	488,167	100	Based on contract	-	-	-	-	(80,081)	(100)	
Far Eastern Apparel (Suzhou) Ltd.	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	(Note E)	Purchase	243,625	11	Based on contract	-	-	-	-	(83,859)	(10)	
	Suzhou An Ho Apparel Ltd.	(Note D)	Purchase	173,324	8	Based on contract	-	-	-	-	(96,174)	(11)	
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Holding) Ltd.	(Note C)	Sale	(488,167)	(41)	Based on contract	-	-	-	-	80,081	25	
	Far Eastern Apparel (Suzhou) Ltd.	(Note E)	Sale	(243,625)	(20)	Based on contract	-	-	-	-	83,859	27	
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(257,491)	(2)	Based on contract	-	-	-	-	194,435	5	
	Far Eastern New Century Corporation	(Note C)	Purchase	199,183	1	Based on contract	-	-	-	-	(64,625)	(2)	
	Far Eastern Polychem Industries Ltd.	(Note C)	Sale	(4,050,630)	(30)	Based on contract	-	-	-	-	1,315,963	31	
	Oriental Petrochemical (Shanghai) Corp.	(Note E)	Purchase	4,115,639	31	Based on contract	-	-	(1,795,894)	(88)	(715,354)	(19)	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note E)	Purchase	991,925	7	Based on contract	-	-	-	-	(252,873)	(7)	
	Wu Han Far Eastern New Material Ltd.	(Note E)	Sale	(805,573)	(6)	Based on contract	-	-	-	-	689,710	16	
	Worldwide Polychem (HK) Ltd.	(Note E)	Sale	(430,504)	(3)	Based on contract	-	-	-	-	401,791	9	
Far Eastern Industries (WuXi) Ltd.	Far Eastern New Century Corporation	(Note C)	Purchase	137,091	7	Based on contract	-	-	-	-	(43,766)	(17)	
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(446,429)	(24)	Based on contract	-	-	-	-	130,624	39	
Far Eastern Industries (Suzhou) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	257,491	12	Based on contract	-	-	-	-	(194,435)	(23)	
	Far Eastern Yihua Petrochemical (Yangzhou) Co., Ltd.	(Note E)	Purchase	227,748	11	Based on contract	-	-	-	-	(271,415)	(32)	
	Oriental Petrochemical (Shanghai) Corp.	(Note E)	Purchase	515,811	25	Based on contract	-	-	(164,357)	(100)	-	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	(Note E)	Purchase	466,222	22	Based on contract	-	-	-	-	(198,349)	(24)	
	Oriental Industries (Suzhou) Ltd.	(Note E)	Sale	(1,660,968)	(87)	Based on contract	-	-	484,834	99	311,242	63	
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note D)	Purchase	4,050,630	95	Based on contract	-	-	-	-	(1,315,963)	(66)	
	Pet Far Eastern (M) Sdn. Bhd.	(Note E)	Sale	(663,299)	(15)	Based on contract	-	-	-	-	355,917	24	
	Wu Han Far Eastern New Material Ltd.	(Note E)	Sale	(210,052)	(5)	Based on contract	-	-	-	-	103,374	7	
	Wu Han Far Eastern New Material Ltd.	(Note E)	Purchase	230,087	5	Based on contract	-	-	-	-	(126,526)	(6)	
New Century InfoComm Tech Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	(Note E)	Telecommunications revenue	(278,229)	(1)	Based on contract	-	-	-	-	156,557	2	
YDT Technology International Co., Ltd.	TECO Electric and Machinery Co., Ltd.	(Note I)	Sale	(124,767)	(32)	Based on contract	-	-	-	-	35,464	46	
Far Eastern Yihua Petrochemical (Yangzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(227,748)	(100)	Based on contract	-	-	-	-	271,415	100	
	Oriental Petrochemical (Shanghai) Corp.	(Note E)	Purchase	226,420	100	Based on contract	-	-	-	-	(24,696)	(10)	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance		% to Total
Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Sale	\$ (4,115,639)	(32)	Based on contract	\$ -	-	\$ 1,795,894	32	\$ 715,354	97	
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(515,811)	(4)	Based on contract	-	-	164,357	3	-	-	
	Far Eastern Yihua Petrochemical (Yangzhou) Co., Ltd.	(Note E)	Sale	(226,420)	(2)	Based on contract	-	-	-	-	24,696	3	
	PET Far Eastern (Holding) Ltd.	(Note C)	Purchase	2,776,679	21	Based on contract	-	-	-	-	(2,057,048)	(69)	
Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Sale	(991,925)	(8)	Based on contract	-	-	-	-	252,873	11	
	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Sale	(466,222)	(4)	Based on contract	-	-	-	-	198,349	9	
	Far Eastern New Century Corporation	(Note C)	Sale	(6,189,345)	(48)	Based on contract	-	-	-	-	872,727	39	
Oriental Resources Development Ltd.	Far Eastern New Century Corporation	(Note C)	Sale	(125,729)	(43)	Based on contract	-	-	-	-	15,762	27	
Oriental Industries (Suzhou) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note E)	Purchase	1,660,968	58	Based on contract	-	-	(484,834)	(100)	(311,242)	(53)	
	Oriental Textile (Holding) Ltd.	(Note C)	Sale	(1,156,524)	(38)	Based on contract	-	-	-	-	399,041	39	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd.	(Note D)	Purchase	446,429	28	Based on contract	-	-	-	-	(130,624)	(25)	
	Oriental Industries (Suzhou) Ltd.	(Note D)	Purchase	1,156,524	73	Based on contract	-	-	-	-	(399,041)	(76)	
Far Eastern Investment (Holding) Ltd.	Oriental Union Chemical Corporation	(Note H)	Sale	(159,127)	(10)	Based on contract	-	-	-	-	25,293	3	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note D)	Sale	(2,776,679)	(100)	Based on contract	-	-	-	-	2,057,048	100	
Pet Far Eastern (M) Sdn. Bhd.	Far Eastern Polychem Industries Ltd.	(Note E)	Purchase	663,299	76	Based on contract	-	-	-	-	(355,917)	(71)	
Suzhou An Ho Apparel Ltd.	Far Eastern Apparel (Suzhou) Ltd.	(Note C)	Sale	(173,324)	(100)	Based on contract	-	-	-	-	96,174	100	
Wu Han Far Eastern New Material Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	805,573	73	Based on contract	-	-	-	-	(689,710)	(87)	
	Far Eastern Polychem Industries Ltd.	(Note E)	Sale	(230,087)	(20)	Based on contract	-	-	-	-	126,526	40	
	Far Eastern Polychem Industries Ltd.	(Note E)	Purchase	210,052	19	Based on contract	-	-	-	-	(103,374)	(13)	
Worldwide Polychem (HK) Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note E)	Purchase	430,504	31	Based on contract	-	-	-	-	(401,791)	(32)	
	Far Eastern New Century Corporation	(Note C)	Purchase	951,778	69	Based on contract	-	-	-	-	(846,438)	(68)	
Far Eastern Electronic Toll Collection Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note E)	Purchase	278,229	20	Based on contract	-	-	-	-	(156,557)	(91)	
	TECO Electric and Machinery Co., Ltd.	(Note I)	Purchase	120,327	9	Based on contract	-	-	-	-	-	-	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Inc.	(Note D)	Purchase	173,177	47	Based on contract	-	-	-	-	(24,979)	(6)	
Far Eastern General Contractor Inc.	Ya Tung Ready-mixed Concrete Corp.	(Note J)	Purchase	147,658	8	Based on contract	-	-	-	-	(50,877)	(5)	
	Far Eastern Construction Co., Ltd.	(Note C)	Construction revenue	(284,842)	(14)	Based on contract	-	-	-	-	24,979	8	
	Far Eastern Department Stores Co., Ltd.	(Note H)	Construction revenue	(445,466)	(22)	Based on contract	-	-	-	-	Billings on construction-in-progress 4,425,644	15	
Far EasTone Telecommunications Co., Ltd.	Aroca Communication Co., Ltd.	(Note D)	Cost of telecommunications services, marketing expense and purchase	7,409,956	27	Based on contract	-	-	-	-	(1,353,158)	(16)	
	New Century InfoComm Tech Co., Ltd.	(Note D)	Operating revenue	(135,333)	-	Based on contract	-	-	-	-	192,425	3	
		(Note D)	Operating revenue	(614,828)	(2)	Based on contract	-	-	-	-	2,363	-	
		(Note D)	Cost of telecommunications services	986,083	5	Based on contract	-	-	-	-	(336,940) (Note B)	(4)	

(Continued)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes Payable or Receivable		Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	Ending Balance	
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note C)	Operating revenue	\$ (986,083)	(15)	Based on contract	\$ -	-	\$ -	-	\$ 336,940	23
			Cost of telecommunications services	614,828	13	Based on contract	-	-	-	-	(2,363)	-
	KGEx.com Co., Ltd.	(Note E)	Cost of telecommunications services	126,687	3	Based on contract	-	-	-	-	(35,759)	(3)
Aroca Communication Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	(Note E)	Operating revenue	(278,229)	4	Based on contract	-	-	-	-	156,557	11
	Far EasTone Telecommunications Co., Ltd.	(Note C)	Operating revenue	(7,409,956)	(77)	Based on contract	-	-	-	-	1,353,158	95
KGEx.com Co., Ltd.	Linkwell Tech Co., Ltd.	(Note E)	Purchase and cost of telecommunications services	135,333	2	Based on contract	-	-	-	-	192,425	9
			Operating revenue	(113,270)	(1)	Based on contract	-	-	-	-	31,193	2
Linkwell Tech Co., Ltd.	New Century InfoComm Tech Co., Ltd.	(Note E)	Operating revenue	(126,687)	35	Based on contract	-	-	-	-	35,759	28
			Purchase	113,270	19	Based on contract	-	-	-	-	(31,193)	(46)

Notes: A. Equity-method investee.

B. All interconnect revenues, costs and collection of international direct dial revenue between Far EasTone and NCIC were settled at net amounts and were included in accounts payable - related parties.

C. Parent company.

D. Subsidiary.

E. Same ultimate parent company.

F. Equity-method investee equity-method of FENC's subsidiary.

G. The receivables collected by Far EasTone for NCIC.

H. Equity-method investee equity-method of FENC.

I. The board of directors of are the board of directors of FENC's subsidiary, Far Eastern Electronic Toll Collection Co., Ltd.

J. The chairman of the ultimate parent company is the chairman of FENC.

(Concluded)

**FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE CAPITAL STOCK**

**FOR THE SIX MONTHS ENDED JUNE 30, 2013**

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

Company Name	Related Party	Nature of Relationship	Ending Balance (Note F)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd.	(Note D)	\$ 846,438	1.48	\$ -	-	\$ 170,676	\$ -
Far Eastern Investment (Holding) Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	494,688	(Note F)	-	-	-	-
Far Eastern Industries (Shanghai) Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	194,435	2.55	-	-	-	-
	Far Eastern Polychem Industries Ltd.	(Note E)	1,315,963	3.52	-	-	123,610	-
	Wu Han Far Eastern New Material Ltd.	(Note C)	689,710	1.21	-	-	58,307	-
	Worldwide Polychem (HK) Ltd.	(Note C)	401,791	1.55	-	-	45,056	-
Far Eastern Industries (WuXi) Ltd.	Oriental Textile (Holding) Ltd.	(Note E)	130,624	2.52	-	-	45,908	-
Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	(Note C)	796,076	2.48	-	-	305,565	-
Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd.	(Note C)	355,917	1.77	-	-	HK\$ 23,702	-
	Wu Han Far Eastern New Material Ltd.	(Note C)	103,374	1.90	-	-	HK\$ 11,095	-
New Century InfoComm Tech Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd.	(Note C)	156,557	3.62	-	-	1,358	-
Far Eastern Yihua Petrochemical (Yangzhou) Co., Ltd.	Far Eastern Industries (Suzhou) Ltd.	(Note C)	271,415	1.68	-	-	-	-
Oriental Petrochemical (Shanghai) Corp.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	2,511,248	1.94	-	-	2,511,248	-
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	164,357	2.85	-	-	164,357	-
Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern Industries (Shanghai) Ltd.	(Note C)	252,873	2.00	-	-	78,000	-
	Far Eastern Industries (Suzhou) Ltd.	(Note C)	198,349	2.84	-	-	46,780	-
	Far Eastern New Century Corporation	(Note E)	872,727	7.15	-	-	871,720	-
Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd.	(Note E)	399,041	3.13	-	-	226,429	-
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	(Note D)	2,057,048	1.28	-	-	RMB 78,596	-
Wu Han Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd.	(Note C)	126,526	2.16	-	-	45,306	-
Far EastTone Telecommunications Co., Ltd.	Aroca Communication Co., Ltd.	(Note D)	194,751	9.51	-	-	144,614	-
	New Century InfoComm Tech Co., Ltd.	(Note D)	299,643	(Note B)	-	-	106,495	-

(Continued)

Company Name	Related Party	Nature of Relationship	Ending Balance (Note F)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
New Century InfoComm Tech Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	\$ 677,208	(Note G)	\$ -	-	\$ 425,470	\$ -
	Far Eastern Electronic Toll Collection Co., Ltd.	(Note C)	156,557	7.07	-	-	232	-
Aroca Communication Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	(Note E)	1,353,158	12.28	-	-	1,296,961	-

Note A: For the receivables from the financier in the Group, please refer to Schedule D.

B. The turnover rate was not calculated because the receivables of Far EasTone were the payment made for NCIC's daily operating expenditures and the management service charges to NCIC.

C. Same ultimate parent company.

D. Subsidiary.

E. Parent company.

F. The turnover rate was not calculated because the expenses of Pet Far Eastern (Holding) Ltd. were the payments made for its subsidiary, Far Eastern Polychem Industries Ltd.

G. The turnover rate was not calculated because revenues and the costs due from the Internet hook-up and international phone call services between Far EasTone and NCIC were paid (received) at net amounts, which were recognized under accounts payable to affiliates.

(Concluded)

## FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE SIX MONTHS ENDED JUNE 30, 2013  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern New Century Corporation	Asia Cement Corporation	Taipei, Taiwan	Cement production	\$ 2,652,282	\$ 2,652,282	721,368	22.33	\$ 12,024,924	\$ 3,657,085	\$ 634,268	Gain or loss recognized under the treasury stock method
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	1,254,158	1,254,158	230,125	16.80	4,421,229	962,673	161,729	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,176,211	1,176,211	81,216	9.17	1,363,278	378,087	34,785	Including write off and reversed by upstream transactions \$114
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	1,689	1,689	129	0.03	1,388	121,073	36	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	100,019	100,019	1,822,821	99.40	36,848,442	3,029,705	3,013,120	Including write off and reversed by upstream transactions \$1,593
	Far Eastern Resources Development Co.	Taipei, Taiwan	Real estate leasing and development service	14,931,733	14,931,733	557,354	100.00	25,551,825	(78,661)	(72,726)	Including write off and reversed by side-stream transactions \$5,935
	Yuan Tong Investment Co., Ltd.	Taipei, Taiwan	Investment	5,850,000	5,850,000	705,147	100.00	7,490,474	172,399	164,271	Including write off and reversed by upstream and side-stream transactions \$(8,128)
	Far Eastern Polychem Industries Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	7,318,312	7,318,312	830,815	73.04	7,643,418	(228,375)	(166,805)	
	Oriental Petrochemical (Taiwan) Co., Ltd.	Taoyuan, Taiwan	Petrochemical materials production	7,897,641	4,875,315	881,078	75.56	7,095,926	(600,083)	(454,617)	Including write off and reversed by upstream transactions \$(1,194)
	Far Eastern Investment (Holding) Ltd.	Clarendon House, Hamilton HM 11, Bermuda	Investment	5,833,333	5,833,333	1,700	100.00	6,846,010	388,428	388,428	
	PET Far Eastern (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	3,420,603	3,420,603	228	86.73	4,981,384	(253,052)	(214,609)	Including premium and discount amortization \$4,863
	Kai Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	999,993	999,993	302,844	100.00	4,705,991	204,755	204,794	Including write off and reversed by upstream transactions \$39
	Far Eastern Polytex (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	7,165,924	7,165,924	115	100.00	8,131,223	(127,139)	(127,139)	
	Yuan Ding Company Ltd.	Taipei, Taiwan	Real estate construction and selling	857,447	857,447	186,926	37.13	3,281,672	531,191	197,068	Gain or loss recognized under the treasury stock method
	Far Eastern Construction Co., Ltd.	Taipei, Taiwan	Real estate construction and selling	143,450	143,450	188,875	65.11	2,611,850	128,553	83,701	
	Ding Yuan International Investment Co., Ltd.	Taipei, Taiwan	Investment	2,000,062	2,000,062	205,000	100.00	2,512,028	59,058	59,081	Including write off and reversed by upstream transactions \$23
	Oriental Securities Corp.	Taipei, Taiwan	Broker	159,823	159,823	140,278	19.65	1,997,959	109,249	21,467	
	An Ho Garment Co., Ltd.	Taipei, Taiwan	Investment	1,023	1,023	66,346	100.00	1,557,093	111,930	111,931	Including write off and reversed by upstream transactions \$1
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	810,000	810,000	67,500	16.83	1,639,620	250,520	42,163	
	FEDP (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Investment	676,315	676,315	244	50.43	497,045	(183,102)	(92,338)	
Fu Kwok Garment Manufacturing Co., Ltd.	Kaohsiung, Taiwan	Garment production	9,129	9,129	3,999	99.99	153,602	5,409	5,409		
Ding Ding Hotel Co., Ltd.	Taipei, Taiwan	Hotel	249,795	249,795	5,386	19.00	(7,460)	(29,284)	(5,564)		
Far Eastern Textile Ltd.	Taipei, Taiwan	Chemical fiber production	1,000	1,000	100	100.00	1,076	(67)	(67)		
Yuan Ding Investment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,723,598	2,723,598	1,066,658	32.73	21,931,601	5,910,600	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,041,479	1,169,816	72,915	8.23	1,305,850	378,087	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	470,103	470,103	118,869	25.23	1,028,089	121,073	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	123,123	123,123	5,430	0.40	145,593	962,673	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	387,248	419,748	13,649	0.42	356,200	3,657,085	-	
	Oriental Textile (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	5,842,331	5,606,913	89	100.00	6,089,098	94,961	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Far Eastern Polychem Industries Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Investment	\$ 1,392,692	\$ 1,392,692	306,644	26.96	\$ 2,821,284	\$ (228,375)	\$ -	
	Oriental Securities Corp.	Taipei, Taiwan	Broker	255,424	255,424	185,247	25.96	2,744,724	109,249	-	
	Far Eastern Apparel (Holding) Ltd.	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda	Sale of textile, garments, and clothing	2,179,442	2,179,442	111	100.00	2,320,859	(8,979)	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	796,491	796,491	59,827	14.92	1,366,853	250,520	-	
	Yuan Ding Company Ltd.	Taipei, Taiwan	Real estate construction and selling	188,846	188,846	64,759	12.86	1,143,072	531,191	-	
	Air Liquide Far Eastern Ltd.	Taipei, Taiwan	Industrial gas production and selling	329,809	329,809	69,114	35.00	1,140,954	215,032	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,012,057	1,012,057	75,269	16.87	1,178,955	139,413	-	
	Far Eastern Fibertech Co., Ltd.	Taoyuan, Taiwan	Nylon production	585,000	585,000	79,241	100.00	920,370	90,450	-	
	Da Ju Fiber Co., Ltd.	Taipei, Taiwan	Polyester production	263,790	263,790	17,869	41.86	572,195	58,235	-	
	Oriental Petrochemical (Taiwan) Co., Ltd.	Taoyuan, Taiwan	Petrochemical materials production	207,839	-	60,590	5.20	481,390	(600,083)	-	
	Yuan Ding Leasing Corp.	Taipei, Taiwan	Real estate construction and selling	319,380	319,380	36,706	46.20	427,366	16,707	-	
	Far Eastern Apparel Co., Ltd.	Taipei, Taiwan	Sale of textile, garments, and clothing	287,984	287,984	24,736	100.00	351,962	39	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	144,786	144,797	13,052	29.80	272,103	80,890	-	
	Oriental Resources Development Co., Ltd.	Taipei, Taiwan	Waste recycling and processing	338,188	338,188	34,242	70.00	340,924	5,784	-	
	Yuan Faun Ltd.	Taipei, Taiwan	PET bottle production and selling	51,671	51,671	5,000	100.00	114,937	1,681	-	
	Yue Ming Co., Ltd.	Taipei, Taiwan	Trading	97,852	97,852	1,280	45.50	93,755	51,348	-	
	Far Eastern General Contractor Co., Ltd.	Taipei, Taiwan	Real estate construction	14,682	14,682	1,270	1.00	18,472	88,134	-	
	Yue Yuan Investment Co., Ltd.	Taipei, Taiwan	Investment	673,704	673,704	98,198	18.96	1,366,607	1,602,676	-	
Far Eastern Investment (Holding) Ltd.	FETG Investment Antilles N.V.	Kaya W.F.G. Mensing 14, Curacao	Investment	US\$ 6	US\$ 6	6	100.00	US\$ 20,624	48,405	-	
	Filsyn Corporation	Unit 8, 5B Pearlbank Centre 146 Valero St. Makati City 1227, Philippines	Polychemical products	PESO 225,324	PESO 225,324	45,066	21.85	US\$ -	PESO (8,424)	-	
	PET Far Eastern (M) Sdn. Bhd.	Plo 69, Kawasan Perindustrian Senai 3, 81400 Senai, Johor Bahru, Johor Malaysia	Bottle production	MYR 8,000	MYR 8,000	(Note A)	50.00	US\$ 4,932	MYR 3,474	-	
	Com2B	Cayman Islands	E-business	US\$ 3,375	US\$ 3,375	9,000	20.00	US\$ 531	US\$ (1,192)	-	
	Far Eastern Apparel (Vietnam) Ltd.	No. 46 Dai Lo Tu Do, Vietnam	Clothing production	US\$ 9,000	US\$ 9,000	(Note B)	100.00	US\$ 9,373	US\$ 230	-	
	Worldwide Polychem (HK) Ltd.	Singapore Industrial Park, Thuan An District, Binh Duong Province, Vietnam	Polyester production	US\$ 3,500	US\$ 3,500	2,700	100.00	US\$ 3,466	US\$ (53)	-	
	Opas Fund Segregated Portfolio Company	11F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong	Investment	US\$ 51	US\$ 51	-	34.00	US\$ 52	US\$ -	-	
Ding Yuan International Investment Co., Ltd.	Asia Cement Corporation	Cayman Islands	Investment	US\$ 51	US\$ 51	-	34.00	US\$ 52	US\$ -	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	375,512	375,512	12,708	0.39	369,576	3,657,085	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	53,506	53,506	2,487	0.18	64,556	962,673	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	149,480	149,122	8,958	1.90	68,707	121,073	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	387,687	387,687	16,183	1.83	423,828	378,087	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	38,457	38,457	920	0.03	39,737	5,910,600	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	199,399	250,520	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	95,624	95,624	8,512	13.20	219,859	71,341	-	
Kai Yuan International Investment Co., Ltd.	Asia Cement Corporation	Taipei, Taiwan	Cement production	546,516	576,395	23,585	0.73	606,547	3,657,085	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	793,702	702,436	34,149	1.05	1,094,984	5,910,600	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	526,597	570,251	25,834	2.92	497,865	378,087	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	519,473	488,020	19,677	1.44	541,610	962,673	-	
	Kowloon Cement Co., Ltd.	Hong Kong	Cement production	226,896	226,896	1,127	49.00	315,813	23,848	-	
	Far Eastern International Leasing Corp.	Taipei, Taiwan	Leasing	1,026,489	1,026,489	74,970	16.80	1,179,009	139,413	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	199,399	250,520	-	

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Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Polychem Industries Ltd.	Far Eastern Industries (Shanghai) Ltd. PET Far Eastern (Holding) Ltd.	China Claredon House, 2 Charch St. Hamilton HM 11, Bermuda	Chemical fiber production Investment	HK\$ 693,257 US\$ 17,622	HK\$ 693,257 US\$ 17,622	(Note B) 35	87.64 13.27	HK\$ 1,794,866 HK\$ 200,298	RMB (40,997) RMB (52,818)	\$ - -	
	FEDP (Holding) Ltd.	Claredon House, 2 Charch St. Hamilton HM 11, Bermuda	Investment	US\$ 29,240	US\$ 29,240	240	49.57	HK\$ 126,441	(183,102)	-	
	Far Eastern Industries (Yangzhou) Ltd. Far Eastern Ishizuka Green Pet Corporation	China Japan	PA and its by-product production PET production and sale	HK\$ 392,184 JPY 720,000	HK\$ 277,524 JPY -	(Note B) 72	100.00 80.00	HK\$ 379,836 HK\$ 54,740	(RMB 4,741) JPY 25,905	- -	
Far Eastern Construction Co., Ltd.	Far Eastern General Contractor Co., Ltd. Asia Cement Corporation	Taipei, Taiwan	Real estate construction	271,587	271,587	125,639	98.95	1,652,552	88,134	-	
		Taipei, Taiwan	Cement production	216,959	216,959	17,038	0.53	434,230	3,657,085	-	
Far Eastern Apparel (Holding) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	China	Garment production	US\$ 10,000	US\$ 10,000	(Note B)	38.46	US\$ 17,135	RMB 2,449	-	
	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	China	Dyeing and finishing	US\$ 50,000	US\$ 50,000	(Note B)	100.00	US\$ 69,621	RMB 4,061	-	
Far Eastern Apparel Co., Ltd.	Ming Ding Co. (Note D)	Taipei, Taiwan	Underwear selling	-	2,174	-	-	-	-	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	29	29	5	0.01	83	71,341	-	
Far Eastern General Contractor Co., Ltd.	Far Eastern Technical Consultants Co., Ltd.	Taipei, Taiwan	Real estate development business consulting and management	3,864	3,864	450	9.00	3,556	5,936	-	
FETG Investment Antilles N.V.	Waldorf Services B.V.	Naritaweg 165, 1043 BW Amsterdam, The Netherlands	Investment	US\$ 19	US\$ 19	2	100.00	623,305	48,323	-	
Waldorf Services B.V.	Cemtex Apparel Inc.	#100 Marc Alvarez Ave. Talon Las Pinas City Filipino	Clothing O.E.M.	PESO 9,000	PESO 9,000	90	50.00	(10,378)	PESO (1,893)	-	
	Malaysia Garment Manufactures Pte. Ltd.	No. 5-9, Little Rd, Singapore (536985)	Garment production	SGD 3,000	SGD 3,000	30	37.92	69,005	SGD 166	-	
	Far Eastern International Garments	Bldg. #5 Cor. Sirloinand Bagsakan Ave, FTI Taguig, MM Filipino	Garment production	US\$ 290	US\$ 290	59	41.00	(11,523)	PESO (322)	-	
An Ho Garment Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	748,158	748,158	40,818	1.25	1,018,983	5,910,600	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	206,551	154,847	5,857	0.18	206,475	3,657,085	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	4,814	4,814	154	0.02	4,567	378,087	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	10,483	10,483	352	0.03	10,468	962,673	-	
	Yue Ding Industry Co., Ltd.	Taipei, Taiwan	Department store operations	111,997	111,997	10,104	15.66	162,722	71,341	-	
	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	67,285	67,285	4,841	1.21	112,896	250,520	-	
	Oriental Securities Corp.	Taipei, Taiwan	Broker	95,103	95,103	5,890	0.83	87,324	109,249	-	
	Yuan Ding Investment Co., Ltd.	Taipei, Taiwan	Investment	148,994	148,994	5,502	0.30	154,941	3,029,705	-	
Yuan Faun Ltd.	Yuan Cheng Human Resources Consultant Corp.	Taipei, Taiwan	Personnel recruitment	7,304	7,304	750	55.56	11,441	2,789	-	
Fu Kwok Garment Manufacturing Co., Ltd.	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	19,663	19,663	520	0.02	19,767	5,910,600	-	
Yuan Tong Investment Co., Ltd.	Pacific Liu Tung Investment Corp. (Note C)	Taipei, Taiwan	Investment	90,000	90,000	9,000	2.24	199,399	250,520	-	
	Far EasTone Telecommunications Co., Ltd.	Taipei, Taiwan	Telecommunications	2,246,035	2,246,035	100,237	3.08	2,666,783	5,910,600	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	888,648	888,648	27,470	0.85	883,250	3,657,085	-	
	Oriental Union Chemical Corporation	Taipei, Taiwan	Petrochemical materials production	1,217,558	1,217,558	31,768	3.59	1,231,575	378,087	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	1,038,926	1,038,926	33,673	2.46	1,064,794	962,673	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	787,104	787,104	77,257	11.98	417,242	(82,607)	-	
	Air Liquide Far Eastern Ltd.	Taipei, Taiwan	Industrial gas production and selling	17	17	1	-	19	215,032	-	
	Freudenberg Far Eastern Spunweb Co., Ltd.	Taoyuan, Taiwan	Production of nonwoven industrial fabrics	34	-	1	-	44	80,890	-	
Sino Belgium (Holding) Ltd.	Claredon House 2 Church Street, Hamilton HM11, Bermuda	Investment	1,615,490	1,615,490	26	91.39	(81,411)	(127,742)	-		

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Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Far Eastern Apparel (Suzhou) Ltd.	Suzhou An Ho Apparel Ltd. Suzqian Far Eastern Apparel Co., Ltd.	China	Garment production	RMB 1,000	RMB 1,000	(Note B)	100.00	RMB 8,287	RMB 692	\$ -	
		China	Garment production and accessories	RMB 24,000	RMB 24,000	(Note B)	100.00	RMB 23,930	RMB (1,114)	-	
PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp. Far Eastern Union Petrochemical (Yangzhou) Corporation	China	PTA production and sale	US\$ 105,055	US\$ 105,055	(Note B)	53.24	RMB1,048,839	RMB (111,155)	-	
		China	PA and its by-product sale	US\$ 20,000	US\$ 14,000	(Note B)	50.00	RMB 120,153	RMB (8,162)	-	
Oriental Textile (Holding) Ltd.	Far Eastern Industries (WuXi) Ltd. Oriental Industries (Suzhou) Ltd.	China	Fiber and textile production	US\$ 59,960	US\$ 59,960	(Note B)	100.00	US\$ 110,640	RMB 20,839	-	
		China	Textile production	US\$ 146,000	US\$ 138,000	(Note B)	100.00	US\$ 111,134	RMB 9,386	-	
FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	China	Garment production	US\$ 49,800	US\$ 49,800	(Note B)	100.00	772,644	RMB (38,411)	-	
Far Eastern Polytex (Holding) Ltd.	Wuhan Far Eastern New Material Ltd. Far Eastern Apparel (Suzhou) Ltd. Far Eastern Yihua Petrochemical (Yangzhou) Corporation Far Eastern New Century (China) Investment Ltd.	China	Garment production and sales	US\$ 23,054	US\$ 23,054	(Note B)	100.00	936,715	RMB (846)	-	
		China	Garment production	US\$ 16,000	US\$ 16,000	(Note B)	61.54	828,495	RMB 2,449	-	
		China	PA and its by-product production and sale	US\$ 138,000	US\$ 138,000	(Note B)	60.00	4,259,214	RMB (7,255)	-	
		China	Investment	US\$ 48,000	US\$ 48,000	(Note B)	100.00	1,959,638	RMB (8,571)	-	
Far Eastern New Century (China) Investment Ltd.	Far Eastern Industries (Shanghai) Ltd. Shanghai Yuan Zi Information Co., Ltd.	China	Chemical fiber production	RMB 219,138	RMB 219,138	(Note B)	12.36	RMB 219,138	RMB (40,997)	-	
		China	Software development, equipment maintenance and consulting	RMB 13,300	RMB 13,300	(Note B)	100.00	RMB 13,300	RMB (885)	-	
Sino Belgium (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp.	China	PTA production and sale	RMB 115,232	RMB 115,232	(Note B)	8.11	RMB 115,232	RMB (111,155)	-	
		China	Brewer	US\$ 46,000	US\$ 46,000	(Note B)	100.00	149,035	RMB (18,169)	-	
Sino Belgium (Holding) Ltd.	Sino Belgium (Suzhou) Limited Martens Beers Trading (Shanghai) Ltd.	China	Beer sale	US\$ 9,885	US\$ 9,885	(Note B)	100.00	35,989	RMB (2,035)	-	
		China	Transportation	RMB 19,000	RMB 19,000	(Note B)	100.00	RMB 22,734	RMB 766	-	
Yuan Ding Company Ltd.	Far EasTone Telecommunications Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd. Ding Ding Hotel Co., Ltd. YDT Technology International Co., Ltd. Far Eastern Technical Consultants Co., Ltd. FET Consulting Engineers Co., Ltd. Ding Ding Integrated Marketing Services Co., Ltd. Far Eastern Electronic Commerce Co., Ltd. Yue Yuan Investment Co., Ltd. FEDS Asia Pacific Development Ltd. YDC (Virgin Islands) Ltd. Yue Ming Co., Ltd. Yue Ding Industry Co., Ltd. Asia Cement Corporation Yuan Hsin Digital Payment Co., Ltd.	Taipei, Taiwan	Telecommunications	100,412	100,412	4,164	0.13	105,509	5,910,600	-	
		Taipei, Taiwan	Electronic toll collection service	977,650	977,650	96,312	14.93	514,961	(82,607)	-	
		Taipei, Taiwan	Hotel	175,722	175,722	17,572	61.98	(24,130)	(29,284)	-	
		Taipei, Taiwan	Electronic material and relevant by-product sale	100,000	100,000	13,992	100.00	341,873	84,555	-	
		Taipei, Taiwan	Real estate development business consulting and management	45,182	45,182	4,550	91.00	51,355	5,936	-	
		Taipei, Taiwan	Business consulting	362,701	362,701	39,000	100.00	201,307	(74,547)	-	
		Taipei, Taiwan	Marketing	240,000	240,000	6,900	60.00	98,023	17,502	-	
		Taipei, Taiwan	Electronic information providing services	150,250	150,250	15,025	50.00	(13,888)	(66,515)	-	
		Taipei, Taiwan	Investment	411,187	411,187	129,637	25.02	2,882,790	1,602,676	-	
		Taipei, Taiwan	Department store operations	100,000	100,000	10,236	5.00	121,932	69,322	-	
		Columbus Centre Building, Tortola, British Virgin Islands	Investment	US\$ 200	US\$ 200	200	17.70	8,071	US\$ -	-	
		Taipei, Taiwan	Trading	787	787	28	1.00	1,255	51,348	-	
		Taipei, Taiwan	Department store operations	22,676	22,676	1,672	2.59	26,057	71,341	-	
		Taipei, Taiwan	Cement production	136,037	136,037	5,122	0.16	162,154	3,657,085	-	
Taipei, Taiwan	Other financing and supporting services	60,000	-	6,000	20.00	57,346	(13,271)	-			
Ding Ding Integrated Marketing Services Co., Ltd.	Far Eastern Electronic Commerce Co., Ltd. Yuan Hsin Digital Payment Co., Ltd.	Taipei, Taiwan	Electronic information providing services	289	289	50	0.17	(41)	(66,515)	-	
		Taipei, Taiwan	Other financing and supporting services	45,030	-	4,503	15.01	43,038	(13,271)	-	
FET Consulting Engineers Co., Ltd.	DDIM (Virgin Islands) Ltd.	P.O. Box.957 Offshore Incorporations Centre, Road Town Tortola, British Virgin Islands	Investment	237,000	237,000	(Note B)	100.00	35,035	US\$ (2,532)	-	

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Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
YDC (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	China	Internet software development services	US\$ 110	US\$ 110	(Note B)	1.39	US\$ 18	RMB (15,871)	\$ -	
	Speedy (Shanghai) Digital Tech. Co., Ltd.	China	Intelligent control equipment and security monitoring products	US\$ 800	US\$ 800	(Note B)	100.00	US\$ 1,286	RMB 228	-	
DDIM (Virgin Islands) Ltd.	Yuan Ding Integrated Information Service (Shanghai) Inc.	China	Internet software development services	US\$ 7,830	US\$ 7,830	(Note B)	98.61	US\$ 1,248	RMB (15,871)	-	
YDT Technology International Co., Ltd.	YDC (Virgin Islands) Ltd.	Columbus Centre Building, Wickhams Cay, Road Town Tortola, British Virgin Islands	Investment	US\$ 930	US\$ 930	930	82.30	32,502	US\$ -	-	
	Asia Cement Corporation	Taipei, Taiwan	Cement production	862	862	58	-	1,846	3,657,085	-	
	Far Eastern Department Stores Co., Ltd.	Taipei, Taiwan	Department store operations	51,673	51,673	2,631	0.19	92,138	962,673	-	
	Everest Textile Co., Ltd.	Tainan, Taiwan	Chemical fiber production	16,173	16,173	793	0.17	6,169	121,073	-	
Far EasTone Telecommunications Co., Ltd.	New Century InfoComm Tech Co., Ltd.	Taipei, Taiwan	Type I & II telecommunications services	27,243,773	27,243,773	2,599,449	100.00	29,234,332	824,291	-	
	ARCOA Communication Co., Ltd.	Taipei, Taiwan	Type II telecommunications services, sales of communications products and office equipment	1,295,035	1,295,035	82,009	61.07	1,191,960	133,593	-	
	KGEx.com Co., Ltd.	Taipei, Taiwan	Type II telecommunications services	2,540,315	2,540,315	112,375	99.97	863,210	(3,976)	-	
	Far Eastern Info Service (Holding) Ltd.	Bermuda	Investment	92,616	92,616	1	100.00	119,875	(25,802)	-	
	Yuan Cing Co., Ltd.	Taipei, Taiwan	Call center services	101,371	96,379	19,349	99.99	105,831	4,589	-	
	E. World (Holdings) Ltd.	Cayman Islands	Investment	82,883	82,883	6,014	85.92	93,470	3,585	-	
	Far EasTron Holding Ltd.	Cayman Islands	Investment	150,000	150,000	4,486	100.00	25,744	639	-	
	Omusic Co., Ltd.	Taipei, Taiwan	Electronic information providing services	25,000	25,000	2,500	50.00	4,078	(7,701)	-	
	Q-ware Communications Co., Ltd.	Taipei, Taiwan	Type II telecommunications services	832,038	832,038	33,982	81.46	(14,585)	(24,632)	-	
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	42,020	42,020	4,202	13.98	(2,556)	(66,515)	-	
	Far Eastern Electronic Toll Collection Co., Ltd.	Taipei, Taiwan	Electronic toll collection service	2,542,396	2,542,396	254,239	39.42	926,480	(82,607)	-	
	Yuan Hsin Digital Payment Co., Ltd.	Taipei, Taiwan	Other financing and supporting services	90,000	-	9,000	30.00	90,000	(13,271)	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Marketing	60,000	60,000	1,725	15.00	26,445	17,502	-	
	iScreen Corporation	Taipei, Taiwan	Information services	100,000	100,000	4,000	40.00	15,989	(6,453)	-	
	Near Field Communication	Taipei, Taiwan	Electronic information providing services	30,000	-	-	-	30,000	-	-	
ARCOA Communication Co., Ltd.	DataExpress Infotech Co., Ltd.	Taipei, Taiwan	Sale of communications products	141,750	141,750	9,213	70.00	201,057	20,524	-	
New Century InfoComm Tech Co., Ltd.	New Diligent Co., Ltd.	Taipei, Taiwan	Investment	800,000	800,000	80,000	100.00	712,953	(301)	-	
	Information Security Service Digital United Inc.	Taipei, Taiwan	Security and monitoring service via Internet	148,777	148,777	14,878	100.00	92,207	(5,279)	-	
	Digital United (Cayman) Ltd.	Cayman Islands	Investment	102,442	102,442	3,320	100.00	27,049	(865)	-	
	Simple InfoComm Co., Ltd.	Taipei, Taiwan	Type II telecommunications services	34,000	34,000	3,400	100.00	20,798	69	-	
	Far Eastern Electronic Commerce Co., Ltd.	Taipei, Taiwan	Electronic information providing services	15,030	15,030	1,503	5.00	(914)	(66,515)	-	
	Ding Ding Integrated Marketing Services Co., Ltd.	Taipei, Taiwan	Marketing	20,000	20,000	575	5.00	8,815	17,502	-	
Digital United (Cayman) Ltd.	Digital United Information Technologies (Shanghai) Co., Ltd.	Shanghai	Design and research of computer system	US\$ 2,100	US\$ 2,100	-	100.00	RMB 1,599	(659)	-	
New Diligent Co., Ltd.	Sino Lead Enterprise Limited	Hong Kong	Telecommunication services	125	125	-	100.00	374	(25)	-	
	Far Eastern New Diligent Company Ltd.	British Virgin Islands	Electronic information providing services	US\$ 4,500	-	-	100.00	108,729	(4,196)	-	
Far Eastern Info Service (Holding) Ltd.	Far Eastern Tech-info Ltd. (Shanghai)	Shanghai	Computer software, data processing and network information providing services	US\$ 2,500	US\$ 2,500	-	100.00	RMB 33,340	(16,137)	-	
Far Eastern New Diligent Company Ltd.	Far Eastern New Century Information Technology (Beijing) Limited	Beijing	Electronic information providing services	RMB 24,582	-	-	76.92	RMB 19,178	(7,482)	-	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Notes
				June 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
DataExpress Infotech Co., Ltd.	Linkwell Tech. Ltd.	Taipei, Taiwan	Sale of communications products	\$ 10,000	\$ 10,000	-	100.00	\$ 50,115	\$ 8,158	\$ -	
	Home Master Technology Ltd.	Taipei, Taiwan	Sale of communications products	9,999	9,999	-	99.99	12,802	5,738	-	
	Jing Yuan Technology Ltd.	Taipei, Taiwan	Data Processing service	10,000	10,000	-	100.00	9,376	(619)	-	
Far Eastern Tech-info Ltd. (Shanghai)	Far Eastern New Century Information Technology (Beijing) Limited	Beijing	Electronic information providing services	RMB 49,784	RMB 49,784	-	2.12	RMB 43,311	(7,482)	-	

Notes: A. Included 5,000 thousand common shares and 3,000 thousand preferred shares.

B. A private company.

C. The investor opened a trust account in Shanghai Bank in Taipei on September 26, 2002 to acquire the ownership of Pacific Liu Tung Investment Co., Ltd.

D. The Company started liquidation procedures on December 20, 2012 but had not completed them as of June 30, 2013.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2013

(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2013 (Note B)	Accumulated Inward Remittance of Earnings as of June 30, 2013
				Outflow	Inflow					
Far Eastern Industries (Shanghai) Ltd.	Manufacture and distribution of PET staple, PET filament, polyester top, PET performs, draw textured yarn, spinning yarn, knit fabrics, woven fabrics, knit garments and woven garments	\$ 9,176,347 (RMB 1,880,399)	\$ 3,134,807 566,160 (Note D)	\$ -	\$ -	\$ 3,134,807 566,160 (Note D)	99.93	\$ (196,279)	\$ 7,907,926	\$ 853,493 (Note C)
Far Eastern Apparel (Suzhou) Ltd.	Manufacture and distribution of knit garments, woven garments, non-knit garments, and nonwoven garments and accessories	998,336 (RMB 204,577)	509,725 501,176 (Note D)	-	-	509,725 501,176 (Note D)	99.89	11,720	1,344,790	233,172 (Note P)
Far Eastern Industries (WuXi) Ltd.	Manufacture and distribution of combed cotton yarn, 60/40 poly/cotton blended yarn, 65/35 poly/cotton blended yarn, spun yarn, woven fabrics, greige woven fabrics, print woven fabrics, piece dyed woven fabrics and bleached woven fabrics	2,349,578 (RMB 481,471)	2,018,430 (Note D)	-	-	2,018,430 (Note D)	99.70	99,542	3,306,472	96,245 (Note Q)
Oriental Petrochemical (Shanghai) Corp.	Manufacture and distribution of PTA and its by-products	7,329,126 (RMB 1,501,870)	2,976,148	-	-	2,976,148	61.34	(326,664)	5,902,972	951,077 (Note R)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Manufacture and distribution of weaving, dyeing and finishing of novelty fabrics, high-value engineered textiles industrial woven fabrics and scraps	1,802,052 (RMB 369,273)	1,342,854 (Note D)	-	-	1,342,854 (Note D)	99.70	19,400	2,097,413	
Far Eastern Industries (Suzhou) Ltd.	Manufacture and distribution of polyester chips, partially oriented yarn, fully oriented yarn, and polyester yarn	1,924,526 (RMB 394,370)	1,099,293 666,026 (Note I)	-	-	1,099,293 666,026 (Note I)	99.96	(183,952)	772,334	
Wuhan Far Eastern New Material Ltd.	Manufacture and distribution of PET chips, PET performs and garments and its by-products.	834,714 (RMB 171,048)	724,110	-	-	724,110	100.00	(4,055)	936,715	
Oriental Industries (Suzhou) Ltd.	Manufacture and distribution of PET performs and high-value engineered textiles industrial woven fabrics and scraps	4,083,813 (RMB 836,847)	3,421,559 (Note D)	235,418 (Note D)	-	3,656,977 (Note D)	99.70	44,835	3,321,251	

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2013	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of June 30, 2013 (Note B)	Accumulated Inward Remittance of Earnings as of June 30, 2013
				Outflow	Inflow					
Far Eastern New Century (China) Investment Ltd.	Investment	\$ 1,778,955 (RMB 364,540)	\$ 1,577,040	\$ -	\$ -	\$ 1,577,040	100.00	\$ (41,064)	\$ 1,838,477	
Sino Belgium (Suzhou) Limited	Brewery	1,561,371 (RMB 319,953)	1,446,552 (Note H)	-	-	1,446,552 (Note H)	91.39	(79,553)	136,203	
Martens Beers Trading (Shanghai) Ltd.	Brewery	321,104 (RMB 65,800)	168,938 (Note H)	-	-	168,938 (Note H)	91.39	(8,908)	(6,896)	
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	PA and its by-product production and sale	7,092,353 (RMB 1,453,351)	4,181,323	-	-	4,181,323	60.00	(20,855)	4,259,214	
Far Eastern Industries (Yangzhou) Ltd.	PA and its by-product production	1,507,442 (RMB 308,902)	1,436,190	-	-	1,436,190	99.92	(22,694)	1,466,512	
Far Eastern Union Petrochemical (Yangzhou) Corporation	PA and its by-product production	1,228,350 (RMB 251,711)	592,750	-	-	592,750	49.99	(19,549)	586,129	
Yuan Ding Integrated Information Service (Shanghai) Inc.	Computer software and internet software design and development	238,002 (US\$ 7,940)	240,330 (Note M)	-	-	240,330 (Note M)	49.95	(37,981)	19,927	
Speedy (Shanghai) Digital Tech. Co., Ltd.	Intelligent control equipment and security monitoring products and services	31,910 (RMB 6,539)	24,220 (Note O)	-	-	24,220 (Note O)	49.95	546	19,664	
Far Eastern Tech-info Ltd. (Shanghai)	Computer software, data processing and provision of network information	75,000 (US\$ 2,500)	92,616 (Note E)	-	-	92,616 (Note E)	38.13	(6,153)	62,139	
Digital United Information Technologies (Shanghai) Ltd.	Research and design of computer system	63,000 (US\$ 2,100)	63,000 (US\$ 2,100) (Note K)	-	-	63,000 (US\$ 2,100) (Note K)	38.13	(251)	2,980	
New Diligence Corporation (Shanghai)(Note N)	Consulting services, supporting services, and wholesale of machinery and equipment	33,810 (US\$ 1,127)	33,810 (US\$ 1,127) (Note L)	-	-	33,810 (US\$ 1,127) (Note L)	-	-	-	
FarEastern New Century Information Technology (Beijing) Limited	Electronic information providing services	156,000 (US\$ 5,200)	-	120,000 (US\$ 4,000) (Note L)	-	120,000 (US\$ 4,000) (Note L)	30.14	(1,600)	35,746	

(Continued)

Accumulated Investment in Mainland China as of June 30, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$521,144 RMB136,000 (Note F)	US\$661,915 RMB142,695 (NoteG)	(Note J)

- Note
- A. The recognition of income gains/losses was based on the subsidiaries' unreviewed financial statements and Group's percentages of ownership in the subsidiaries.
  - B. The recognition of equity-method investments was based on the investees' unreviewed financial statements and the Group's percentages of ownership in investees.
  - C. The received amount was the cash dividend of Far Eastern New Century Corporation (FENC or the "Company") and Yuan Ding Investment Co., Ltd. remitted by a FENC subsidiary, Far Eastern Polychem Industries Ltd.
  - D. The amount was remitted by an FENC subsidiary, Yuan Ding Investments.
  - E. The amount was remitted by an FENC subsidiary, Far Eastone Telecommunications Co., Ltd.
  - F. It was the actual amount remitted for the investment in Mainland China by FENC.
  - G. The use of RMB to invest in FENC's subsidiaries, Far Eastern Polychem Industries Ltd. and Far Eastern Polytex (Holding) Ltd., had been approved by the Investment Commission under the Ministry of Economic Affairs.
  - H. The amount was remitted by an FENC subsidiary, Yuan Tong Investment Corporation.
  - I. The amount was remitted by FENC subsidiaries, Yuan Ding Investment and Yuan Tong Investment.
  - J. Based on MOEA Approval Letter No. 10001153440, there is no cap on the amount of the Company's investment.
  - K. The amount was remitted by an FENC subsidiary, New Century InfoComm Tech Co., Ltd.
  - L. The amount was remitted by an FENC subsidiary, New Diligent Co., Ltd.
  - M. The amount was remitted by FENC subsidiaries, YDT Technology International Co., Ltd. and FET Consulting Engineers Co., Ltd.
  - N. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73,000, the investment registered with the Investment Commission of the MOEA, and wrote off this same amount.
  - O. The amount was remitted by an FENC subsidiary, YDT Technology International Co., Ltd.
  - P. The cash dividend was remitted by Far Eastern Apparel (Suzhou) Ltd. through subsidiaries, Far Eastern Polytex (Holding) Ltd. and Far Eastern Apparel (Holding) Ltd.
  - Q. The cash dividend was remitted by Far Eastern Industries (Wuxi) Ltd. through subsidiary, Oriental Textile (Holding) Ltd.
  - R. The cash dividend was remitted by Oriental Petrochemical (Shanghai) Corp through subsidiary, PET Far Eastern (Holding) Ltd.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA - INVESTMENT TYPE  
 FOR THE SIX MONTHS ENDED JUNE 30, 2013  
 (In Thousands of U.S. Dollars)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Industries (Shanghai) Ltd.	Far Eastern New Century Corporation	1996.07.09	No. 84015136	Far Eastern Polychem Industries Ltd.	\$ 6,000	\$ 6,000			
	Yuan Ding Investment Co., Ltd.			Far Eastern Polychem Industries Ltd.	24,000	24,000			
	Far Eastern New Century Corporation	2004.12.29	No. 093032400	Far Eastern Polychem Industries Ltd.	1,712		\$ 1,712		
	Far Eastern New Century Corporation	2004.12.30	No. 093032090	Far Eastern Polychem Industries Ltd.	1,540			\$ 1,540	
	Far Eastern New Century Corporation	2004.11.03	No. 093032240	Far Eastern Polychem Industries Ltd.	3,879		3,879		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032402	Far Eastern Polychem Industries Ltd.	7,014		7,014		
	Yuan Ding Investment Co., Ltd.	2004.11.02	No. 093032239	Far Eastern Polychem Industries Ltd.	15,898		15,898		
	Yuan Ding Investment Co., Ltd.	2004.12.29	No. 093032089	Far Eastern Polychem Industries Ltd.	6,313			6,313	
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	31,779	31,779			
	Far Eastern New Century Corporation	2008.06.27	No. 09700163440	Far Eastern Polychem Industries Ltd.	56,000	56,000			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045490	Far Eastern Polychem Industries Ltd.	4,800	4,800			
					8,198 (Note E)				
	Far Eastern New Century Corporation	2010.04.19	No. 09900142680 (Note D)	Far Eastern Polychem Industries Ltd.	11,500	11,500			
Far Eastern New Century Corporation	2011.09.08	No. 10000380580 (Note K)	Far Eastern Polychem Industries Ltd.	RMB 136,000	RMB 136,000				
Far Eastern Apparel (Suzhou) Ltd.	Yuan Ding Investment Co., Ltd.	1996.10.16	No. 85016219	Far Eastern Apparel (Holding) Ltd.	10,000	10,000			
	Yuan Ding Investment Co., Ltd.	2003.10.30	No. 092033299	Far Eastern Apparel (Holding) Ltd.	5,000	5,000			
	Far Eastern New Century Corporation	2006.05.23	No. 09500112650	Far Eastern Polytex (Holding) Ltd.	11,000	11,000			
	Far Eastern New Century Corporation	2008.03.31	No. 09700038490	Far Eastern Polytex (Holding) Ltd.	5,000	5,000			
Far Eastern Industries (WuXi) Ltd.	Yuan Ding Investment Co., Ltd.	2002.06.21	No. 091011903	Oriental Textile (Holding) Ltd.	19,960	19,960			
	Yuan Ding Investment Co., Ltd.	2005.11.03	No. 094024169	Oriental Textile (Holding) Ltd.	40,000	40,000			
Oriental Petrochemical (Shanghai) Corp.	Far Eastern New Century Corporation	2009.11.17	No. 09800408170 (Note B)	Far Eastern Polychem Industries Ltd.	1,228				\$ 1,228
	Yuan Ding Investment Co., Ltd.	2009.11.17	No. 09800408160 (Note C)	PET Far Eastern (Holding) Ltd. Far Eastern Polychem Industries Ltd.	6,592				6,592
				PET Far Eastern (Holding) Ltd.					

(Continued)



Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern New Century Corporation	2008.06.27	No. 09700163430	PET Far Eastern (Holding) Ltd.	\$ 49,500	\$ 49,500			
	Far Eastern New Century Corporation	2008.04.18	No. 09700045500	Far Eastern Polychem Industries Ltd.	4,800	4,800			
	Far Eastern New Century Corporation	2009.12.25	No. 09800456740	PET Far Eastern (Holding) Ltd.	2,936 (Note F)	41,171			
	Yuan Ding Investment Co., Ltd.	2003.10.31	No. 092033525	Far Eastern Apparel (Holding) Ltd.	20,000	20,000			
	Yuan Ding Investment Co., Ltd.	2008.10.13	No. 09700348610	Far Eastern Apparel (Holding) Ltd.	30,000	30,000			
	Far Eastern Industries (Suzhou) Ltd.	2002.11.26	No. 091035216	Far Eastern Polychem Industries Ltd.	9,352				\$ 9,352
	Far Eastern New Century Corporation	2004.10.11	No. 093025506	FEDP (Holding) Ltd.	1,569			\$ 1,569	
	Far Eastern New Century Corporation	2004.10.14	No. 093030298	Far Eastern Polychem Industries Ltd.	713				713
	Far Eastern New Century Corporation	2010.10.12	No. 09900403430 (Note H)	FEDP (Holding) Ltd.	5,288	5,288			
	Far Eastern New Century Corporation	2006.11.01	No. 09500287850	Far Eastern Polychem Industries Ltd.	4,524	4,524			
Oriental Industries (Suzhou) Ltd.	Far Eastern New Century Corporation	2008.04.18	No. 09700045510	FEDP (Holding) Ltd.	4,800	4,800			
	Far Eastern New Century Corporation	2010.12.29	No. 09900470520 (Note I)	FEDP (Holding) Ltd.	754 18,224 (Note G)	18,224			
	Yuan Ding Investment Co., Ltd.	2005.08.01	No. 094015006	Oriental Textile (Holding) Ltd.	19,800	19,800			
	Yuan Ding Investment Co., Ltd.	2006.02.09	No. 094037416	Oriental Textile (Holding) Ltd.	30,200	30,200			
	Yuan Ding Investment Co., Ltd.	2007.10.02	No. 09600280400	Oriental Textile (Holding) Ltd.	23,000	23,000			
	Yuan Ding Investment Co., Ltd.	2008.09.01	No. 09700172130	Oriental Textile (Holding) Ltd.	32,500	32,500			
	Yuan Ding Investment Co., Ltd.	2013.04.29	No. 10200127470	Oriental Textile (Holding) Ltd.	8,000	8,000			
	Wuhan Far Eastern New Material Ltd.	2006.05.19	No. 09500090070	Far Eastern Polytex (Holding) Ltd.	12,000	12,000			
	Far Eastern New Century Corporation	2009.06.29	No. 09800135640	Far Eastern Polytex (Holding) Ltd.	10,000	10,000			
	Far Eastern New Century Corporation	2010.12.21	No. 09900470530	Far Eastern Polytex (Holding) Ltd.	RMB 6,695				RMB 6,695
Far Eastern New Century (China) Investment Ltd. (Note A)	Far Eastern New Century Corporation	2006.08.01	No. 09500124430	Far Eastern Polytex (Holding) Ltd.	48,000	48,000			

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
Sino Belgium (Suzhou) Limited	Yuan Tong Investment Co., Ltd.	2007.08.02	No. 09600248620	Sino Belgium (Holding) Ltd.	\$ 18,000	\$ 18,000			
	Yuan Tong Investment Co., Ltd.	2008.02.21	No. 09600451060	Sino Belgium (Holding) Ltd.	12,000	12,000			
	Yuan Tong Investment Co., Ltd.	2011.10.27	No. 10000446910 (Note L)	Sino Belgium (Holding) Ltd.	16,000	16,000			
Martens Beers Trading (Shanghai) Ltd.	Yuan Tong Investment Co., Ltd. Yuan Tong Investment Co., Ltd.	2008.12.10	No. 09700456110	Sino Belgium (Holding) Ltd.	3,800	3,800			
		2010.07.29	No. 09900284200	Bockhold N.V Martens HK Ltd. Sino Belgium (Holding) Ltd.	4,304				\$ 4,304
		2011.10.27	No. 10000446910 (Note L)	Sino Belgium (Holding) Ltd.	1,500	1,500			
				Bockhold N.V Martens HK Ltd. Sino Belgium (Holding) Ltd.	282	282			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	2004.08.26	No. 093018811	Far Eastern Info Service (Holding) Limited	2,500	2,500			
Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2011.06.23	No. 10000021360 (Note J)	Far Eastern Polytex (Holding) Ltd.	166,000	166,000			
Far Eastern Industries (Yangzhou) Ltd.	Far Eastern New Century Corporation	2012.03.30	No. 10100043080	Far Eastern Polychem Industries Ltd.	49,000	49,000			
Far Eastern Union Petrochemical (Yangzhou) Corporation	Far Eastern New Century Corporation	2012.08.31	No. 10100115020 (Note M)	PET Far Eastern (Holding) Ltd.	100,000	100,000			
Yuan Ding Integrated Information Service (Shanghai) Inc.	YDT Technology International Co., Ltd.	2011.10.19	No. 10000429550	YDC (Virgin Islands) Ltd.	110	110			
Speedy (Shanghai) Digital Tech. Co., Ltd.	FET Consulting Engineers Co., Ltd.	2011.11.03	No. 10000439470	DDIM (Virgin Islands) Ltd.	8,100	8,100			
	YDT Technology International Co., Ltd.	2004.02.11	No. 093003471	YDC (Virgin Islands) Ltd.	300	300			
Far Eastern Tech-info Ltd. (Shanghai)	Far EasTone Telecommunications Co., Ltd.	2005.02.05 2004.08.26	No. 094003122 No. 093018811	YDC (Virgin Islands) Ltd. Far Eastern Info Service (Holding) Ltd.	500 2,500	500 2,500			
Digital United Information Technologies (Shanghai) Ltd.	New Century InfoComm Tech Co., Ltd.	2002.10.07	No. 091041498	Digital United (Cayman) Ltd.	2,100				2,100

(Continued)

Investee Company	Authorized by Investment Commission, MOEA					Investment Type			
	Investor Company	Date	MOEA Approval Letter No.	Through Investor Company in Third Area	Investment Amount (US\$)	Investor Company's Own Capital	Investor Company in Third Area Using Dividends Received from Investee (US\$)	Financed from Financial Institutions in Third Area	Investor Company in Third Area Using Its Own Capital to Invest (US\$)
New Diligence Corporation (Shanghai)	New Diligent Co., Ltd.	2007.08.08	No. 09600261870	New Diligent Co., Ltd. (Note N)	\$ 1,127	\$ 1,127			
Far Eastern New Century Information Technology (Beijing) Limited	New Diligent Co., Ltd.	2012.11.19	No. 10100496420	Far Eastern New Diligent Company Ltd.	4,000	4,000			

- Note A: Far Eastern New Century (China) Investment Ltd. invested US\$30,000 thousand in Far Eastern Industries (Shanghai) Ltd. and US\$16,000 thousand in Oriental Petrochemical (Shanghai) Ltd.
- B. Document No. 092035971 has been canceled and replaced with document No. 09800408170.
- C. Document No. 092035970 has been canceled and replaced with document No. 09800408160.
- D. The approved amount of US\$12,000 thousand as stated in document No. 09800283970 dated September 18, 2009 had been changed to US\$11,500 thousand while awaiting the completion of the-review process on April 19, 2010.
- E. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership of and amount invested in Far Eastern Industry (Shanghai) Ltd. increased.
- F. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership of and amount invested in Oriental Petrochemical (Shanghai) Ltd. increased.
- G. The shares offered for the privatization of FEPI had antidilutive effects; thus, FEPI's ownership of and amount invested in Far Eastern Industries (Suzhou) Ltd. Increased.
- H. Under the original investment scheme, the investment in Far Eastern Industry (Suzhou) Ltd. was made indirectly through Far Eastern Polytex (Holding) Ltd. and FEDP (Holding) Ltd under the approval stated in Letter No. 09600059830 of the the Ministry of Economic Affairs (MOEA). After a scheme modification, this investment was made indirectly only through FEDP (Holding) Ltd. under the MOEA's approval (Letter No. 09900403430).
- I. After obtaining MOEA approval (No. 09900470520), FENC received from FEDP (Holding) Ltd the equity of Yuan Tong Investment Co., Ltd. amounting US\$18,224 thousand. (MOEA approval No. 09600243260).
- J. After obtaining MOEA approval (No. 1000021360), FENC made its subsidiary, Far Eastern Polytex (Holding) Ltd., indirectly invest US\$166,000 thousand in Far Eastern Yihua Petrochemical (Yangzhou) Corporation. As of June 30, 2013, FENC paid US\$139,400 thousand in this indirect investment.
- K. After obtaining the MOEA's approval (Letter No. 10000380580), FENC made its subsidiary, Far Eastern Polychem Industries Ltd. indirectly invest RMB136,000 thousand in Far Eastern Industries (Shanghai) Ltd. However, as of June 30, 2013, FEPI had remitted this indirect investment of RMB136,000 thousand back to Taiwan although the prior approval of the MOEA had not yet been obtained.
- L. After obtaining MOEA approval (No. 10000446910), FENC made its subsidiary, Sino Belgium (Holding) Ltd., indirectly invest US\$17,820 thousand in Sino Belgium (Suzhou) Limited and Martens Beers Trading Shanghai Ltd. As of June 30, 2013, FENC had paid US\$17,500 thousand as its indirect investment.
- M. After obtaining MOEA approval (No. 10100115020), FENC made its subsidiary, PET Far Eastern (Holding) Ltd., indirectly invest US\$100,000 thousand in Far Eastern Union Petrochemical (Yangzhou) Ltd. As of June 30, 2013, FENC had remitted US\$20,000 thousand to this indirect investment.
- N. On June 27, 2012, New Diligence Corporation (Shanghai) remitted back to Taiwan US\$73,000, the investment registered with the MOEA's Investment Commission, which then canceled this amount.

(Concluded)

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS BETWEEN FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES  
FOR THE SIX MONTHS ENDED JUNE 30, 2013  
(In Thousands of New Taiwan Dollars)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
0	Far Eastern New Century Corporation	Worldwide Polychem (HK) Ltd. Worldwide Polychem (HK) Ltd. Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd. PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd. PET Far Eastern (Holding) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (WuXi) Ltd.	1 1 1 1 1 1 1 1 1	Account receivable	\$ 846,438	Based on agreement	-
				Sales	951,778	Based on agreement	2
				Other receivables	2,063,940	Based on agreement	1
				Interest receivables	5,362	Based on agreement	-
				Other receivables	1,912,560	Based on agreement	1
				Interest revenue	1,633	Based on agreement	-
				Interest receivables	1,633	Based on agreement	-
				Sales	199,183	Based on agreement	-
				Sales	137,091	Based on agreement	-
1	Oriental Petrochemical (Taiwan) Co., Ltd.	Far Eastern New Century Corporation Far Eastern New Century Corporation Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	2 2 3 3 3 3	Sales	6,189,345	Based on agreement	10
				Account receivable	872,727	Based on agreement	-
				Account receivable	252,873	Based on agreement	-
				Sales	991,925	Based on agreement	2
				Account receivable	198,349	Based on agreement	-
				Sales	466,222	Based on agreement	1
2	Far Eastern Polychem Industries Ltd.	Pet Far Eastern (M) Sdn. Bhd. Pet Far Eastern (M) Sdn. Bhd. Wuhan Far Eastern New Material Ltd. Wuhan Far Eastern New Material Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd.	3 3 3 3 1 1 3	Account receivable	355,917	Based on agreement	-
				Sales	663,299	Based on agreement	1
				Account receivable	103,374	Based on agreement	-
				Sales	210,052	Based on agreement	-
				Other receivables	209,475	Based on agreement	-
				Other receivables	2,543,625	Based on agreement	1
				Other receivables	239,400	Based on agreement	-
3	Far Eastern Investment (Holding) Ltd.	Pet Far Eastern (M) Sdn. Bhd. Pet Far Eastern (M) Sdn. Bhd. Pet Far Eastern (M) Sdn. Bhd. Sino Belgium (Holding) Ltd. Far Eastern Polytex (Holding) Ltd. Oriental Petrochemical (Shanghai) Corp. Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd.	1 1 1 3 3 3 3 3 3 3	Interest revenue	1,856	Based on agreement	-
				Interest receivables	59,352	Based on agreement	-
				Other receivables	274,981	Based on agreement	-
				Interest revenue	1,655	Based on agreement	-
				Other receivables	1,008,473	Based on agreement	-
				Interest revenue	30	Based on agreement	-
				Interest revenue	17,637	Based on agreement	-
				Interest receivables	1,589	Based on agreement	-
				Interest receivables	329	Based on agreement	-
				Other receivables	2,094,750	Based on agreement	1

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
		Far Eastern Polychem Industries Ltd.	3	Interest revenue	\$ 3,657	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	3	Other receivables	494,688	Based on agreement	-
		PET Far Eastern (Holding) Ltd.	3	Interest revenue	3,152	Based on agreement	-
		FEDP (Holding) Ltd.	3	Interest revenue	3,116	Based on agreement	-
		FEDP (Holding) Ltd.	3	Interest receivables	227	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Other receivables	244,787	Based on agreement	-
		Far Eastern Apparel (Vietnam) Ltd.	1	Other receivables	190,323	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other receivables	239,400	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest revenue	2,018	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	3	Interest receivables	117	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Interest revenue	1,039	Based on agreement	-
		Far Eastern Polytex (Holding) Ltd.	3	Interest receivables	1,012	Based on agreement	-
		FEDP (Holding) Ltd.	3	Other receivables	299,250	Based on agreement	-
		Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	3	Other receivables	203,490	Based on agreement	-
4	Far Eastern Apparel (Suzhou) Ltd.	Sino Belgium (Suzhou) Limited	3	Other receivables	172,757	Based on agreement	-
		Sino Belgium (Suzhou) Limited	3	Interest revenue	2,825	Based on agreement	-
		Sino Belgium (Suzhou) Limited	3	Interest receivables	521	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest revenue	13,216	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Interest receivables	2,101	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Other receivables	676,574	Based on agreement	-
		Far Eastern Industries (WuXi) Ltd.	3	Other receivables	24,239	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Interest receivables	609	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Other receivables	208,787	Based on agreement	-
5	Far Eastern Industries (Shanghai) Ltd.	Worldwide Polychem (HK) Ltd.	3	Account receivable	401,791	Based on agreement	-
		Worldwide Polychem (HK) Ltd.	3	Sales	430,504	Based on agreement	1
		Wuhan Far Eastern New Material Ltd.	3	Sales	805,573	Based on agreement	1
		Wuhan Far Eastern New Material Ltd.	3	Account receivable	689,710	Based on agreement	-
		Martens Beers Trading (Shanghai) Ltd.	3	Other receivables	4,848	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Account receivable	1,315,963	Based on agreement	-
		Far Eastern Polychem Industries Ltd.	2	Sales	4,050,630	Based on agreement	7
		Far Eastern Industries (Suzhou) Ltd.	3	Sales	257,491	Based on agreement	-
		Far Eastern Industries (Suzhou) Ltd.	3	Account receivable	194,435	Based on agreement	-
6	Far Eastern Polytex (Holding) Ltd.	Far Eastern Investment (Holding) Ltd.	3	Interest revenue	276	Based on agreement	-
		Far Eastern New Century (China) Investment Ltd.	1	Other receivables	1,903,230	Based on agreement	1
7	FEDP (Holding) Ltd.	Far Eastern Industries (Suzhou) Ltd.	1	Other receivables	568,575	Based on agreement	-
8	Waldorf Services B.V.	Far Eastern Investment (Holding) Ltd.	2	Interest revenue	802	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Interest receivables	953	Based on agreement	-
		Far Eastern Investment (Holding) Ltd.	2	Other receivables	145,585	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
9	An Ho Garment Co., Ltd.	Yuan Tong Investment Co., Ltd. Yuan Ding Investment Co., Ltd.	3	Interest revenue	\$ 275	Based on agreement	-
			3	Interest revenue	304	Based on agreement	-
10	Oriental Industries (Suzhou) Ltd.	Oriental Textile (Holding) Ltd. Oriental Textile (Holding) Ltd.	2	Account receivable	399,041	Based on agreement	-
			2	Sales	1,156,524	Based on agreement	2
11	Oriental Petrochemical (Shanghai) Corp.	Far Eastern Yihua Petrochemical (Yangzhou) Corporation Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Shanghai) Ltd. Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	3	Sales	226,420	Based on agreement	-
			3	Note receivables	1,795,894	Based on agreement	-
			3	Account receivable	715,354	Based on agreement	-
			3	Sales	4,115,639	Based on agreement	7
			3	Sales	515,811	Based on agreement	1
			3	Account receivable	164,357	Based on agreement	-
12	Oriental Textile (Holding) Ltd.	Oriental Industries (Suzhou) Ltd. Far Eastern Industries (WuXi) Ltd.	1	Other receivables	2,334,150	Based on agreement	1
			1	Other receivables	508,725	Based on agreement	-
13	Oriental Resources Development Co., Ltd.	Far Eastern New Century Corporation	2	Sales	125,729	Based on agreement	-
14	Wuhan Far Eastern New Material Ltd.	Far Eastern Polychem Industries Ltd. Far Eastern Polychem Industries Ltd.	3	Account receivable	126,526	Based on agreement	-
			3	Sales	230,087	Based on agreement	-
15	Kai Yuan International Investment Co., Ltd.	Ding Yuan International Investment Co., Ltd. Yuan Tong Investment Co., Ltd. Yuan Ding Investment Co., Ltd.	3	Interest revenue	550	Based on agreement	-
			3	Interest revenue	1,100	Based on agreement	-
			3	Interest revenue	1,117	Based on agreement	-
16	New Century InfoComm Tech Co., Ltd.	Far Eastern Electronic Toll Collection Co., Ltd. Far Eastern Electronic Toll Collection Co., Ltd.	3	Telecommunications service income	278,229	Based on agreement	-
			3	Account receivable	156,557	Based on agreement	-
17	YDT Technology International Co., Ltd.	Yuan Ding Company Ltd.	2	Interest revenue	120	Based on agreement	-
18	Ding Yuan International Investment Co., Ltd.	Yuan Tong Investment Co., Ltd. Yuan Ding Investment Co., Ltd. Yuan Ding Investment Co., Ltd.	3	Interest revenue	550	Based on agreement	-
			3	Interest revenue	643	Based on agreement	-
			3	Other receivables	176,000	Based on agreement	-
19	PET Far Eastern (Holding) Ltd.	Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp. Oriental Petrochemical (Shanghai) Corp.	1	Sales	2,776,679	Based on agreement	5
			1	Account receivable	2,057,048	Based on agreement	1
			1	Other receivables	978,548	Based on agreement	-
20	Far Eastern Apparel (Vietnam) Ltd.	Far Eastern New Century Corporation	2	Sales	306,845	Based on agreement	1
21	Far Eastern Yihua Petrochemical (Yangzhou) Corporation	Far Eastern Industries (Suzhou) Ltd. Far Eastern Industries (Suzhou) Ltd.	3	Sales	227,748	Based on agreement	-
			3	Account receivable	271,415	Based on agreement	-

(Continued)

No. (Note A)	Company Name	Related Party	Flow of Transaction (Note B)	Transaction Detail			
				Financial Statement Account	Amount	Term	% to Consolidated Revenue or Assets (Note C)
22	Far Eastern Industries (WuXi) Ltd.	Sino Belgium (Suzhou) Limited	3	Interest revenue	\$ 4,647	Based on agreement	-
		Sino Belgium (Suzhou) Limited	3	Interest receivables	4,734	Based on agreement	-
		Sino Belgium (Suzhou) Limited	3	Other receivables	484,336	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Account receivable	130,624	Based on agreement	-
		Oriental Textile (Holding) Ltd.	2	Sales	446,429	Based on agreement	1
23	Far Eastern Industries (Suzhou) Ltd.	Oriental Industries (Suzhou) Ltd.	3	Sales	1,660,968	Based on agreement	3
		Oriental Industries (Suzhou) Ltd.	3	Account receivable	311,242	Based on agreement	-
		Oriental Industries (Suzhou) Ltd.	3	Note receivables	484,834	Based on agreement	-
24	Far Eastern Spinning Weaving and Dyeing (Suzhou) Ltd.	Far Eastern Apparel (Suzhou) Ltd.	3	Sales	243,625	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Interest revenue	521	Based on agreement	-
		Far Eastern Apparel (Suzhou) Ltd.	3	Other receivables	104,229	Based on agreement	-
		Far Eastern Apparel (Holding) Ltd.	2	Sales	488,167	Based on agreement	1
25	Yuan Ding Investment Co., Ltd.	Yuan Tong Investment Co., Ltd.	3	Interest revenue	481	Based on agreement	-
		Yuan Tong Investment Co., Ltd.	3	Other receivables	460,000	Based on agreement	-
26	Yuan Ding Company Ltd.	Ding Ding Hotel Co., Ltd.	1	Rent revenue	256,890	Based on agreement	-
		Yuan Ding Integrated Information Service (Shanghai) Inc.	1	Other receivables	44,888	Based on agreement	-
27	FET Consulting Engineers Co., Ltd.	Yuan Ding Company Ltd.	2	Other receivables	98,000	Based on agreement	-
28	Suzhou An Ho Apparel Ltd.	Far Eastern Apparel (Suzhou) Ltd.	2	Sales	173,324	Based on agreement	-
29	Far Eastern General Contractor Co., Ltd.	Far Eastern Construction Co., Ltd.	2	Construction income	284,842	Based on agreement	-

Note A: How the Company and subsidiaries are identified:

- a. The Company: 0.
- b. Subsidiaries are started at 1 consecutively.

Note B: Flow of transaction:

1. From FENC to subsidiary.
2. From the subsidiary to FENC.
3. Between subsidiaries.

Note C: The number presenting in this column is the ratio of ending balance to consolidated asset or the ratio of cumulative amount to consolidated revenue.

(Concluded)