

Far Eastern New Century Corporation and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEET

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

ASSETS	March 31, 2013		Dec 31, 2012		March 31, 2012		Jan 1, 2012		LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2013		Dec 31, 2012		March 31, 2012		Jan 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS									CURRENT LIABILITIES								
Cash and cash equivalents	\$34,834,800	10	\$30,645,166	9	\$20,563,568	6	\$19,305,661	6	Short-term bank loans	\$29,703,068	8	\$25,807,392	8	\$29,824,529	9	\$27,995,384	8
Financial assets at fair value through profit or loss-current	673,254	-	1,058,519	-	755,248	-	954,871	-	Commercial papers payables	\$5,388,929	2	\$6,286,740	2	\$7,553,063	2	\$10,765,090	3
Financial assets through available-for-sale-current	2,693,812	1	2,272,149	1	3,109,046	1	3,496,456	1	Financial liabilities at fair value through profit or loss-current	\$19,117	-	\$619	-	\$23,083	-	\$4,708	-
Financial assets held to maturity-current	100,000	-	100,000	-	-	-	-	-	Hedging derivative liabilities-current	\$40,639	-	\$0	-	\$200	-	\$2,667	-
Hedging derivative assets-current	-	-	21,962	-	23,835	-	1,500	-	Notes and accounts payables	\$19,386,668	6	\$19,253,330	6	\$19,785,246	6	\$21,851,494	7
Financial assets carried at cost-current	7,895	-	0	-	-	-	-	-	Notes and accounts payables to related parties	\$102,237	-	\$292,283	-	\$258,438	-	\$432,078	-
Illiquid bonds - current	1,793,641	-	3,145,035	1	8,783,540	3	9,025,221	3	Amounts due to customers for construction contracts	\$653,084	-	\$160,779	-	\$508,048	-	\$504,941	-
Notes and accounts receivable	27,453,660	1	27,892,166	8	31,319,958	10	32,168,924	10	Payables to suppliers of machinery and equipment	\$3,577,343	1	\$4,012,183	1	\$2,181,964	1	\$2,210,448	1
Notes receivable from related parties	674,533	8	731,426	-	299,348	-	684,104	-	Other payables	\$10,707,635	3	\$11,301,515	3	\$8,731,758	3	\$9,741,325	3
Amounts due from customers for construction contracts	1,187,759	-	1,551,686	1	1,192,357	-	1,572,245	1	Other payables to related parties	10,828	-	\$43,119	-	59,346	-	358	-
Other receivables	1,709,572	1	1,139,895	-	1,465,226	-	966,369	-	Income tax liability - current	3,351,579	1	2,688,208	1	2,301,979	1	1,700,572	-
Other receivables from relate parties	1,663,949	-	1,283,844	-	1,040,752	-	1,084,665	-	Provisions-current	101,058	-	102,783	-	79,076	-	117,980	-
Current tax assets	130,133	-	114,392	-	85,197	-	99,293	-	Guarantee deposits received-current	474,659	-	401,798	-	452,092	-	504,806	-
Inventories	24,721,127	7	21,553,120	6	23,388,666	7	23,882,055	7	Receipts in advance	941,197	-	1,107,451	-	1,383,846	-	2,153,720	1
Prepaid expenses	4,992,129	1	2,881,079	1	3,958,464	1	3,402,837	1	Unearned revenue	3,307,810	1	2,643,111	1	2,945,888	1	2,895,090	1
Other current assets-current	3,734,406	1	2,874,067	1	2,849,131	1	3,187,326	1	Current portion of long-term liabilities	4,745,685	1	3,991,578	1	2,877,349	1	2,525,144	1
Refundable deposits-current	49,536	-	48,207	-	48,766	-	65,174	-	Other current liabilities	1,926,095	1	1,807,602	1	2,862,413	1	2,432,120	1
Other current assets	2,324,678	1	1,966,445	1	1,751,832	1	1,601,868	1									
Total current assets	108,744,884	31	99,279,158	29	100,634,934	30	101,498,569	31	Total current liabilities	84,437,631	24	79,900,491	24	81,828,318	25	85,837,925	26
LONG-TERM ASSETS									LONG-TERM LIABILITIES								
Financial assets available-for-sales - noncurrent	4,654,750	1	4,489,491	1	4,164,648	1	4,032,047	1	Hedging derivative liabilities-noncurrent	347,312	-	287,522	-	-	-	-	-
Financial assets held to maturity - noncurrent	99,897	-	99,871	-	199,793	-	199,768	-	Bonds payable	41,731,160	12	41,726,021	12	34,315,060	10	28,327,158	9
Financial assets carried-at-cost - noncurrent	1,117,812	-	1,130,424	-	1,029,060	-	1,038,213	-	Long-term debts	35,352,982	10	32,230,102	10	28,047,102	9	33,124,195	10
Fixed income investments - illiquid bonds - noncurrent	-	-	256,508	-	262,871	-	261,384	-	Provision-noncurrent	658,192	-	654,791	-	511,046	-	509,799	-
Equity-method investments	47,567,584	14	46,677,090	14	45,858,610	14	44,512,553	13	Deferred income tax liabilities - noncurrent	10,289,146	3	10,267,307	3	10,114,455	3	10,305,320	3
Land, Buildings, Machinery & Equipment	118,309,631	33	116,298,137	34	116,547,813	35	116,968,528	35	Accrued pension cost	3,314,012	1	3,392,655	1	2,919,797	1	3,000,773	1
Investment properties, net	36,509,508	10	36,495,583	11	35,887,374	11	35,365,567	11	Guarantee deposits received-noncurrent	666,674	-	739,923	-	697,494	-	630,861	-
Franchise	5,284,794	2	5,090,449	1	5,413,134	2	5,608,938	2	Deferred Debits-profit on Inter-Affiliate Accounts	150,738	-	150,738	-	151,296	-	151,296	-
Goodwill	11,982,661	3	11,980,944	4	11,981,552	4	11,982,600	4	Other long-term liabilities	515,709	-	509,628	-	612,208	-	604,723	-
Other intangible assets	3,907,301	1	3,818,998	1	3,293,668	1	3,369,539	1									
Deferred tax assets	2,014,869	1	1,834,329	1	1,122,100	-	1,402,473	-	Total long-term liabilities	93,025,925	26	89,960,597	26	77,368,458	23	76,654,125	23
Prepaid expense for equipments	3,219,051	1	2,881,210	1	2,000,503	1	1,585,957	1	Total liabilities	177,463,556	50	169,861,088	50	159,196,776	48	162,492,050	49
Refundable deposits	842,676	-	582,788	-	543,313	-	499,731	-	SHAREHOLDERS' EQUITY OF PARENT COMPANY								
Other financial assets - noncurrent	6,950,560	2	7,543,319	2	138,298	-	115,805	-	Capital stock of parent company								
Long-term prepaid rent	2,480,919	1	2,315,715	1	1,814,570	1	1,737,843	1	Common stock	50,441,338	14	50,441,338	15	48,972,173	15	48,972,173	15
Others noncurrent assets	197,847	-	314,901	-	157,319	-	182,192	-	Capital surplus								
Total noncurrent assets	245,139,860	69	241,809,757	71	230,414,626	70	228,863,138	69	Premium on common stock	932,814	-	932,814	-	932,814	-	932,814	-
									Capital surplus - the difference between fair value of disposing ownership interest and carrying amount of the subsidiary	3,732,296	1	3,793,876	1	590,824	-	-	-
									Others	17,355	-	17,355	-	7,672	-	7,672	-
									Total capital surplus	4,682,465	1	4,744,045	1	1,531,310	-	940,486	-
									Retained earnings								
									Legal reserve	11,820,721	4	11,820,721	3	10,710,699	3	10,710,699	3
									Special reserve	25,461,548	7	25,471,594	8	25,474,037	8	25,472,605	8
									Unappropriated earnings	16,983,248	5	15,100,772	4	23,995,122	7	21,637,279	7
									Total retained earnings	54,265,517	16	52,393,087	15	60,179,858	18	57,820,583	18
									Other shareholders' equity								
									Exchange differences from translating foreign operations	(327,632)	-	(2,534,967)	(1)	(1,634,010)	-	-	-
									Unrealized gain/loss on financial assets - available-for-sale	4,136,864	1	5,038,679	2	3,982,725	1	3,500,409	1
									Cash flow hedging reserve	(127,177)	-	(73,287)	-	16,339	-	(4,963)	-
									Total other shareholders' equity	3,682,055	1	2,430,425	1	2,365,054	1	3,495,446	1
									Treasury stock	(25,063)	-	(25,063)	-	(25,063)	-	(25,063)	-
									Total shareholders' equity of parent company	113,046,312	32	109,983,832	32	113,023,332	34	111,203,625	34
									MINORITY INTEREST								
									Total minority interest	63,374,876	18	61,243,995	18	58,829,452	18	56,666,032	17
									Total shareholders' equity	176,421,188	50	171,227,827	50	171,852,784	52	167,869,657	51
TOTAL	\$353,884,744	100	\$341,088,915	100	\$331,049,560	100	\$330,361,707	100	TOTAL	\$ 353,884,744	100	\$ 341,088,915	100	\$ 331,049,560	100	\$ 330,361,707	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated May 14, 2013)

For the convenience of readers, the 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 accountants' review report and consolidated financial statements shall prevail.

Far Eastern New Century Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended			
	March 31			
	2013		2012	
	Amount	%	Amount	%
REVENUES				
Net Sales	\$ 37,942,196	66	\$ 41,400,930	68
Telecommunications service income	16,663,970	29	16,451,190	27
Gain on disposal of investments, net	171,200	-	46,216	-
Construction income, net	460,374	1	1,114,829	2
Other operating revenue	2,382,753	4	1,594,321	3
Total operating revenues	<u>57,620,493</u>	<u>100</u>	<u>60,607,486</u>	<u>100</u>
OPERATING COSTS				
Cost of sales	37,769,346	65	38,857,652	64
Cost of telecommunications services	6,799,317	12	7,393,590	12
Construction cost	497,080	1	930,901	2
Other operating cost	1,617,915	3	606,792	1
Total operating costs	<u>46,683,658</u>	<u>81</u>	<u>47,788,935</u>	<u>79</u>
GROSS PROFIT	<u>10,936,835</u>	<u>19</u>	<u>12,818,551</u>	<u>21</u>
OPERATING EXPENSES				
Selling	5,152,330	9	5,317,912	9
General and administrative	2,453,386	4	2,653,290	4
Research and development	174,844	1	160,379	-
Total operating expenses	<u>7,780,560</u>	<u>14</u>	<u>8,131,581</u>	<u>13</u>
OPERATING GAIN (LOSS)	<u>3,156,275</u>	<u>5</u>	<u>4,686,970</u>	<u>8</u>
NONOPERATING INCOME AND EXPENSES				
Investment income from equity-method investees, net	\$ 1,296,502	2	\$ 970,419	2
Interest income	103,417	-	101,623	-
Other revenues	286,406	1	162,914	-
Financial assets at fair value through profit or loss	92,717	-	73,599	-
Interest expense	(321,123)	(1)	(369,582)	(1)
Miscellaneous expenses	(192,418)	-	(204,157)	-
Gain on disposal of properties, plants and equipments	(212,425)	-	(252,515)	(1)
Disposal of investment properties	(518)	-	0	-
Loss on disposal of intangible asset	(225)	-	0	-
Foreign exchange loss	(81,094)	-	(117,723)	-
Impair loss of assets	(6,634)	2	(78,382)	-
Total non operating income/gains and expenses/losses	<u>964,605</u>	<u>2</u>	<u>286,196</u>	<u>-</u>
CONSOLIDATED INCOME BEFORE INCOME TAX	4,120,880	7	4,973,166	8
INCOME TAX EXPENSES	<u>(553,785)</u>	<u>(1)</u>	<u>(779,944)</u>	<u>(1)</u>
CONSOLIDATED NET INCOME	<u>3,567,095</u>	<u>6</u>	<u>4,193,222</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Exchange differences from translating foreign operations	1,603,301.00	3	(1,271,934)	(2)
Unrealized gain/loss on financial assets - available-for-sale	296,538.00	1	\$220,880	-
Cash flow hedges	(149,720)	-	54,718	-
Shares of the other comprehensive income of associates and joint ventures	(324,568)	(1)	3,499	-
Total of other comprehensive income, net	<u>1,425,551</u>	<u>3</u>	<u>(992,837)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$4,992,646</u>	<u>9</u>	<u>\$3,200,385</u>	<u>5</u>
NET INCOME ATTRIBUTED TO:				
Shareholders of the Company	\$1,872,376	3	\$2,357,584	4
Minority interest	1,694,719	3	1,835,638	3
	<u>\$3,567,095</u>	<u>6</u>	<u>\$4,193,222</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Shareholders of the Company	\$3,124,056	64	\$1,229,469	2
Minority interest	1,868,590	3	1,970,916	3
	<u>\$4,992,646</u>	<u>9</u>	<u>\$3,200,385</u>	<u>5</u>

(Continued)

Far Eastern New Century Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	<u>2013</u>	<u>2012</u>
EARNINGS PER SHARE		
Basic	<u>\$0.37</u>	<u>\$0.47</u>
Diluted	<u>\$0.37</u>	<u>\$0.47</u>

(Concluded)

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Far Eastern New Century Corporation and Subsidiaries
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended	
	March 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income before tax	\$ 4,120,880	\$ 4,973,166
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,716,925	3,705,900
Amortization	587,972	473,403
Allowance for doubtful accounts	65,254	147,222
Interest expense	321,123	369,582
Interest income	(103,417)	(101,623)
Dividend income	(1,442)	(1,491)
Loss on disposal of properties, plants and equipments	212,425	252,515
Loss on disposal of investment properties	518	-
Loss on disposal of intangible assets	225	-
Investment income from equity-method investees, net	(1,296,502)	(970,419)
Gain on disposal of equities	(173,465)	(48,994)
Impairment loss on assets	6,634	78,382
Unrealized (gain)/loss from foreign exchange	1,040	(1,487)
Deferred gain on hedging derivatives	13,921	28,748
Net changes in operating assets and liabilities		
Financial assets held for trading	385,265	199,623
Notes and accounts receivable	355,749	702,944
Receivable from related parties	56,893	384,756
Amounts due from customers for construction contracts	363,927	379,888
Other receivables	(559,551)	(509,272)
Other receivables from related parties	(307,298)	187,210
Inventories	(3,168,007)	493,389
Prepaid expenses	(2,110,331)	(536,149)
Other current assets	(615,850)	(149,964)
Financial liabilities held for trading	18,498	18,375
Notes and accounts payable	133,338	(2,066,248)
Payable to related parties	(190,046)	(173,640)
Amounts due to customers for construction contracts	492,305	3,107
Other payables	(682,880)	(1,316,115)
Other payables to related parties	(32,291)	58,988
Provision	1,676	(37,657)
Advance receipts	(166,254)	(769,874)
Other current liabilities	118,493	430,293
Accrued pension cost	(78,643)	(80,976)
Unearned revenue	664,699	50,798
Net cash (used in) provided by operating activities changes in operating	2,151,783	6,174,380
Interest income received	93,265	112,013
Dividend income received	32,109	1,491
Interest expense paid	(223,253)	(304,984)
Income Tax expense paid	(60,896)	(125,073)
Net cash provided by operating activities	1,993,008	5,857,827

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	For the Three Months Ended	
	March 31	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(554,533)	(101,161)
Proceeds of the disposal of available-for-sale financial assets	526,370	654,906
Decrease in fixed income investment - illiquid bonds	1,606,862	241,681
Proceeds of the disposal of cost-method financial assets	-	980
Acquisition of long-term equity investments	(113,891)	(357,391)
Disposal of long-term equity investments	362,174	-
Acquisition of properties, buildings, equipment and prepaid expense of equipment	(5,547,695)	(5,481,027)
Disposal of properties, buildings and equipment	28,932	56,483
Increase in refundable deposits	(261,217)	(27,174)
Other account receivables- increase in related parties	(72,807)	(143,297)
Acquisition of intangible assets	(368,992)	(137,943)
Disposal of intangible assets	-	406
Acquisition of investment property	(1,009)	(8,993)
Increase in long-term prepaid rent	(118,081)	-
Increase in franchise	(475,375)	(74,950)
Increase/decrease in other assets	(267,580)	315,702
Decrease in other noncurrent assets	116,847	16,995
Net cash used in investing activities	<u>(5,139,995)</u>	<u>(5,044,783)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	3,895,676	1,829,145
Decrease in commercial papers payable	(900,000)	(3,212,000)
Issuance of company bonds	-	6,000,000
Increase in long-term liabilities	33,836,481	29,982,016
Decrease in long-term liabilities	(29,976,781)	(34,687,875)
Increase (decrease) in guarantee deposits	(388)	13,919
Increase in other noncurrent liabilities	6,081	7,485
Increase in minority interest	200,711	1,012,533
Net cash provided by financing activities	<u>7,061,780</u>	<u>945,223</u>
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>274,841</u>	<u>(500,360)</u>
NET INCREASE IN CASH	4,189,634	1,257,907
CASH, BEGINNING OF PERIOD	<u>30,645,166</u>	<u>19,305,661</u>
CASH, END OF PERIOD	<u>\$ 34,834,800</u>	<u>\$ 20,563,568</u>

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