

FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars, Except Par Value)

(Reviewed, Not Audited)

	Sep 30, 2013		Dec 31, 2012		Sep 30, 2012		Jan 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$36,138,037	10	\$30,645,166	9	\$20,154,721	6	\$19,305,661	6
Financial assets at fair value through profit or loss - current	1,202,028	-	1,058,519	-	599,229	-	954,871	-
Available-for-sale financial assets - current	1,306,898	-	2,272,149	1	2,638,073	1	3,496,456	1
Held-to-maturity financial assets - current	99,948	-	100,000	-	100,000	-	-	-
Hedging derivative financial assets - current	10,565	-	21,962	-	40,970	-	1,500	-
Financial assets carried at cost - current	7,895	-	-	-	-	-	-	-
Bond investments with no active market	1,362,648	-	3,145,035	1	10,757,218	3	9,025,221	3
Notes and accounts receivable, net	29,824,667	8	27,892,166	8	28,623,320	9	32,168,924	10
Notes and accounts receivable from affiliates	647,405	-	731,426	-	621,877	-	684,104	-
Amounts due from customers for construction contracts	1,425,980	1	1,551,686	1	1,792,606	1	1,572,245	1
Other receivables	3,358,428	1	1,837,097	-	2,132,978	1	966,369	-
Other receivables from affiliates	1,652,374	1	1,283,844	-	1,268,689	-	1,084,665	-
Current tax assets	122,603	-	114,392	-	70,734	-	99,293	-
Inventories	24,194,044	7	21,617,120	6	21,116,508	6	23,946,055	7
Prepayments	4,366,152	1	2,817,079	1	3,891,441	1	3,338,837	1
Other financial assets - current	4,694,082	1	2,874,067	1	3,184,450	1	3,187,326	1
Refundable deposits - current	48,804	-	48,207	-	62,280	-	65,174	-
Other current assets	2,132,956	1	1,269,243	1	1,572,127	-	1,601,868	1
Total current assets	112,595,514	31	99,279,158	29	98,627,221	29	101,498,569	31
NONCURRENT ASSETS								
Available-for-sale financial assets - non-current	4,826,084	1	4,489,491	1	4,418,409	1	4,032,047	1
Held-to-maturity financial assets - non-current	-	-	99,871	-	99,845	-	199,768	-
Financial assets carried at cost - non-current	1,099,240	-	1,130,424	-	1,139,033	-	1,038,213	-
Bond investment with no active market - non-current	-	-	256,508	-	253,013	-	261,384	-
Investments accounted for using equity method	46,562,882	13	46,677,090	14	44,765,174	13	44,512,553	13
Property, plant and equipment	121,409,096	33	116,298,137	34	115,043,419	34	116,968,528	35
Investment properties, net	35,798,995	10	36,495,583	11	36,554,750	11	35,365,567	11
Concession	5,832,755	2	5,090,449	1	5,060,957	2	5,608,938	2
Goodwill	11,985,620	3	11,980,944	4	11,984,097	4	11,982,600	4
Other intangible assets	4,064,770	1	3,818,998	1	3,512,845	1	3,369,539	1
Deferred tax assets, net	2,099,969	1	1,834,329	1	1,156,415	-	1,402,473	-
Prepayment for equipments	4,176,793	1	2,881,210	1	1,759,967	1	1,585,957	1
Refundable deposits	607,080	-	582,788	-	564,022	-	499,731	-
Other financial assets - noncurrent	5,575,736	2	7,543,319	2	8,375,545	3	115,805	-
Long-term prepayments for lease	7,170,178	2	2,315,715	1	2,035,767	1	1,737,843	1
Others non-current assets	196,071	-	314,901	-	209,868	-	182,192	-
Total noncurrent assets	251,405,269	69	241,809,757	71	236,933,126	71	228,863,138	69
TOTAL	\$364,000,783	100	\$341,088,915	100	\$335,560,347	100	\$330,361,707	100
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term borrowings	\$32,908,981	9	\$25,807,392	8	\$28,213,013	8	\$27,995,384	8
Short-term bills payable	6,830,704	2	6,286,740	2	5,857,227	2	10,765,090	3
Financial liabilities at fair value through profit or loss - current	22,391	-	619	-	23,000	-	4,708	-
Derivative financial liabilities for hedging - current	-	-	-	-	-	-	2,667	-
Notes and accounts payables	17,086,786	5	19,253,330	6	17,884,418	5	21,823,881	7
Notes and accounts payables to affiliates	156,216	-	292,283	-	346,700	-	432,078	-
Amounts due to customers for construction contracts	985,691	-	160,779	-	297,652	-	504,941	-
Payables to suppliers of machinery and equipment	3,262,356	1	4,012,183	1	1,846,151	1	2,210,448	1
Other payable	12,779,658	3	11,243,873	3	12,449,963	4	9,687,831	3
Other payables to affiliates	48,525	-	43,119	-	62,923	-	27,971	-
Current tax liabilities	2,515,636	1	2,688,208	1	3,057,293	1	1,700,572	-
Provisions - current	188,365	-	160,425	-	144,278	-	171,474	-
Guarantee deposits received - current	436,455	-	401,798	-	506,733	-	504,806	-
Receipts in advance	1,815,521	-	1,107,451	-	1,583,186	-	2,153,720	1
Unearned revenue	2,951,142	1	2,643,111	1	2,597,106	1	2,895,090	1
Current portion of long-term liabilities	14,469,720	4	3,991,578	1	2,696,960	1	2,525,144	1
Other current liabilities	1,970,271	1	1,807,603	1	2,612,926	1	2,432,120	1
Total current liabilities	98,428,418	27	79,900,492	24	80,179,529	24	85,837,925	26
NONCURRENT LIABILITIES								
Derivative financial liabilities for hedging - non-current	393,960	-	287,522	-	215,868	-	-	-
Bonds payable	46,418,264	13	41,726,021	12	39,030,283	12	28,327,158	9
Long-term borrowings	32,628,370	9	32,232,012	10	33,957,583	10	33,124,195	10
Provisions - non-current	675,881	-	654,791	-	521,676	-	509,799	-
Deferred tax liabilities	10,391,558	3	10,267,307	3	9,944,627	3	10,305,320	3
Accrued pension liabilities	3,014,078	1	3,392,655	1	2,804,879	1	3,000,773	1
Guarantee deposits received - non-current	664,700	-	739,923	-	679,746	-	630,861	-
Deferred credit-gains on inter-affiliate accounts	150,468	-	150,738	-	151,018	-	151,296	-
Other non-current liabilities	492,354	-	509,628	-	540,239	-	604,723	-
Total noncurrent liabilities	94,829,633	26	89,960,597	26	87,845,919	26	76,654,125	23
Total liabilities	193,258,051	53	169,861,089	50	168,025,448	50	162,492,050	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY								
Capital Stock								
Common stock	51,450,165	14	50,441,338	15	50,441,338	15	48,972,173	15
Capital surplus	4,680,094	1	4,744,045	1	4,416,346	1	940,486	-
Retained earnings								
Legal reserve	12,687,509	4	11,820,720	3	11,820,720	3	10,710,699	3
Special reserve	25,453,474	7	25,471,594	8	25,471,813	8	25,472,605	8
Unappropriated earnings	12,168,066	3	15,100,772	4	14,688,091	4	21,637,279	7
Total retained earnings	50,309,049	14	52,393,086	15	51,980,624	15	57,820,583	18
Other stockholders' equity	3,905,143	1	2,430,425	1	1,799,797	1	3,495,446	1
Treasury stocks	(25,063)	-	(25,063)	-	(25,063)	-	(25,063)	-
Total equity attributable to owners of the company	110,319,388	30	109,983,831	32	108,613,042	32	111,203,625	34
NON-CONTROLLING INTERESTS	60,423,344	17	61,243,995	18	58,921,857	18	56,666,032	17
Total equity	170,742,732	47	171,227,826	50	167,534,899	50	167,869,657	51
TOTAL	\$ 364,000,783	100	\$ 341,088,915	100	\$ 335,560,347	100	\$ 330,361,707	100

(With Deloitte & Touche review report dated November 5, 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.

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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)

	Three Months Ended September 30				Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES								
Net sales	\$ 40,043,743	66	\$ 38,093,355	65	\$ 118,128,923	66	\$ 119,087,973	67
Telecommunications service income	17,140,013	29	17,255,554	30	50,808,883	29	50,605,523	28
Gain on disposal of investments, net	202,308	-	2,410	-	404,749	-	16,963	-
Construction income	588,103	1	373,496	1	2,338,111	1	3,218,266	2
Other operating revenue	2,506,312	4	2,572,257	4	7,500,849	4	5,849,941	3
Total operating revenues	<u>60,480,479</u>	<u>100</u>	<u>58,297,072</u>	<u>100</u>	<u>179,181,515</u>	<u>100</u>	<u>178,778,666</u>	<u>100</u>
OPERATING COSTS								
Cost of sales	39,178,824	65	37,542,678	64	116,446,759	65	116,260,478	65
Cost of telecommunications services	6,580,603	11	7,465,613	13	20,343,393	11	21,980,566	12
Construction cost	535,887	1	602,614	1	2,160,529	1	3,034,544	2
Other operating cost	1,479,121	2	1,403,447	2	5,003,709	3	3,226,572	2
Total operating costs	<u>47,774,435</u>	<u>79</u>	<u>47,014,352</u>	<u>80</u>	<u>143,954,390</u>	<u>80</u>	<u>144,502,160</u>	<u>81</u>
GROSS PROFIT	<u>12,706,044</u>	<u>21</u>	<u>11,282,720</u>	<u>20</u>	<u>35,227,125</u>	<u>20</u>	<u>34,276,506</u>	<u>19</u>
REALIZED CONSTRUCTION INCOME	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278</u>	<u>-</u>	<u>278</u>	<u>-</u>
OPERATING EXPENSES								
Selling	5,556,669	9	5,219,720	9	16,088,661	9	14,988,307	8
General and administrative	2,639,979	5	2,628,492	5	7,740,179	5	8,658,135	5
Research and development	167,859	-	172,679	-	490,827	-	511,905	-
	<u>8,364,507</u>	<u>14</u>	<u>8,020,891</u>	<u>14</u>	<u>24,319,667</u>	<u>14</u>	<u>24,158,347</u>	<u>13</u>
OPERATING INCOME	<u>4,341,538</u>	<u>7</u>	<u>3,261,829</u>	<u>6</u>	<u>10,907,736</u>	<u>6</u>	<u>10,118,437</u>	<u>6</u>
NONOPERATING INCOME AND EXPENSES								
Share of the profit or loss of associates	629,032	1	518,473	1	3,014,517	2	2,278,565	1
Interest income	140,839	-	188,039	-	386,386	-	396,121	-
Other income - other	166,921	-	187,682	-	987,196	1	746,570	-
Exchange gain, net	45,318	-	-	-	108,420	-	-	-
Gain on financial assets (liabilities) at fair value through profit or loss, net	35,792	-	45,888	-	243,948	-	131,409	-
Interest expense	(395,366)	-	(394,243)	(1)	(1,101,350)	(1)	(1,116,530)	(1)
Other expense	(131,545)	-	(112,800)	-	(349,641)	-	(386,035)	-
Loss on disposal of property, plant and equipment, net	(527,681)	(1)	(207,288)	-	(951,419)	(1)	(848,052)	-
Loss on disposal of investment properties, net	-	-	-	-	(518)	-	-	-
Loss on disposal of intangible properties, net	(600)	-	(25)	-	(865)	-	(588)	-
Exchange loss, net	-	-	(52,998)	-	-	-	(301,723)	-
Impairment loss on assets	(17,170)	-	(9,516)	-	(27,216)	-	(97,208)	-
Total nonoperating income and expenses	<u>(54,460)</u>	<u>-</u>	<u>163,212</u>	<u>-</u>	<u>2,309,458</u>	<u>1</u>	<u>802,529</u>	<u>-</u>
CONSOLIDATED INCOME BEFORE INCOME TAX	<u>4,287,078</u>	<u>7</u>	<u>3,425,041</u>	<u>6</u>	<u>13,217,194</u>	<u>7</u>	<u>10,920,966</u>	<u>6</u>
INCOME TAX EXPENSE	<u>(793,436)</u>	<u>(1)</u>	<u>(710,424)</u>	<u>(1)</u>	<u>(2,222,150)</u>	<u>(1)</u>	<u>(2,006,193)</u>	<u>(1)</u>
NET PROFIT	<u>3,493,642</u>	<u>6</u>	<u>2,714,617</u>	<u>5</u>	<u>10,995,044</u>	<u>6</u>	<u>8,914,773</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	(222,847)	-	(459,994)	(1)	2,007,896	1	(1,700,311)	(1)
Unrealized gain (loss) on available-for-sale financial assets	12,129	-	458,189	1	256,012	-	519,246	-
Cash flow hedges	(34,404)	-	(106,661)	-	(185,426)	-	(146,631)	-
Shares of the other comprehensive income of associates	80,977	-	266,744	-	(392,174)	-	(295,226)	-
Total other comprehensive income	<u>(164,145)</u>	<u>-</u>	<u>158,278</u>	<u>-</u>	<u>1,686,308</u>	<u>1</u>	<u>(1,622,922)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$3,329,497</u>	<u>6</u>	<u>\$2,872,895</u>	<u>5</u>	<u>\$12,681,352</u>	<u>7</u>	<u>\$7,291,851</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	1,586,955	3	985,213	2	5,493,009	3	3,986,840	2
Non-controlling interests	1,906,687	3	1,729,404	3	5,502,035	3	4,927,933	3
	<u>\$3,493,642</u>	<u>6</u>	<u>\$2,714,617</u>	<u>5</u>	<u>\$10,995,044</u>	<u>6</u>	<u>\$8,914,773</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	1,577,412	3	961,525	2	6,963,248	4	2,296,351	1
Non-controlling interests	1,752,085	3	1,911,370	3	5,718,104	3	4,995,500	3
	<u>\$3,329,497</u>	<u>6</u>	<u>\$2,872,895</u>	<u>5</u>	<u>\$12,681,352</u>	<u>7</u>	<u>\$7,291,851</u>	<u>4</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)

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
CONSOLIDATED EARNINGS PER SHARE				
Basic	<u>\$0.33</u>	<u>\$0.21</u>	<u>\$1.14</u>	<u>\$0.82</u>
Diluted	<u>\$0.33</u>	<u>\$0.21</u>	<u>\$1.14</u>	<u>\$0.82</u>

(Concluded)

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FAR EASTERN NEW CENTURY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

CASH FLOWS FROM OPERATING ACTIVITIES	Nine Months Ended September 30	
	2013	2012
Consolidated income before income tax	\$ 13,217,194	\$ 10,920,966
Adjustments for:		
Depreciation expenses	10,770,907	11,162,364
Amortization	1,803,851	1,480,422
Allowance for doubtful accounts	165,283	335,803
Interest expenses	1,101,350	1,116,530
Interest income	(386,386)	(396,121)
Dividend revenue	(177,313)	(134,635)
Loss on disposal of properties, plants and equipments, net	951,419	848,052
Loss on disposal of investment properties, net	518	-
Loss on disposal of intangible assets, net	865	588
Share of the (profit) or loss of associates	(3,014,517)	(2,278,565)
Gain on disposal of investments, net	(410,837)	(33,345)
Impairment loss recognized on assets	27,216	97,208
Unrealized gain on the transactions with associates	(278)	(278)
Net (loss) gain on unrealized foreign currency exchange	(2,704)	8,371
Deferred income (loss) on derivative assets for hedging	(24,520)	26,463
Net changes in operating assets and liabilities		
Financial assets held for trading	(143,509)	355,642
Notes and accounts receivable	(2,099,363)	3,211,578
Notes and accounts receivable from affiliates	84,021	62,227
Amounts due from customers for construction contracts	125,706	(220,361)
Other receivables	(999,209)	(1,181,160)
Other receivables from affiliates	(4,571)	1,839
Inventories	(2,576,924)	2,829,547
Prepayments	(1,544,669)	(819,366)
Other current assets	(508,770)	115,424
Financial liabilities held for trading	21,772	18,292
Notes and accounts payable	(2,166,544)	(3,939,463)
Notes and accounts payable to affiliates	(136,067)	(85,378)
Amounts due to customers for construction contracts	824,912	(207,289)
Other payables	1,543,175	2,835,307
Other payables to affiliates	5,406	34,952
Provisions	49,030	(15,319)
Receipts in advance	708,070	(570,534)
Other current liabilities	162,668	234,942
Accrued pension liabilities	(378,577)	(195,894)
Unearned revenue	308,031	(297,984)
Cash generated from operations	17,296,636	25,320,825
Interest received	306,245	410,050
Dividend received	2,326,038	3,126,745
Interest paid	(1,125,323)	(1,124,960)
Income tax paid	(2,544,322)	(735,548)
Net cash generated from operating activities	16,259,274	26,997,112

(Continued)

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Nine Months Ended September 30	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(673,861)	(166,773)
Proceeds of the disposal of available-for-sale financial assets	1,302,755	1,188,060
Decrease in bond investments with no active market	2,041,599	(1,731,997)
Proceeds on redemption of held-to-maturity financial assets	100,000	-
Acquisition of financial assets carried at cost	(100,000)	(126,000)
Proceeds of the disposal of financial assets carried at cost	72,032	980
Returning shares of financial assets carried at cost from capital reduction	33,693	-
Acquisition of equity-method investments	(403,481)	(1,224,643)
Proceeds of the disposal of equity-method investments	758,092	-
Acquisition of property, plant, equipment and prepayment for equipments	(17,084,024)	(13,224,285)
Proceeds of the disposal of property, plant and equipment	141,605	130,282
Increase in refundable deposits	(24,889)	(61,397)
Increase in other receivable from affiliates	(363,959)	(185,863)
Acquisition of intangible assets	(1,124,950)	(779,377)
Proceeds of the disposal of intangible assets	-	4
Acquisition of investment properties	(715)	(305,314)
Increase in prepayments for lease	(4,837,267)	-
Increase in concession	(1,573,184)	(207,061)
(Increase) decrease in other financial assets	147,568	(8,256,864)
Decrease in other assets - non-current	110,950	12,604
	<u>(21,478,036)</u>	<u>(24,937,644)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	7,101,589	217,629
Decrease in bills payables	543,000	(4,909,000)
Proceeds from issue of bonds	11,976,500	12,200,000
Repayments of bond payables	(1,480,000)	(1,899,000)
Proceeds from issue of long-term borrowings	115,134,436	97,011,981
Repayment of long-term borrowings	(110,044,853)	(95,566,303)
(Decrease) in guarantee deposits	(40,566)	50,812
(Decrease) in other liabilities - noncurrent	(17,274)	(64,484)
Dividends paid	(14,258,381)	(14,932,817)
Increase in non-controlling interest	1,108,769	7,245,063
	<u>10,023,220</u>	<u>(646,119)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>688,413</u>	<u>(564,289)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,492,871	849,060
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><u>\$ 36,138,037</u></u>	<u><u>\$ 20,154,721</u></u>

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