TAIWAN STOCK EXCHANGE CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2013 AND 2012

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Taiwan Stock Exchange Corporation

We have audited the accompanying parent company only balance sheets of Taiwan Stock Exchange Corporation as of December 31, 2013 and 2012, and January 1, 2012, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012, expressed in thousands of New Taiwan dollars. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits. We did not audit the 2013 and 2012 financial statements of Taiwan Depository and Clearing Corporation, Taiwan-Ca. Inc. and Taiwan Ratings Corporation, investees accounted for under the equity method. The Company recognised other comprehensive income (including share of profit/(loss) of subsidiaries and associates accounted for using equity method and share of other comprehensive income (loss) of subsidiaries and associates) of $780,668 thousand and $660,389 thousand for the years ended December 31, 2013 and 2012, respectively. Related investments accounted for using equity method was $9,247,542 thousand, $8,665,553 thousand and $8,252,969 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, is based solely on the audit reports of the other independent accountants.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the parent company only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement

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presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the parent company only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Taiwan Stock Exchange Corporation as of December 31, 2013 and 2012, and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchanges" and generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers, Taiwan

March 25, 2014

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	Note	Amount	%	Amount	%	Amount	%
Current Assets							
Cash and cash equivalents	6(1)	$ 6,924,676	10	$ 22,115,853	30	$ 22,589,519	30
Available-for-sale financial assets-current	6(2)	3,108,103	4	2,650,992	4	1,917,096	3
Held-to-maturity financial assets	6(3)	2,099,716	3	3,360,208	5	2,050,242	3
Accounts receivable-net	6(4) and 7	250,917	-	251,667	-	234,925	-
Other receivables		140,664	-	157,579	-	146,796	-
Other financial assets-current	6(1)	15,372,627	21	4,950,813	7	4,742,275	6
Other current assets		7,339	-	5,477	-	5,441	-
Total Current Assets		27,904,042	38	33,492,589	46	31,686,294	42
Non-current Assets							
Available-for-sale financial assets-non-current	6(2)	2,307,125	3	2,156,751	3	1,726,421	2
Held-to-maturity financial assets-non-current	6(3)	10,980,163	15	12,935,553	18	15,563,415	21
Default damages fund	6(5)	8,391,530	12	8,287,705	11	8,171,010	11
Investments accounted for using equity method	6(7)	9,247,542	13	8,665,553	12	8,252,969	11
Property and equipment	6(8)	1,924,424	3	1,317,879	2	1,215,602	1
Investment property-net	6(9)	84,295	-	84,749	-	85,203	-
Intangible assets	6(10)	346,195	-	112,488	-	75,958	-
Deferred income tax assets	6(23)	6,816	-	11,611	-	11,163	-
Other non-current assets	6(11)	703,170	1	722,661	1	489,293	1
Total Non-current Assets		33,991,260	47	34,294,950	47	35,591,034	47
Securities Settlement Debit	6(6)	10,860,630	15	5,309,502	7	8,129,525	11
TOTAL ASSETS		$ 72,755,932	100	$ 73,097,041	100	$ 75,406,853	100

(Continued)

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Note	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
Current Liabilities							
Securities lending and borrowing collateral payable	6(12)	$ 13,669,186	19	$ 20,988,801	29	$ 21,816,597	29
Accrued expenses		785,729	1	859,391	1	855,080	1
Current income tax liabilities	6(23)	30,871	-	-	-	133,058	-
Other current liabilities	6(13)	741,625	1	579,861	1	519,100	1
Total Current Liabilities		15,227,411	21	22,428,053	31	23,323,835	31
Non-current Liabilities							
Deferred income tax liabilities	6(23)	1,441,991	2	1,441,991	2	1,427,762	2
Accrued pension liabilities	6(14)	174,950	-	319,684	-	207,805	-
Deposits received		56,571	-	51,762	-	43,655	-
Total Non-current Liabilities		1,673,512	2	1,813,437	2	1,679,222	2
Securities Settlement Credit	6(6)	10,860,630	15	5,309,502	7	8,129,525	11
Total Liabilities		27,761,553	38	29,550,992	40	33,132,582	44
Equity							
Capital stock							
Common stock	6(15)	6,286,113	9	6,132,793	8	5,983,213	8
Capital reserve							
Capital reserve	6(16)	578	-	578	-	578	-
Retained earnings							
Legal reserve	6(17)	4,596,560	6	4,443,834	6	4,197,006	6
Special reserve	6(17)	30,586,547	42	30,128,367	41	28,866,379	38
Unappropriated earnings	6(18)	1,321,304	2	1,082,389	2	2,174,138	3
Other equity interest							
Other equity interest	6(19)	2,203,277	3	1,758,088	3	1,052,957	1
Total Equity		44,994,379	62	43,546,049	60	42,274,271	56
Commitments and Contingent Liabilities	9						
TOTAL LIABILITIES AND EQUITY		$ 72,755,932	100	$ 73,097,041	100	$ 75,406,853	100

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 25, 2014.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR BASIC EARNINGS PER SHARE AMOUNTS)

	2013 Amount	2013 %	2012 Amount	2012 %
Operating revenues (Notes 6(20) and 7)				
Trading fees	$ 2,038,100	53	$ 2,161,095	56
Listing fees	931,400	24	817,385	21
Market data fees	349,062	9	369,360	10
Connection handling fees	129,541	3	96,168	3
Data processing fees	58,384	2	80,602	2
Others	336,433	9	322,171	8
Total Operating Revenues	3,842,920	100	3,846,781	100
Operating expenses (Note 6(21))				
Personnel	(1,333,118)	(35)	(1,354,748)	(35)
General and administrative (Note 7)	(2,124,940)	(55)	(1,946,886)	(51)
Total Operating Expenses	(3,458,058)	(90)	(3,301,634)	(86)
Operating income	384,862	10	545,147	14
Non-operating income and expenses				
Equity in net income of investee company (Note 6(7))	681,381	18	637,937	17
Interest income	618,845	16	674,667	18
Gain (loss) on disposal of investments	59,340	2	(24,916)	(1)
Other income	54,573	1	58,432	1
Finance costs (Note 6(22))	(12,551)	-	(12,793)	-
Other expenses	(69,817)	(2)	(98,727)	(3)
Total non-operating income and expenses	1,331,771	35	1,234,600	32
Profit before income tax	1,716,633	45	1,779,747	46
Income tax expense (Note 6(23))	(175,209)	(5)	(213,640)	(5)
Profit for the year	1,541,424	40	1,566,107	41
Other comprehensive income				
Unrealized gain on valuation of available-for-sale financial assets (Note 6(2))	409,276	11	661,595	17
Actuarial gain (loss) on defined benefit plan (Note 6(14))	164,942	4	(80,894)	(2)
Share of other comprehensive income of associates accounted for under equity method	99,287	3	22,452	-
Other comprehensive income for the year	673,505	18	603,153	15
Total comprehensive income for the year	$ 2,214,929	58	$ 2,169,260	56
Earnings per share				
Basic earnings per share (Note 6(24))	$	2.45	$	2.49

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 25, 2014.

TAIWAN STOCK EXCHANGE CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

				Retained Earnings				
	Notes	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity Interest	Total
2012								
Balance at January 1, 2012		$ 5,983,213	$ 578	$ 4,197,006	$ 28,866,379	$ 2,174,138	$ 1,052,957	$42,274,271
Appropriations of 2011 earnings:								
Legal reserve	6(17)	-	-	246,828	-	(246,828)	-	-
Special reserve	6(17)	-	-	-	1,261,988	(1,261,988)	-	-
Cash dividends	6(18)	-	-	-	-	(897,482)	-	(897,482)
Stock dividends	6(18)	149,580	-	-	-	(149,580)	-	-
Net income for 2012		-	-	-	-	1,566,107	-	1,566,107
Other comprehensive income for 2012	6(19)	-	-	-	-	(101,978)	705,131	603,153
Balance at December 31, 2012		$ 6,132,793	$ 578	$ 4,443,834	$ 30,128,367	$ 1,082,389	$ 1,758,088	$43,546,049
2013								
Balance at January 1, 2013		$ 6,132,793	$ 578	$ 4,443,834	$ 30,128,367	$ 1,082,389	$ 1,758,088	$43,546,049
Appropriations of 2012 earnings:								
Legal reserve	6(17)	-	-	152,726	-	(152,726)	-	-
Special reserve	6(17)	-	-	-	458,180	(458,180)	-	-
Cash dividends	6(18)	-	-	-	-	(766,599)	-	(766,599)
Stock dividends	6(18)	153,320	-	-	-	(153,320)	-	-
Net income for 2013		-	-	-	-	1,541,424	-	1,541,424
Other comprehensive income for 2013	6(19)	-	-	-	-	228,316	445,189	673,505
Balance at December 31, 2013		$ 6,286,113	$ 578	$ 4,596,560	$ 30,586,547	$ 1,321,304	$ 2,203,277	$44,994,379

Note: Employees' bonuses of $86,508 and $106,592 were deducted from the statement of comprehensive income for 2012 and 2011, respectively.

The accompanying notes are an integral part of these parent company only financial statements.
See report of independent accountants dated March 25, 2014.

TAIWAN STOCK EXCHANGE CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 1,716,633	$ 1,779,747
Adjustments to reconcile net income to net cash (used in) provided by operating activities			
Income and expenses having no effect on cash flows			
Interest income		(618,845)	(674,667)
Dividend income		(27,162)	(30,577)
Finance costs	6(22)	12,551	12,793
Reversal of allowance for bad debts		-	(604)
Depreciation (including investment property)	6(21)	394,068	229,554
Amortization	6(21)	105,976	50,881
Loss on obsolescence of property and equipment		-	96
Loss on disposal of investments		(59,340)	24,916
Equity in net income of investee companies-net of cash dividends received		(482,702)	(390,132)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable		750	(16,138)
Other receivables		-	(289)
Other current assets		(1,862)	(36)
Default damages fund		(103,825)	(116,695)
Net changes in liabilities relating to operating activities			
Securities lending and borrowing collateral payable		(7,319,615)	(827,796)
Accrued expenses		(103,100)	(20,960)
Other current liabilities		161,764	60,761
Other non-current assets		(4,900)	(10,000)
Accrued pension liabilities		20,208	30,985
Cash (used in) generated from operations		(6,309,401)	101,839
Interest received		633,186	687,584
Interest paid		16,887	12,478
Income tax paid		(136,969)	(356,328)
Net cash (used in) provided by operating activities		(5,796,297)	445,573
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in available-for-sale financial assets-net		(138,869)	(527,547)
Decrease in held-to-maturity financial assets-net		3,215,882	1,317,896
Increase in other current financial assets		(10,421,814)	(208,538)
Acquisition of property and equipment		(589,969)	(95,444)
Proceeds from disposal of property and equipment		848	-
Increase in intangible assets		(76,541)	(32,484)
Decrease (increase) in refundable deposits-net		1,202	(5,849)
Increase in prepayments for equipment		(650,991)	(508,475)
Dividends received		27,162	30,577
Net cash used in investing activities		(8,633,090)	(29,864)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid		(766,599)	(897,482)
Increase in deposits received		4,809	8,107
Net cash used in financing activities		(761,790)	(889,375)
Decrease in cash and cash equivalents		(15,191,177)	(473,666)
Cash and cash equivalents at beginning of year	6(1)	22,115,853	22,589,519
Cash and cash equivalents at end of year	6(1)	$ 6,924,676	$ 22,115,853

The accompanying notes are an integral part of these non-consolidated financial statements.

See report of independent accountants dated March 25, 2014.

TAIWAN STOCK EXCHANGE CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Taiwan Stock Exchange Corporation (the Company) was established in December 1961. The main activities of the Company are providing location and facilities for trading and settlement of securities, and other services as approved by the Competent Authority.

On October 11, 2011, the Competent Authority authorized the Company to continue existing in its current corporate form for the next ten years until a change into a membership-type organization is approved.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 25, 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Company this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

IFRS 9, 'Financial Instruments: Classification and measurement of financial assets'

A.The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B.IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Company.

C.The Company has not yet evaluated the overall effect of the IFRS 9 adoption. However, based on our preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Company, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Company recognised gain (or loss) on equity instruments amounting to $409,276 in other comprehensive income for the year ended December 31, 2013.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The following are the assessment of new standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	November 19, 2013 (Not mandatory)

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognised as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, 'Financial instruments' , and IAS 20, 'Accounting for government grants and disclosure of government assistance' , prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit or loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9, 'Financial assets: hedge accounting' and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.	November 19, 2013 (Not mandatory)

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

The Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the parent company only financial statements. Except for the new standards, interpretations and amendments above, the Company preliminarily assessed that severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1), IFRS 11,'Joint arrangements', Novation of derivatives and continuation of hedge accounting (amendments to IAS 39), IFRIC 20, 'Stripping costs in the production phase of a surface mine' and Government loans (amendment to IFRS 1), did not have significant impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. These parent company only financial statements are the first parent company only financial statements prepared by the Company in accordance with the "Criteria Governing Preparation of Financial Reports by Company-Type Stock Exchange".

B. In the preparation of the balance sheet as of January 1, 2012 (the Company's date of transition to IFRSs) ("the opening IFRS balance sheet"), the Company has adjusted the amounts that were reported in the parent company only financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Company's financial position, financial performance and cash flows.

(2) Basis of preparation

Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

A.Available-for-sale financial assets measured at fair value.

B.Accrued pension liabilities calculated by actuarial valuation.

(3) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss. All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

(4) Classification of current and non-current items

A.Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a)Liabilities that are expected to be paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents including cash on hand, deposits and other short-term investment with high liquidity that will expire within three months since acquisition and can be transferred into fixed amount of cash and the risk of change in value is minor.

(6) Available-for-sale financial assets

A.Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B.On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using settlement date accounting.

C.Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(7) Held-to-maturity financial assets

A.Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Company has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

B.On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using settlement date accounting.

C.Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(8) Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A.The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B.The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor; a breach of contract, such as a default or delinquency in interest or principal payments;

(b)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(c)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C.When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a)Financial assets measured at amortised cost

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 discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the recognised impairment loss will reverse to be recognised in profit or loss by adjusting allowance account. However, the reversal shall not make the book value of the financial assets greater than the amortised cost if no recognition occurred at the reversal date.

(b)Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Investments accounted for using the equity method

A.Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these parent company only financial statements.

B.Unrealised profit (loss) arising from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted to conform with the Company's accounting policies.

C.The Company's share of its subsidiaries' post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

D.Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

E.The Company's share of its associates' post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

F.Pursuant to the "Regulations Governing the Preparation of Financial Reports by Company – Type Stock Exchanges," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property and equipment

A.Property and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B.Land is not depreciated. Other property and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

C.The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised

(17) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(18) Pensions

A.Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

B.Defined benefit plan

(a)Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method.

(b)Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

(19) Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B.An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet.

D.Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

Revenue is recognized when the earning process is substantially completed and the payment is realized or realizable. Costs and expenses are recognized as incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Financial assets-fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Company that are not traded in an active market is determined considering related financial information and reference. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks.

As of December 31, 2013, the carrying amount of unlisted stocks was $2,307,125.

(2) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of December 31, 2013, the carrying amount of accrued pension obligations was $174,950.

(3) Held-to-maturity financial assets

The Company has positive intention and ability to hold the financial assets until maturity.

As of December 31, 2013, the carrying amount of held-to-maturity financial assets was $13,079,879.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Checking accounts and demand deposits	$ 731,091	$ 5,260,255	$ 2,868,675
Cash equivalents			
Time deposits with maturity within three months from initial date	1,250,000	13,848,800	17,935,755
Commercial papers	4,943,585	3,006,798	1,785,089
Total	$ 6,924,676	$ 22,115,853	$ 22,589,519

A. As of December 31, 2013, December 31, 2012 and January 1, 2012, the time deposits with maturity of more than three months from initial date were $15,372,627, $4,950,813 and $4,742,275, respectively, and were shown as 'other financial assets – current'.

B.The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

C.The Company has no cash and cash equivalents pledged to others.

(2) Available-for-sale financial assets

Items	December 31, 2013	December 31, 2012	January 1, 2012
Current items:			
Beneficiary certificate	$ 2,819,716	$ 2,621,507	$ 2,118,876
Valuation adjustment of available-for-sale financial assets	288,387	29,485	(201,780)
Total	$ 3,108,103	$ 2,650,992	$ 1,917,096
Non-current items:			
Unlisted stocks	$ 938,528	$ 938,528	$ 938,528
Valuation adjustment of available-for-sale financial assets	1,485,473	1,335,099	904,769
Accumulated impairment	(116,876)	(116,876)	(116,876)
Total	$ 2,307,125	$ 2,156,751	$ 1,726,421

A.The Company recognised $409,276 and $661,595 in other comprehensive income for fair value change for the years ended December 31, 2013 and 2012, respectively.

B.The Company has no available-for-sale financial assets pledged to others.

(3) Held-to-maturity financial assets

Items	December 31, 2013	December 31, 2012	January 1, 2012
Current items:			
Financial bonds	$ 1,300,000	$ 1,865,122	$ 649,853
Corporate bonds	799,716	1,390,710	1,198,395
Beneficiary securities	-	-	201,994
Assets securitization-short-term notes and bills	-	104,376	-
Total	$ 2,099,716	$ 3,360,208	$ 2,050,242
Non-current items:			
Financial bonds	$ 8,601,732	$ 9,502,530	$ 10,463,435
Corporate bonds	2,323,511	3,433,023	4,995,566
Government bonds	54,920	-	-
Assets securitization-short-term notes and bills	-	-	104,414
Total	$ 10,980,163	$ 12,935,553	$ 15,563,415

The Company has no held-to-maturity financial assets pledged to others.

(4) Accounts receivable

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable			
Less: Allowance for doubtful accounts	$ 250,917	$ 251,667	$ 235,529
	-	-	(604)
Total	$ 250,917	$ 251,667	$ 234,925

A. The maximum exposure to credit risk at December 31, 2013, December 31, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

B. The Company does not hold any collateral as security.

(5) Default damages fund

A. The Company, as required by Securities and Exchange Law and related regulations, makes cash contributions to a default damages fund (DDF) at certain percentages of trading fees within 15 days at the end of each quarter (Dr. default damages fund; Cr. cash), except for the first draft of $50,000. However, the Company stops making cash contributions to the DDF when the accumulated amount of the DDF is equal to or greater than the total amount of the Company's capital. In addition, following the regulations of the Competent Authority No. 00480 bulletin (1986), an equivalent amount of default damages reserve has been recontributed starting from 1986. Additionally, following Article 46 of "Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules", and the regulations of the Competent Authority No. 0920129756 bulletin (2003), the Company contributes 3% of each loan service fee it receives as default damages fund.

B. As the accumulated amount of the DDF has exceeded the total amount of the Company's capital, the Company has stopped making contributions to the DDF and default damages reserve since November 2006. However, in accordance with the Competent Authority No. 0980026755 bulletin (June 2009), the Company has contributed 5% of trading fees to the DDF within 15 days after the end of every quarter since January 1, 2010.

C. For the preparation of financial statements in accordance with IFRSs from January 1, 2013, following the regulatory authority, the default damages reserve the Company has contributed should be reclassified to 'special reserve', which cannot be used for other purposes except for the use to cover accumulated deficit or for other uses approved by the Financial Supervisory Commission. In addition, contribution to the default damages fund was no longer effective from October 30, 2012.

D. In September 1996, the Competent Authority approved a common fund, the Securities Settlement Fund ("SSF"), to be used in settling defaults by securities companies. The Company established the special settlement fund ("SF") with an initial funding of $1,000,000. If the Company's DDF exceeds $1,000,000, the excess should be contributed to the SF until the contribution reaches $2,000,000. As of December 31, 2013, December 31, 2012, and January 1, 2012, the balance of the SF was $3,000,000.

E.The movements of the Default damages fund are as follows:

	For the years ended December 31,	
	2013	2012
Balance, beginning of year (Note)	$ 5,287,705	$ 5,171,010
Contributions		
Based on the amounts of trading fees	100,011	113,337
3% of securities lending and borrowing service fees	3,814	3,358
	5,391,530	5,287,705
Settlement fund (SF)	3,000,000	3,000,000
Balance, end of year	$ 8,391,530	$ 8,287,705

Note: The beginning balance of SF was $3,000,000 and the balance of DDF was $8,287,705 and $8,171,010 as of January 1, 2013 and 2012, respectively.

F.As of December 31, 2013, the DDF was invested in time deposits.

(6) Securities settlement debit (credit)

As required by the Criteria Governing Preparation of Financial Reports by Company – Type Stock Exchanges, securities settlement debit (credit) includes Securities Settlement Fund ("SSF") and settlement consideration, and related descriptions are as follows:

A.Securities settlement fund

(a)As required by the Competent Authority, securities companies make cash deposits to the SSF, which is administered by a committee and deposited in the name of the Company, and this account is distinguished from the others owned by the Company. Under the Securities and Exchange Law, the SSF can only be (a) invested in government bonds; (b) deposited in banks or in the postal savings system; or (c) invested in other instruments as approved by the Competent Authority. The income on the SSF, less related expenses and taxes, is distributed to the securities companies every six months.

(b)The obligation of a defaulting securities company and expenses incurred in meeting obligations are settled using the balance of the defaulting company's contributions to the SSF and any undistributed income thereon.

i. If the obligation of the defaulting company still cannot be fully settled, the SF portion in excess of $1,000,000 will be used.

ii. If any obligation remains, then the initial SF of $1,000,000 plus the contributions to the SSF by other securities companies will be used proportionately.

(c)As of December 31, 2013, December 31, 2012, and January 1, 2012, the balances of the SSF were $3,453,050, $3,529,443 and $5,123,838, respectively, and the balance of the SF was $3,000,000. The funds are invested in time deposits pursuant to the regulation. In addition, as of December 31, 2012, the Company had entered into a loan agreement with financial institutions in the amount of $12,800,000 and Ten million U.S. dollars and provided time deposit of $2,000,000 to financial institutions as collateral for the need of Securities firms' application of the advance settlements for finalizing the funds to the Company and emergency revolving fund due to Securities firms violation of settlement obligation or natural disaster. As of December 31, 2012, the loan amount had not been drawn down. The foregoing time deposit was recognized as DDF of $750,000, SF of $550,000, and SSF of $700,000.

(d)In line with the adjustments to the calculation of SSF specified in Article 10, Item 1 of Regulations Governing Securities Firms and the Competent Authority No. 1010002007 bulletin (3rd February 2012), the net SSF returnable from the Company to securities firms amounted to $1,680,263. Such funds had been returned on February 15, 2012.

(e)Due to the Company is only responsible for the custodianship of the SSF deposited by security dealers, yield and income from the funds belong to the security dealers, the Company does not bear any related expenses and losses, and charge or return the SSF to individual security dealers. Therefore, the assets and liabilities are expressed in net of $0.

B.Settlement consideration

Because the Company net settles the listing securities, the Company shall receive or pay settlement payment from/ to each security dealers and shown as 'securities settlement debit' and 'securities settlement credit. Pursuant to 'Operating Rules of the Taiwan Stock Exchange Corporation', net settlement is employed on the second business day following the trade date. Balance of securities settlement debit (credit) as of December 31, 2013, December 31, 2012 and January 1, 2012 is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Securities settlement credit	$ 10,860,630	$ 5,309,502	$ 8,129,525
Securities settlement debit	$ 10,860,630	$ 5,309,502	$ 8,129,525

(7) Investments accounted for using the equity method

	December 31, 2013	December 31, 2012	January 1, 2012
Subsidiaries:			
Taiwan Depository & Clearing Corporation (TDCC)	$ 9,129,385	$ 8,556,883	$ 8,154,756
Taiwan-Ca. Inc. (TWCA)	88,180	80,189	71,010
	9,217,565	8,637,072	8,225,766
Related corporation			
Taiwan Ratings Co. (TRC)	29,977	28,481	27,203
	$ 9,247,542	$ 8,665,553	$ 8,252,969

A.Subsidiaries

Please refer to Note 4(3) of the consolidated financial statements for the information on subsidiaries.

Shares of profit or loss of subsidiaries accounted for under equity method are recognised based on financial statements audited by other independent accountants.

B.Associates

Summary of Financials of Taiwan Ratings Co. is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Assets	$ 302,652	$ 299,348	$ 275,928
Liabilities	$ 152,695	$ 156,871	$ 139,860

	2013	2012
Revenue	$ 167,135	$ 165,273
Profit/(Loss)	$ 49,137	$ 49,631

The Company's percentage of ownership of the abovementioned shares is 19.99% as of December 31, 2013, December 31, 2012 and January 1, 2012.

Recognition of the abovementioned shares is based on financial statements audited by other independent accountants.

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(8) Property and equipment

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2013	$779,882	$180,233	$ 756,756	$ 300,668	$ -	$2,017,539
Revaluation	37,084	-	-	-	-	37,084
Additions	-	-	138,777	136,611	314,581	589,969
Disposals	-	-	(438,747)	(71,517)	-	(510,264)
Reclassifications	-	-	410,326	712	-	411,038
Closing book amount	$816,966	$180,233	$ 867,112	$ 366,474	$ 314,581	$2,545,366
Accumulated depreciation						
At January 1, 2013	$ -	$ 84,413	$ 501,850	$ 150,481	$ -	$ 736,744
Depreciation	-	3,219	348,195	42,200	-	393,614
Disposals	-	-	(438,747)	(70,669)	-	(509,416)
Reclassifications	-	-	-	-	-	-
Closing book amount	$ -	$ 87,632	$ 411,298	$ 122,012	$ -	$ 620,942
At January 1, 2013 net book amount	$816,966	$ 95,820	$ 254,906	$ 150,187	$ -	$1,317,879
At December 31, 2013 net book amount	$816,966	$ 92,601	$ 455,814	$ 244,462	$ 314,581	$1,924,424

	Land	Buildings	Computer equipment	Other equipment	Construction in progress	Total
Cost						
At January 1, 2012	$129,496	$180,233	$ 449,942	$ 285,686	$ 648,176	$1,693,533
Revaluation	37,084	-	-	-	-	37,084
Additions	2,210	-	86,651	6,583	-	95,444
Disposals	-	-	(7,467)	-	-	(7,467)
Reclassifications	648,176	-	227,630	8,399	(648,176)	236,029
Closing book amount	$816,966	$180,233	$ 756,756	$ 300,668	$ -	$2,054,623
Accumulated depreciation						
At January 1, 2012	$ -	$ 81,194	$ 319,813	$ 114,008	$ -	$ 515,015
Depreciation	-	3,219	189,408	36,473	-	229,100
Disposals	-	-	(7,371)	-	-	(7,371)
Reclassifications	-	-	-	-	-	-
Closing book amount	$ -	$ 84,413	$ 501,850	$ 150,481	$ -	$ 736,744
At January 1, 2012 net book amount	$166,580	$ 99,039	$ 130,129	$ 171,678	$ 648,176	$1,215,602
At December 31, 2012 net book amount	$816,966	$ 95,820	$ 254,906	$ 150,187	$ -	$1,317,879

The estimated useful lives of property and equipment are as follows:

Buildings	
-Main buildings	55 years
-Auxiliary buildings	3 years
Computer equipment	3 years ~ 5 years
Other equipment	3 years ~ 15 years

(9) Investment property

	Land	Buildings	Total
Cost			
At January 1, 2013	$ 28,039	$ 25,412	$ 53,451
Revaluation	44,538	-	44,538
Closing book amount	$ 72,577	$ 25,412	$ 97,989
Accumulated depreciation			
At January 1, 2013	$ -	$ 13,240	$ 13,240
Depreciation	-	454	454
Closing book amount	$ -	$ 13,694	$ 13,694
At January 1, 2013 net book amount	$ 72,577	$ 12,172	$ 84,749
At December 31, 2013 net book amount	$ 72,577	$ 11,718	$ 84,295

	Land	Buildings	Total
Cost			
At January 1, 2012	$ 28,039	$ 25,412	$ 53,451
Revaluation	44,538	-	44,538
Closing book amount	$ 72,577	$ 25,412	$ 97,989
Accumulated depreciation			
At January 1, 2012	$ -	$ 12,786	$ 12,786
Depreciation	-	454	454
Closing book amount	$ -	$ 13,240	$ 13,240
At January 1, 2012 net book amount	$ 72,577	$ 12,626	$ 85,203
At December 31, 2012 net book amount	$ 72,577	$ 12,172	$ 84,749

A.Rental revenue and direct operating expenses arising from the investment property are shown below:

	For the years ended December 31, 2013	2012
Rental revenue from the lease of the investment property	$ 10,350	$ 10,270
Direct operating expenses arising from the investment property that generated rental income in the period (Depreciation expense)	$ 454	$ 454

B.The fair value of the investment property held by the Company as of December 31, 2013, December 31, 2012 and January 1, 2012 was $346,498, $328,624 and $278,880, respectively. The above assets are compared with similar transaction information traded in markets and have been applied appropriate correction after estimation, and comparative law is used for estimation.

C.Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 55 years.

(10) Intangible assets

	For the years ended December 31, 2013		For the years ended December 31, 2012	
Cost				
At January 1	$	539,201	$	451,790
Additions		339,683		87,411
Disposals	(	64,259)		-
Closing book amount	$	814,625	$	539,201
Accumulated amortisation				
At January 1	$	426,713	$	375,832
Amortisation		105,976		50,881
Disposals	(	64,259)		-
Closing net book amount	$	468,430	$	426,713
At January 1 net book amount	$	112,488	$	75,958
At December 31 net book amount	$	346,195	$	112,488

Intangible assets pertain to computer software which are stated at historical cost and amortised on a straight-line basis over their estimated useful lives of 3~5 years.

(11) Other non-current assets

	December 31, 2013		December 31, 2012		January 1, 2012	
Operations guarantee deposits	$	314,900	$	310,000	$	300,000
Refundable deposits		31,053		32,255		26,406
Prepayments for equipment		357,217		380,406		162,887
Total	$	703,170	$	722,661	$	489,293

As at December 31, 2013, December 31, 2012 and January 1, 2012, the Company deposited time deposits and financial bonds amounting to $314,900, $310,000 and $300,000, respectively, in the Central Bank of China as guaranty bond.

(12) Securities lending and borrowing collateral payable

The Company has provided securities lending and borrowing services since June 2003. The borrower is required to deposit collaterals based on certain percentages (the stipulated collateral ratio) of borrowed securities daily market prices to the Company. In addition, individual collateral maintenance ratio of each transaction will be calculated on a daily basis, and further collateral will be required if the maintenance ratio is below the collateral ratio. As at December 31, 2013, December 31, 2012 and January 1, 2012, the Company has received collaterals as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash (Note A)	$ 13,669,186	$ 20,988,801	$ 21,816,597
Bank draft (Note B)	$ 4,277,524	$ 4,338,657	$ 1,315,751
Securities (Note C)	$ 49,519,283	$ 42,163,869	$ 19,057,718

Note A: Interest will be added based on the bank's current interest rate on refund of cash collateral.

Note B: Pursuant to 'Taiwan Stock Exchange Corporation Securities Borrowing and Lending Rules,' bank draft, securities and collaterals are to be returned to borrowers upon the completion of the transaction. Accordingly, these are not reflected as assets of the Company. The Company is only responsible for the custodianship of these collateral.

Note C: Securities are revalued according to their closing prices at December 31, 2013, December 31, 2012 and January 1, 2012. After the completion of application for securities lending and borrowing service, the borrowers' securities are under the custodianship of Taiwan Depository & Clearing Corporation. Upon the rendering of service, the securities are turned over to the Company as collateral. However, effective from April 1, 2010, the securities are turned over to the Company as collateral before the rendering of services as long as the Company has ensured that the borrowers' designated securities are correct.

(13) Other current liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Temporary receipts for close down brokers	$ 383,750	$ 369,244	$ 352,758
Advance receipts	168,150	177,609	142,784
Deposits received for borrowing securities collateral	165,000	-	-
Receipts under custody	6,835	7,694	5,080
Others	17,890	25,314	18,478
Total	$ 741,625	$ 579,861	$ 519,100

Advanced receipts refer to (put) warrant listing fees received in advance.

(14) Pensions

A.Defined benefit plan

The amounts recognised in the balance sheet are determined as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 2,445,634	$ 2,537,962	$ 2,374,517
Fair value of plan assets	(2,270,684)	(2,218,278)	(2,166,712)
Accrued pension obligations	$ 174,950	$ 319,684	$ 207,805

(a)Changes in present value of funded obligations are as follows:

	2013	2012
Present value of funded obligations		
At January 1	$ 2,537,962	$ 2,374,517
Current service cost	193,263	192,387
Interest expense	37,002	35,618
Actuarial profit and loss	(170,117)	74,982
Benefits paid	(152,476)	(139,542)
At December 31	$ 2,445,634	$ 2,537,962

(b)Changes in fair value of plan assets are as follows:

	2013	2012
Fair value of plan assets		
At January 1	$ 2,218,278	$ 2,166,712
Expected return on plan assets	44,552	45,066
Actuarial profit and loss	(2,965)	(9,135)
Employer contributions	162,659	154,751
Benefits paid	(151,840)	(139,116)
At December 31	$ 2,270,684	$ 2,218,278

(c)Amounts of expenses recognised in statements of comprehensive income are as follows:

	2013	2012
Current service cost	$ 193,263	$ 192,387
Interest cost	37,002	35,618
Expected return on plan assets	(44,552)	(45,066)
Actuarial profit and loss	(167,152)	84,117
	$ 18,561	$ 267,056

Details of cost and expenses recognised in statements of comprehensive income are as follows:

	2013	2012
Personnel	$ 183,503	$ 186,162

Amounts recognised under other comprehensive income are as follows:

	2013	2012
Recognition for current period	$ 164,942	($ 80,894)
Accumulated amount	$ 84,048	($ 80,894)

(d)Based on the Company's internal regulations for employee hiring and management, both the Company and its employees' contribute monthly to the workers' pension fund and employees' retirement fund, respectively. The Company contributes based on certain percentages of salary expenses to a common retirement fund. These funds are administered by the independent pension fund committee and employees' retirement fund committee, respectively. The contributed amounts are deposited to the Bank of Taiwan and other financial institutions under the name of the respective committees. Employees who have retired and resigned will receive benefits from the relevant pension fund, retirement fund and common fund.

(e)The principal actuarial assumptions used were as follows:

	2013	2012	2011
Discount rate	1.875%	1.5%	1.5%
Future salary increases	3.75%	3.75%	3.75%
Expected return on plan assets	2%	2%	2%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(f)Historical information of experience adjustments was as follows:

	2013	2012
Present value of defined benefit obligation	$ 2,445,634	$ 2,537,962
Fair value of plan assets	(2,270,684)	(2,218,278)
Surplus/(deficit) in the plan	$ 174,950	$ 319,684
Experience adjustments on plan liabilities	$ 68,581	($ 74,982)
Experience adjustments on plan assets	($ 2,965)	($ 9,135)

(g)Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2013 are $162,659.

B.Defined contribution plan

(a)Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2013 and 2012 were $40,446 and $44,841, respectively.

(15) Share capital

A.In accordance with the resolution adopted at the stockholders' meeting on June 22, 2012, the Company issued common stock by capitalizing the unappropriated retained earnings totaling 14,958 thousand shares. The registration of this capital increase was approved by the Competent Authority.

B.In accordance with the resolution adopted at the stockholders' meeting on June 19, 2013, the Company issued common stock by capitalizing the unappropriated retained earnings totaling 15,332 thousand shares. The registration of this capital increase was approved by the Competent Authority.

C.As of December 31, 2013, the Company's authorized, issued and outstanding common stock consisted of 628,611 thousand shares at $10 dollars par value per share. All proceeds from shares issued have been collected.

D.Under an amendment to Article 128 of the Securities and Exchange Law promulgated on July 19, 2000, the Company's common stocks can only be sold to authorized securities companies starting January 15, 2001.

(16) Capital reserve

Pursuant to the R.O.C. Company Law, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital reserve to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Legal reserve / Special reserve

A.According to the R.O.C. Company Law, the annual net income should be used initially to cover any accumulated deficit; thereafter 10% of the annual net income should be set aside as legal reserve until it has reached 100% of contributed capital. Legal reserve shall be exclusively used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership and shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

B.Special reserve, as required by regulations of the Securities and Futures Bureau (SFB), of at most 80% of the annual net income was determined by the Competent Authority, and special reserve as resolved by the stockholders can only be used, upon the Competent Authority's approval, to offset deficit or transferred to capital.

(18) Unappropriated earnings

A.The annual net income should be used initially to cover any accumulated deficit; 10% of the annual net income should be set aside as legal reserve and special reserve upon the Competent Authority's approval. The remaining balance can be distributed as follows:

(a)Between 1% and 12% for employees' bonus following the resolution by the Board of Directors.

(b)The remaining amount can be distributed by a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting.

B. As approved by the stockholders during their meeting, cash dividends declared for 2012 and 2011 were $1.25 (in dollars) per share and $1.5 (in dollars) per share, respectively, and the stock dividends for 2012 and 2011 were $0.25 (in dollars) per share for both years.

C. The amount of employees' bonus for 2013 was estimated at $108,101 based on a certain percentage of the Company's distributable earnings which was prescribed by the Company's Articles of Incorporation after taking into account the historical employees' bonus distribution experience, surplus reserve and other factors, and was recognized as operating expense for that year. However, if the estimated amount is different from the amount resolved by the stockholders subsequently, the difference shall be recognized as gain or loss for 2014. Employees' bonus for 2012 as resolved by the stockholders was lower compared to the amount recognized in the 2012 financial statements. The difference of $35,779 had been adjusted in the statement of income for 2013.

(19) Other equity items

	Unrealised profit/loss of available-for-sale financial assets
January 1, 2013	$ 1,758,088
Valuation adjustment of available-for-sale financial assets	445,189
December 31, 2013	$ 2,203,277

	Unrealised profit/loss of available-for-sale financial assets
January 1, 2012	$ 1,052,957
Valuation adjustment of available-for-sale financial assets	705,131
December 31, 2012	$ 1,758,088

(20) Trading fees

Trading fees mainly represent fees collected for the use of the Company's facilities for trading and settlement of securities. The fees are computed as a percentage of the value of the transactions of securities traded and the rate is 0.000065 per dollar for dealers and brokers. After reaching an agreement with Taiwan Securities Association, which was approved by the Board of Directors of the Company and the Competent Authority in No. 0950156625 bulletin (December 14, 2006), the rate has been reduced by 12% during the time that the Company stopped making cash contributions to the DDF. Effective December 1, 2011, as approved by the Board of Directors of the Company and the Competent Authority in No. 1000058644 bulletin (November 29, 2011), the rate (0.000065 per dollar) had been reduced by 20%.

(21) Expenses by nature

	Operating expenses	
	For the years ended December 31,	
	2013	2012
Employee benefit expense		
Salaries	$ 1,098,008	$ 1,121,579
Insurance	$ 68,558	$ 68,558
Pension	$ 223,949	$ 231,003
Others	$ 11,161	$ 11,029
Depreciation	$ 394,068	$ 229,554
Amortization	$ 105,976	$ 50,881

(22) Finance costs

	For the years ended December 31,	
	2013	2012
Interest expense		
-Securities lending and borrowing collateral	$ 12,551	$ 12,793

(23) Income tax

A.Income tax expense

	For the years ended December 31,	
	2013	2012
Current tax:		
Current tax on profits for the period	$ 167,840	$ 194,496
Adjustments in respect of prior years	2,574	5,363
Total current tax	170,414	199,859
Deferred tax:		
Origination and reversal of temporary differences	4,795	13,781
Total deferred tax	4,795	13,781
Income tax expense	$ 175,209	$ 213,640

Tax calculated based on profit before tax and statutory tax rate	$ 291,828	$ 302,557
Tax effect of permanent differences	(119,193)	(95,710)
Additional 10% tax on undistributed earnings	-	1,430
Under provision of prior year's income tax	2,574	5,363
Tax expense	$ 175,209	$ 213,640

B.Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2013		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Employees' welfare	$ 993	$ 24	$ 1,017
Unused expenses of employee compensated absences	10,548	(4,821)	5,727
Others	70	2	72
	$ 11,611	($ 4,795)	$ 6,816
-Deferred tax liabilities:			
Default damages reserve	$ 1,397,392	$ -	$ 1,397,392
Reserve for land value increment tax	44,599	-	44,599
	$ 1,441,991	$ -	$ 1,441,991

	For the year ended December 31, 2012		
	January 1	Recognised in profit or loss	December 31
-Deferred tax assets:			
Employees' welfare	$ 969	$ 24	$ 993
Unused expenses of employee compensated absences	9,889	659	10,548
Others	305	(235)	70
	$ 11,163	$ 448	$ 11,611
-Deferred tax liabilities:			
Default damages reserve	$ 1,383,163	$ 14,229	$ 1,397,392
Reserve for land value increment tax	44,599	-	44,599
	$ 1,427,762	$ 14,229	$ 1,441,991

C.The amounts of deductible temporary differences that are not recognised as deferred tax assets are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Deductible temporary differences	$ 91,058	$ 79,711	$ 72,688

D.Except for 2009, the Company's income tax returns though 2011 have been assessed and approved by the Tax Authority.

E.As of December 31, 2013 and 2012, all the unappropriated earnings were generated in and after 1998.

F.Imputation System

	December 31, 2013	December 31, 2012	January 1, 2012
Imputation tax credit account	$ 24,446	$ 219,408	$ 276,336

The creditable tax rate was 14.83% for 2012 and is estimated to be 12.21% for 2013, according to the current income tax law.

(24) Earnings per share

	For the year ended December 31, 2013		
	Amount after tax	Outstanding shares at the end of the year (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 1,541,424	628,611	$ 2.45

	For the year ended December 31, 2012		
	Amount after tax	Outstanding shares at the end of the year (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 1,566,107	628,611	$ 2.49

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

	For the years ended December 31,	
	2013	2012
A.Trading fees:		
Corporate Directors	$ 395,519	$ 439,541
B.License fees (recorded as operating revenue-others):		
Other related parties	$ 125,321	$ 143,866
Corporate Directors	630	300
	$ 125,951	$ 144,166
C.Securities settlement service fees (part of operating expenses):		
Subsidiary	$ 457,921	$ 485,250
D.Rental and administrative expense (part of operating expenses):		
Other related parties	$ 174,333	$ 162,604

	December 31, 2013	December 31, 2012	January 1, 2012
E.Accounts receivable			
Corporate Directors	$ 41,861	$ 42,815	$ 32,887
Other related parties	8,565	11,416	11,882
Subsidiary	656	-	-
	$ 51,082	$ 54,231	$ 44,769
F.Payable for securities settlement services			
Subsidiary	$ 39,696	$ 40,856	$ 36,518

(2) Key management compensation

	For the years ended December 31,	
	2013	2012
Salaries and other short-term employee benefits	$ 29,681	$ 27,986
Pensions	3,527	3,333
Total	$ 33,208	$ 31,319

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A.As at December 31, 2013, December 31, 2012 and January 1, 2012, the Company leased certain offices. The total future minimum lease payments and administrative expense under these operating lease agreements are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than one year	$ 227,691	$ 214,071	$ 191,438
Later than one year but not later than five years	871,449	794,221	677,026
Over five years	599,488	546,735	637,081
	$ 1,698,628	$ 1,555,027	$ 1,505,545

B.Future payments required for the contracts in relation to the acquisitions of computer equipment and information system is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Property and equipment	$ 950,108	$ 650,735	$ 304,267

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The target of capital management:

A.Ensure to continue operating and to continue to contribute returns for shareholders.

B.Support stability and growth of the Company.

C.Offer capital to improve risk management ability

(2) Financial instruments

A.Fair value information of financial instruments

	December 31, 2013	
	Book value	Fair value
Financial assets:		
Financial assets with book value equal to fair value	$ 38,964,742	$ 38,964,742
Held-to-maturity financial assets	13,079,879	13,140,499
Total	$ 52,044,621	$ 52,105,241
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 25,315,545	$ 25,315,545

	December 31, 2012	
	Book value	Fair value
Financial assets:		
Financial assets with book value equal to fair value	$ 37,593,157	$ 37,593,157
Held-to-maturity financial assets	16,295,761	16,406,513
Total	$ 53,888,918	$ 53,999,670
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 27,157,694	$ 27,157,694

	January 1, 2012	
	Book value	Fair value
Financial assets:		
Financial assets with book value equal to fair value	$ 39,486,557	$ 39,486,557
Held-to-maturity financial assets	17,613,657	17,795,018
Total	$ 57,100,214	$ 57,281,575
Financial liabilities:		
Financial liabilities with book value equal to fair value	$ 30,801,202	$ 30,801,202

Financial assets with book value equal to fair value include cash and cash equivalents, financial assets available-for-sale, accounts receivable - net, other receivables, other financial assets and securities settlement debit; Financial liabilities with book value equal to fair value include securities lending and borrowing collateral payable, accrued expenses and securities settlement credit.

B.Financial risk management policies

Financial risk management targets and policies

(a)The targets of financial risk management are to manage the following financial risks: market risk (including foreign exchange risk and securities price risk), credit price risk and liquidity risk.

(b)The Company has mechanism to control all financial risks the Company is exposed to. Except for market risk that is controlled by external factors, other risks can be controlled internally or eliminated and the target is to be minimising the risks to zero. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

(c)Risk management is carried out by a central financial department (Financial Department) in accordance with the policies approved by the Board of Directors. The Company's Financial Department identifies and evaluates a variety of financial instruments, the procedure of the transaction, and transaction parties. Moreover, the Company regularly proposes recommendation reports and reviews the business performance. The internal auditor is in charge of conducting the audit of the business function.

C.Significant financial risks and degrees of financial risks

(a)Market risk

The market risk is caused by losses resulting from changes in exchange rate and securities prices.

Foreign exchange risk

Foreign exchange risk refers to impact from value changes to assets and liabilities denominated in foreign currencies. The Company provides services for securities borrowing and lending transactions, and according to regulations, specific security borrowers can deposit cash denominated in United States Dollars as collateral. Because the Company saves all collateral denominated in foreign currency, the foreign exchange risk is rather insignificant.

(Foreign currency: functional currency)	December 31, 2013 Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss (NTD)
Financial assets					
Monetary items					
USD:NTD	389,497	29.805	11,608,958	1%	116,090
Financial liabilities					
Monetary items					
USD:NTD	370,496	29.805	11,042,633	1%	110,426

(Foreign currency: functional currency)	December 31, 2012 Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)	Sensitivity analysis Degree of variation	Effect on profit or loss (NTD)
Financial assets					
Monetary items					
USD:NTD	657,294	29.04	19,087,818	1%	190,878
Financial liabilities					
Monetary items					
USD:NTD	608,039	29.04	17,657,453	1%	176,575

(Foreign currency: functional currency)	January 1, 2012 Foreign Currency Amount (In Thousands)	Exchange Rate	Book Value (NTD)
Financial assets			
Monetary items			
USD:NTD	684,743	30.28	20,734,018
Financial liabilities			
Monetary items			
USD:NTD	675,603	30.28	20,457,259

Price risk of fixed income

Price risk of fixed income refers to changes in fair value of financial instruments resulting from changes in market interest rates, and the risk mainly comes from security investment. As of December 31, 2013, December 31, 2012, and January 1, 2012, the financial assets held-to-maturity that belongs to fixed-rate product were \$12,279,879, \$14,848,761 and \$16,046,657, respectively. The change in market interst rates will also fluctuate the fair value of the financial instruments, however, the financial instruments are held until maturity in order to receive effective rate compensation in duration, and there is no disposal or valuation loss arising from the fluctuation.

As of December 31, 2013, December 31, 2012, and January 1, 2012, security investments that belong to floating rate products were \$800,000, \$1,447,000 and \$1,567,000, respectively. Changes in market interest rate may fluctuate future cash flow. If the market interest rates had increased/ decreased by 1% for the years ended December 31, 2013 and 2012, profit/ loss for the year would increase/decrease by \$8,000 and \$14,470, respectively.

<u>Price risk of non-fixed income</u>

The price risk of non-fixed income of equity instruments is from investment in available-for-sale financial assets.

The market risk of holding equity security includes individual risk fluctuated by changes in quoted prices in active markets of individual equity security and general market risk fluctuated by quoted prices in overall active markets. For risk of security management, beneficiary certificates are in accordance with the Company's related regulations on capital usage, and the Company chooses appropriate investment objects, sets maximum amount for prudent investment and related limitation, and prepares summary of investment gain/ loss and capital usage reports regularly. Equity investment has to be approved by the Company's Board of Directors before initialization.

Sensitivity analysis of price risk of equity instruments refers to calculation based on changes in fair value at the end of the reporting period. If the price of equity instruments had increased/ decreased by 1% for the years ended December 31, 2013 and 2012, shareholders' equity for the year would increase/decrease by \$54,152 and \$48,077, respectively.

(b)Credit risk:

Credit risk refers to financial loss resulting from counterparties' breach of contract, and is mainly receivables generated from operating activities and bank deposits, time deposits and fixed income of security investment generated from investing activities. Operating related credit risk and financial credit risk are managed separately. The maximum amounts of credit risk of accounts receivable and other receivable equal to their book value.

<u>Operating related credit risk</u>

The counterparties of the Company's accounts receivable are mostly security dealers, listed companies and other security related organisations with good credit quality, therefore, credit risk of accounts receivable is rather insignificant. Credit risk information is as follows:

i. Accounts receivable that were neither past due nor impaired

All the accounts receivable that were neither past due nor impaired have outstanding payment history, and the counterparties have steady capability to pay for the receivables. Therefore, even if the paying parties face significant uncertain factors or are exposed to adverse conditions, the Company still estimates them to maintain capability to pay. As of December 31, 2013, December 31, 2012 and January 1, 2012, accounts receivable that were neither past due nor impaired were $246,309, $250,008 and $231,414, respectively.

ii. Accounts receivable that were past due but not impaired

The ageing analysis of accounts receivable that were past due but not impaired is listed according to overdue time as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Less than 6 months	$ 4,608	$ 1,659	$ 3,347
Over 6 months	-	-	164
	$ 4,608	$ 1,659	$ 3,511

iii. Accounts receivable that were impaired

As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group's accounts receivable that were impaired amounted to $0, $0 and $604, respectively.

Movements on the Company's provision for impairment of accounts receivable are as follows:

	For the years ended December 31,	
	2013	2012
At January 1	$ -	$ 604
Less: reclassified to 'Other income'	-	(604)
At December 31	$ -	$ -

Financial credit risk

The Company's policy requires that all transactions be conducted with the counterparties that meet the specified credit rating requirement. As the counterparties are all well-known domestic financial institutions with good credit standing, defaults by the counterparties are not expected to occur. As for transaction objects, the default on financial assets investment objects held by the Company might cause the Company's losses. However, the Company controls such risk by setting transaction ceiling and assessing their credit condition strictly. Thus, the Company expects no significant credit risk would arise.

The Company's internal and external credit risk ratings are as follows:

Internal credit risk ratings	Company credit ratings by Taiwan Ratings
Group 1	twAAA～twA-
Group 2	twBBB+～twBBB-
Group 3	twBB+～twC

Credit quality of financial assets are classfied as follows:

	December 31, 2013		
	Group 1	Group 2	Group 3
Financial bonds	$ 9,901,732	$ -	$ -
Corporate bonds	3,123,227	-	-
Government bonds	54,920	-	-
	$ 13,079,879	$ -	$ -

	December 31, 2012		
	Group 1	Group 2	Group 3
Financial bonds	$ 11,367,652	$ -	$ -
Corporate bonds	4,823,733	-	-
Assets securitization-short-term notes and bills	104,376	-	-
	$ 16,295,761	$ -	$ -

	January 1, 2012		
	Group 1	Group 2	Group 3
Financial bonds	$ 11,113,288	$ -	$ -
Corporate bonds	6,193,961	-	-
Beneficiary securities	201,994	-	-
Assets securitization-short-term notes and bills	104,414	-	-
	$ 17,613,657	$ -	$ -

(c)Liquidity risk

Liquidity risk refers to responsibilities that the Company is unable to repay financial debts with cash or other financial assets. The Company applies expected cash flow approach to manage liquidity risk, and ensures the amount to be paid for all maturing debt and all known requirement for capital through expectations of cash needed.

Analysis of non-derivative financial liabilities that are categorised by the maturity date and amount undiscounted at maturity date is as follows:

	December 31, 2013			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$ 13,669,186	$ -	$ -	$ 13,669,186
Accrued expenses	629,269	156,460	-	785,729
Deposits received	-	-	56,571	56,571
Total	$ 14,298,455	$ 156,460	$ 56,571	$ 14,511,486

	December 31, 2012			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$ 20,988,801	$ -	$ -	$ 20,988,801
Accrued expenses	812,409	46,982	-	859,391
Deposits received	-	-	51,762	51,762
Total	$ 21,801,210	$ 46,982	$ 51,762	$ 21,899,954

	January 1, 2012			
	Less than 6 months	Between 6 months and 1 year	Over 1 year	Total
Securities lending and borrowing collateral payable	$ 21,816,597	$ -	$ -	$ 21,816,597
Accrued expenses	811,323	43,757	-	855,080
Deposits received	-	-	43,655	43,655
Total	$ 22,627,920	$ 43,757	$ 43,655	$ 22,715,332

(3) Fair value estimation

A.Financial instruments measured at fair value

In preparation for disclosure, the Company manipulates fair value levels that can reflect the importance of input value to classify financial instruments, and the levels are as follows:

Level 1: Fair value is measured using quoted prices (unadjusted) in active markets, for example, beneficiary certificate of the Company's investment.

Level 2: Fair value is measured using price directly or indirectly to derive observable value.

Level 3: Fair value is measured using non-observable values and observable values shall be adjusted in accordance with non-observable values, for example, the unlisted stocks invested by the Company.

B.Valuation method:

(a)Financial instruments are measured at fair value at initial recognition. If there are quoted prices in active markets, the market values are then equal to fair value; if there is no quoted price, either estimate the values by evaluation method or adopt the quotes from the counterparties.

(b)Beneficiary certificate: net of beneficiary certificate

(c)Unlisted stocks: if there is any representative transaction, the traded prices can be the best estimation for the fair value; if there is no comparable company and market approach is unable to estimate the fair value, depending on the companies' operations, either apply the dividend discount model or based on the report of assets impairment and considerations of liquidity to estimate.

C.Measure of financial assets at fair value:

Analysis of financial instruments measured at fair value after initial recognition is as follows, and observable degrees of the fair value are classified to Level 1 to Level 3:

December 31, 2013	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
Beneficiary certificates	$ 3,108,103	$ -	$ -	$ 3,108,103
Unlisted (OTC) stocks	-	-	2,307,125	2,307,125
Total	$ 3,108,103	$ -	$ 2,307,125	$ 5,415,228

December 31, 2012	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
Beneficiary certificates	$ 2,650,992	$ -	$ -	$ 2,650,992
Unlisted (OTC) stocks	-	-	2,156,751	2,156,751
Total	$ 2,650,992	$ -	$ 2,156,751	$ 4,807,743

January 1, 2012	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
Beneficiary certificates	$ 1,917,096	$ -	$ -	$ 1,917,096
Unlisted (OTC) stocks	-	-	1,726,421	1,726,421
Total	$ 1,917,096	$ -	$ 1,726,421	$ 3,643,517

D.Changes belonging to level 3 financial instruments as of December 31, 2013, December 31, 2012 and January 1, 2012 are as follows:

		Available-for-sale financial assets
January 1, 2013	$	2,156,751
Gains recognised in other comprehensive income		150,374
December 31, 2013	$	2,307,125

		Available-for-sale financial assets
January 1, 2012	$	1,726,421
Gains recognised in other comprehensive income		430,330
December 31, 2012	$	2,156,751

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13. SUPPLEMENTARY DISCLOSURES

(1) Related information of significant transactions

A. In accordance with the "Criteria Governing Preparation of Financial Reports by Company – Type Stock Exchanges", the Company's related information of significant transactions are as follows:

(a) Lending to others: None.

(b) Endorsements and guarantees for others: None.

(c) Marketable Securities at December 31, 2013:

1. Available-for-sale financial assets-current

Name of the securities	Units/Shares (in thousands)	Book value	Market value or net worth per share (in dollars)	Total amount	Amount of securities pledged
Beneficiary Certificates					
SinoPac Balance Fund	1,601	$ 41,311	$ 31.05	$ 49,699	None
SinoPac Balance 2 Fund	1,579	42,465	29.16	46,049	"
JF (Taiwan) Balanced Fund	1,545	33,321	24.52	37,878	"
UPAMC QUALITY GROWTH Fund	7,752	152,796	22.59	175,122	"
Yuanta Taiwan Weighted Stock Index Fund	4,134	59,000	17.00	70,287	"
Yuanta Global Bond ETF Fund of Funds	25,000	233,250	9.22	230,500	"
Fubon Taiwan Strategy I ETF Private Equity Fund	48,454	537,620	12.54	607,607	"
Fubon Strategy II Private Equity Fund	47,021	500,000	11.80	554,851	"
Fubon Stategy III Taiwan EMP Fund	25,000	250,000	12.18	304,500	"
Fuh Hwa Global Thematic Fund	25,000	250,000	12.03	300,750	"
Sinopac Strategies Fund No. I	10,000	100,000	10.02	100,200	"
Cathay Non-Finance Non-Electronics Sub-index Fund	25,000	250,000	10.09	252,250	"
Mega Diamond Money Market Fund	30,927	369,953	12.24	378,410	"
		2,819,716		$ 3,108,103	
Valuation adjustment		288,387			
Total available-for-sale financial assets-current		$ 3,108,103			

2.Held-to-maturity financial assets-current

Name of the Securities	Due Date	Face value	Rate		Book value	Amount of securities pledged
Financial bonds						
HSBC Bank (Taiwan) Limited 1st Financial Debenture - E Issue in 2011(G13305)	2014.03.10	$ 300,000	1.23%		$ 300,000	None
Bank SinoPac 97-3 Subordinate Classes Financial Bond (G11081)	2014.03.09	100,000	1.81%	Note 1	100,000	"
E.Sun Bank 98-2 Subordinate Classes Financial Bond (G102A6)	2014.09.05	300,000	2.15%		300,000	"
Hua Nan Bank 2007 3rd Subordinate Classes Financial Bond (G18996)	2014.09.20	200,000	1.21%	Note 2	200,000	"
Tcb-Bank 2007 2nd Subordinate Class A Financial Bond (G12405)	2014.09.28	200,000	1.21%	Note 3	200,000	"
Taiwan Agribank 98-1 Subordinate Classes Financial Bond (G13102)	2014.11.08	200,000	2.30%		200,000	"
					1,300,000	"
Corporate bonds						"
CPC Corporation , Taiwan 98-1 Unsecured A (B71858)	2014.12.02	300,000	1.20%		299,547	"
Taiwan Power 98-2 secured B (B903TG)	2014.08.31	150,000	1.43%		150,170	"
Taiwan Power 98-3 secured B (B903TK)	2014.10.21	150,000	1.34%		149,999	"
E.SUN Financial Holding Co., Ltd. 96 1st Unsecured Corporate Bond (B98602)	2014.12.13	200,000	1.46%	Note 4	200,000	"
					799,716	"
Total held-to-maturity financial assets-current					$ 2,099,716	

Note 1 ：Based on 90-day commercial paper interest rate plus 0.95%.

Note 2 ：Based on 90-day commercial paper interest rate plus 0.35%.

Note 3 ：Based on 90-day commercial paper interest rate plus 0.34%.

Note 4 ：Based on 90-day commercial paper interest rate plus 0.6%.

3.Held-to-maturity financial assets-non-current

Name of the Securities	Due Date		Face value	Rate		Book value	Amount of securities pledged
Financial bonds							
Tcb-Bank 2009 2nd Subordinate Financial Bond (G12413)	2015.03.28	$	400,000	2.10%	$	400,000	None
Chinatrust 97-3 Subordinate Classes Financial Bond (G11457)	2015.04.25		200,000	3.10%		200,000	"
First Bank stripped Subordinate Classes Financial Bond (G15983)	2015.06.23		300,000	3.10%		300,588	"
E.Sun Bank 97-1 Subordinate Classes Financial Bond (G102A4)	2015.10.24		300,000	3.15%		300,000	"
Mega International 97-9 Subordinate Classes Financial Bond (G11831)	2015.12.23		300,000	3.00%		300,000	"
Shanghai Commercial 97-2 Subordinate Classes Financial Bond (G10142)	2015.12.26		200,000	3.05%		200,000	"
Land Bank 97-2 Subordinate Classes Financial Bond (G12710)	2015.12.29		300,000	2.80%		300,000	"
E.Sun Bank 98-3 Subordinate Classes Financial Bond (G102A8)	2016.04.03		300,000	2.50%		300,000	"
Bank SinoPac 98-1 Subordinate Classes Financial Bond (G11082)	2016.04.29		200,000	2.80%		200,000	"
Standard Chartered Bank Taiwan Limited 1st Financial Debenture-D Issue in 2011(BG10413)	2016.05.19		200,000	1.45%		200,000	"
Shin Kong 95-1 Subordinate Classes Financial Bond-B (G11640)	2016.11.13		200,000	2.72%		201,145	"
Taipei Fubon Subordinated Bank Debentures 98-2 (G107AR)	2016.12.22		300,000	2.20%		300,000	"
E.Sun Bank 99-1 Subordinate Classes Financial Bond	2017.05.28		400,000	2.20%		400,000	"
Yuanta Unsecured Subordinated Bank Debentures 99-1	2017.06.10		300,000	2.30%		300,000	"
First Bank 99-2 Subordinate Classes Financial Bond (G15987)	2017.09.28		200,000	1.50%		200,000	"
Bank SinoPac 99-1 Subordinate Classes Financial Bond (G11085)	2017.12.09		500,000	1.80%		500,000	"
Land Bank 99-2 Subordinate Classes Financial Bond (G12712)	2017.12.15		500,000	1.53%		500,000	"
Mega International 99-1 Subordinate Classes Financial Bond (G11832)	2017.12.24		500,000	1.53%		500,000	"
SinoPac Bank 100-1 Subordinate Financial Debentures-A (G11087)	2018.03.11		200,000	1.92%		200,000	"
E.Sun Bank 100-1 Subordinate Classes Financial Bond	2018.05.24		100,000	1.73%		100,000	"
Yuanta Subordinated Bank Debentures 100-1	2018.06.27		200,000	1.75%		200,000	"
Tcb-Bank 100-2 Subordinate Financial Debentures-B (G12420)	2018.07.28		100,000	1.70%		100,000	"
Taipei Fubon Subordinated Bank Bond 100-2	2018.08.05		200,000	1.70%		200,000	"
SinoPac Bank 100-2 Subordinate Financial Debentures-A	2018.08.18		150,000	1.95%		150,000	"
Yuanta Subordinated Bank Debentures 100-2	2018.08.22		150,000	1.85%		150,000	"
E.Sun Bank 100-2 Subordinate Classes Financial Bond	2018.10.28		100,000	1.80%		100,000	"

Name of the Securities	Due Date	Face value	Rate		Book value	Amount of securities pledged
SinoPac Bank 100-3 Subordinate Financial Debentures-A	2018.11.04	$ 200,000	1.85%		$ 199,999	None
SinoPac Bank 101-1 Subordinate Financial Debentures-A	2019.09.18	200,000	1.53%		200,000	"
Taiwan Agribank 101-1 Subordinate Classes Financial Bond (G13103)	2019.10.17	100,000	1.43%		100,000	"
Land Bank 101-3 Subordinate Classes Financial Bond (G12717)	2019.10.22	200,000	1.43%		200,000	"
Standard Chartered 2009-1 Subordinate Classes Financial Bond (G10409)	2019.10.28	100,000	2.90%	Note	100,000	"
Hua Nan Bank 99-1 Subordinate Classes Financial Bond (G189AB)	2020.11.23	500,000	1.65%		500,000	"
Taiwan Agribank 101-1 Subordinate Classes Financial Bond-B (G13104)	2022.10.17	100,000	1.53%		100,000	"
Tcb-Bank 102-1 Subordinate Financial Debentures-B (G12425)	2020.03.28	200,000	1.48%		200,000	"
Taipei Fubon Subordinated Bank Bond 102-1	2020.08.01	200,000	1.52%		200,000	"
					8,601,732	"
Corporate bonds						
Fubon bank 98-2 Unsecured Corporate Bond A (99-2A)	2015.01.28	100,000	1.70%		100,154	None
China Development Financial Holding Co., Ltd. 98-1 Unsecured A (B95542)	2015.03.01	200,000	1.80%		200,000	"
Shin Kong Bank 97-2 Unsecured Subordinate Classes Corparate Bond A	2015.09.29	300,000	3.65%		305,053	"
Cathay Financial Holdings 97 Unsecured Subordinate Classes Corporate Bond (B98901)	2015.12.24	300,000	3.10%		300,000	"
Mega International 97-2 Unsecured Corporate Bond (B95354)	2015.12.26	600,000	3.26%		610,349	"
Cathay Financial Holdings 98-1 Unsecured Subordinate Classes Corporate Bond (B98902)	2016.10.08	300,000	2.65%		300,000	"
Taiwan Power 99-4 secured B (B903U5)	2017.08.20	300,000	1.64%		302,477	"
CPC Corporation, Taiwan 99-1 Secured B (B71862)	2017.11.01	100,000	1.29%		100,000	"
CPC Corporation, Taiwan 97-1 Unsecured C	2018.12.16	100,000	2.65%		105,478	"
					2,323,511	"
Bonds						
Taiwan Government Bond A97105	2028.08.14	50,000	2.63%		54,920	"
Total held-to-maturity financial assets-noncurrent					$ 10,980,163	

Note: The annual interest rate for first 5 years and from 6th to 10th year is 2.90% and 3.40%, respectively.

4.Available-for-sale financial assets – noncurrent

Name of the Securities	Units/Shares (in thousands)	Book value	Market value: Net value/Market value (in dollars)	Market value: Total	Amount of securities pledged
Stock					
Taiwan International Futures Exchange Corporation	14,208	$ 100,000	$ 53.14	$ 755,010	None
Taipei Financial Center Corporation	83,853	838,528	18.51	1,552,115	"
		938,528		$ 2,307,125	
Less: Accumulated impairment		(116,876)			
		$ 821,652			

5.Investments accounted for using equity method

Name of the Securities	Nature of securities	Relationship with the Company	Units/Shares (in thousands)	Book value	Shares held by the Company	Market value or net value of the stock rights	Amount of securities pledged
Taiwan Depository & Clearing Co.	Stock	The Company's subsidiary	165,061	$ 9,129,385	50.43%	$ 9,129,385	None
Taiwan-Ca. Inc.	"	"	6,781	88,180	30.25%	85,218	"
Taiwan Ratings Co.	"	The investee company accounted for using equity method	1,399	29,977	19.99%	29,977	"
				$ 9,247,542			

6.Operations guarantee deposits

Name of the Securities	Due Date	Face Value	Rate	Book value
Time deposits	2014.04.17	$ 4,900	1.345%	$ 4,900
Time deposits	2014.11.23	1,300	1.345%	1,300
Time deposits	2014.11.23	308,700	1.345%	308,700
Total				$ 314,900

(d)Acquisition or sale of the same security with the accumulated cost exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2013

		Balance as at January 1, 2013		Addition		Disposals				Balance as at December 31, 2013		
Name of the Securities	Counter party	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales price	Book value	Gain (loss) from disposal	Number of shares (in thousands)	Amount	None
Fubon Strategy II Private Equity Fund	-	$ 24,678	$ 250,000	22,343	$ 250,000	-	$ -	$ -	$ -	47,021	$ 554,851	Note
UPAMC QUALITY GROWTH Fund	-	15,504	305,593	-	-	(7,752)	(161,943)	(152,796)	9,147	7,752	175,122	Note
Sinopac Strategies Fund No.1	-	-	-	10,000	100,000	-	-	-	-	10,000	100,200	Note
Cathay Non-Finance Non-Electronics Sub-index Fund	-	-	-	25,000	250,000	-	-	-	-	25,000	252,250	Note
Yuanta Taiwan Weighted Stock Index Fund	-	9,615	133,000	1,807	28,000	(7,288)	121,003	(102,000)	19,003	4,134	70,287	Note
Tcb-Bank 102-1 Subordinate Classes Financial Bond-B	-	-	-	200,000	200,000	-	-	-	-	200,000	200,000	
Taipei Fubon Bank 102-1 Subordinate Financial Debentures-A	-	-	-	200,000	200,000	-	-	-	-	200,000	200,000	

Note: Due to valuation adjustment, ending balance is not equal to beginning balance.

(e)Disposal of real estate properties exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2013: None.

(f)Purchases from or sales to related parties exceeding $100 million or 20% of the Company's paid-in capital during the year ended December 31, 2013: None.

(g)Derivative financial instruments undertaken during the year ended December 31, 2013: None.

(2) Related information of investee companies for the year ended December 31, 2013:

Investor	Investee	Address	Major operating activities	Initial investment amount: At the end of this year	Initial investment amount: At the end of last year	Holding Status: No. of shares (in thousands)	Holding Status: Ownership (%)	Holding Status: Book value	Net income (loss) of the investee	Investment income (loss) recognized by the Company	None
Taiwan Stock Exchange Corporation	Taiwan Depository & Clearing Co.	11F., No.363, Fusing N. Rd., Taipei City	Custodian service for marketable securities	$ 550,000	$ 550,000	165,061	50.43%	$ 9,129,385	$ 1,307,975	$ 659,936	The Company's subsidiary
"	Taiwan-Ca Inc.	10F., No. 85, Yanping S. Rd, Taipei City	Internet certification	102,898	102,898	6,781	30.25%	88,180	38,422	11,623	"
"	Taiwan Ratings Co.	49F., No.7, Sec. 5, Sinyi Rd., Taipei City	Credit rating services	15,045	15,045	1,399	19.99%	29,977	49,137	9,822	The investee company accounted for using equity method

14. SEGMENT INFORMATION

None.

15. INITIAL APPLICATION OF IFRSs

These parent company only financial statements are the first parent company only financial statements prepared by the Company in accordance with the IFRSs. The Company has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Company, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Company's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Company

A. Deemed cost

(a)For property, plant and equipment that were revalued under R.O.C. GAAP before the transition date, the Company has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the 'deemed cost' of these assets under IFRSs.

(b)For investment properties that were accounted for under 'Property, plant and equipment' which were revalued under R.O.C. GAAP before the transition date, the Company has elected to use the revalued amount under R.O.C. GAAP at the date of the revaluation as the 'deemed cost' of these assets under IFRSs.

B. Employee benefits

The Company has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, 'Employee Benefits', based on their prospective amounts for financial periods from the transition date.

C. Designation of previously recognised financial instruments

The Company has elected to designate investments which were originally measured at cost, as available-for-sale financial assets at the transition date.

(2) Except hedge accounting to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Company, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

C. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

(a)Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;

(b)Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent; and

(c)Requirements concerning the parent's loss of control over a subsidiary.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that entity should make reconciliation for equity, comprehensive income and cash flows for the comparative periods. Reconciliation for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for assets, liabilities and equity on January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 27,331,794	($ 4,742,275)	$ 22,589,519	(a)
Available-for-sale financial assets - current	1,917,096	-	1,917,096	
Held-to-maturity financial assets - current	2,050,242	-	2,050,242	
Accounts receivable - net	234,925	-	234,925	
Other receivables	146,796	-	146,796	
Other financial assets - current	-	4,742,275	4,742,275	(a)
Other current assets	5,824	(383)	5,441	(k)
Total current assets	31,686,677	(383)	31,686,294	
Non-current assets				
Available-for-sale financial assets - non-current	-	1,726,421	1,726,421	(c)
Held-to-maturity financial assets - non-current	15,563,415	-	15,563,415	
Financial assets carried at cost-non-current	821,652	(821,652)	-	(c)
Default damages fund	8,171,010	-	8,171,010	
Investments accounted for under equity method	7,215,265	1,037,704	8,252,969	(e)
Property, plant and equipment	1,378,489	(162,887)	1,215,602	(h)
Investment property	-	85,203	85,203	(d)
Intangible assets	75,958	-	75,958	
Rental assets	85,203	(85,203)	-	(d)
Deferred income tax assets	891	10,272	11,163	(f)(k)
Other non-current assets	326,406	162,887	489,293	(h)
Total non-current assets	33,638,289	1,952,745	35,591,034	
Securities Settlement Debit	-	8,129,525	8,129,525	(b)
Total assets	65,324,966	10,081,887	75,406,853	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Securities lending and borrowing collateral payable	$ 21,816,597	$ -	$ 21,816,597	
Accrued expenses	865,238	(10,158)	855,080	(f)(g)
Current income tax liabilities	133,058	-	133,058	
Other current liabilities	519,100	-	519,100	
Total current liabilities	23,333,993	(10,158)	23,323,835	
Non-current liabilities				
Default damages reserve	8,192,994	(8,192,994)	-	(i)
Reserve for land value increment tax	44,599	(44,599)	-	(j)
Deferred income tax liabilities	-	1,427,762	1,427,762	(i)(j)
Accrued pension liabilities	-	207,805	207,805	(g)
Deposits received	43,655	-	43,655	
Total non-current liabilities	8,281,248	(6,602,026)	1,679,222	
Securities Settlement Credit	-	8,129,525	8,129,525	(b)
Total liabilities	31,615,241	1,517,341	33,132,582	
Stockholders' Equity				
Capital stock				
Common stock	5,983,213	-	5,983,213	
Capital reserve	37,682	(37,104)	578	(e)(j)
Retained earnings				
Legal reserve	4,197,006	-	4,197,006	
Special reserve	21,220,762	7,645,617	28,866,379	(e)(i)
Unappropriated earnings	2,472,842	(298,704)	2,174,138	(e)(f)(g)(j)
Other equity	(201,780)	1,254,737	1,052,957	(c)(e)
Total equity	33,709,725	8,564,546	42,274,271	
Total liabilities and stockholders' equity	$ 65,324,966	$ 10,081,887	$ 75,406,853	

B. Reconciliation for assets, liabilities and equity on December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 27,066,666	($ 4,950,813)	$ 22,115,853	(a)
Available-for-sale financial assets - current	2,650,992	-	2,650,992	
Held-to-maturity financial assets - current	3,360,208	-	3,360,208	
Accounts receivable - net	251,667	-	251,667	
Other receivables	157,579	-	157,579	
Other financial assets - current	-	4,950,813	4,950,813	(a)
Other current assets	5,869	(392)	5,477	(k)
Total current assets	33,492,981	(392)	33,492,589	
Non-current assets				
Available-for-sale financial assets - non-current	-	2,156,751	2,156,751	(c)
Held-to-maturity financial assets - non-current	12,935,553	-	12,935,553	
Financial assets carried at cost-non-current	821,652	(821,652)	-	(c)
Default damages fund	8,287,705	-	8,287,705	
Investments accounted for using equity method	7,597,453	1,068,100	8,665,553	(e)
Property, plant and equipment	1,698,285	(380,406)	1,317,879	(h)
Investment property	-	84,749	84,749	(d)
Intangible assets	112,488	-	112,488	
Rental assets	84,749	(84,749)	-	(d)
Deferred income tax assets	671	10,940	11,611	(f)(k)
Other non-current assets	342,255	380,406	722,661	(h)
Total non-current assets	31,880,811	2,414,139	34,294,950	
Securities Settlement Debit	-	5,309,502	5,309,502	(b)
Total assets	$ 65,373,792	$ 7,723,249	$ 73,097,041	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Securities lending and borrowing collateral payable	$ 20,988,801	$ -	$ 20,988,801	
Accrued expenses	858,749	642	859,391	(f)(g)
Current income tax liabilities	-	-	-	
Other current liabilities	579,861	-	579,861	
Total current liabilities	22,427,411	642	22,428,053	
Non-current liabilities				
Default damages reserve	8,279,248	(8,279,248)	-	(i)
Reserve for land value increment tax	44,599	(44,599)	-	(j)
Deferred income tax liabilities	-	1,441,991	1,441,991	(i)(j)
Accrued pension liabilities	-	319,684	319,684	(g)
Deposits received	51,762	-	51,762	
Total non-current liabilities	8,375,609	(6,562,172)	1,813,437	
Securities Settlement Credit	-	5,309,502	5,309,502	(b)
Total liabilities	30,803,020	(1,252,028)	29,550,992	
Stockholders' Equity				
Capital stock				
Common stock	6,132,793	-	6,132,793	
Capital reserve	37,682	(37,104)	578	(e)(j)
Retained earnings				
Legal reserve	4,443,834	-	4,443,834	
Special reserve	22,380,853	7,747,514	30,128,367	(e)(i)
Unappropriated earnings	1,546,125	(463,736)	1,082,389	(e)(f)(g)(i)(j)
Other equity	29,485	1,728,603	1,758,088	(c)(e)
Total equity	34,570,772	8,975,277	43,546,049	
Total liabilities and stockholders' equity	$ 65,373,792	$ 7,723,249	$ 73,097,041	

C.Reconciliation for comprehensive income for the year ended December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating Revenue	$ 3,846,781	$ -	$ 3,846,781	
Operating Expenses				
Personnel	(1,315,543)	(39,205)	(1,354,748)	(f)(g)
General and administrative	(2,030,560)	83,674	(1,946,886)	(f)(i)
Operating income	500,678	44,469	545,147	
Non-operating income and expenses				
Interest income	674,667	-	674,667	
Other income	58,432	-	58,432	
Financial costs	(12,793)	-	(12,793)	
Loss on disposal of investments	(24,916)	-	(24,916)	
Other expenses	(98,727)	-	(98,727)	
Share of profit/(loss) of associates accounted for under equity method	629,994	7,943	637,937	(e)
Income before income tax	1,727,335	52,412	1,779,747	
Income tax expense	(200,071)	(13,569)	(213,640)	(f)(i)
Net income	1,527,264	38,843	1,566,107	
Other comprehensive income				
Unrealised gain (loss) on valuation of available-for-sale financial assets	-	661,595	661,595	(c)
Share of other comprehensive income of associates and joint ventures accounted for under equity method	-	22,452	22,452	(e)
Actuarial gain (loss) on defined benefit plan	-	(80,894)	(80,894)	(g)
Other comprehensive income for the year, net of tax	-	603,153	603,153	
Total comprehensive income for the year	$ 1,527,264	$ 641,996	$ 2,169,260	

Descriptions of the reconciliation of significant differences are outlined below:

Items	Explanation	Account	Increase (Decrease) January 1, 2012	Increase (Decrease) December 31, 2012
(a)	Time deposits held more than three months but less than one year In accordance with R.O.C GAAP, the 'cash' account of the Company includes time deposits held more than three months but less than one year. In accordance with IAS 7, 'Statement of Cash Flows', the purpose of holding cash equivalents is to meet short-term cash commitments rather than for investment or other purposes. Therefore, an investment is included as a cash equivalent only when it has a short maturity (ex. a maturity of three months or less from the date of acquisition).	Other financial assets - current Cash and cash equivalents	$ 4,742,275 (4,742,275)	$ 4,950,813 (4,950,813)
(b)	Securities Settlement Credit In accordance with the "Regulations Governing the Preparation of Financial Reports by Company-Type Stock Exchanges" before amendment on March 12, 2007, settlement amounts receivable from and payable to securities firms should be presented in net amount through offsetting such amounts receivable and payable. However, in accordance with IAS 32, 'Financial Instruments: Presentation', settlement prices do not meet the criteria of offsetting financial assets and financial liabilities, and should be presented in the financial statements in gross amounts.	Securities Settlement Debit Securities Settlement Credit	8,129,525 8,129,525	5,309,502 5,309,502

Items	Explanation	Account	Increase (Decrease) January 1, 2012	Increase (Decrease) December 31, 2012
(c)	Financial assets: equity instruments			
	In accordance with the "Regulations Governing the Preparation of Financial Reports by Company-Type Stock Exchanges" before amendment on March 12, 2007, unlisted stocks and emerging stocks held by the Company were measured at cost and recognised as 'Financial assets measured at cost'. However, in accordance with IAS 39, 'Financial Instruments: Recognition and Measurement', investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability in the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value.	Available-for-sale financial assets - current	$ 1,726,421	$ 2,156,751
		Financial assets carried at cost	(821,652)	(821,652)
		Unrealised gain (loss) on valuation of available-for-sale financial assets	904,769	1,335,099
(d)	Investment property			
	In accordance with R.O.C. GAAP, the Company's property that is leased to others is presented in 'Other assets' account. In accordance with IAS 40, 'Investment Property', property that meets the definition of investment property is classified and accounted for as 'Investment property'.	Investment property	85,203	84,749
		Rental assets	(85,203)	(84,749)

Items	Explanation	Account	Increase (Decrease) January 1, 2012	Increase (Decrease) December 31, 2012
(e)	Long-term equity investments accounted for under the equity method			
	The evaluation of major differences arises between R.O.C. GAAP and IFRSs that will be applied in the preparation of financial statements in the future.	Unappropriated earnings	($ 147,969)	($ 177,840)
		Long-term equity investments accounted for under equity method	1,037,704	1,068,100
		Share of (loss)/profit of associates accounted for under equity method	-	(7,943)
		Special reserve	835,786	865,658
		Share of other comprehensive income of associates accounted for under equity method	349,968	414,588
		Capital reserve- net equity in subsidiaries under the equity method	(81)	(81)
(f)	Employee benefits			
	R.O.C. GAAP does not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognises such costs as expenses upon actual payment. However, IAS 19, 'Employee Benefits', requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period.	Unappropriated earnings	(48,282)	(48,282)
		Accrued expenses	58,171	62,048
		Personnel	-	1,297
		General and administrative	-	2,580
		Income tax expense	-	(659)
		Deferred income tax assets - non-current	9,889	10,548

Items	Explanation	Account	Increase (Decrease) January 1, 2012	Increase (Decrease) December 31, 2012
(g)	Pensions			
	According to the bulletin of Ministry of Economic Affairs, as the Company is non-public company, ROC SFAS No.18, 'Accounting for Pensions', is not applicable to the Company before January 1, 2013, and is not required to calculate pension costs in accordance with ROC SFAS No. 18. However, IFRSs do not indicate that non-public companies can be exempted from the application of IAS 19, 'Employee benefits'. Therefore, if unrecognised transitional net benefit obligation exceeds the liabilities that should be recognized under the previous accounting policies on the same day, the increased liabilities should be recognzied as a component of defined benefit obligations under IAS 19.	Unappropriated earnings	($ 139,476)	($ 139,476)
		Accrued expenses	(68,329)	(61,406)
		Accrued pension liabilities	207,805	319,684
		Personnel	-	37,908
		Actuarial gain (loss) on defined benefit plan	-	80,894
(h)	Prepayment for equipment			
	Prepayment for acquisition of property, plant and equipment is presented in 'Property, plant and equipment' in accordance with the "Regulations Governing the Preparation of Financial Reports by Company-Type Stock Exchanges". However, such prepayment should be presented in 'Other non-current assets' based on its nature under IFRSs.	Other non-current assets	162,887	380,406
		Property and equipment	(162,887)	380,406

Items	Explanation	Account	Increase (Decrease) January 1, 2012	Increase (Decrease) December 31, 2012
(i)	Accounting for default damages reserve			
	The Company made contributions to default damages fund and recognized corresponding default damages reserve in 'liabilities' in accordance with the Securities and Exchange Law before amendment and related regulations. However, in accordance with paragraph 10 of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', liabilities mean that an entity bears present obligation as a result of past events, and settlement of such obligation is expected to result in the entity's outflow of resources with economic benefits. In accordance with the regulations of the regulatory authorities, the Company should reclassify 'default damages reserve' to 'retained earnings'.	Default damages reserve	($ 8,192,994)	($ 8,279,248)
		Deferred income tax liabilities-non-current	1,383,163	1,397,392
		Special reserve	6,809,831	6,881,856
		General and administrative	-	(86,254)
		Income tax expense	-	14,228
		Unappropriated earnings	-	(72,026)
(j)	Land revaluation increment/reserve for land revaluation increment tax			
	In accordance with R.O.C. GAAP, unrealized land revaluation increment should be recognized in 'capital surplus' and a reserve for land revaluation increment tax should be separately presented. However, in accordance with IASs, such unrealized land revaluation increment should be reclassified to "retained earnings", and reserve for land revaluation increment tax should be reclassified to 'deferred income tax liabilities'.	Reserve for land value increment tax	(44,599)	(44,599)
		Deferred income tax liabilities-non-current	44,599	44,599
		Capital reserve	(37,023)	(37,023)
		Unappropriated earnings	37,023	37,023

Items	Explanation	Account	Increase (Decrease) January 1, 2012	Increase (Decrease) December 31, 2012
(k)	Presentation of deferred income tax			
	Under R.O.C GAAP, current portion of deferred income tax assets and liabilities of the same taxable entity shall be shown at net amount; this also applies to non-current portion. Under IFRSs, enterprises shall offset the deferred income tax assets with liabilities only if the enterprises hold legally enforceable right to offset their income tax assets and liabilities in the current period and their income tax assets and liabilities are related to the same tax authorities.	Other current assets	($ 383)	($ 392)
		Deferred income tax assets-non-current	383	392

D.Major adjustments for the consolidated statements of cash flows for the year ended December 31, 2012:

(a)Under R.O.C. GAAP, receipt of dividend is included in cash flows from operating activities. However, under IFRSs, the Company has elected to classify receipt of dividend as cash flows from investing activities.

(b)For the reconciliation between R.O.C. GAAP and IFRSs, "Time deposits held more than three months but less than one year" does not satisfy the definition of cash equivalents under IFRSs, and therefore it is classified as 'other financial assets – current' and its impact to cash flows is listed under investing activities.