

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2013 AND 2012
(With Independent Accountants' Report Thereon)

Independent Accountants' Review Report

To the Board of Directors of Wan Hai Lines Ltd.:

We have reviewed the accompanying consolidated balance sheets of Wan Hai Lines Ltd. and its subsidiaries (the Consolidated Company) as of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the consolidated statements of comprehensive income for the second quarter of 2013 and 2012 and for the six months ended June 30, 2013 and 2012, and the consolidated statements of changes in equity and of cash flows for the six months ended June 30, 2013 and 2012. The Company's management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We reviewed these consolidated financial statements in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements". A review is limited primarily to inquiries of company personnel and applying analytical procedures to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the guidelines of IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" which are approved by the FSC.

August 13, 2013

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards approved by the ROC Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The accountants' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language accountants' report and financial statements, the Chinese version shall prevail.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD.

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2013, DECEMBER 31, 2012, JUNE 30, 2012, AND JANUARY 1, 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

ASSETS	2013.6.30		2012.12.31		2012.6.30		2012.1.1		LIABILITIES AND STOCKHOLDERS' EQUITY	2013.6.30		2012.12.31		2012.6.30		2012.1.1	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
Current Assets:									Current Liabilities:								
Cash and cash equivalents (note (6)(a))	\$ 20,549,878	26	25,643,131	33	25,391,804	33	23,887,501	33	Financial liabilities at fair value through profit or loss – current (notes (6)(b) and (p))	-	-	143,585	-	477,744	1	877,042	1
Financial assets at fair value through profit or loss – current (notes (6)(b) and (p))	-	-	-	-	99,241	-	101,021	-	Accounts payable	6,256,278	8	6,242,701	8	5,178,025	7	5,757,790	8
Available-for-sale financial assets – current (notes (6)(b) and (p))	2,742,768	3	2,740,381	4	2,742,366	4	2,651,019	4	Accounts payable – related parties (note (7))	295,594	-	225,670	-	242,343	-	283,207	-
Notes receivable (notes (6)(c) and (p))	24,821	-	22,785	-	30,755	-	30,628	-	Other payable	2,583,698	3	698,572	1	613,776	1	791,460	1
Accounts receivable, net (notes (6)(c) and (p))	2,885,916	4	2,304,386	3	2,690,751	4	2,560,214	4	Current portion of long-term loans (note (6)(i))	4,367,542	6	3,786,341	5	3,378,047	4	3,472,078	5
Accounts receivable – related parties (notes (6)(c) and (p) and (7))	60,471	-	153,508	-	59,461	-	115,270	-	Payables to agents	3,688	-	31,021	-	19,668	-	41,884	-
Other receivables (notes (6)(b) and (p))	1,030,574	1	961,788	1	744,507	1	1,030,361	1	Other current liabilities	1,364,825	2	979,649	1	1,250,341	2	1,192,969	2
Inventories, net (note (6)(d))	1,213,557	2	1,248,581	2	1,312,983	2	1,429,465	2		<u>14,871,625</u>	<u>19</u>	<u>12,107,539</u>	<u>15</u>	<u>11,159,944</u>	<u>15</u>	<u>12,416,430</u>	<u>17</u>
Receivables from agents (notes (6)(p) and (7))	757,684	1	744,081	1	915,720	1	882,718	1	Non-current Liabilities:								
Other current assets (note (8))	630,265	1	479,842	1	498,668	1	629,883	1	Financial liabilities at fair value through profit or loss – non-current (notes (6)(h) and (p))	6,904,858	9	6,608,467	9	6,697,522	9	6,676,815	9
	<u>29,895,934</u>	<u>38</u>	<u>34,298,483</u>	<u>45</u>	<u>34,486,256</u>	<u>46</u>	<u>33,318,080</u>	<u>46</u>	Bonds payable (note (6)(i))	10,400,000	13	10,400,000	13	10,400,000	14	10,400,000	14
Non-Current Assets:									Long-term loans (note (6)(i))	14,660,892	19	16,449,317	21	15,792,873	21	12,190,202	17
Available-for-sale financial assets – non-current (notes (6)(b) and (p))	239,795	-	258,219	-	218,660	-	224,892	-	Deferred income tax liabilities	675,093	1	888,300	1	877,446	1	996,513	1
Financial assets measured at cost – non-current (note (6)(b))	800,967	1	648,438	1	648,438	1	648,438	1	Accrued pension liabilities	1,213,837	2	1,217,539	2	1,366,652	2	1,395,905	2
Bond portfolios with inactive market – non-current (note (6)(b))	1,204,800	2	1,165,440	1	1,196,000	1	1,211,600	2	Guarantee deposits received	71,331	-	53,030	-	45,986	-	51,187	-
Long-term equity investments under equity method (note (6)(e))	157,355	-	180,625	-	173,669	-	203,573	-		<u>33,926,011</u>	<u>44</u>	<u>35,616,653</u>	<u>46</u>	<u>35,180,479</u>	<u>47</u>	<u>31,710,622</u>	<u>43</u>
Property, plant, and equipment (notes (6)(f) and (8))	45,569,532	58	38,154,635	49	33,878,879	45	31,980,370	44	TOTAL LIABILITIES	<u>48,797,636</u>	<u>63</u>	<u>47,724,192</u>	<u>61</u>	<u>46,340,423</u>	<u>62</u>	<u>44,127,052</u>	<u>60</u>
Intangible assets (note (6)(g))	62,889	-	76,312	-	56,276	-	72,862	-	Owners' Equity Attributable to Equity Holders of the Parent Company (notes (6)(l) and (m)):								
Other non-current asset (notes (8) and (9))	445,368	1	3,183,343	4	5,076,766	7	5,082,918	7	Common stock	22,182,975	28	22,182,975	29	22,182,975	29	22,182,975	31
	<u>48,480,706</u>	<u>62</u>	<u>43,667,012</u>	<u>55</u>	<u>41,248,688</u>	<u>54</u>	<u>39,424,653</u>	<u>54</u>	Capital Surplus	1,261,681	2	2,446,570	3	2,446,570	3	2,446,570	4
TOTAL ASSETS	<u>\$ 78,376,640</u>	<u>100</u>	<u>77,965,495</u>	<u>100</u>	<u>75,734,944</u>	<u>100</u>	<u>72,742,733</u>	<u>100</u>	Retained Earnings:								
									Legal reserve	5,256,726	7	5,073,891	7	5,073,891	7	5,071,860	7
									Special reserve	1,911,538	2	855,768	1	855,768	1	837,493	1
									Retained earnings (accumulated deficit)	(108,447)	-	1,168,124	1	186,022	-	(743,782)	(1)
										<u>7,059,817</u>	<u>9</u>	<u>7,097,783</u>	<u>9</u>	<u>6,115,681</u>	<u>8</u>	<u>5,165,571</u>	<u>7</u>
									Other Equity:								
									Foreign currency translation differences arising from foreign operations, net of tax	(597,701)	(1)	(1,108,007)	(1)	(890,329)	(1)	(750,066)	(1)
									Unrealized loss on available-for-sale financial instruments	(491,233)	(1)	(539,526)	(1)	(611,058)	(1)	(592,164)	(1)
										<u>(1,088,934)</u>	<u>(2)</u>	<u>(1,647,533)</u>	<u>(2)</u>	<u>(1,501,387)</u>	<u>(2)</u>	<u>(1,342,230)</u>	<u>(2)</u>
									Non-controlling interest	163,465	-	161,508	-	150,682	-	162,795	-
									TOTAL STOCKHOLDERS' EQUITY	<u>29,579,004</u>	<u>37</u>	<u>30,241,303</u>	<u>39</u>	<u>29,394,521</u>	<u>38</u>	<u>28,615,681</u>	<u>40</u>
									TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 78,376,640</u>	<u>100</u>	<u>77,965,495</u>	<u>100</u>	<u>75,734,944</u>	<u>100</u>	<u>72,742,733</u>	<u>100</u>

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

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SECOND QUARTER OF 2013 AND 2012 AND FOR THE SIX MONTHS ENDED JUNE 30,
2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	Second quarter of 2013		Second quarter of 2012		For the six months ended June 30, 2013		For the six months ended June 30, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (note (7))	\$ 14,776,963	100	16,050,780	100	28,646,115	100	30,727,191	100
Operating costs (notes (6)(d), (f), (g), and (k) and (7))	<u>13,489,049</u>	<u>91</u>	<u>13,734,943</u>	<u>86</u>	<u>26,610,596</u>	<u>93</u>	<u>27,908,132</u>	<u>91</u>
Gross profit	1,287,914	9	2,315,837	14	2,035,519	7	2,819,059	9
Operating expenses (notes (6)(f), (g), and (k) and (7))	<u>780,934</u>	<u>5</u>	<u>866,160</u>	<u>5</u>	<u>1,618,005</u>	<u>6</u>	<u>1,700,079</u>	<u>6</u>
Income from operations	<u>506,980</u>	<u>4</u>	<u>1,449,677</u>	<u>9</u>	<u>417,514</u>	<u>1</u>	<u>1,118,980</u>	<u>3</u>
Non-operating income and expenses:								
Other revenue note ((6)(o))	39,861	-	51,895	-	76,823	-	105,521	-
Other gains and losses (note (6)(o))	178,081	1	194,180	1	597,085	2	190,770	1
Finance costs (note (6)(o))	(202,386)	(1)	(194,484)	(1)	(402,793)	(1)	(379,203)	(1)
Share of profit (loss) associated and joint ventures accounted for using equity method	<u>3,327</u>	<u>-</u>	<u>4,284</u>	<u>-</u>	<u>2,503</u>	<u>-</u>	<u>(511)</u>	<u>-</u>
Total non-operating income and expenses	<u>18,883</u>	<u>-</u>	<u>55,875</u>	<u>-</u>	<u>273,618</u>	<u>1</u>	<u>(83,423)</u>	<u>-</u>
Profit before tax from continuing operations	525,863	4	1,505,552	9	691,132	2	1,035,557	3
Less: Income tax expense (note (6)(l))	<u>87,273</u>	<u>1</u>	<u>162,854</u>	<u>1</u>	<u>139,220</u>	<u>-</u>	<u>97,089</u>	<u>-</u>
Net profit	<u>438,590</u>	<u>3</u>	<u>1,342,698</u>	<u>8</u>	<u>551,912</u>	<u>2</u>	<u>938,468</u>	<u>3</u>
Other comprehensive income:								
Foreign currency translation differences	123,133	1	118,439	1	509,328	2	(140,606)	-
Gain (loss) on valuation of available-for-sale financial assets	<u>17,915</u>	<u>-</u>	<u>(99,293)</u>	<u>(1)</u>	<u>48,293</u>	<u>-</u>	<u>(18,894)</u>	<u>-</u>
Other comprehensive income (net of tax)	<u>141,048</u>	<u>1</u>	<u>19,146</u>	<u>-</u>	<u>557,621</u>	<u>2</u>	<u>(159,500)</u>	<u>-</u>
Total comprehensive income	<u>\$ 579,638</u>	<u>4</u>	<u>1,361,844</u>	<u>8</u>	<u>1,109,533</u>	<u>4</u>	<u>778,968</u>	<u>3</u>
Profit attributable to:								
Owners of parent	\$ 426,898	3	1,343,169	8	551,784	2	950,110	3
Non-controlling interest	<u>11,692</u>	<u>-</u>	<u>(471)</u>	<u>-</u>	<u>128</u>	<u>-</u>	<u>(11,642)</u>	<u>-</u>
	<u>\$ 438,590</u>	<u>3</u>	<u>1,342,698</u>	<u>8</u>	<u>551,912</u>	<u>2</u>	<u>938,468</u>	<u>3</u>
Comprehensive income attributable to:								
Owners of parent	\$ 568,838	4	1,362,152	8	1,110,383	4	790,953	3
Non-controlling interest	<u>10,800</u>	<u>-</u>	<u>(308)</u>	<u>-</u>	<u>(850)</u>	<u>-</u>	<u>(11,985)</u>	<u>-</u>
	<u>\$ 579,638</u>	<u>4</u>	<u>1,361,844</u>	<u>8</u>	<u>1,109,533</u>	<u>4</u>	<u>778,968</u>	<u>3</u>
Earnings per share (note (6)(n))								
Basic earnings per share (New Taiwan Dollars)	<u>\$ 0.19</u>		<u>0.61</u>		<u>0.25</u>		<u>0.43</u>	
Diluted earnings per share (New Taiwan Dollars)	<u>\$ 0.19</u>		<u>0.61</u>		<u>0.25</u>		<u>0.43</u>	

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

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	Owners' Equity Attributable to Equity Holders of the Parent Company									
	Stock	Retained Earnings				Other Equity			Non-controlling Interest	Total
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings - Unappropriated	Foreign Currency Translation Differences Arising from Foreign Operations, Net of Tax	Unrealized Gains (losses) on Available-for-sale Financial Assets		
Balance as of January 1, 2012	\$ 22,182,975	2,446,570	5,071,860	837,493	(743,782)	(750,066)	(592,164)	28,452,886	162,795	28,615,681
Net Profit	-	-	-	-	950,110	-	-	950,110	(11,642)	938,468
Other comprehensive income	-	-	-	-	-	(140,263)	(18,894)	(159,157)	(343)	(159,500)
Total comprehensive income	-	-	-	-	950,110	(140,263)	(18,894)	790,953	(11,985)	778,968
Appropriation of retained earnings:										
Legal reserve	-	-	2,031	-	(2,031)	-	-	-	-	-
Special reverse	-	-	-	18,275	(18,275)	-	-	-	-	-
Change in non-controlling interest	-	-	-	-	-	-	-	-	(128)	(128)
Balance as of June 30, 2012	\$ 22,182,975	2,446,570	5,073,891	855,768	186,022	(890,329)	(611,058)	29,243,839	150,682	29,394,521
Balance as of January 1, 2013	\$ 22,182,975	2,446,570	5,073,891	855,768	1,168,124	(1,108,007)	(539,526)	30,079,795	161,508	30,241,303
Net Profit	-	-	-	-	551,784	-	-	551,784	128	551,912
Other comprehensive income	-	-	-	-	-	510,306	48,293	558,599	(978)	557,621
Total comprehensive income	-	-	-	-	551,784	510,306	48,293	1,110,383	(850)	1,109,533
Appropriation of retained earnings:										
Legal reserve	-	-	182,835	-	(182,835)	-	-	-	-	-
Special reserve	-	-	-	1,055,770	(1,055,770)	-	-	-	-	-
Cash dividends	-	-	-	-	(589,750)	-	-	(589,750)	-	(589,750)
Cash dividends from capital surplus	-	(1,184,889)	-	-	-	-	-	(1,184,889)	-	(1,184,889)
Change in non-controlling interest	-	-	-	-	-	-	-	-	2,807	2,807
Balance as of June 30, 2013	\$ 22,182,975	1,261,681	5,256,726	1,911,538	(108,447)	(597,701)	(491,233)	29,415,539	163,465	29,579,004

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

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the six months ended June 30,	
	2013	2012
Cash flows from operating activities:		
Profit before tax	\$ 691,132	1,035,557
Adjustments:		
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,179,122	2,437,177
Amortization	23,033	16,521
Interest expense	402,793	379,203
Interest revenue	(76,823)	(105,521)
Investment loss (income) under the equity method	(2,503)	511
Gain on disposal of property, plant and equipment, net	(112,385)	(242,688)
Prepayment for equipment classified into expense	485	-
Gain (Loss) on disposal of available-for-sale assets-current	(21,922)	(29,664)
Unrealized foreign exchange (gain) loss	136,940	3,906
Total adjustments to reconcile net income to net cash provided by operating activities	<u>2,528,740</u>	<u>2,459,445</u>
Changes in operating assets and liabilities:		
Changes in operating assets, net:		
(Increase) Decrease in current financial assets at fair value through profit or loss	-	1,780
(Increase) Decrease in notes receivable	(2,036)	(127)
(Increase) Decrease in accounts receivable	(488,493)	(74,728)
(Increase) Decrease in other receivables	(48,476)	233,222
(Increase) Decrease in inventories	35,024	116,482
(Increase) Decrease in receivables from agents	(13,603)	(33,002)
(Increase) Decrease in other current assets	<u>(161,142)</u>	<u>147,212</u>
Total changes in operating assets, net	<u>(678,726)</u>	<u>390,839</u>
Changes in operating liabilities, net:		
Increase (Decrease) in current financial assets at fair value through profit or loss	(143,585)	(399,298)
Increase (Decrease) in accounts payable (including related parties)	83,501	(620,629)
Increase (Decrease) in other payables	129,221	(154,837)
Increase (Decrease) in payables to agents	(27,333)	(22,216)
Increase (Decrease) in other financial liabilities	296,391	20,707
Increase (Decrease) in non-current financial assets at fair value through profit or loss	405,241	55,086
Increase (Decrease) in accrued pension liabilities	<u>(3,702)</u>	<u>(29,253)</u>
Total changes in operating liabilities, net	<u>739,734</u>	<u>(1,150,440)</u>
Total changes in operating assets and liabilities, net	<u>61,008</u>	<u>(759,601)</u>
Total Adjustments	<u>2,589,748</u>	<u>1,699,844</u>
Cash inflow generated from operations	3,280,880	2,735,401
Income tax paid (returned)	<u>(65,522)</u>	<u>(96,557)</u>
Net cash provided by operating activities	<u>3,215,358</u>	<u>2,638,844</u>

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

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the six months ended June 30,	
	2013	2012
Cash flows from investing activities:		
Purchase of available-for-sale financial assets	(13,852)	(219,022)
Proceeds from sale of available-for-sale financial assets	100,401	144,677
Purchase of financial assets at cost	(152,529)	-
Purchase of property, plant and equipment	(5,998,576)	(4,732,076)
Sale of property, plant and equipment	132,784	306,384
(Increase) Decrease in refundable deposits	6,421	20,790
Purchase of intangible assets	(8,178)	-
Increase in other non-current assets	(41,051)	(89,772)
Interest received	75,057	106,928
Dividends received	26,777	29,189
Net cash used in investing activities	(5,872,746)	(4,432,902)
Cash flows from financing activities:		
Increase in long-term loans	-	5,295,070
Repayment of long-term loans	(1,794,765)	(1,719,516)
Increase (Decrease) in guarantee deposits	18,301	(5,201)
Interest paid	(452,620)	(402,050)
Change in non-controlling interest	2,807	(128)
Net cash provided by (used in) financing activities	(2,226,277)	3,168,175
Foreign exchange rate effects	(209,588)	130,186
Net increase (decrease) in cash and cash equivalents	(5,093,253)	1,504,303
Cash and cash equivalents, beginning of period	25,643,131	23,887,501
Cash and cash equivalents, end of period	\$ 20,549,878	25,391,804

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

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(1) Organization and Business

Wan Hai Lines Ltd. (the Company) was incorporated on February 24, 1965, under the approval of the Ministry of Economic Affairs, ROC. The address of the Company's registered office is 10F, No. 136 Songjiang Rd., Taipei City. The Company and its subsidiaries (the Consolidated Company) are primarily involved in the business of international sea transportation, shipping agencies, container storage service, and the sale and rental of vessels and containers.

(2) Approval Date and Procedures of the Consolidated Financial Statements

The interim consolidated financial statements were reported to the board of directors on August 13, 2013.

(3) New Standards and Interpretations Not Yet Adopted

Except as described in the following paragraph, the Consolidated Company has assessed the impact of the new standards and interpretations not yet adopted in compliance with the same guidelines applied in the consolidated financial statements for the first quarter of 2013.

The summary of the new standards and amendments issued recently by the IASB that may have an impact on the consolidated financial statements, but not yet endorsed by the ROC Financial Supervisory Commission ("FSC"), and the effective date in Taiwan has not been announced as of the reporting date is as follows:

<u>Issue date</u>	<u>New standards and amendments</u>	<u>Description</u>	<u>Effective date per IASB</u>
May 20, 2013	IFRIC 21 "Levies"	The interpretation provides guidance illustrating how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements.	January 1, 2014
May 29, 2013	Amendment of IAS 36 "Impairment of Assets"	According to amendments to IAS 36 effective on January 1, 2013, it is required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives is significant. In the new amendment, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In addition, if the recoverable amount is based on fair value less costs of disposal, it is also required to disclose the fair value hierarchy and the key, level 2 and 3 valuation assumptions.	January 1, 2014; earlier application is permitted.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

<u>Issue date</u>	<u>New standards and amendments</u>	<u>Description</u>	<u>Effective date per IASB</u>
June 27, 2013	Amendment of IAS 39 "Financial Instruments: Recognition and Measurement"	Under the amendments, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to benefit from the amended guidance, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations (hedge accounting shall be discontinued under the current version).	January 1, 2014; earlier application is permitted.

The Consolidated Company continuously evaluates the impact of implementation of the abovementioned new standards and interpretations on the consolidated financial statements since they were disclosed in the interim financial report of the first quarter of 2013.

(4) Significant Accounting Policies

The significant accounting policies presented in the interim consolidated financial statements are summarized as follows.

The significant accounting policies approved by the FSC (ROC) have been applied consistently to all periods presented in these interim consolidated financial statements.

(a) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the guidelines of IAS 34 "Interim Financial Reporting" which are approved by the FSC and do not include all of the information required for full annual financial statements.

These are the Consolidated Company's first IFRS interim consolidated financial statements for the period covered by the first IFRS (approved by the FSC) annual financial statements, and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. An explanation of how the transition to IFRSs has affected the reported financial position, financial performance, and cash flows of the Consolidated Company is provided in note 15.

(b) Basis of preparation

1. Basis of measurement

The consolidated interim financial statements have been prepared on a historical cost basis except for the following material items in the balance sheet:

- 1) Financial instruments at fair value through profit or loss (including derivative financial instruments);

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

- 2) Available-for-sale financial assets at fair value; and
- 3) The defined benefit asset, which is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.

2. Functional and presentation currency

The functional currency of each Consolidated Company entity is determined based on the primary economic environment in which the entity operates, and the functional currency of Wan Hai Lines (Singapore) Pte Ltd., the Company's major subsidiary, is US dollars. The consolidated interim financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. Assets and liabilities of foreign operations are translated into the functional currency at the exchange rates on the reporting date. Income statement accounts are translated at the weighted-average rate of the current period. Exchange gains or losses resulting from the translation process should be recorded as "other comprehensive income". All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Profits and losses attributed to non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding %				Note
			2013.6.30	2012.12.31	2012.6.30	2012.1.1	
The Company	Wan Hai Lines (Singapore) Pte Ltd (WHL-Singapore)	International freight transportation, acting as agent for transport affairs, vessel leasing, and container chartering	100.00 %	100.00 %	100.00 %	100.00 %	
The Company	Wan Hai Lines (America) Ltd. (WHL-America)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of subsidiary	Principal activity	Shareholding %				Note
			2013.6.30	2012.12.31	2012.6.30	2012.1.1	
The Company	T.K. Logistics International Co., Ltd. (TK)	Managing container terminals and storage facilities	55.00 %	55.00 %	55.00 %	55.00 %	
The Company	k.k. WH Corporation (WH Corporation)	Operating and managing container yard and vessel leasing	100.00 %	100.00 %	100.00 %	100.00 %	
The Company	Wan Hai Lines (Germany) GmbH (WHL-Germany)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
The Company	Bao Sheng Shipping Agency Co., Ltd. (BS)	Acting as agent for transportation affair and contracting ocean shipping and related services.	70.01 %	70.01 %	70.01 %	70.01 %	
WHL-Singapore	Wan Hai Line (M) Sdn. Bhd. (WHL-Malaysia)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Singapore	Wan Hai Lines (HK) Limited (WHL-Hongkong)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Singapore	Wan Hai Lines (Phils.), Inc. (WHL-Phils.)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Singapore	Wan Hai Lines (Korea) Ltd. (WHL-Korea)	Acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Singapore	Wan Hai International Pte Ltd. (WHL-INTL.)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Singapore	Yi Chun Shipping Agencies Sdn. Bhd. (Yi Chun)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Singapore	Wan Hai (Vietnam) Ltd. (WHL Vietnam)	International freight transportation and acting as agent for transport affairs	100.00 %	- %	- %	- %	

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of subsidiary	Principal activity	Shareholding %				Note
			2013.6.30	2012.12.31	2012.6.30	2012.1.1	
WHL-Singapore	Wan Hai Lines (Thailand) Limited (WHL-Thailand)	International freight transportation and acting as agent for transport affairs	49.00 %	49.00 %	49.00 %	49.00 %	The Company did not directly or indirectly hold over one half of the voting rights of WHL-Thailand; however, the subsidiary WHL Singapore occupies three of five seats on the board of WHL-Thailand. As a result, WHL Singapore has direct control of WHL-Thailand.
WHL-INTL.	Wan Hai Lines (India) PVT Ltd. (WHL-India)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Hongkong	Guangzhou Wan Hai I.T. and Network Ltd. (GWHIN)	Information software service	100.00 %	100.00 %	100.00 %	100.00 %	
WHL-Hongkong	Dawin Logistics (International) Ltd. (DL)	Freight transportation, acting as agent for transport affairs, and investment	100.00 %	100.00 %	100.00 %	100.00 %	
Dawin	Shenzhen Uniwin International Logistics (SUIL)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
Dawin	Shenzhen Asia World Logistics Ltd. (SAWL)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	
Dawin	Blue Ocean Logistics (Shanghai) Ltd. (BOL)	International freight transportation and acting as agent for transport affairs	100.00 %	100.00 %	100.00 %	100.00 %	

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of subsidiary	Principal activity	Shareholding %				Note
			2013.6.30	2012.12.31	2012.6.30	2012.1.1	
Shenzhen Uniwin	Shanghai Clipper International Shipping Agency Ltd (CISA)	International freight transportation and acting as agent for transport affairs	49.00 %	49.00 %	49.00 %	49.00 %	The Company did not directly or indirectly hold over one half of the voting rights of CISA; however, the subsidiary, Shenzhen Uniwin, occupies four of five seats on the board of CISA. As a result, the Company has direct control of CISA.
Shenzhen Uniwin	Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	90.00 %	90.00 %	90.00 %	90.00 %	

3. List of subsidiaries which are not included in the consolidated interim financial statements:
None.

(d) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Consolidated Company entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income:

1. Available-for-sale equity investment;
2. A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
3. Qualifying cash flow hedges to the extent the hedge is effective.

(e) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

1. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
2. It holds the asset primarily for the purpose of trading;
3. It expects to realize the asset within twelve months after the reporting date; or
4. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

An entity shall classify a liability as current when:

1. It expects to settle the liability in its normal operating cycle;
2. It holds the liability primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting date; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Consolidated Company in the management of its short-term commitments.

(g) Financial instruments

Financial assets and financial liabilities are initially recognized when the Consolidated Company becomes a party to the contractual provisions of the instruments.

1. Financial assets

The Consolidated Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, available-for-sale financial assets, financial assets measured at cost, and bond portfolios with inactive market. The Consolidated Company purchases or sales financial assets are recognized using trade-date accounting.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

1) Financial assets at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss.

2) Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus as any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss under "other income".

Dividend income is recognized in profit or loss on the date that the Consolidated Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in "other income" of profit or loss.

3) Financial assets measured at cost

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost. A financial asset is impaired if, and only if, there is objective evidence of impairment. Such impairment loss is not reversible in subsequent periods.

4) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables and other receivables and bond investment with inactive market. Such assets are recognized initially at fair value, plus any directly attributable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables.

Interest income is recognized into profit or loss under "non-operating income and expenses".

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

5) Impairment of financial assets

A financial asset not classified as at fair value through profit and loss is assessed at each reporting date. A financial asset is impaired if, and only if, there is objective evidence of impairment 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 assets that can be estimated reliably.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Consolidated Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. If, in a subsequent period, the amount of impairment loss on a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before the impairment loss was recognized at the reversal date.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is reduced from the carrying amount except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of a receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses recognized on an available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss. Impairment losses and recoveries are recognized in profit or loss under "other gains and losses, net".

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Provision for doubtful accounts is recorded as general and administrative expenses. The impairment loss on financial assets other than accounts receivable is recorded as “other gains and losses” under non-operating income and expenses.

6) Derecognition of financial assets

The Consolidated Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Consolidated Company transfers substantially all the risks and rewards of ownership of the financial assets.

2. Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Consolidated Company are classified as financial liabilities or equity in accordance to the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

2) Financial liabilities at fair value through profit or loss

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss under “non-operating income and expenses”.

3) Derecognition of financial liabilities

The Consolidated Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount of a derecognized financial liability and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss under “non-operating income and expenses”.

4) Offsetting of financial assets and liabilities

The Consolidated Company presents financial assets and liabilities on a net basis when the Consolidated Company has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

3. Derivative financial instruments, including hedge accounting

The Consolidated Company holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss under “non-operating income and expenses”. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

(h) Inventories

Fuels purchased by the Consolidated Company are recorded under inventory account. Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all costs of purchase and other costs incurred in bringing the inventories to a salable and useable location and condition. Inventory cost is calculated by using the first-in first-out principle.

(i) Investment in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Consolidated Company holds between 20% and 50% of the voting right of its investment. Investments in affiliates are accounted for by using the equity method and are recognized initially at cost, which includes attributable cost of acquisition. The carrying amount of investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(j) Property, plant, and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from disposal an item of property, plant or equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss under “non-operating income and expenses.”

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

2. Depreciation

Except for land, the depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	The Company	Subsidiaries
Building	43 ~ 57 years	30 ~ 51 years
Vessels	15 ~ 25 years	2 ~ 25 years
Containers	3 ~ 10 years	2 ~ 16 years
Privileged wharf equipment	3 ~ 10 years	3 ~ 15 years
Furniture and fixtures	2 ~ 16 years	3 ~ 30 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change(s) is accounted for as a change in an accounting estimate.

(k) Intangible assets

Trademarks and software are the major items of intangible assets that the Consolidated Company holds. All intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

The amortizable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Software	3 ~ 5 years
Trademarks	10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any changes shall be accounted for as changes in accounting estimates.

(l) Impairment – non-financial assets

Except for inventories and deferred tax assets, the Consolidated Company assesses the non-financial assets for impairment and estimates the recoverable amounts for any impaired assets at the end of each reporting period. If it is not possible to determine the recoverable amount for the individual asset, then the Consolidated Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for an individual asset or a cash-generating unit is the higher of its fair value less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Consolidated Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

Revenue from services rendered is recognized in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. Rental revenue from vessels and containers is recognized on an accrual basis.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(n) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Consolidated Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Consolidated Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Consolidated Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Consolidated Company. An economic benefit is available to the Consolidated Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at January 1, 2012, the date of transition to FSC-approved IFRSs, were recognized in retained earnings. The Consolidated Company recognizes all actuarial gains and losses arising subsequently from defined benefit plans in "other comprehensive income".

The Consolidated Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost that had not previously been recognized.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

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

3. Termination benefits

Termination benefits are recognized as an expense when the Consolidated Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Consolidated Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

4. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(o) Income taxes

Income tax expense for the year is best estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(p) Earnings per share

The Consolidated Company discloses the Company's basic and diluted earnings per share attributable to common stock shareholders of the Company. The basic earnings per share are calculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

The diluted earnings per share are calculated as the profit attributable to common stock shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as estimated employee stock bonus.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(q) Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company) and has separate financial reporting. Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated quarterly financial statements in conformity with IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and approved by the FSC) requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

In the preparation of the quarterly consolidated financial statements, the major sources of accounting assumptions, judgments and estimation uncertainty are consistent with the 2013 first quarter financial statements prepared under IFRSs (approved by the FSC).

(6) Summary of Major Accounts

Except as described in the following paragraph, there were no significant changes in significant accounting policies as compared to the 2013 first quarter consolidated financial statements. For other information about the accounting policies, please refer to the consolidated financial statements for the first quarter of 2013.

(a) Cash and cash equivalents

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Cash on hand	\$ 53,612	46,966	44,442	67,331
Savings accounts	2,213,998	1,955,576	3,581,895	3,084,601
Time deposits	18,274,472	23,633,049	21,757,730	20,727,733
Cash equivalents – money market deposit accounts – foreign	7,796	7,540	7,737	7,836
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 20,549,878</u>	<u>25,643,131</u>	<u>25,391,804</u>	<u>23,887,501</u>

The time deposits with maturities of less than one year are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, and are classified as cash and cash equivalents.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(b) Financial assets

1. Details of financial assets:

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Financial assets at fair value through profit or loss			99,241	101,021
Available-for-sale financial assets	2,982,563	2,998,600	2,961,026	2,875,911
Financial assets measured at cost	800,967	648,438	648,438	648,438
Bond portfolios with inactive market	<u>1,204,800</u>	<u>1,165,440</u>	<u>1,196,000</u>	<u>1,211,600</u>
Total	<u>\$ 4,988,330</u>	<u>4,812,478</u>	<u>4,904,705</u>	<u>4,836,970</u>
Current	\$ 2,742,768	2,740,381	2,841,607	2,752,040
Non-current	<u>2,245,562</u>	<u>2,072,097</u>	<u>2,063,098</u>	<u>2,084,930</u>
Total	<u>\$ 4,988,330</u>	<u>4,812,478</u>	<u>4,904,705</u>	<u>4,836,970</u>

As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the Consolidated Company's financial assets were not pledged as collateral.

2. Derivatives not used for hedging

The Consolidated Company uses derivative financial instruments to hedge certain foreign exchange and interest risk the Consolidated Company is exposed to, arising from its operating, financing and investing activities. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the derivate financial instruments held by the Consolidated Company, which are not qualified for hedge accounting and are measured at value, are as follows:

	2013.6.30			2012.12.31			2012.6.30			2012.1.1		
	Amount	Currency	Year of Maturity	Amount	Currency	Year of Maturity	Amount	Currency	Year of Maturity	Amount	Currency	Year of Maturity
Exchange rate options –												
Sell a call	-	-	-	35,922	USD/JPY	2013	251,452	USD/JPY	2013	466,982	USD/JPY	2013
Buy a put	-	-	-	19,326	USD/JPY	2013	135,282	USD/JPY	2013	251,238	USD/JPY	2013
Exchange rate swaps	-	-	-	-	-	-	3,292,560	-	2012	3,292,560	-	2012
Interest rate swaps	-	-	-	4,865,712	-	2013	6,787,300	-	2012-2013	7,481,630	-	2012-2013

(c) Notes receivable, accounts receivable, and other receivable

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Notes receivable	\$ 24,821	22,785	30,755	30,628
Accounts receivable	2,946,760	2,458,267	2,750,585	2,675,891
Other receivables	1,030,574	961,788	744,507	1,030,361
Less: Allowance for impairment loss	<u>(373)</u>	<u>(373)</u>	<u>(373)</u>	<u>(407)</u>
	<u>\$ 4,001,782</u>	<u>3,442,467</u>	<u>3,525,474</u>	<u>3,736,473</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

The movement in the allowance for impairment loss recognized for individually assessed impairment with respect to accounts receivable and other receivables for the six months ended June 30, 2013 and 2012 was as follows:

	For the six months ended June 30, 2013	For the six months ended June 30, 2012
Opening balance	\$ 373	407
Amount of write-off	-	(34)
Ending balance	<u>\$ 373</u>	<u>373</u>

(d) Inventories

	2013.6.30	2012.12.31	2012.6.30	2012.1.1
Marine diesel oil	\$ 145,846	139,702	148,705	133,636
Marine residual fuel oil	859,812	912,267	986,459	1,286,512
Fresh lubricating oil	<u>240,754</u>	<u>200,140</u>	<u>229,076</u>	<u>9,317</u>
Sub total	1,246,412	1,252,109	1,364,240	1,429,465
Less: Allowance for inventory valuation and obsolescence losses	(32,855)	(3,528)	(51,257)	-
Total	<u>\$ 1,213,557</u>	<u>1,248,581</u>	<u>1,312,983</u>	<u>1,429,465</u>

For the second quarter of 2013 and 2012 and for the six months ended June 30, 2013 and 2012, the write-down of inventories to net realizable value amounted to \$15,355, \$51,257, \$29,327 and \$51,257, respectively. The write-downs and reversals are included in cost of sales.

As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the Consolidated Company's inventories were not pledged as collateral.

(e) Investments accounted for using equity method

A summary of equity-accounted investees is as follows:

	2013.6.30	2012.12.31	2012.6.30	2012.1.1
Joint venture	<u>\$ 157,355</u>	<u>180,625</u>	<u>173,669</u>	<u>203,573</u>

As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the Consolidated Company's investments accounted for using the equity method were not pledged as collateral.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(f) Property, plant and equipment

The movements of the property, plant and equipment of the Consolidated Company were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Vessels</u>	<u>Containers</u>	<u>Other equipment</u>	<u>Privileged wharf equipment</u>	<u>Total</u>
Cost:							
Balance at January 1, 2013	\$ 658,243	1,087,104	56,075,301	15,979,901	1,945,568	955,690	76,701,807
Additions	-	-	4,260,809	1,734,072	16,613	-	6,011,494
Reclassification	-	-	2,471,748	-	9,918	7,315	2,488,981
Disposals	-	-	(107,182)	(129,198)	(8,321)	(452)	(245,153)
Effect of movements in exchange rates	1,275	18,256	1,858,582	-	9,270	-	1,887,383
Balance at June 30, 2013	<u>\$ 659,518</u>	<u>1,105,360</u>	<u>64,559,258</u>	<u>17,584,775</u>	<u>1,973,048</u>	<u>962,553</u>	<u>86,844,512</u>
Balance at January 1, 2012	\$ 659,739	1,122,653	45,918,593	16,424,692	1,957,329	956,990	67,039,996
Additions	-	-	2,864,635	-	16,667	-	2,881,302
Reclassification	-	-	1,720,819	395	13,356	-	1,734,570
Disposals	-	-	-	(370,876)	(25,176)	(1,300)	(397,352)
Effect of movements in exchange rates	(506)	(20,647)	(501,146)	-	(3,950)	-	(526,249)
Balance at June 30, 2012	<u>\$ 659,233</u>	<u>1,102,006</u>	<u>50,002,901</u>	<u>16,054,211</u>	<u>1,958,226</u>	<u>955,690</u>	<u>70,732,267</u>
Depreciation and impairment loss:							
Balance at January 1, 2013	\$ -	236,810	24,909,484	11,876,123	960,012	564,743	38,547,172
Depreciation for the year	-	15,431	1,421,218	626,470	87,762	28,241	2,179,122
Reclassification	-	-	-	-	(2,622)	3,654	1,032
Disposals	-	-	(74,532)	(127,754)	(8,089)	(452)	(210,827)
Effect of movements in exchange rates	-	4,421	747,059	-	7,001	-	758,481
Balance at June 30, 2013	<u>\$ -</u>	<u>256,662</u>	<u>27,003,229</u>	<u>12,374,839</u>	<u>1,044,064</u>	<u>596,186</u>	<u>41,274,980</u>
Balance at January 1, 2012	\$ -	211,163	22,973,520	10,562,223	855,913	456,807	35,059,626
Depreciation for the year	-	15,808	1,266,735	1,006,400	88,046	60,188	2,437,177
Reclassification	-	-	-	287	(712)	-	(425)
Disposals	-	-	-	(369,809)	(22,516)	(1,300)	(393,625)
Effect of movements in exchange rates	-	(2,445)	(244,418)	-	(2,502)	-	(249,365)
Balance at June 30, 2012	<u>\$ -</u>	<u>224,526</u>	<u>23,995,837</u>	<u>11,199,101</u>	<u>918,229</u>	<u>515,695</u>	<u>36,853,388</u>
Carrying amounts:							
Balance at January 1, 2013	<u>\$ 658,243</u>	<u>850,294</u>	<u>31,165,817</u>	<u>4,103,778</u>	<u>985,556</u>	<u>390,947</u>	<u>38,154,635</u>
Balance at June 30, 2013	<u>\$ 659,518</u>	<u>848,698</u>	<u>37,556,029</u>	<u>5,209,936</u>	<u>928,984</u>	<u>366,367</u>	<u>45,569,532</u>
Balance at January 1, 2012	<u>\$ 659,739</u>	<u>911,490</u>	<u>22,945,073</u>	<u>5,862,469</u>	<u>1,101,416</u>	<u>500,183</u>	<u>31,980,370</u>
Balance at June 30, 2012	<u>\$ 659,233</u>	<u>877,480</u>	<u>26,007,064</u>	<u>4,855,110</u>	<u>1,039,997</u>	<u>439,995</u>	<u>33,878,879</u>

Please refer to note 8 for details of the property, plant and equipment pledged as collateral.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(g) Intangible assets

The movements of intangible assets of the Consolidated Company were as follows:

	<u>Computer software</u>	<u>Trademarks</u>	<u>Total</u>
Costs:			
Balance at January 1, 2013	\$ 135,268	1,913	137,181
Additions	8,178	-	8,178
Reclassification	4,914	-	4,914
Disposals	(2,857)	-	(2,857)
Effect of movement in exchange rates	(98)	-	(98)
Balance at June 30, 2013	<u>\$ 145,405</u>	<u>1,913</u>	<u>147,318</u>
Balance at January 1, 2012	\$ 116,642	525	117,167
Effect of movement in exchange rates	(52)	-	(52)
Balance at June 30, 2012	<u>\$ 116,590</u>	<u>525</u>	<u>117,115</u>
Amortization and impairment loss:			
Balance at January 1, 2013	\$ 60,703	166	60,869
Amortization for the year	22,937	96	23,033
Reclassification	3,436	-	3,436
Disposals	(2,857)	-	(2,857)
Effect of movement in exchange rates	(52)	-	(52)
Balance at June 30, 2013	<u>\$ 84,167</u>	<u>262</u>	<u>84,429</u>
Balance at January 1, 2012	\$ 44,227	78	44,305
Amortization for the year	16,495	26	16,521
Effect of movement in exchange rates	13	-	13
Balance at June 30, 2012	<u>\$ 60,735</u>	<u>104</u>	<u>60,839</u>
Carrying value:			
Balance at January 1, 2013	<u>\$ 74,565</u>	<u>1,747</u>	<u>76,312</u>
Balance at June 30, 2013	<u>\$ 61,238</u>	<u>1,651</u>	<u>62,889</u>
Balance at January 1, 2012	<u>\$ 72,415</u>	<u>447</u>	<u>72,862</u>
Balance at June 30, 2012	<u>\$ 55,855</u>	<u>421</u>	<u>56,276</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(h) Financial liabilities at fair value through profit or loss- non-current

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Financial liabilities at fair value through profit or loss- non-current	\$ <u>6,904,858</u>	<u>6,608,467</u>	<u>6,697,522</u>	<u>6,676,815</u>

On June 29, 2005, WHL Singapore issued convertible bonds of USD325 million on the Singapore Stock Exchange, which were used as long-term working capital and for purchasing vessels.

The offering conditions were as follows:

1. Issue amount

USD325 million

2. Offering method

Straight bonds were issued outside the territory of the Republic of China (“ROC”) pursuant to the relevant laws and regulations in the offering place, Singapore.

3. Form/denomination/issue price

Straight bonds are in registered form in denominations of USD1,000 or multiples thereof. The bonds were issued at par value.

4. Issue date

June 29, 2005

5. Maturity date

10 years from the issue date

6. Place of listing

Singapore Stock Exchange

7. Coupon rate

The indicative coupon for the bonds is 5.5% (annually).

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(i) Long-term borrowings

Details of borrowings are as follows:

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Secured bank loans	\$ 18,828,250	20,025,804	18,951,396	15,433,086
Unsecured bank loans	200,184	209,854	219,524	229,194
Unsecured bond— first domestic bond issue	7,500,000	7,500,000	7,500,000	7,500,000
Unsecured bond— second domestic bond issue	2,900,000	2,900,000	2,900,000	2,900,000
Less: Current portion of bank loans	(4,367,542)	(3,786,341)	(3,378,047)	(3,472,078)
Total	<u>\$ 25,060,892</u>	<u>26,849,317</u>	<u>26,192,873</u>	<u>22,590,202</u>
Interest rate	<u>0.98%~3.89%</u>	<u>1.04%~3.89%</u>	<u>1.06%~3.89%</u>	<u>0.86%~3.89%</u>

For details of fixed assets provided as collateral, please see note 8.

The restrictions of the Mega International Commercial Bank syndicated loan were as follows:

1. The consolidated cash and cash equivalents cannot be less than \$1,000,000.
2. The consolidated stockholders' equity cannot be less than \$17,000,000.
3. The consolidated times-interest-earned ratio cannot be less than 150%.

The restrictions of the BNP Paribas loan were as follows:

1. Minimum consolidated stockholders' equity of \$17,000,000.
2. Maximum consolidated net-debt-to-stockholders'-equity ratio [(short term loans + current portion of long-term loans + long-term loans + current portion of bonds payable + bonds payable—cash and cash equivalents)/stockholders' equity] of 1.2.
3. Minimum consolidated times-interest-earned ratio of 1.5.
4. Minimum consolidated cash and cash equivalents of \$1,000,000.

The Company issued an unsecured corporate bond in June 2011. It was the Company's first domestic bond issue in 2011 and was effective upon submission to the regulatory authority on June 9, 2011. The issuance terms were as follows:

1. Issue amount

\$7,500,000. There are two series of bonds categorized by the terms, with series A amounting to \$3,000,000 and series B amounting to \$4,500,000.

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

2. Nominal amount

Par value \$1,000 per unit.

3. Issuance period

The issuance dates are June 22~24, 2011; the maturity periods for series A and B are five and seven years, respectively.

4. Issued price: at par value

5. Nominal interest rate

1) Series A: 1.65%

2) Series B: 1.85%

6. Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bondholders apply for repayment after that date.

7. Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8. Bond form: No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

9. Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10. Agency for payment of principal and interest

Hua Nan Commercial Bank Ltd., Cheng Tung Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11. Certification institution: None

12. Announcement

The related information can be acquired from the Market Observation Post System.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

The Company issued an unsecured corporate bond in July 2011. It was the Company's second domestic bond issue in 2011 and was effective upon submission to the regulatory authority on July 19, 2011. The issuance terms were as follows:

1. Issue amount

Up to \$2,900,000.

2. Nominal amount

Par value \$1,000 per unit.

3. Issuance period

The issuance date is July 28, 2011; the maturity period is six years.

4. Issued price: at par value

5. Nominal interest rate: 1.75%.

6. Payment of interest: The interest is paid once a year by simple interest and is rounded to the closest digit. Interest payment is postponed to the following business day if the repayment date is on a non-business day, excluding additional interest. There is no additional interest for the period after the maturity date if the bond holders apply for repayment after that date.

7. Redemption on the maturity date

The ordinary bonds will be redeemed at par on the maturity date.

8. Bond form: No physical bonds were released; the bonds were registered with Taiwan Depository & Clearing Corp. (TDCC).

9. Trustee

The trustee is Hua Nan Commercial Bank Ltd., which represents the bondholders' interest and executes the responsibility of monitoring the duties of the Company under the contractual agreement. Holders of the bonds agree with the rights and responsibilities represented by the trustee, regardless of the date of acquiring the Company's bonds. Bondholders can review the content of the representation agreement during the office hours of the trustee.

10. Agency for payment of principal and interest

Land Bank of Taiwan Co., Ltd., Changan Branch is assigned for handling payments of the principal and interest according to the bondholder list provided by TDCC.

11. Certification institution: None

12. Announcement

The related information can be acquired from the Market Observation Post System.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(j) Operating leases

Lease payables from non-cancellable operating lease agreement were as follows:

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Less than one year	\$ 1,798,185	1,790,522	1,887,432	2,194,365
Between one and five years	<u>3,236,683</u>	<u>4,665,473</u>	<u>4,565,197</u>	<u>5,996,868</u>
	<u>\$ 5,034,868</u>	<u>6,455,995</u>	<u>6,452,629</u>	<u>8,191,233</u>

The Consolidated Company entered into operating leases agreement for offices and vessels with a period from 1 to 3 years.

(k) Employee benefits

1. Defined benefit plans

Based on the actuarial report, in the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement, and no other material one-time events. As a result, pension cost in the interim financial statements is measured and disclosed according to IAS 34 "Interim Financial Reporting".

The Consolidated Company's pension expenses recognized in profit or loss for the second quarter of 2013 and 2012 and for the six months ended June 30, 2013 and 2012 were \$28,195, \$20,335, \$56,240 and \$40,665, respectively. The pension expenses are included in operating expenses and operating costs.

2. Defined contribution plans

The contributions of the Consolidated Company to the ROC Bureau of Labor Insurance for the employees' pension benefits for the second quarter of 2013 and 2012 and for the six months ended June 30, 2013 and 2012, were \$21,174, \$23,064, \$32,897 and \$30,712, respectively.

(l) Income taxes

The Consolidated Company's income tax expense is estimated by multiplying pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. The Consolidated Company accordingly measures and discloses the income tax information for the interim reporting period in compliance with the guideline set forth above, and therefore the Consolidated Company is unable to disclose an explanation of the relationship between tax income and accounting profit for the interim reporting period.

The details of income tax recognized in the interim reporting period were as follows:

	<u>Second quarter of 2013</u>	<u>Second quarter of 2012</u>	<u>For the six months ended June 30, 2013</u>	<u>For the six months ended June 30, 2012</u>
Income tax expense	<u>\$ 87,273</u>	<u>162,854</u>	<u>139,220</u>	<u>97,089</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

There was no income tax recognized directly in equity for the six months ended June 30, 2013 and 2012.

There was no income tax expense recognized in other comprehensive income for the six months ended June 30, 2013 and 2012.

The Company's tax returns for the years through 2009 were examined by the tax authorities.

The information related to the integrated income tax is summarized below:

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Unappropriated earnings of 1998 and after	\$ <u>(108,447)</u>	<u>1,168,124</u>	<u>186,022</u>	<u>(743,782)</u>
Balance of imputation credit account (ICA)	\$ <u>29,412</u>	<u>29,412</u>	<u>11,151</u>	<u>15,310</u>

Unappropriated retained earnings and the ICA for all above periods are calculated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with IFRSs (approved by the FSC).

	<u>2012 (estimated)</u>	<u>2011 (actual)</u>
Tax deduction ratio for earnings distribution to ROC residents	<u>2.54 %</u>	<u>20.48 %</u>

The estimated tax deduction ratio for distribution of earnings for the year 2012 shown in the table above has been calculated in accordance with the amendment to Article 66-6 of the Income Tax Act approved by the Finance Committee of the Legislative Yuan of the Republic of China on April 1, 2013. The amendment was still awaiting a third reading by the Legislative Yuan on the date of issuance of the review report.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(m) Capital and other equity

As of June 30, 2013, and December 31, June 30, January 1, 2012, the Company's authorized capital consisted of 2,500,000 thousand shares, amounting to \$25,000,000, with par value of \$10 (NT dollars) per share. All of the issued shares were ordinary shares consisted of 2,218,297 thousand shares and the funds had been received.

1. Capital surplus

The balance of capital surplus was as follows:

	<u>2013.6.30</u>	<u>2012.12.31</u>	<u>2012.6.30</u>	<u>2012.1.1</u>
Premium on ordinary shares	\$ 22,839	22,839	22,839	22,839
Paid-in capital in excess of par value through conversion of corporate bond	1,222,787	2,407,676	2,407,676	2,407,676
Change in equity of subsidiaries accounted for under equity method	16,055	16,055	16,055	16,055
	<u>\$ 1,261,681</u>	<u>2,446,570</u>	<u>2,446,570</u>	<u>2,446,570</u>

In accordance with the ROC Company Act amended in 2012, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting deficit. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be classified under share capital shall not exceed 10 percent of the actual share capital amount.

2. Retained earnings

The industry of the Company is highly changeable and is capital intensive. The Company is in the stable growing stage. According to the Company's articles of incorporation, 10% of its annual net income after offsetting prior years' deficits and paying taxes is to be set aside as a legal reserve, and special reserves are to be provided according to the regulations. Distribution of the remaining earnings will be as follows:

- 1) Not be less than 1% as bonus to the employees,
- 2) 1% as remuneration to the directors and supervisors, and
- 3) The balance after deducting (1) and (2) is for dividends.
- 4) Independent directors do not participate in earnings distribution, and their remuneration is determined by the board of directors.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

In consideration of future financing demands and the long-term finance plan, the Company's shareholders' meeting could adjust the retained earnings distribution percentages. The cash dividend is not less than 10% of the dividends to the shareholders.

1) Legal reserve

According to the amendment of the ROC Company Act in January 2012, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of the total capital. When the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash. Only the portion of the legal reserve which exceeds 25% of the paid-in capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 (see note 2) issued by the Financial Supervisory Commission on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

For the second quarter of 2013 and 2012 and for the six months ended June 30, 2013 and 2012, the accrued amount of Company employee benefits and directors' and supervisors' remuneration were \$0.

In 2012, the Company accrued employee benefits of \$6,018 and directors' and supervisors' remuneration of \$6,018. These amounts were estimated from the Company's net profit for 2012, according to the articles of association. These amounts are charged to profit or loss under "operating expense" in 2012. There were no differences between the actual distributions of 2012 earnings in 2013 and those estimated and accrued in the financial statements for both periods. Related information is available on the Market Observation Post System.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

The earnings distribution for 2012 was decided by the general meeting of shareholders held on June 14, 2013, and was as follows:

	2012	
	Dividend per share (\$)	Amount
Cash dividends	\$ 0.2659	589,749
Employees' cash bonus	-	6,018
Directors' and supervisors' remuneration	-	6,018

The general meeting of shareholders decided to distribute additional paid-in capital as cash dividend of \$0.5341 per share, amounting to \$1,184,889, on June 14, 2013.

The net profit after tax in 2011 was \$20,306, and the shareholders' meeting decided to appropriate legal reserve of \$2,031 and special reserve of \$18,275 on June 27, 2012. No bonuses or remuneration was distributed. The related information can be obtained on the website of the Market Observation Post System.

(n) Earnings per share

	Second quarter of 2013	Second quarter of 2012	For the six months ended June 30, 2013	For the six months ended June 30, 2012
Basic earnings per share				
Profit attributable to ordinary shareholders	\$ <u>426,898</u>	<u>1,343,169</u>	<u>551,784</u>	<u>950,110</u>
Weighted-average number of ordinary shares	<u>2,218,297</u>	<u>2,218,297</u>	<u>2,218,297</u>	<u>2,218,297</u>
Diluted earnings per share				
Profit attributable to ordinary shareholders (adjusted for the effects of all dilutive potential ordinary shares)	\$ <u>426,898</u>	<u>1,343,169</u>	<u>551,784</u>	<u>950,110</u>
Weighted-average number of ordinary shares	2,218,297	2,218,297	2,218,297	2,218,297
Effects of all dilutive potential ordinary shares	<u>334</u>	<u>-</u>	<u>370</u>	<u>-</u>
Weighted-average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,218,631</u>	<u>2,218,297</u>	<u>2,218,667</u>	<u>2,218,297</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(o) Non-operating income and expenses

1. Other revenue

The details of other revenue were as follows:

	<u>Second quarter of 2013</u>	<u>Second quarter of 2012</u>	<u>For the six months ended June 30, 2013</u>	<u>For the six months ended June 30, 2012</u>
Interest income	\$ <u>39,861</u>	<u>51,895</u>	<u>76,823</u>	<u>105,521</u>

2. Other gains and losses

The details of other gains and losses were as follows:

	<u>Second quarter of 2013</u>	<u>Second quarter of 2012</u>	<u>For the six months ended June 30, 2013</u>	<u>For the six months ended June 30, 2012</u>
Net foreign currency exchange gain or loss	\$ 145,501	99,645	485,761	65,830
Gain or loss on disposal of investments and financial liability				
Net gain or loss on disposal of available-for-sale financial assets	9,444	17,320	21,922	29,664
Gain (loss) on financial assets (liabilities) at fair value through profit or loss	(72,700)	(56,652)	(65,706)	(150,435)
Gain on disposal of on property, plant and equipment	69,427	139,625	112,385	242,688
Other	<u>26,409</u>	<u>(5,758)</u>	<u>42,723</u>	<u>3,023</u>
	\$ <u>178,081</u>	<u>194,180</u>	<u>597,085</u>	<u>190,770</u>

3. Finance costs

The details of finance costs were as follows:

	<u>Second quarter of 2013</u>	<u>Second quarter of 2012</u>	<u>For the six months ended June 30, 2013</u>	<u>For the six months ended June 30, 2012</u>
Interest expense	\$ 204,898	215,814	413,384	423,485
Less: Capitalized interest	<u>(2,512)</u>	<u>(21,330)</u>	<u>(10,591)</u>	<u>(44,282)</u>
	\$ <u>202,386</u>	<u>194,484</u>	<u>402,793</u>	<u>379,203</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(p) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Consolidated Company's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk for the six months ended June 30, 2013 and 2012. For other information about the fair value of financial instruments, please refer to the consolidated financial statements for the first quarter of 2013.

1. Impairment loss

The Consolidated Company's ageing analysis of note receivable, accounts receivables and other receivables:

	2013.6.30		2012.12.31		2012.6.30		2012.1.1	
	Total amount	Impairment	Total amount	Impairment	Total amount	Impairment	Total amount	Impairment
Not past due	\$ 4,330,042	373	3,490,625	373	3,768,895	373	3,984,368	407
Past due 0 - 30 days	306,441	-	339,524	-	513,699	-	468,283	-
Past due 31 - 120 days	95,584	-	345,015	-	154,892	-	153,707	-
Past due 121 - 365 days	2,713	-	-	-	1,510	-	-	-
Past due more than one year	25,059	-	11,757	-	2,571	-	13,240	-
	<u>\$ 4,759,839</u>	<u>373</u>	<u>4,186,921</u>	<u>373</u>	<u>4,441,567</u>	<u>373</u>	<u>4,619,598</u>	<u>407</u>

2. Foreign currency risk

1) Currency risk exposure

	2013.6.30		
	Foreign currency	Exchange rate	TWD
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	523,053	30.120	15,754,344
JPY	1,838,758	0.3045	559,881
CNY	497,020	4.9072	2,438,983
HKD	95,067	3.8830	369,148
<u>Non-monetary items</u>			
USD	40,259	30.120	1,212,560

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2013.6.30		
	Foreign currency	Exchange rate	TWD
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	157,090	30.120	4,731,557
JPY	2,700,684	0.3045	822,327
INR	841,919	0.5060	425,980
CNY	113,563	4.9072	557,279
HKD	91,325	3.8830	354,619
MYR	23,414	9.5211	222,924
	2012.12.31		
	Foreign currency	Exchange rate	TWD
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	621,183	29.136	18,098,786
JPY	1,776,068	0.3378	599,971
<u>Non-monetary items</u>			
USD	40,000	29.136	1,165,440
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	172,311	29.136	5,020,454
JPY	2,835,270	0.3378	957,779
INR	1,178,857	0.5312	626,202
CNY	93,222	4.6754	435,852
HKD	77,935	3.7585	292,917
MYR	21,939	9.5122	208,688

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2012.6.30		
	Foreign currency	Exchange rate	TWD
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	522,405	29.900	15,619,904
JPY	2,420,592	0.3764	911,189
CNY	388,662	4.7013	1,827,229
HKD	58,234	3.8535	224,406
AED	56,837	8.1403	462,671
<u>Non-monetary items</u>			
USD	43,559	29.900	1,302,407
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD	120,427	29.900	3,600,765
JPY	2,772,086	0.3764	1,043,502
INR	1,235,866	0.5261	650,227
CNY	114,084	4.7013	536,348
HKD	148,532	3.8535	572,373
<u>Non-monetary items</u>			
USD	11,919	29.900	356,379
2012.1.1			
	Foreign currency	Exchange rate	TWD
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD	606,243	30.290	18,363,105
JPY	2,421,419	0.3901	944,556
<u>Non-monetary items</u>			
USD	43,300	30.290	1,311,557

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	2012.1.1		
	Foreign currency	Exchange rate	TWD
<u>Financial Liabilities</u>	\$		
<u>Monetary items</u>			
USD	95,867	30.290	2,903,811
JPY	2,963,211	0.3901	1,155,900
INR	818,660	0.5678	464,803
CNY	102,678	4.7799	490,789
HKD	151,581	3.8984	590,928
MYR	26,922	9.5372	256,761
<u>Non-monetary items</u>			
USD	21,730	30.290	658,192

2) Sensitivity analysis

The Consolidated Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivables, other receivables, available-for-sale financial assets, loans, accounts payable and other payable that are denominated in foreign currency.

A 1% appreciation or depreciation of the NTD against the USD, HKD and JPY as at June 30, 2013 and 2012, would have increased or decreased net income by \$134,000 and \$135,591, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for both periods.

3. Fair value of financial instrument

The Consolidated Company considers the carrying amount of financial assets and financial liabilities measured at amortized cost in the consolidated financial statement approximate their fair value.

1) Fair value hierarchy

The below paragraph provides the different levels of fair value hierarchy in determining the fair value of financial instruments carried at fair value.

- A. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- C. Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2013				
Available-for-sale financial assets				
Domestic and foreign listed shares	\$ 2,982,563	-	-	2,982,563
Financial liabilities at fair value through profit or loss- non-current	6,904,858	-	-	6,904,858
	<u>\$ 9,887,421</u>	<u>-</u>	<u>-</u>	<u>9,887,421</u>
December 31, 2012				
Available-for-sale financial assets				
Domestic and foreign listed shares	\$ 2,998,600	-	-	2,998,600
Derivative financial liabilities	-	143,585	-	143,585
Financial liabilities at fair value through profit or loss- non-current	6,608,467	-	-	6,608,467
	<u>\$ 9,607,067</u>	<u>143,585</u>	<u>-</u>	<u>9,750,652</u>
June 30, 2012				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for sale	\$ -	99,241	-	99,241
Available-for-sale financial assets				
Domestic and foreign listed shares	2,961,026	-	-	2,961,026
Derivative financial liabilities	-	477,744	-	477,744
Financial liabilities at fair value through profit or loss- non-current	6,697,522	-	-	6,697,522
	<u>\$ 9,658,548</u>	<u>576,985</u>	<u>-</u>	<u>10,235,533</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
January 1, 2012				
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for sale	\$ -	101,021	-	101,021
Available-for-sale financial assets				
Domestic and foreign listed shares	2,875,911	-	-	2,875,911
Derivative financial liabilities	-	877,042	-	877,042
Financial liabilities at fair value through profit or loss- non-current	6,676,815	-	-	6,676,815
	<u>\$ 9,552,726</u>	<u>978,063</u>	<u>-</u>	<u>10,530,789</u>

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

(q) Financial risk management

There were no significant changes in the Consolidated Company's objectives and policies applied in the financial risk management as compared to the consolidated financial statements for the first quarter of 2013.

(r) Capital management

The Consolidated Company meets its objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

(7) Related-Party Transactions

(a) Transactions with key management personnel

Key management personnel compensation comprised:

	<u>Second quarter of 2013</u>	<u>Second quarter of 2012</u>	<u>For the six months ended June 30, 2013</u>	<u>For the six months ended June 30, 2012</u>
Short-term employee benefits	\$ 7,744	11,105	15,131	16,488
Post-employment benefits	108	27	176	88
	<u>\$ 7,852</u>	<u>11,132</u>	<u>15,307</u>	<u>16,576</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(b) Other related-party transactions

1. Services rendered to related parties

	Amount				Accounts receivable—related parties and receivables from agents			
	Second quarter of 2013	Second quarter of 2012	For the six months ended June 30, 2013	For the six months ended June 30, 2012	2013.6.30	2012.12.31	2012.6.30	2012.1.1
Associate	\$ -	-	-	-	21,165	3,296	41,770	19,368
Other related party	186,554	177,155	408,975	318,721	488,197	584,641	582,675	667,438
	<u>\$ 186,554</u>	<u>177,155</u>	<u>408,975</u>	<u>318,721</u>	<u>509,362</u>	<u>587,937</u>	<u>624,445</u>	<u>686,806</u>

2. Services rendered by related parties

	Amount				Accounts payable—related parties			
	Second quarter of 2013	Second quarter of 2012	For the six months ended June 30, 2013	For the six months ended June 30, 2012	2013.6.30	2012.12.31	2012.6.30	2012.1.1
Associate	\$ 10,673	11,056	19,159	21,963	-	-	-	-
Other related party	771,039	636,704	1,554,984	1,252,507	295,594	225,670	242,343	283,207
	<u>\$ 781,712</u>	<u>647,760</u>	<u>1,574,143</u>	<u>1,274,470</u>	<u>295,594</u>	<u>225,670</u>	<u>242,343</u>	<u>283,207</u>

The above transactions were mainly generated by rendering ocean transportation services. The payment terms included prepaid and collected, and there were no differences between related and nonrelated parties.

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Assets	Objective	2013.6.30	2012.12.31	2012.6.30	2012.1.1
Time deposits (recorded in other current assets)	Registration of container storage and truck lease contract	\$ 5,847	5,550	5,451	306
Time deposits (recorded in other non-current assets)	Refundable deposits of harbor bureau lease contract for wharf, and lawsuit	70,794	74,817	191,991	114,702
Terminal equipment	Long-term loans	160,071	165,520	177,871	-
Containers	Long-term loans	2,611,635	3,082,053	3,626,738	3,739,256
Vessels	Long-term loans	20,918,056	21,117,167	16,649,414	13,922,877
Buildings	Long-term loans	17,670	17,732	18,204	908,624
		<u>\$ 23,784,073</u>	<u>24,462,839</u>	<u>20,669,669</u>	<u>18,685,765</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(9) Significant Contingencies and Commitments

(a) Agency contracts

The shipping routes of the Consolidated Company cover Northeast Asia, Southeast Asia, the Middle East, India, China, Africa, the Americas and Europe, where the Consolidated Company has general agents. The general agents in different harbors are responsible for paying the fees of the Consolidated Company, such as inbound and outbound expenses. The Consolidated Company pays commissions to the general agents. The Consolidated Company also operates inbound and outbound transportation in Taiwan for other shipping companies, and the Consolidated Company receives commissions thereon.

(b) Contract for port rental

To increase the quality of service and to decrease the cost of operations, the Consolidated Company entered into a contract to lease a wharf in Japan in March 2003 and renewed it in April 2008. The lease period is from March 2003 to March 2023. As of December 31, 2012, the lease deposit amounted to ¥255,775,000 (\$77,883) and was recorded in refundable deposits.

The Consolidated Company co-operated with the Kaohsiung Harbor Bureau to renovate containers and wharf facilities in December 2007 and rented the No. 63 and 64 wharf repair centers and straddle carrier. From the date of beginning renovation to the date the Harbor Bureau examined the construction, the rental period lasted 13 years and 7 months, and the total contract amount was \$68,609, which was reclassified as leased assets on December 31, 2010, to replace previous prepayment for equipment.

The Consolidated Company rented the W29 to W32 stacking yards in February 2006, and the rental period is for 30 years beginning from the date of completion of inspection.

(c) Chung Kuo Insurance Co., Ltd., Chimei Logistics Corp., Tokyo Marine Newa Insurance Co., Ltd., Mitsui Sumitomo Insurance Co., Ltd., MSIG Mingtai Insurance Co., Ltd., and Union Insurance Co., Ltd. had requested the Company to pay damages of approximately \$52,962. The related trials remained ongoing as of June 30, 2013.

(10) Significant Catastrophic Losses: None.

(11) Significant Subsequent Events: None.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(12) Others

- (a) Employee benefits, depreciation, and amortization expenses, categorized as operating cost or expense, were as follows:

By function By item	Second quarter of 2013			Second quarter of 2012		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	422,878	420,178	843,056	327,634	350,586	678,220
Labor and health insurance	5,992	40,305	46,297	6,064	34,526	40,590
Pension	17,630	31,739	49,369	23,167	20,232	43,399
Others employee benefits	-	515	515	-	1,092	1,092
Depreciation	1,077,843	27,599	1,105,442	1,184,517	27,030	1,211,547
Amortization	5,571	6,006	11,577	3,142	5,115	8,257

By function By item	For the six months ended June 30, 2013			For the six months ended June 30, 2012		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	802,227	877,490	1,679,717	666,641	762,950	1,429,591
Labor and health insurance	11,831	79,482	91,313	11,890	67,443	79,333
Pension	35,331	53,806	89,137	46,164	25,213	71,377
Others employee benefits	-	17,764	17,764	-	24,157	24,157
Depreciation	2,123,852	55,270	2,179,122	2,383,157	54,020	2,437,177
Amortization	11,142	11,891	23,033	6,284	10,237	16,521

- (b) Seasonality of operations:

The business segment of the Consolidated Company is neither seasonal nor cyclical.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(13) Additional Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Consolidated Company for the six months ended June 30, 2013:

1. Fund financing to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
												Name	Value		
0	The Company	WHL Singapore	Other receivables related parties	4,367,400	7,495,250	4,367,400	2.367	1	-	Note 2	-	Promissory note	7,495,250	11,766,215	11,766,215
0	The Company	WHL Hongkong	Other receivables related parties	-	749,525	-	2.367	1	-	Note 2	-	Promissory note	749,525	11,766,215	11,766,215
1	WH International	WH India	Other receivables related parties	143,070	143,070	143,070	5	1	-	Note 2	-	Promissory note	143,070	11,766,215	11,766,215

Note 1: Short-term financing.

Note 2: Repayment of loans.

Note 3: Financing amount shall not exceed 40 percent of the Company's net worth and the following:

1. Maximum amount of financing for single borrower who has business with the Company cannot exceed the total transaction amount of the current year.
2. Maximum amount of financing for short-term borrower cannot exceed the lower of 20 percent of the Company's net worth or 40 percent of borrower's net worth.
3. The restriction in item (1) and (2) above shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, and between the Company and subsidiaries.

Note 4: Eliminated in the consolidated financial statement.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

2. Guarantees and endorsements for other parties:

Number	Name of the company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company	WHL Singapore	1	58,831,078	20,681,957	16,680,236	16,680,236	-	56.71 %	58,831,078	Y		
0	The Company	WHL Hongkong	1	58,831,078	523,260	465,120	465,120	-	1.58 %	58,831,078	Y		
0	The Company	TK	1	58,831,078	278,880	278,880	220,245	-	0.95 %	58,831,078	Y		
1	WHL Singapore	The Company	4	58,831,078	1,750,000	1,500,000	1,500,000	-	5.10 %	58,831,078		Y	

Note 1: A subsidiary in which the Company directly holds more than 50 percent of its voting shares.

Note 2: According to the Company's "Policy and Procedures for Guarantee and Endorsement", the maximum endorsement / guarantee amount cannot exceed 200% of the Company's common stock, while the maximum endorsement / guarantee amount for a single company cannot exceed 40% of the Company's common stock. This limit does not apply to subsidiaries. The total maximum endorsement / guarantee cannot exceed 250% of the Company's common stock, while the maximum endorsement / guarantee amount for a single company cannot exceed 50% of the Company's common stock.

Note 3: The Company provided a guarantee for TK's bank loan of \$462,000 and had received a promissory note for that amount.

Note 4: Eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date:

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	Domestic listed stocks:							
	Da Chan Greathrall Group	-	Available-for-sale financial assets – current	10,953,194	280,950	- %	280,950	
"	Formosa Plastics Corporation	-	"	789,700	57,253	- %	57,253	
"	Nan Ya Plastics Corporation	-	"	704,448	44,521	- %	44,521	
"	Formosa Chemicals & Fiber Corporation	-	"	516,000	37,926	- %	37,926	
"	Teco Electric & Machinery Co., Ltd.	-	"	2,105	63	- %	63	
"	China Steel Corporation	-	"	2,223,998	54,599	- %	54,599	
"	Delta Electronics, Inc.	-	"	314,342	42,908	- %	42,908	
"	Hon Hai Precision Ind.Co., Ltd.	-	"	623,702	46,154	- %	46,154	
"	ASUSTEK Computer Inc.	-	"	25,880	6,677	- %	6,677	
"	Chunghwa Telecom Co., Ltd.	-	"	7,691,984	784,582	- %	784,582	
"	Transcend Information, Inc.	-	"	89,111	8,287	- %	8,287	
"	Amtran Technology Co., Ltd.	-	"	984,058	24,109	- %	24,109	
"	Yang Ming Marine Transport Corp.	-	"	2,049,110	25,511	- %	25,511	
"	China Airlines Ltd.	-	"	20,123,862	227,400	- %	227,400	
"	Chinese Maritime Transport Ltd.	-	"	565,000	18,391	- %	18,391	
"	Hua Nan Financial Holding Co., Ltd.	-	"	321,000	5,393	- %	5,393	

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	Fubon Financial Holding Co., Ltd.	-	Available-for-sale financial assets – current	1,359,726	55,545	- %	55,545	
"	Mega Financial Holding Co., Ltd.	-	"	7,320,780	166,548	- %	166,548	
"	Taishin Financial Holding Co., Ltd.	-	"	13,952,608	184,174	- %	184,174	
"	First Financial Holding Co., Ltd.	-	"	11,580,289	205,550	- %	205,550	
"	Kinsus Interconnect Technology Corp.	-	"	628,627	71,664	- %	71,664	
"	Taiwan Business Bank	-	"	1,040,000	9,298	- %	9,298	
"	Shih Wei Navigation Co., Ltd.	-	"	982,334	20,236	- %	20,236	
"	Taiwan Cooperative Bank	-	"	21,972,852	364,749	- %	364,749	
"	Kenmec Mechanical Engineering Co., Ltd.	-	"	27,702	280	- %	280	
	Domestic listed stocks:							
"	Shin Lin Paper Co., Ltd.	The vice president of SLPC is the chairman of the Company	Available-for-sale financial assets – non-current	5,419,088	239,795	- %	239,795	
	Unlisted stocks:							
"	Taipei Port Container Terminal Corp.	The Company is an institutional director of Taipei Port	Financial assets measured at cost – non-current	79,315,476	793,154	15.25 %	793,154	Note 1
"	United Stevedoring Corporation	-	"	781,250	7,813	15.63 %	7,813	Note 1
	Bonds:							
"	Royal Bank of Scotland PLC	-	Bond portfolios with inactive market – non-current	-	1,204,800	- %	1,204,800	Note 2
	Unlisted stocks:							
"	Wan Hai Lines (Singapore) Pte Ltd	Subsidiary	Long-term equity investments under equity method	538,075,000	15,389,593	100.00 %	15,389,593	Notes 4 & 5
"	Wan Hai Lines (America) Ltd.	"	"	90,000	88,873	100.00 %	88,873	Note 4 & 5
"	k.k. WH Corporation	"	"	500	14,170	100.00 %	14,170	Notes 4 & 5
"	Wan Hai Lines (Germany) GmbH	"	"	-	8,265	100.00 %	8,265	Notes 3, 4 & 5
"	Tan Cang-Cai Mep International Terminal Co., Ltd.	"	"	-	140,952	21.33 %	140,952	Notes 3 & 4
"	TK Logistics International Co., Ltd.	"	"	14,300,000	142,179	55.00 %	142,179	Notes 4 & 5
"	Bao Sheng Shipping Agency Co.,Ltd.	"	"	3,000,000	41,519	70.01 %	41,519	Notes 4 & 5

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of holder	Category and name of security	Category and name of security	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
WHL Singapore	Wan Hai Lines (Phils.), Inc.	Subsidiary of WHL Singapore	Long-term equity investments under equity method	901,540	4,626	100.00 %	4,626	Notes 4 & 5
"	Wan Hai Lines (H.K.) Limited	"	"	160,000,000	2,547,949	100.00 %	2,547,949	"
"	Wan Hai Lines (M) Sdn. Bhd.	"	"	500,000	121,906	100.00 %	121,906	"
"	Yi Chun Shipping Agencies Sdn. Bhd.	"	"	200,000	1,930	100.00 %	1,930	"
"	Wan Hai Lines (Korea) Ltd.	"	"	20,000	2,858	100.00 %	2,858	"
"	Wan Hai International Pte Ltd.	"	"	50,000	387,795	100.00 %	387,795	"
"	Wan Hai (Vietnam) Ltd.	"	"	-	5,699	100.00 %	5,699	"
"	Wan Hai Lines (Thailand) Limited	"	"	29,400	23,997	49.00 %	23,997	"
WHL INTL.	Wan Hai Lines (UAE) LLC.	Joint venture of WHL INTL	"	147	16,403	49.00 %	16,403	Note 4
"	Wan Hai Lines (India) Pvt Ltd.	Subsidiary of WHL INTL.	"	10,000	(18,994)	100.00 %	(18,994)	Notes 4 & 5
WHL Hongkong	Dawin Logistics (International) Ltd.	Subsidiary of WHL Hongkong	Long-term equity investments under equity method	75,640,000	491,974	100.00 %	491,974	Notes 4 & 5
"	Guangzhou WanHai I.T. and Network Ltd.	"	"	-	13,019	100.00 %	13,019	"
"	Yangtze River Express Ltd.	-	Financial assets measured at cost – non-current	-	-	6.00 %	-	"
Dawin Logistics (International) Ltd.	Shenzhen Asia World Logistics Ltd.	Subsidiary of Dawin	Investments under equity method	-	16,391	100.00 %	16,391	"
"	Shenzhen Uniwin International Logistics Ltd.	"	"	-	435,753	100.00 %	435,753	"
"	Blue Ocean Logistics (Shang hai) Ltd.	"	"	-	45,597	100.00 %	45,597	"
Shenzhen Uniwin International Logistics Ltd.	Clipper International Shipping Agency Ltd.	Subsidiary of Shenzhen Uniwin	Investments under equity method	-	1,648	49.00 %	1,648	"
"	Shenzhen Yong Chun International Shipping Management Co., Ltd.	"	"	-	23,666	90.00 %	23,666	"

Note 1: Invested in unlisted companies, and no quoted prices in active markets were available.

Note 2: No quoted prices in active markets were available, and thus the investments were classified as bond portfolios with inactive market.

Note 3: Limited companies with no common shares issued.

Note 4: The net worth was used as its market value.

Note 5: Eliminated in the consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales			Ending balance		
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
The Company	Taipei Port Container Terminal Corp.	Financial assets measured at cost — non-current	-	-	64,062,500	640,625	15,252,976	152,529	-	-	-	-	79,315,476	793,154

5. Acquisition of real estate for which the dollar amount reaches \$100 million or 20% or more of paid-in capital: None.

6. Disposition of real estate for which the dollar amount reaches \$100 million or 20% or more of paid-in capital: None.

7. Buying/selling products for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	IAL	A director of IAL is one of the corporate directors of the Company	Container rental revenue, commission revenue, charter revenue	(238,799)	0.93 %	30 days	-	-	17,576	0.92 %	
"	IAL	A director of IAL is one of the corporate directors of the Company	Bunker charge	127,060	0.54 %	"	-	-	-	-	%
"	WH Corporation	Subsidiary	Terminal port charges, rent expense	2,293,479	9.71 %	"	-	-	-	-	% Note 3
"	WHL Singapore	Subsidiary	Rent income, commission revenue	(280,195)	1.09 %	"	-	-	-	-	%
"	WHL Singapore	Subsidiary	Bunker charge	120,927	0.51 %	"	-	-	(84,754)	1.57 %	Note 3

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of company	Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable) (Note 1)	
The Company	WHL Hongkong	Subsidiary of WHL Singapore	Commission fee	188,637	0.80 %	30 days	-	-	(317,641)	5.88 %	Note 3
"	WHL Japan	A director of WHL-Japan is the chairman of the Company	Commission fee	128,225	0.54 %	"	-	-	-	- %	Note 3
"	NSTC	A director of NSTC is one of the corporate directors of the Company	Container fee, tow charge	167,773	0.71 %	"	-	-	(59,736)	1.11 %	
"	APCT	A director of APCT is a second-degree relative of the chairman of the Company	Container fee	132,746	0.56 %	"	-	-	(6,796)	0.13 %	
"	Taipei Port	The company is a director of Taipei Port	Container fee, terminal handling charges	280,336	1.19 %	"	-	-	(56,968)	1.05 %	
"	IAL (S)	A director of IAL (S) is one of the corporate directors of the Company	Charter fee, rent expense, Commission fee	158,486	0.67 %	"	-	-	-	- %	
WH Corporation	The Company	Parent company	Rent income, terminal port revenue,	(2,293,479)	100.00 %	"	-	-	-	- %	Notes 2 & 3
WHL Hongkong	The Company	Parent company	Commission revenue	(188,637)	31.23 %	"	-	-	317,641	0.04 %	Note 3
WH Corporation	WHL Singapore	Subsidiaries	Rent expense on vessels	2,114,220	92.36 %	"	-	-	-	- %	Note 3
WHL Singapore	The Company	Parent company	Rent expense, commission fee	280,195	4.95 %	"	-	-	-	- %	Note 3
WHL Singapore	The Company	Parent company	Bunker revenue	(120,927)	2.59 %	"	-	-	84,754	0.05 %	Note 3
WHL Singapore	WH Corporation	Subsidiaries	Rent income on vessels	(2,114,220)	45.32 %	"	-	-	-	- %	Note 3

Note 1: Including notes receivable / payable, accounts payable—related parties and receivable / payable from / to agents.

Note 2: Including rental expense paid through WH Corporation to WHL-Singapore and WHL-Hongkong.

Note 3: Eliminated in the consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
The Company	WHL-Hong Kong (CISA)	Subsidiary of SUIL	606,171	- %	-		289,878	-
"	WHL Japan	A director of WHL-Japan is the chairman of the Company	427,726	- %	-		402,525	-
"	WHL India	Subsidiary of WHL-INTL	150,130	- %	-		148,189	-
WHL Hong kong	The Company	Subsidiary of SUIL	317,641	- %	-		317,641	-

Note: Eliminated in the consolidated financial statements.

9. Derivative transactions:

Derivative financial instruments: the detailed information regarding derivative financial instruments is stated in note 6(2).

10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2013			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	The Company	Wan Hai Lines (Singapore) Pte Ltd	1	Receivables from agents	902,521	No significant differences	1.15 %
0	"	"	1	Shipping agency fee	518,694	"	1.83 %
1	Wan Hai Lines (Singapore) Pte Ltd.	The Company	2	Shipping agency revenue	(518,694)	"	(1.83)%
0	The Company	k.k. WH Corporation	1	Rent expense on vessels	2,267,556	Rent vessels from Singapore through kk	7.92 %
4	k.k. WH Corporation	The Company	2	Rent income on vessels	(2,267,556)	Rent vessels from Singapore through kk	(7.92)%
4	"	Wan Hai Lines (Singapore) Pte Ltd.	3	Rent expense on vessels	2,181,502	"	7.62 %
1	Wan Hai Lines (Singapore) Pte Ltd.	k.k. WH Corporation	3	Rent income on vessels	(2,181,502)	"	(7.62)%
1	The Company	Wan Hai Lines (Singapore) Pte Ltd.	1		17,145,356	Endorsement to subsidiary	21.88 %
4	Wan Hai Lines (Singapore) Pte Ltd.	The Company	2		1,500,000	Endorsement to parent company	1.91 %

Note 1: numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The disclosed amounts are above 1% of total assets for balance sheet accounts or 1% of total operating revenue for income statement accounts of the Consolidated Company.

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(b) Information on investees

For the six months ended June 30, 2013, the following is the information on investees:

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes	
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	Wan Hai Lines (Singapore) Pte Ltd	10 Hoe Chiang Road #25-01 Keppel Towers Singapore 089315	Transportation and shipping agency service, vessel and container rental service, and international transportation and shipping agency services	11,950,235	11,950,235	538,075,000	100.00 %	15,389,593	(1,103,804)	(1,103,804)	Subsidiary (Note 2)	
	Wan Hai Lines (America) Ltd.	800 S. Barranca Avenue, Suite 260, Covina, CA 91723	Transportation and shipping agency services	132,000	132,000	90,000	100.00 %	88,873	12,390	12,390	Subsidiary (Note 2)	
	k.k. WH Corporation	OI NEW No. 5 TERMINAL BLDG., 4F 4-9 YASHIO 2 CHOME, SHINAGAWA KU, TOKYO 140 0003, JAPAN	Terminal operation and management service, and vessel rental service	7,141	7,141	500	100.00 %	14,170	1,362	1,362	Subsidiary (Note 2)	
	Wan Hai Lines (Germany) GmbH	Brandstwiete 1, 20457 Hamburg, Germany	Transportation and shipping agency services	1,018	1,018	-	100.00 %	8,265	155	155	Subsidiary (Note 1,2)	
	Tang Cang-Cai Mep International Terminal Co., Ltd.	Tan Phuoc Commune, Tan Thanh Dist, Ba Ria Vung Tau Province	Managing wharf and containers	259,917	259,917	-	21.33 %	140,952	(55,285)	(11,792)	Joint venture	
	T.K. Logistics International Co., Ltd.	No.28, Zhongshan 4th Rd., Zhongshan Dist., Keelung City 203, Taiwan (R.O.C.)	Managing container terminals and storage facilities	143,000	143,000	14,300,000	55.00 %	142,179	1,179	648	Subsidiary (Note 2)	
	Bao Sheng Shipping Agency Co., Ltd.	7F, No. 255, Ren'ai 2nd Rd., Ren'ai District, Keelung City 200, Taiwan (R.O.C.)	Acting as agent for transportation affair and contracting ocean shipping and related services.	30,000	30,000	3,000,000	70.01 %	41,519	5,297	3,709	Subsidiary (Note 2)	
	WHL Singapore	Wan Hai Lines (Phils.), Inc.	18/F Rufino Pacific Tower, #6784 Ayala Ave., corner V.A. Rufino St., 1223, Makati City	Transportation and shipping agency services	5,991	5,991	901,540	100.00 %	4,626	(1,459)	(1,459)	Indirect subsidiary (Note 2)
		Wan Hai Lines (H.K.) Limited	3F, Singga Commercial Centre, No. 148, Connaught Rd. W, Central, Hong Kong	Transportation and shipping agency services	695,246	695,246	160,000,000	100.00 %	2,547,949	53,391	53,391	Indirect subsidiary (Note 2)

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
WHL Singapore	Wan Hai Lines (M) Sdn. Bhd.	Suite 7.02, Level 7, IMS 2, 88, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor Darul Ehsan, Malaysia	Transportation and shipping agency services	4,613	4,613	500,000	100.00 %	121,906	1,607	1,607	Indirect subsidiary (Note 2)
	Yi Chun Shipping Agencies Sdn. Bhd.	Suite 7.01, Level 7, IMS 2, 88, Jalan Batai Laut 4, Taman Intan, 41300 Klang, Selangor Darul Ehsan, Malaysia	Transportation and shipping agency services	1,845	1,845	200,000	100.00 %	1,930	9	9	Indirect subsidiary (Note 2)
	Wan Hai Lines (Korea) Ltd.	15th FL., Hanway bldg., 70, Da Dong, Chung Gu, Seoul, Korea	Transportation and shipping agency services	3,500	3,500	20,000	100.00 %	2,858	(1,759)	(1,759)	Indirect subsidiary (Note 2)
	Wan Hai International Pte Ltd.	10 Hoe Chiang Road #25-01 Keppel Towers Singapore 089315	Transportation and shipping agency services	1,062	1,062	50,000	100.00 %	387,795	32,851	32,851	Indirect subsidiary (Note 2)
	Wan Hai Lines (Thailand) Limited	21 floor, Lumpini Tower, 1168/56, 61 Rama 4 Road, Thungmahamek, Sathorn, Bangkok	Transportation and shipping agency services	2,805	2,251	29,400	49.00 %	23,997	6,473	3,172	Indirect subsidiary (Note 2)
	Wan Hai (Vietnam) Ltd.	27 Nguyen Trung Truc St, 1st Dist, HCM City, S.R Vietnam	Transportation and shipping agency services	8,691	8,691	-	100.00 %	5,699	(3,121)	(3,121)	Indirect subsidiary (Note 2)
	WHL INTL.	Wan Hai Lines (UAE) LLC.	Office No. C/308, Nashwan Building, Al Mankhool Road, Al Raffa, Dubai	Transportation and shipping agency services	1,365	1,365	147	49.00 %	16,403	29,175	14,295
Wan Hai Lines (India) PVT Ltd.		A 102 & 103, The Qube Marol Village, Audheri (East), Mumbai 400 059	Transportation and shipping agency services	69	69	10,000	100.00 %	(18,994)	(12,384)	(12,384)	Indirect subsidiary (Note 2)
WHL Hongkong	Dawin Logistics (International) Ltd.	2F, Singga Commercial Centre, No. 148, Connaught Rd. W, Hong Kong	Transportation, storage and investment services	292,117	292,117	75,640,000	100.00 %	491,974	(33,288)	(33,288)	Indirect subsidiary (Note 2)
	Guangzhou Wan Hai I.T. and Network Ltd.	26F, No. 148 Dong Feng Zhong Rd, HuaYi Tai International, Guang Zhou, China	Information software services	7,922	7,922	-	100.00 %	13,019	(139)	(139)	Indirect subsidiary (Note 2)

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Dawin Logistics (International) Ltd.	Shenzhen Asia World Logistics Ltd.	Rm 501~504, 5F, China Rail Transportation Building, Shen Yen Rd., Yen Tim District, Shenzhen, China	Containers, storage and transportation services	4,941	4,941	-	100.00 %	16,391	445	445	Indirect subsidiary (Note 2)
	Shenzhen Uniwin International Logistics Ltd.	Rm CD, 25F, Tianmian City Building Middle Shennan Road, Shenzhen, China	Transportation and shipping agency sales	366,857	366,857	-	100.00 %	435,753	(35,380)	(35,380)	Indirect subsidiary (Note 2)
	Blue Ocean Logistics (Shanghai) Ltd.	9F, No. 118, East Bao Xing Road, Hong Kon District, Shanghai, China	Storage and international transportation services	32,596	32,596	-	100.00 %	45,597	1,389	1,389	Indirect subsidiary (Note 2)
Shenzhen Uniwin International Logistics Ltd.	Clipper International Shipping Agency Ltd.	Rm 2205, 22F, No. 689, Guang Dong Rd, Shanghai, China.	International shipping agency services	1,782	1,782	-	49.00 %	1,648	(9,896)	(4,849)	Indirect subsidiary (Note 2)
	Shenzhen Yong Chun International Shipping Management Co., Ltd.	261A, Tianmian City Tower, Middle Shennan Road, Futian District, Shenzhen, China	International shipping management services	29,068	4,736	-	90.00 %	23,666	(2,463)	(2,216)	Indirect subsidiary (Note 2)

Note 1: Limited companies with no common shares issued.

Note 2: Eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China

1. Information on investment in Mainland China:

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Direct/indirect shareholding (%) by the Company	Current investment gains and losses	Book value	Remittance of investment income as at end of current period
					Remittance amount	Recoverable amount					
Guangzhou Wan Hai I.T. and Network Ltd.	Information software service	7,922	(1)	-	-	-	-	100.00 %	(139)	13,019	-
Yangtze River Express Ltd.	Aircargo	2,086,400	(1)	-	-	-	-	6.00 %	-	-	-
Shenzhen Uniwin International Logistics	Freight transportation and acting as agent for transport affairs	366,857	(1)	-	-	-	-	100.00 %	(35,380)	435,753	-
Shenzhen Asia World Logistics Ltd.	Containers, storage and transportation services	4,941	(1)	-	-	-	-	100.00 %	445	16,391	-
Clipper International Shipping Agency Ltd.	International shipping agency services	4,070	(1)	-	-	-	-	49.00 %	(4,849)	1,648	-

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investee in Mainland China	Major operations	Issued capital	Method of investment	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Direct/indirect shareholding (%) by the Company	Current investment gains and losses	Book value	Remittance of investment income as at end of current period
					Remittance amount	Recoverable amount					
Blue Ocean Logistics (Shanghai) Ltd.	Containers, storage and international transportation services	32,596	(1)	-	-	-	-	100.00 %	1,389	45,597	-
Shenzhen Yong Chun International Shipping Management Co., Ltd.	International shipping management	29,068	(1)	-	-	-	-	90.00 %	(2,216)	23,666	-

Note 1: Indirectly invested in Mainland China through investees.

2. Limitation on investment in Mainland China:

Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by Investment Commission of Ministry of Economic Affairs	Limitation on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
-	713,815	17,747,402

Note: The Company's investments in Mainland China were mostly from the investees' self owned capital in indirect subsidiaries.

3. Significant transactions:

For the major transactions between the Company and the investee companies in Mainland China as of June 30, 2013, refer to note 13(1) "Related information on material transactions" and (2) "Related information on investee companies".

(14) Segment Information

The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which the discrete financial information is available. Only one reportable segment of the Consolidated Company was identified, and it is mainly associated with shipping operations.

The Consolidated Company has only one segment, which associated with shipping operations. Please refer to the consolidated balance sheets and consolidated statements of income for segment profit or loss, and segment asset details.

(15) First-time Adoption of Taiwan IFRS (T-IFRS)

The consolidated financial statements of the Consolidated Company as of December 31, 2012, were prepared in accordance with R.O.C. general accepted accounting principle. As described in note 4(a), these are the Consolidated Company's first T-IFRS consolidated interim financial statements for the period covered by the first T-IFRS (approved by the FSC) annual financial statements in accordance with "Guidelines Governing the Preparation of Financial Reports by Securities Issue", and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied.

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

The accounting policies set out in note 4 have been applied in preparing the comparative consolidated financial statements for the six months ended June 30, 2012, the consolidated balance sheet at December 31, 2012, and the T-IFRS consolidated balance sheet at January 1, 2012 (the Consolidated Company's date of transition).

In preparing its 2012 report, the Consolidated Company has adjusted amounts reported previously in the financial statements prepared in accordance with R.O.C. general accepted accounting principle. The effect of the transition to T-IFRSs on the Consolidated Company's financial position, financial performance, and cash flows is set out as follows. For the adjustment information of the consolidated balance sheets at December 31, 2012, and January 1, 2012 (the Consolidated Company's date of transition) and consolidated statement of comprehensive income for the year ended December 31, 2012, please refer to the consolidated financial statements for the first quarter of 2013.

(a) Adjustment of balance sheet items

	2012.6.30		
	Previous GAAP	Effects of transition to IFRSs	IFRSs
Assets			
Cash and cash equivalents	\$ 25,391,804	-	25,391,804
Financial assets at fair value through profit or loss— current	99,241	-	99,241
Available-for-sale financial assets— current	2,742,366	-	2,742,366
Accounts receivable, net	3,068,413	(346,907)	2,721,506
Accounts receivable— related parties	59,461	-	59,461
Other receivable	744,507	-	744,507
Inventories, net	1,312,983	-	1,312,983
Receivable from agent	915,720	-	915,720
Other current assets	<u>577,992</u>	<u>(79,324)</u>	<u>498,668</u>
Total current assets	<u>34,912,487</u>	<u>(426,231)</u>	<u>34,486,256</u>
Investment accounted for using equity method	173,669	-	173,669
Available-for-sale financial assets— non-current	218,660	-	218,660
Financial assets measured at cost— non-current	648,438	-	648,438
Bond portfolios with inactive market— non-current	1,196,000	-	1,196,000
Property, plant and equipment	37,661,880	(3,783,001)	33,878,879
Intangible assets	529,598	(473,322)	56,276
Deferred tax assets— non-current	3,276	625,545	628,821
Other non-current assets	<u>665,794</u>	<u>3,782,151</u>	<u>4,447,945</u>
Total non-current assets	<u>41,097,315</u>	<u>151,373</u>	<u>41,248,688</u>
Total assets	<u>\$ 76,009,802</u>	<u>(274,858)</u>	<u>75,734,944</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	<u>Previous GAAP</u>	<u>2012.6.30</u>	
		<u>Effects of transition to IFRSs</u>	<u>IFRSs</u>
Liabilities			
Financial liabilities at fair value through profit or loss	\$ 477,744	-	477,744
Accounts payable	5,711,381	(533,356)	5,178,025
Account payable—related parties	242,343	-	242,343
Other payable	591,394	22,382	613,776
Long-term liabilities—current portion	3,378,047	-	3,378,047
Payables to agents	19,668	-	19,668
Other current liabilities	<u>1,204,432</u>	<u>45,909</u>	<u>1,250,341</u>
Total current liabilities	<u>11,625,009</u>	<u>(465,065)</u>	<u>11,159,944</u>
Financial liabilities at fair value through profit or loss—non-current	6,697,522	-	6,697,522
Bonds payable	10,400,000	-	10,400,000
Long-term loans	15,792,873	-	15,792,873
Deferred income tax liabilities	497,801	379,645	877,446
Other non-current assets	<u>1,254,727</u>	<u>157,911</u>	<u>1,412,638</u>
Total non-current liabilities	<u>34,642,923</u>	<u>537,556</u>	<u>35,180,479</u>
Total liabilities	<u>46,267,932</u>	<u>72,491</u>	<u>46,340,423</u>
Owners' equity attributable to equity holders of the parent company			
Common stock	22,182,975	-	22,182,975
Capital surplus	2,446,570	-	2,446,570
Retained earnings			
Legal reserve	5,073,891	-	5,073,891
Special reserve	855,768	-	855,768
Unappropriated earnings	799,906	(613,884)	186,022
Other equity			
Exchange difference on translation of foreign financial statement	(890,329)	-	(890,329)
Unrealized gains (losses) on available-for-sale financial assets	(611,058)	-	(611,058)
Other equity	<u>(266,535)</u>	<u>266,535</u>	<u>-</u>
Total owners' equity attributable to equity holders of the parent company	<u>29,591,188</u>	<u>(347,349)</u>	<u>29,243,839</u>
Non-controlling interest	<u>150,682</u>	<u>-</u>	<u>150,682</u>
Total stockholders' equity	<u>29,741,870</u>	<u>(347,349)</u>	<u>29,394,521</u>
Total liabilities and equity	<u>\$ 76,009,802</u>	<u>(274,858)</u>	<u>75,734,944</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(b) Adjustment of comprehensive income

	Second quarter of 2012			For the six months ended June 30, 2012		
	Previous GAAP	Effects of transition to IFRSs	IFRSs	Previous GAAP	Effects of transition to IFRSs	IFRSs
Operating revenue	\$ 16,083,192	(32,412)	16,050,780	30,734,096	(6,905)	30,727,191
Operating cost	(13,933,903)	198,960	(13,734,943)	(28,031,302)	123,170	(27,908,132)
Gross profit	2,149,289	166,548	2,315,837	2,702,794	116,265	2,819,059
Operating expenses	(884,650)	18,490	(866,160)	(1,739,952)	39,873	(1,700,079)
Income from operations	1,264,639	185,038	1,449,677	962,842	156,138	1,118,980
Non-operating income and expenses:						
Other income	51,895	-	51,895	105,521	-	105,521
Finance costs	(194,484)	-	(194,484)	(379,203)	-	(379,203)
Other gains and losses	194,180	-	194,180	190,770	-	190,770
Share of profit of associates and joint venture accounted for using equity method	4,284	-	4,284	(511)	-	(511)
Consolidated income before income tax from continuing operations	1,320,514	185,038	1,505,552	879,419	156,138	1,035,557
Tax expense	(153,185)	(9,669)	(162,854)	(91,155)	(5,934)	(97,089)
Consolidated net income	1,167,329	175,369	1,342,698	788,264	150,204	938,468
Other comprehensive income:						
Exchange difference on translation of foreign financial statement	118,439	-	118,439	(140,606)	-	(140,606)
Unrealized gains (losses) on available-for-sale financial assets	(99,293)	-	(99,293)	(18,894)	-	(18,894)
Other comprehensive income (net of tax)	19,146	-	19,146	(159,500)	-	(159,500)
Total comprehensive income	\$ 1,186,475	175,369	1,361,844	628,764	150,204	778,968
Net income attributable to:						
Owners of the parent company	\$ 1,167,800	175,369	1,343,169	799,906	150,204	950,110
Non-controlling interest	(471)	-	(471)	(11,642)	-	(11,642)
Net income	\$ 1,167,329	175,369	1,342,698	788,264	150,204	938,468
Comprehensive income attributable to:						
Owners of the parent company	\$ 1,167,800	194,352	1,362,152	799,906	(8,953)	790,953
Non-controlling interest	(471)	163	(308)	(11,642)	(343)	(11,985)
Total comprehensive income for the period	\$ 1,167,329	194,515	1,361,844	788,264	(9,296)	778,968
Earnings per share						
Basic earnings per share (dollars)	\$ 0.53	0.08	0.61	0.36	0.07	0.43
Diluted earnings per share (dollars)	\$ 0.53	0.08	0.61	0.36	0.07	0.43

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

(c) Significant adjustment of the cash flow statement

There is no significant adjustment of the cash flow statement from conversion from ROC GAAP to T-IFRSs.

(d) Adjustment explanation

1. As of December 31, 2011, the Consolidated company revalued the property, plant and equipment in accordance with R.O.C. GAAP. In the transition to T-IFRSs as approved by FSC, the Consolidated Company adopted optional exemption, which uses the revaluation as deemed cost of property, plant and equipment. The revaluation was \$1,527 as of June 30, 2012, which has been reclassified under retained earnings.
2. Under ROC GAAP, gain from sale and leaseback transactions is deferred and amortized over the period of use. Under T-IFRSs, gain and loss from sale and leaseback transactions is recognized immediately.

The impact of the change is summarized as follows:

	<u>Second quarter of 2012</u>	<u>For the six months ended June 30, 2012</u>
Consolidated statements of comprehensive income		
Increase in cost of sales	\$ (46,415)	(92,900)
Adjustment before income tax	<u>\$ (46,415)</u>	<u>(92,900)</u>
		<u>2012.6.30</u>
Consolidated balance sheet		
Other non-current liabilities		\$ 344,637
Other current liabilities		5,640
Related tax effect		<u>(59,548)</u>
Adjustments to retained earnings		<u>\$ 290,729</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

3. Under T-IFRSs, the Consolidated Company has a present legal or constructive obligation on accumulated short-term paid leave granted as a result of past service provided by the employees; therefore, expected costs of accumulated short-term paid leave are recognized as liabilities.

The impact of the change is summarized as follows:

	Second quarter of 2012	For the six months ended June 30, 2012
Consolidated statements of comprehensive income		
Operating expenses	\$ 131	2,986
Adjustment before income tax	<u>\$ 131</u>	<u>2,986</u>
		<u>2012.6.30</u>
Consolidated balance sheet		
Other payables		\$ (22,382)
Related tax effects		3,804
Adjustments to retained earnings		<u>\$ (18,578)</u>

4. Under T-IFRSs, all actuarial gains and losses arising from defined benefit plans are recognized in other comprehensive income. Under ROC GAAP, actuarial gains and losses are amortized over the expected average remaining service lives of the participating employees. At the date of transition to T-IFRSs approved by the FSC, all previously unrecognized cumulative actuarial gains and losses are recognized in retained earnings and reversed in the previous year's statement of comprehensive income.

The impact of the change is summarized as follows:

	Second quarter of 2012	For the six months ended June 30, 2012
Consolidated statements of comprehensive income		
Decrease in operating expenses	\$ 18,282	36,728
Adjustment before income tax	<u>\$ 18,282</u>	<u>36,728</u>
		<u>2012.6.30</u>
Consolidated balance sheet		
Deferred pension costs		\$ (474,331)
Other equity—net loss not recognized as pension cost		(268,062)
Accrued pension liabilities		(502,548)
Related tax effect		211,640
Adjustments to retained earnings		<u>\$ (1,033,301)</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

5. Under ROC GAAP, shipping companies' revenues should be recognized as the estimated recoverable amount of cost incurred (zero-profit method). However, under T-IFRSs, revenue should be recognized by the stage of completion of the transaction (the percentage-of-completion method).

The impact of the change is summarized as follows:

	Second quarter of 2012	For the six months ended June 30, 2012
Consolidated statements of comprehensive income		
Decrease in operating revenue	\$ (32,412)	(6,905)
Decrease in operating cost	<u>245,375</u>	<u>216,070</u>
Adjustment before income tax	<u>\$ 212,963</u>	<u>209,165</u>
		<u>2012.6.30</u>
Consolidated balance sheet		
Account receivable		\$ (346,907)
Account payable		533,356
Other non-current liabilities		(51,549)
Related tax effect		<u>10,680</u>
Adjustments to retained earnings		<u>\$ 145,580</u>

6. Under T-IFRSs, prepayments for equipment are reclassified to long-term prepayments in the other non-current assets category. Deferred expenses in the other assets category under ROC GAAP are reclassified to property, plant and equipment.

The impact of the change is summarized as follows:

	2012.6.30
Property, plant and equipment	\$ (3,783,160)
Other non-current assets — long-term prepayments	4,218,300
Other non-current assets — deferred expenses	(436,149)
Intangible assets	1,009

Reviewed only, not audited in accordance with generally accepted auditing standards

WAN HAI LINES LTD. AND ITS SUBSIDIARIES

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

7. Other T-IFRS adjustments resulted in an increase in property, plant and equipment and a decrease in operating expense both amounting to \$159 as of June 30, 2012.
8. Under T-IFRSs, the increased (decreased) of income tax asset caused by the adjustments listed above (1~7) is summarized as follows:

	<u>2012.6.30</u>
Unrealized gain on sale and leaseback	\$ (59,548)
Employee benefits—paid leave	3,804
Employee benefits—pension cost	211,640
Operating revenue	10,680
Reclassification of deferred tax assets—current	79,324
Offsetting of deferred tax assets and deferred tax liabilities	<u>379,645</u>
Increase in deferred tax assets	<u>\$ 625,545</u>

The adjustments above increased the income tax expense in the statement of comprehensive income by \$9,669 for the second quarter of 2012, and decreased it by \$5,934 for the six months ended June 30, 2012.

Under T-IFRSs approved by the FSC, deferred tax assets and liabilities which can only be offset if the Consolidated Company has a legally enforceable right to set off the current tax assets against the current tax liabilities under other related conditions. The adjustment resulted in an increase in deferred tax assets and liabilities both amounting to \$379,645 as of June 30, 2013.

As of June 30, 2013, deferred tax assets—current reclassified to deferred tax assets—non-current were \$79,324.

9. Increased (decreased) of retained earnings caused by the changes listed above (1~8) were as follows:

	<u>2012.6.30</u>
Reclassification of gains on revaluation	\$ 1,527
Gain on sale and leaseback	350,277
Operating revenue	134,900
Employee benefits—paid leave	(22,382)
Employee benefits—pension cost	(1,244,941)
Deferred tax	166,576
Others	<u>159</u>
Decrease in retained earnings	<u>\$ (613,884)</u>

Reviewed only, not audited in accordance with generally accepted auditing standards

**WAN HAI LINES LTD. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

- (e) Except for the optional exemptions and mandatory exceptions under IFRS 1, the Consolidated Company is required to determine the accounting policies under T-IFRSs and retrospectively apply those accounting policies in its opening balance at the date of transition to T-IFRSs. The major optional exemptions adopted by the Consolidated Company were as follows:
1. The Consolidated Company elected to use the revaluation as deemed cost of property, plant and equipment, and recognized the revaluation increments directly to retained earnings as of January 1, 2012.
 2. To determine the benefit plans of the retired post-employment benefit obligations under the actuarial techniques, the adjustments in experience and changes in actuarial assumptions used to produce actuarial gain or loss shall not be retroactively recalculated and those actuarial gains and losses should be recognized under stockholders' equity on the date of conversion.