

Yang Ming Marine Transport Corporation

**Financial Statements for the
Six Months Ended June 30, 2012 and 2011 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Yang Ming Marine Transport Corporation

We have audited the accompanying balance sheets of Yang Ming Marine Transport Corporation as of June 30, 2012 and 2011 and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except for the matter described in the next paragraph, we conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We were unable to obtain audited financial statements supporting the Corporation's investments in some equity-method investees with carrying value of NT\$4,328,497 thousand and NT\$4,001,958 thousand as of June 30, 2012 and 2011, respectively. We were unable to satisfy ourselves on the carrying value of the investments in the investees or the equity in their net income by other auditing procedures. The Corporation's equity of NT\$202,398 thousand and NT\$382,954 thousand in the net income of these investees was included in the net income for the six months ended June 30, 2012 and 2011, respectively, as stated in Note 9. Related other information on the Corporation's investments shown in Note 28 to the financial statements was not audited either.

In our opinion, except for the effects of such adjustment, if any, as might have been made had we applied audit procedures on the financial statements of investees referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Yang Ming Marine Transport Corporation as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the six months then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also reviewed the consolidated financial statements of Yang Ming Marine Transport Corporation and subsidiaries as of and for the six months ended June 30, 2012 and 2011 and have issued a qualified review report dated August 31, 2012.

August 31, 2012

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

YANG MING MARINE TRANSPORT CORPORATION

BALANCE SHEETS
JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2012		2011		LIABILITIES AND STOCKHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 11,951,626	12	\$ 8,748,957	10	Short-term debt (Note 14)	\$ 200,000	-	\$ -	-
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	53,461	-	1,187,023	1	Financial liabilities at fair value through profit or loss - current (Notes 2 and 5)	136,234	-	10,218	-
Available-for-sale financial assets - current (Notes 2 and 6)	89,344	-	562,449	1	Derivative financial liabilities for hedging - current (Notes 2 and 24)	-	-	6,559	-
Accounts receivable, net of allowance for doubtful accounts of \$16,146 thousand and \$15,689 thousand at June 30, 2012 and 2011 (Notes 2 and 3)	531,253	1	786,025	1	Accounts payable (Note 16)	4,333,366	5	4,758,997	6
Accounts receivable from related parties (Notes 2, 3 and 25)	1,187,750	1	1,333,135	2	Income tax payable (Notes 2 and 21)	21,137	-	232,223	-
Other receivables from related parties (Note 25)	356,456	1	61,912	-	Accrued expenses (Notes 2, 15 and 17)	1,150,706	1	1,608,142	2
Shipping fuel, net (Notes 2 and 7)	5,165,146	5	5,526,469	6	Accrued expenses - related parties (Note 25)	330,520	-	973,465	1
Prepaid expenses (Notes 13 and 25)	341,379	-	397,256	1	Dividends payable (Note 20)	18,560	-	3,221,507	4
Advances to shipping agents (Note 25)	639,931	1	1,134,418	1	Advances from customers	3,286,917	3	2,005,676	2
Other current assets (Notes 2 and 21)	182,888	-	227,513	-	Current portion of long-term interest-bearing debts (Notes 2, 10, 15, 25, 26 and 27)	5,026,114	5	13,015,446	15
Total current assets	20,499,234	21	19,965,157	23	Payable to shipping agents	1,266,432	1	771,501	1
					Payable to shipping agents - related parties (Note 25)	1,678,976	2	1,205,629	1
					Other current liabilities	668,705	1	264,792	-
					Total current liabilities	18,117,667	18	28,074,155	32
LONG-TERM INVESTMENTS (Notes 2, 6, 8, 9 and 25)					LONG-TERM LIABILITIES				
Available-for-sale financial assets - noncurrent	2,186,430	2	2,278,415	3	Bonds payable (Notes 15 and 25)	25,206,841	26	8,927,461	10
Financial assets carried at cost - noncurrent	381,804	-	390,985	-	Long-term debts (Notes 15 and 26)	23,901,364	24	12,263,352	14
Investments accounted for using equity method	21,398,852	22	21,695,844	25	Obligations under capital leases - long-term portion (Notes 2, 10, 15 and 27)	521,888	1	587,653	1
Total long-term investments	23,967,086	24	24,365,244	28	Other financial liabilities (Notes 2 and 15)	284,462	-	-	-
					Total long-term liabilities	49,914,555	51	21,778,466	25
					RESERVE FOR LAND VALUE INCREMENT TAX (Note 18)	479,639	1	479,639	-
PROPERTIES (Notes 2, 10, 13, 25 and 26)					OTHER LIABILITIES				
Cost					Accrued pension cost (Notes 2 and 19)	1,182,057	1	1,124,576	2
Land	427,836	-	427,836	-	Deferred income tax liabilities - noncurrent (Notes 2 and 21)	-	-	232,256	-
Buildings	770,528	1	749,213	1	Others	118,396	-	54,766	-
Containers and chassis	25,176,821	26	23,530,587	27	Total other liabilities	1,300,453	1	1,411,598	2
Ships	9,316,053	10	6,592,880	8	Total liabilities	69,812,314	71	51,743,858	59
Leased assets	2,732,756	3	2,732,756	3	CAPITAL STOCK - \$10 PAR VALUE				
Leasehold improvements	146,272	-	146,272	-	Authorized - 3,600,000 thousand shares				
Miscellaneous equipment	2,272,594	2	2,153,959	2	Issued - 2,818,713 thousand shares in 2012 and 2,562,466 thousand shares in 2011	28,187,131	29	25,624,665	29
Total cost	40,842,860	42	36,333,503	41	Stock dividends to be distributed	-	-	2,562,466	3
Less: Accumulated depreciation	22,028,248	22	22,223,395	25	Total capital stock	28,187,131	29	28,187,131	32
Construction in progress	3,354,011	3	-	-	CAPITAL SURPLUS				
Net properties	22,168,623	23	14,110,108	16	Additional paid-in capital	1,333,992	1	4,710,566	6
					Long-term investments	8,927	-	8,927	-
					Equity component of mandatory convertible bonds	4,413,702	5	-	-
INTANGIBLE ASSETS					Total capital surplus	5,756,621	6	4,719,493	6
Computer software (Note 2)	22,990	-	19,933	-	RETAINED EARNINGS (ACCUMULATED LOSS)				
Deferred pension cost (Notes 2 and 19)	1,747	-	1,961	-	Legal reserve	-	-	1,178,785	1
Total intangible assets	24,737	-	21,894	-	Special reserve	-	-	82,530	-
					Unappropriated earnings (accumulated deficit)	(5,195,499)	(5)	2,154,161	3
OTHER ASSETS					Total retained earnings (accumulated loss)	(5,195,499)	(5)	3,415,476	4
Assets leased to others, net (Notes 2, 11 and 26)	3,916,203	4	3,949,275	5	OTHER EQUITY				
Nonoperating assets, net (Notes 2 and 12)	234,359	-	234,359	-	Cumulative translation adjustments	(267,670)	(1)	(514,879)	(1)
Advances on long-term rent agreements (Note 13)	678,636	1	798,755	1	Net loss not recognized as pension cost	(67,069)	-	(26,499)	-
Deferred income tax assets - noncurrent (Notes 2 and 21)	1,376,992	1	-	-	Unrealized loss on financial instruments	(50,302)	-	(6,516)	-
Long-term receivables from related parties (Notes 9 and 25)	24,972,900	26	23,735,562	27	Total other equity	(385,041)	(1)	(547,894)	(1)
Refundable deposits (Note 27)	322,131	-	322,688	-	Total stockholders' equity	28,363,212	29	35,774,206	41
Miscellaneous	14,625	-	15,022	-	TOTAL	\$ 98,175,526	100	\$ 87,518,064	100
Total other assets	31,515,846	32	29,055,661	33					

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

(With Deloitte & Touche audit report dated August 31, 2012)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2012		2011	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 2 and 25)	\$ 48,855,247	100	\$ 48,043,326	100
OPERATING COSTS (Notes 2, 7, 22 and 25)	<u>55,631,128</u>	<u>114</u>	<u>50,486,567</u>	<u>105</u>
GROSS LOSS	<u>(6,775,881)</u>	<u>(14)</u>	<u>(2,443,241)</u>	<u>(5)</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling expenses	659,231	1	653,879	2
General and administrative expenses	<u>171,841</u>	<u>1</u>	<u>164,940</u>	<u>-</u>
Total operating expenses	<u>831,072</u>	<u>2</u>	<u>818,819</u>	<u>2</u>
OPERATING LOSS	<u>(7,606,953)</u>	<u>(16)</u>	<u>(3,262,060)</u>	<u>(7)</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of properties (Notes 2 and 25)	1,133,272	2	155,339	-
Gain on disposal of financial instruments, net (Notes 2 and 9)	787,469	2	208,636	1
Interest income (Note 25)	244,000	1	281,424	1
Exchange gain, net (Note 2)	65,686	-	177,122	-
Rent income (Note 25)	64,799	-	54,009	-
Investment income recognized under equity method (Notes 2 and 9)	-	-	212,412	1
Valuation gain on financial assets, net (Notes 2 and 5)	-	-	59,684	-
Others (Note 25)	<u>94,834</u>	<u>-</u>	<u>66,712</u>	<u>-</u>
Total nonoperating income and gains	<u>2,390,060</u>	<u>5</u>	<u>1,215,338</u>	<u>3</u>
NONOPERATING EXPENSES AND LOSSES				
Interest expense (Notes 10 and 25)	445,343	1	432,457	1
Investment loss recognized under equity method (Notes 2 and 9)	266,266	1	-	-
Valuation loss on financial liabilities, net (Notes 2 and 5)	89,098	-	10,218	-
Valuation loss on financial assets, net (Notes 2 and 5)	22,908	-	-	-
Others (Note 22)	<u>42,933</u>	<u>-</u>	<u>46,724</u>	<u>-</u>
Total nonoperating expenses and losses	<u>866,548</u>	<u>2</u>	<u>489,399</u>	<u>1</u>

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2012		2011	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX EXPENSE	\$ (6,083,441)	(13)	\$ (2,536,121)	(5)
INCOME TAX EXPENSE (BENEFIT) (Notes 2 and 21)	<u>(887,942)</u>	<u>(2)</u>	<u>70,707</u>	<u>-</u>
NET LOSS	<u>\$ (5,195,499)</u>	<u>(11)</u>	<u>\$ (2,606,828)</u>	<u>(5)</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
LOSS PER SHARE (Note 23)				
Basic	<u>\$ (2.16)</u>	<u>\$ (1.84)</u>	<u>\$ (0.90)</u>	<u>\$ (0.92)</u>
Diluted	<u>\$ (2.16)</u>	<u>\$ (1.84)</u>	<u>\$ (0.90)</u>	<u>\$ (0.92)</u>

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

(With Deloitte & Touche audit report dated August 31, 2012)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Dividend Per Share)**

	Capital Stock (Notes 2 and 20)			Capital Surplus (Notes 2, 15 and 20)			Retained Earnings (Accumulated Loss) (Notes 2 and 20)			Other Items of Stockholders' Equity (Notes 2 and 20)			Total Stockholders' Equity
	Shares (Thousands)	Amount	Stock Dividends to Be Distributed	Additional Paid-in Capital	Long-term Investments	Equity Component of Mandatory Convertible Bonds	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficit)	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Gain or Loss on Financial Instruments	
BALANCE, JANUARY 1, 2012	2,818,713	\$ 28,187,131	\$ -	\$ 4,710,566	\$ 8,927	\$ -	\$ 1,178,785	\$ 82,530	\$ (4,637,889)	\$ (158,441)	\$ (67,069)	\$ 42,923	\$ 29,347,463
Compensation of 2011 deficit													
Legal reserve	-	-	-	-	-	-	(1,178,785)	-	1,178,785	-	-	-	-
Special reserve	-	-	-	-	-	-	-	(82,530)	82,530	-	-	-	-
Capital surplus - additional paid-in capital	-	-	-	(3,376,574)	-	-	-	-	3,376,574	-	-	-	-
Net loss for the six months ended June 30, 2012	-	-	-	-	-	-	-	-	(5,195,499)	-	-	-	(5,195,499)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	2,603	2,603
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	(109,229)	-	-	(109,229)
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(46,895)	(46,895)
Changes in unrealized loss on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	-	(48,933)	(48,933)
Equity component of mandatory convertible bonds	-	-	-	-	-	4,413,702	-	-	-	-	-	-	4,413,702
BALANCE, JUNE 30, 2012	2,818,713	\$ 28,187,131	\$ -	\$ 1,333,992	\$ 8,927	\$ 4,413,702	\$ -	\$ -	\$ (5,195,499)	\$ (267,670)	\$ (67,069)	\$ (50,302)	\$ 28,363,212
BALANCE, JANUARY 1, 2011	2,562,466	\$ 25,624,665	\$ -	\$ 4,710,566	\$ 8,927	\$ -	\$ -	\$ -	\$ 11,787,853	\$ (469,051)	\$ (26,499)	\$ 413,020	\$ 42,049,481
Appropriation of 2010 earnings													
Legal reserve	-	-	-	-	-	-	1,178,785	-	(1,178,785)	-	-	-	-
Special reserve	-	-	-	-	-	-	-	82,530	(82,530)	-	-	-	-
Cash dividends - \$1.25 per share	-	-	-	-	-	-	-	-	(3,203,083)	-	-	-	(3,203,083)
Stock dividends - \$1 per share	-	-	2,562,466	-	-	-	-	-	(2,562,466)	-	-	-	-
Net loss for the six months ended June 30, 2011	-	-	-	-	-	-	-	-	(2,606,828)	-	-	-	(2,606,828)
Changes in stockholders' equity accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	(65,071)	(65,071)
Translation adjustments on long-term investments accounted for using equity method	-	-	-	-	-	-	-	-	-	(62,699)	-	-	(62,699)
Changes in unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	(365,891)	(365,891)
Changes in unrealized gain on cash flow hedging financial instruments	-	-	-	-	-	-	-	-	-	-	-	11,440	11,440
Effect of changes on sale long-term equity-method investments	-	-	-	-	-	-	-	-	-	16,871	-	(14)	16,857
BALANCE, JUNE 30, 2011	2,562,466	\$ 25,624,665	\$ 2,562,466	\$ 4,710,566	\$ 8,927	\$ -	\$ 1,178,785	\$ 82,530	\$ 2,154,161	\$ (514,879)	\$ (26,499)	\$ (6,516)	\$ 35,774,206

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

(With Deloitte & Touche audit report dated August 31, 2012)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (5,195,499)	\$ (2,606,828)
Depreciation	1,616,022	1,478,639
Amortization	9,139	9,882
Unrealized exchange gain	(8,164)	-
Provision for (reversal of) doubtful accounts	6,670	(990)
Gain on disposal of financial instruments, net	(787,469)	(208,636)
Gain on disposal of properties, net	(1,133,272)	(155,339)
Provision for (repayment of) pension cost	3,032	(16,300)
Provision for (reversal of) allowance for loss on shipping fuel	222,458	(12,176)
Investment loss (income) recognized under equity method	266,266	(212,412)
Cash dividends received from equity-method investee	256,658	78,152
Valuation loss (gain) on financial assets	22,908	(59,684)
Valuation loss on financial liabilities	89,098	10,218
Deferred income tax	(943,365)	(254,547)
Others	(12,827)	(18,324)
Changes in operating assets and liabilities		
Financial instruments held for trading	340,458	(413,390)
Accounts receivable	(140,128)	(180,243)
Accounts receivable from related parties	(372,461)	(59,948)
Other receivables from related parties	426,600	35,716
Shipping fuel	430,931	(1,139,687)
Prepaid expenses	(147,466)	1,456
Advances to shipping agents	429,436	220,736
Other current assets	75,996	(4,764)
Accounts payable	(128,255)	627,361
Accrued expenses	48,636	(611,903)
Accrued expenses - related parties	(69,807)	864,007
Income tax payable	(9,554)	175,793
Payable to shipping agents	53,856	(237,600)
Payable to shipping agents - related parties	407,951	196,732
Advances from customers	900,824	(348,387)
Other current liabilities	(182,750)	233,122
Advances on long-term rent agreements	<u>15,786</u>	<u>20,554</u>
Net cash used in operating activities	<u>(3,508,292)</u>	<u>(2,588,790)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(13,330,000)	(6,859,311)
Proceeds from disposal of available-for-sale financial assets	13,393,661	15,340,438
Acquisition of investments accounted for using equity method	(2,597,500)	-
Proceeds from disposal of investments accounted for using equity method	1,341,697	436,834
Acquisition of properties	(5,134,676)	(696,507)
Proceeds from disposal of properties	1,250,459	260,690

(Continued)

YANG MING MARINE TRANSPORT CORPORATION

STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
Increase in long-term receivables from related parties	\$ (1,274,298)	\$ (2,191,982)
Acquisition of computer software	(11,980)	(300)
Decrease (increase) in other assets	(10,653)	7,873
Decrease in refundable deposits	<u>564</u>	<u>1,186</u>
Net cash provided by (used in) investing activities	<u>(6,372,726)</u>	<u>6,298,921</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from commercial paper	1,599,505	300,000
Repayment for commercial paper	(4,845,864)	(2,140,000)
Decrease in short-term debt	(2,438,672)	-
Proceeds from long-term debt	14,351,350	1,900,000
Repayment of long-term debt	(9,212,119)	(2,727,719)
Proceeds from issuance of bonds	15,694,000	-
Repayment of principal of bonds	-	(1,600,000)
Payment for other financial liabilities	(13,758)	-
Payments for obligations under capital leases	(41,957)	(50,008)
Increase in other liabilities	<u>59,729</u>	<u>1,698</u>
Net cash provided by (used in) financing activities	<u>15,152,214</u>	<u>(4,316,029)</u>
NET INCREASE (DECREASE) IN CASH	5,271,196	(605,898)
CASH, BEGINNING OF PERIOD	<u>6,680,430</u>	<u>9,354,855</u>
CASH, END OF PERIOD	<u>\$ 11,951,626</u>	<u>\$ 8,748,957</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 293,909</u>	<u>\$ 267,167</u>
Income tax paid	<u>\$ 65,903</u>	<u>\$ 149,461</u>
NON-CASH FINANCING ACTIVITIES		
Reclassification of investment into deduction to long-term receivables from related parties	<u>\$ (3,466)</u>	<u>\$ 47,601</u>
Current portion of long-term interest - bearing debts	<u>\$ 5,026,114</u>	<u>\$ 13,015,446</u>
Cash dividends payable	<u>\$ -</u>	<u>\$ 3,203,083</u>
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NON-CASH ITEMS		
Acquisition of properties	\$ 4,443,099	\$ 696,507
Decrease in payables on equipment	<u>691,577</u>	<u>-</u>
Cash paid	<u>\$ 5,134,676</u>	<u>\$ 696,507</u>

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

(With Deloitte & Touche audit report dated August 31, 2012)

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2012 AND 2011

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

1. ORGANIZATION AND OPERATIONS

Yang Ming Marine Transport Corporation (the "Corporation"), established in December 1972, was majority owned by the Ministry of Transportation and Communications (MOTC) of the Republic of China (ROC) until February 15, 1996 when MOTC reduced its holdings in the Corporation simultaneous to the Corporation's listing of its shares of stock on the ROC Taiwan Stock Exchange. The MOTC owned 35.51% of the Corporation's outstanding capital stock as of June 30, 2012 and 2011.

The Corporation primarily provides marine cargo transportation services. It also provides services related to the maintenance of old vessels, lease and sale of old vessels, containers and chassis of vessels. Further, it acts as a shipping agent and manages ships owned by others.

The Corporation's shares have been listed on the ROC Taiwan Stock Exchange since April 1992. The Corporation issued global depository receipts (GDRs), which have been listed on the London Stock Exchange (ticker symbol: YMTD) since November 1996.

As of June 30, 2012 and 2011, the Corporation had 1,459 and 1,548 employees, respectively.

To increase the Corporation's competitiveness and performance through downsizing of organization and streamlining of operations, the shareholders had met and resolved to spin-off its tramp business department into a subsidiary, Kuang Ming Shipping Corp., in accordance with the Business Mergers and Acquisitions Law, Company Act and other related regulations on October 1, 2008. The net assets of the department spun-off were \$4,000,716 thousand. The Corporation exchanged the net assets for 176,330 thousand of Kuang Ming Shipping Corporation's newly issued shares at NT\$22.6888 per share.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China ("ROC").

For readers' convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

Foreign Currencies

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Corporation. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, evaluation of financial assets and liabilities, provision for losses on shipping fuel, depreciation of property, plant and equipment, impairment of assets, income tax, pension cost, loss on pending litigations, payables to shipping agents, bonuses to employees, directors and supervisors, etc. Actual results may differ from these estimates.

Current and Noncurrent Assets and Liabilities

Current assets include unrestricted cash, and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as property, plant and equipment and those not classified as current assets are noncurrent. Current liabilities are obligations incurred for trading purpose or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial instruments classified as financial assets at fair value through profit or loss ("FVTPL") include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Corporation recognizes a financial asset or a financial liability on its balance sheet when the Corporation becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Corporation has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly in profit or loss in the year in which they arise. Cash dividends received subsequently (including those received in the year of investment) are recognized as income for the year. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized in profit or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A derivative that does not meet the criteria for hedge accounting is classified as a financial asset or a financial liability held for trading. If the fair value of the derivative is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Fair values of financial assets and financial liabilities at the balance sheet date are determined as follows: Publicly traded stocks - at closing prices; open-end mutual funds - at net asset values; bonds - at prices quoted by the Taiwan GreTai Securities Market; and financial assets and financial liabilities without quoted prices in an active market - at values determined using valuation techniques.

Hybrid contracts containing one or more embedded derivatives are designed as financial assets at FVTPL.

Available-for-sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity. If the fair value of a debt instrument classified as available-for-sale subsequently increases as a result of an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to profit.

Hedge Accounting

Derivatives that are designated and effective as hedging instruments are measured at fair value, with subsequent changes in fair value recognized either in profit or loss, or in shareholders' equity, depending on the nature of the hedging relationship.

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item as follows:

a. Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss.

b. Cash flow hedge

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in shareholders' equity. The amount recognized in shareholders' equity is recognized in profit or loss in the same year or years during which the hedged forecast transaction or an asset or liability arising from the hedged forecast transaction affects profit or loss. However, if all or a portion of a loss recognized in shareholders' equity is not expected to be recovered in the future, the amount that is not expected to be recovered is reclassified into profit or loss.

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Impairment of Accounts Receivable

Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter bankruptcy or financial re-organization.

Accounts receivable that are assessed not to be impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of accounts receivable could include the Corporation's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Impairment of Assets

If the recoverable amount of an asset (mainly property, plant and equipment, nonoperating assets, leased assets, computer software and investments accounted for using equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings.

For long term equity investments for which the Corporation has significant influence but with no control, the carrying amount (including goodwill) of each investment is compared with its own recoverable amount for the purpose of impairment testing. Long term equity investments over which the Corporation has control are evaluated for impairment using their cash-generating units on the basis consolidated financial statements. A reversal of an impairment loss on goodwill is disallowed.

Shipping Fuel

Shipping fuel is stated at the lower of cost or net realizable value. Any write-down is made item by item. Shipping fuel is recorded at weighted-average cost.

Investments Accounted for Using Equity Method

Investments in which the Corporation holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

The acquisition cost is allocated to the assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition, and the acquisition cost in excess of the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not being amortized. The fair value of the net identifiable assets acquired in excess of the acquisition cost is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee; however, if the Corporation has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Corporation's percentage of ownership in the investee. Profits from sales of products between equity-method investees are deferred to the extent of the Corporation's equity interests in these investees.

When the Corporation's share in losses of an investee over which the Corporation has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Corporation has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Corporation to the extent of the excess losses previously borne by the Corporation.

Properties and Assets Leased to Others

Properties and assets leased to others are stated at cost less accumulated depreciation. Borrowing costs directly attributable to the acquisition or construction of property, plant and equipment and assets leased to others are capitalized as part of the cost of those assets. Major additions and improvements to property, plant and equipment and assets leased to others are capitalized, while costs of repairs and maintenance are expensed currently.

Assets held under capital leases are initially recognized as assets of the Corporation at the lower of their fair value at the inception of the lease or the present value of the minimum lease payments; the corresponding liability is included in the balance sheet as obligations under capital leases. The interest included in lease payments is expensed when paid.

Depreciation is provided on a straight-line basis over estimated useful lives as follows: buildings, 53 to 56 years; containers and chassis, 6 to 10 years; ships, 20 to 25 years; dry dock, 2.5 years; leased assets, 5 to 9 years; leasehold improvements, 6 to 11 years; and miscellaneous equipment, 2 to 16 years. Properties still in use beyond their original estimated useful lives are further depreciated over their new estimated useful lives.

The related cost and accumulated depreciation of an item of property, plant and equipment and assets leased to others are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the year of disposal.

Computer Software

Computer software products acquired are initially recorded at cost and are amortized on a straight-line basis over 3 years.

Nonoperating Assets

Properties not currently used in operations are transferred to nonoperating assets at the lower of the carrying value or net fair value, with any reduction in carrying value charged to nonoperating expenses. Starting on January 1, 2006, based on related regulations, nonoperating assets are depreciated using the straight-line method over the estimated useful lives of the properties.

Convertible Bonds

For convertible bonds, the Corporation first determines the carrying amount of the liability component by measuring the fair value of a similar liability that does not have an associated equity component, then determines the carrying amount of the equity component, representing the equity conversion option, by deducting the fair value of the liability component from the fair value of the convertible bonds as a whole. The liability component (excluding embedded derivatives) is measured at amortized cost using the effective interest method, while the embedded non-equity derivatives are measured at fair value. Upon conversion, the Corporation uses the aggregate carrying amount of the liability and equity components of the bonds at the time of conversion as a basis to record the common shares issued.

Transaction costs of convertible bonds, net of related income tax benefit, are allocated in proportion to the liability and equity components of the bonds.

Pension Cost

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

Unrealized Gain (Loss) on Sale and Leaseback

A gain or loss on the sale of containers, chassis and ships that are leased back by the Corporation is deferred and amortized over the term of the lease or their estimated service lives, whichever is shorter.

Provision for Onerous Contract

The onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

Income Tax

The Corporation applies the intra-year and inter-year allocation methods to its income tax, whereby (1) a portion of income tax expense is allocated to the cumulative effect of changes in accounting principles or charged or credited directly to shareholders' equity; and (2) deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Revenue Recognition

Revenue is recognized when the earnings process is completed and the revenue is realizable and measurable. The costs of providing services are recognized as incurred.

Cargo revenues are recognized using the completion of voyage method. Monthly rental revenues on ships and containers leased to others and ship management revenue are recognized in the month the services are rendered.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Corporation and the customers for goods sold in the normal course of business, net of discounts. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

Reclassifications

Certain accounts in the financial statements as of and for the six months ended June 30, 2011 have been reclassified to be conform to the presentation of the financial statements as of and for the six months ended June 30, 2012.

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Financial Instruments

On January 1, 2011, the Corporation adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." The main revisions included loans and receivables originated by the Corporation under SFAS No. 34. This accounting change did not have significant influence on the financial statements.

Operating Segments

On January 1, 2011, the Corporation adopted the newly issued SFAS No. 41, "Operating Segments." The statement requires that segment information be disclosed based on the information about the components of the Corporation that management uses to make operating decisions. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Corporation's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20, "Segment Reporting." SFAS No. 41 only changed the way the Corporation discloses information of the segments.

4. CASH

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Petty cash and cash on hand	\$ 2,034	\$ 1,858
Checking accounts and demand deposits	9,245,819	1,743,786
Time deposits: Interest - 0.50% to 2.35% and 0.40% to 4.90% at June 30, 2012 and 2011	<u>2,703,773</u>	<u>7,003,313</u>
	<u>\$ 11,951,626</u>	<u>\$ 8,748,957</u>

As of June 30, 2012 and 2011, the Corporation had no time deposits with maturity of over one year.

The overseas deposits as of June 30, 2012 and 2011 are summarized in the accompanying Schedule A and Schedule B.

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS-CURRENT

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
<u>Financial assets held for trading</u>		
Crude oil swap and oil swap option	\$ 29,909	\$ 62,374
Forward exchange contracts	19,015	20,158
Mutual fund	3,308	102,626
Quoted stocks	1,229	1,589
Principal guaranteed notes	<u>-</u>	<u>1,000,276</u>
	<u>\$ 53,461</u>	<u>\$ 1,187,023</u>
<u>Financial liabilities held for trading</u>		
Crude oil swap and oil swap option	\$ 120,654	\$ -
Forward exchange contracts	<u>15,580</u>	<u>10,218</u>
	<u>\$ 136,234</u>	<u>\$ 10,218</u>

Principal guaranteed notes were held to link to TTT50, Chughwa Telecom and interest was at rate range of commercial paper. The contract had been settled by July 2011.

Foreign exchange forward contracts were held mainly to hedge the exchange rate risks on net assets or liabilities denominated in foreign currency or to earn gains from exchange rates. The hedging strategy was developed with the objective to reduce the risk of market price or cash flow fluctuations. The derivative transactions for the six months ended June 30, 2012 and 2011 entered into by the Corporation were based on forecasted cash flows, and the risk of the transaction can be controlled by the Corporation.

Outstanding forward contracts as of June 30, 2012 were as follows:

	Currency	Duration	Contract Amount (In Thousands)	Fair Value (In Thousands)
<u>June 30, 2012</u>				
Buy	USD/NTD	July 2012	USD10,000/NTD295,300	\$ 5,911
Buy	USD/NTD	August 2012	USD15,000/NTD442,950	13,104
Sell	USD/NTD	July 2012	USD10,000/NTD295,300	(4,126)
Sell	USD/NTD	August 2012	USD15,000/NTD442,950	(11,454)

Outstanding forward contracts as of June 30, 2011 were as follows:

	Currency	Duration	Contract Amount (In Thousands)	Fair Value (In Thousands)
<u>June 30, 2011</u>				
Buy	USD/CNY	August 2011	USD10,000/CNY64,600	\$ (1,560)
Buy	USD/CNY	September 2011	USD10,000/CNY64,600	(1,048)
Buy	USD/NTD	July 2011	USD30,000/NTD864,000	(5,238)
Buy	USD/CNY	July 2011	USD30,000/CNY193,800	1,800
Buy	USD/NTD	September 2011	USD10,000/NTD288,000	(2,372)
Sell	USD/CNY	August 2011	USD10,000/CNY64,600	3,363
Sell	USD/CNY	September 2011	USD10,000/CNY64,600	2,194
Sell	USD/NTD	July 2011	USD30,000/NTD864,000	9,946
Sell	USD/CNY	July 2011	USD30,000/CNY193,800	1,416
Sell	USD/NTD	September 2011	USD10,000/NTD288,000	1,439

The Corporation's purpose for trading crude oil swap and oil swap option was to reduce the cost burden from oil price increase. The Corporation entered into crude oil swap and oil swap option contracts. The amounts of the contracts ranged from US\$10,022 thousand to US\$21,320 thousand and from US\$2,495 thousand to US\$11,058 thousand every month for the six months ended June 30, 2012 and 2011, respectively.

The terms of the derivatives mentioned above did not qualify as effective hedging instruments; thus, hedge accounting was not applied.

Outstanding crude oil swap and oil swap option contracts as of June 30, 2012 were as follows:

	Due Date	Notional Amount	Unsettled Amount	
			Contract Amount	Fair Value
<u>June 30, 2012</u>				
Crude oil swap and oil swap option	2013.03.31	US\$193,066 thousand	US\$101,039 thousand	\$(90,745)

Outstanding crude oil swap and oil swap option contracts as of June 30, 2011 were as follows:

	Due Date	Notional Amount	Unsettled Amount	
			Contract Amount	Fair Value
<u>June 30, 2011</u>				
Crude oil swap and oil swap option	2012.03.31	US\$94,862 thousand	US\$63,991 thousand	\$ 62,374

Net gains from financial assets held for trading were \$115,060 thousand and \$149,115 thousand for the six months ended June 30, 2012 and 2011, respectively.

Net losses from financial liabilities held for trading were \$89,098 thousand and \$10,218 thousand for the six months ended June 30, 2012 and 2011, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2012	2011
Domestic quoted stocks	\$ 2,275,774	\$ 2,403,618
Mutual funds	-	379,646
Corporate bonds	-	57,600
	<u>2,275,774</u>	<u>2,840,864</u>
Less: Current portion	<u>(89,344)</u>	<u>(562,449)</u>
	<u>\$ 2,186,430</u>	<u>\$ 2,278,415</u>

7. SHIPPING FUEL

	June 30	
	2012	2011
Shipping fuel	<u>\$ 5,165,146</u>	<u>\$ 5,526,469</u>

As of June 30, 2012 and 2011, the allowance for inventory devaluation was \$222,458 thousand and \$32,678 thousand, respectively.

The cost of shipping fuel recognized as operating cost for the six months ended June 30, 2012 and 2011, was \$14,675,490 thousand and \$14,258,957 thousand, respectively. The cost of shipping fuel recognized as operating cost in the six months ended June 30, 2012 included \$222,458 thousand, which was due to write-downs of shipping fuel. The cost of shipping fuel recognized as operating cost in the six months ended June 30, 2011 included \$12,176 thousand, which was due to the reversal of write-downs of shipping fuel. Previous write-downs had been reversed as a result of increased cost of shipping fuel in the market.

8. FINANCIAL ASSETS CARRIED AT COST

	June 30			
	2012		2011	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Domestic unquoted common stocks				
Taipei Port Container Terminal Co., Ltd.	\$ 376,804	9.76	\$ 385,985	9.76
United Stevedoring Corporation	5,000	10.00	5,000	10.00
Overseas unquoted common stocks				
Antwerp International Terminal N.V.	<u>-</u>	14.02	<u>-</u>	14.02
	<u>\$ 381,804</u>		<u>\$ 390,985</u>	

The Corporation recognized valuation loss on financial assets of \$4,565 thousand and \$20,655 thousand for the six months ended June 30, 2012 and 2011, respectively.

The above equity investments, which had no quoted prices in an active market and of which fair value could not be reliably measured, were carried at cost.

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30			
	2012		2011	
	Carrying Amount	% of Owner- ship	Carrying Amount	% of Owner- ship
Kao Ming Container Terminal Corp.	\$ 6,212,696	90.00	\$ 4,051,485	100.00
Kuang Ming Shipping Corp.	3,868,121	86.57	4,399,234	86.57
Yang Ming Line (B.V.I.) Holding Co., Ltd.	3,213,080	100.00	4,459,854	100.00
All Oceans Transportation Inc.	3,114,604	100.00	3,975,525	100.00
Yang Ming Line (Singapore) Pte. Ltd.	1,863,126	100.00	1,712,230	100.00
Ching Ming Investment Co., Ltd.	1,476,523	100.00	1,599,712	100.00
Yang Ming Line Holding Co.	603,625	100.00	461,635	100.00
Yes Logistics Corp.	586,282	50.00	552,952	50.00
Yunn Wang Investment Co., Ltd.	171,181	49.75	186,136	49.75
Jing Ming Transportation Co., Ltd.	112,546	50.98	110,545	50.98
Honming Terminal & Stevedoring Co., Ltd.	109,170	79.17	120,221	79.17
Transyang Shipping Pte. Ltd.	67,898	49.00	66,315	49.00
Yang Ming (Liberia) Corp.	<u>(1,255,718)</u>	100.00	<u>(1,622,937)</u>	100.00
	20,143,134		20,072,907	
Add: Investment deducted from long-term receivables from related parties	<u>1,255,718</u>		<u>1,622,937</u>	
	<u>\$ 21,398,852</u>		<u>\$ 21,695,844</u>	

Movements of the difference between the cost of investments and the Corporation's share in investees' net assets for the six months ended June 30, 2012 and 2011 were as follows:

	Non-amortizing Assets	
	Six Months Ended June 30	
	2012	2011
Balance, beginning of period	\$ 671	\$ 671
Additions	<u>-</u>	<u>-</u>
Balance, end of period	<u>\$ 671</u>	<u>\$ 671</u>

Investment income (loss) recognized under the equity method was as follows:

	Six Months Ended June 30	
	2012	2011
Kao Ming Container Terminal Corp.	\$ 88,137	\$ 26,364
Yang Ming Line (Singapore) Pte. Ltd.	69,474	83,546
Yang Ming Line Holding Co.	61,334	172,455
Ching Ming Investment Co., Ltd.	7,171	24,360

(Continued)

	Six Months Ended June 30	
	2012	2011
Yunn Wang Investment Co., Ltd.	\$ 6,828	\$ 11,493
Transyang Shipping Pte. Ltd.	6,225	7,894
Yes Logistics Corp.	4,498	9,045
Honming Terminal & Stevedoring Co., Ltd.	1,447	13,356
Jing Ming Transportation Co., Ltd.	938	87
Yang Ming (Liberia) Corp.	(19,406)	28,178
Yang Ming Line (B.V.I.) Holding Co., Ltd.	(68,721)	11,189
Kuang Ming Shipping Corp.	(117,823)	212,945
All Oceans Transportation Inc.	<u>(306,368)</u>	<u>(388,500)</u>
	<u>\$ (266,266)</u>	<u>\$ 212,412</u> (Concluded)

The carrying values of the equity-method investments (except those of Kao Ming Container Terminal Corp., Ching Ming Investment Co., Ltd. All Oceans Transportation Inc., Kuang Ming Shipping Corp., Yang Ming Line (B.V.I.) Holding Co., Ltd. and Yang Ming (Liberia) Corp. for the six months ended June 30, 2012 and 2011) were based on unaudited financial statements for the six months ended June 30, 2012 and 2011. The equities in net assets of equity-method investees Ching Ming Investment Corp. and Yang Ming Line (B.V.I.) Holding Co., Ltd. for the six months ended June 30, 2012 and 2011, were partly determined on the basis of the investee's unaudited financial reports, and therefore the auditors issued a qualified opinion.

The Corporation's investments in certain equity-method investees which were based on unaudited financial statements had carrying amount of \$4,328,497 thousand and \$4,001,958 thousand as of June 30, 2012 and 2011, respectively. The Corporation's equity of \$202,398 thousand and \$382,954 thousand in the net income of these investees was included in the net income for the six months ended June 30, 2012 and 2011, respectively.

The Corporation committed to support the operation of Yang Ming (Liberia) Corp. The credit balance of \$1,255,718 thousand and \$1,622,937 thousand on this investment was reclassified as deduction from long-term receivables from related parties as of June 30, 2012 and 2011, respectively.

In order to engage in the building and operation of Kaohsiung harbor intercontinental container center, the Corporation founded a chartered subsidiary, Kao Ming Container Terminal Corp., which had a contract namely 'First stage of Kaohsiung harbor intercontinental container center construction and operation project' with MOTC Harbor Bureau. The contract commenced on September 28, 2007 and will last for 50 years including the construction and operation periods. MOTC Harbor Bureau approved Kao Ming Container Terminal Corp. to start its operation on January 5, 2011. The board of directors of the Corporation resolved to increase investments in Kao Ming Container Terminal Corp. within the capital disbursement of \$3,700,000 thousand and \$2,700,000 thousand on August 28, 2008 and January 6, 2012, respectively. As of June 30, 2012, the Corporation had increased investment in Kao Ming Container Terminal Corp. for \$5,897,500 thousand. Kao Ming Container Terminal Corp. secured a \$16,200,000 thousand syndicated bank loans on December 18, 2008, so as to fund the construction of Kaohsiung Intercontinental Container Terminal, and as of June 30, 2012 the banks have allotted \$5,940,000 thousand.

In order to enrich the operating fund for the second-stage construction of Kaohsiung Intercontinental Container Terminal (expected to be completed in September 2014) and enhance the competitiveness of Kao Ming Container Terminal Corp., the Corporation's board of directors resolved on January 6, 2012 to dispose partial interests of Kao Ming Container Terminal Corp. held by the Corporation. According to the specifications of related BOT contracts, the accumulated disposal should not exceed 272,000 thousand shares (approximately equal to 40% of Kao Ming Container Terminal Corp.'s share capital). The disposal price will depend on Kao Ming Container Terminal Corp.'s operating performance and the market price at the time.

For the six months ended June 30, 2012, the Corporation disposed of 68,000 thousand shares (approximately equal to 10% of Kao Ming Container Terminal Corp.'s current share capital) at an average price of \$19.79 per share, and recognized a disposal gain of \$651,213 thousand.

In order to improve the Group's entire operating efficiency, enhance the Group's financial structure and to facilitate initial public offering of Kuang Ming Shipping Corp., a subsidiary of the Corporation, the Corporation's board of directors resolved on June 18, 2010 to dispose partial interests of Kuang Ming Shipping Corp. held by the Corporation. The maximum disposal amount of stock will not exceed 61,500 thousand shares (approximately equal to 30% of Kuang Ming Shipping Corp's share capital), and disposal price will depend on Kuang Ming Shipping Corp's operating performance and the market price at the time.

The Corporation has disposed 13,700 thousand shares to specific persons (approximately equal to 6.67% of Kuang Ming Shipping Corp's current share capital) at an average price of \$31.89 per share, and recognized a disposal gain of \$83,501 thousand for the six months ended June 30, 2012. As of June 30, 2012, the Corporation has disposed 27,594 thousand shares (approximately equal to 13.43% of Kuang Ming Shipping Corp's current share capital) at an average price of \$28.88 per share, and has recognized an accumulated disposal gain of \$105,878 thousand.

As required by the revised ROC SFAS No. 7 - "Consolidated Financial Statements", control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting rights of an entity unless it can be clearly shown that such ownership does not constitute as a control interest. Thus, the consolidated financial statements as of and for the six months ended June 30, 2012 and 2011 include the accounts of the Corporation and its direct and indirect subsidiaries. The Corporation does not have control over Transyang Shipping Pte. Ltd. and Yunn Wang Investment Co., Ltd. for the six months ended June 30, 2012 and 2011, respectively, therefore the accounts of these companies were not included in the consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in the consolidation.

10. PROPERTIES

		Six Months Ended June 30, 2012								
		Land	Buildings	Containers and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost										
Beginning balance	\$	427,836	\$ 770,528	\$ 25,409,096	\$ 6,075,923	\$ 2,732,756	\$ 146,272	\$ 2,250,944	\$ 3,723,337	\$ 41,536,692
Addition	-	-	-	994,875	40,442	-	-	24,566	3,383,216	4,443,099
Disposal	-	-	-	(1,227,150)	(552,854)	-	-	(2,916)	-	(1,782,920)
Reclassification	-	-	-	-	3,752,542	-	-	-	(3,752,542)	-
Ending balance	<u>\$</u>	<u>427,836</u>	<u>770,528</u>	<u>25,176,821</u>	<u>9,316,053</u>	<u>2,732,756</u>	<u>146,272</u>	<u>2,272,594</u>	<u>\$ 3,354,011</u>	<u>44,196,871</u>
Accumulated depreciation										
Beginning balance			183,055	16,228,173	2,122,609	2,105,125	136,911	1,315,685		22,091,558
Addition			8,154	1,073,840	391,080	45,917	1,811	81,621		1,602,423
Disposal			-	(1,220,107)	(442,737)	-	-	(2,889)		(1,665,733)
Ending balance			<u>191,209</u>	<u>16,081,906</u>	<u>2,070,952</u>	<u>2,151,042</u>	<u>138,722</u>	<u>1,394,417</u>		<u>22,028,248</u>
			<u>\$ 579,319</u>	<u>\$ 9,094,915</u>	<u>\$ 7,245,101</u>	<u>\$ 581,714</u>	<u>\$ 7,550</u>	<u>\$ 878,177</u>		<u>\$ 22,168,623</u>
		Six Months Ended June 30, 2011								
		Land	Buildings	Containers and Chassis	Ships	Leased Assets	Leasehold Improvements	Miscellaneous Equipment	Construction in Process	Total
Cost										
Beginning balance	\$	427,836	\$ 749,213	\$ 23,005,358	\$ 6,529,880	\$ 2,868,206	\$ 146,272	\$ 2,638,782	\$ -	\$ 36,365,547
Addition	-	-	-	614,743	63,000	-	-	18,764	-	696,507
Disposal	-	-	-	(89,514)	-	(135,450)	-	(503,587)	-	(728,551)
Reclassification	-	-	-	-	-	-	-	-	-	-
Ending balance	<u>\$</u>	<u>427,836</u>	<u>749,213</u>	<u>23,530,587</u>	<u>6,592,880</u>	<u>2,732,756</u>	<u>146,272</u>	<u>2,153,959</u>	<u>\$ -</u>	<u>36,333,503</u>
Accumulated depreciation										
Beginning balance			159,983	15,592,907	1,706,532	2,143,723	133,284	1,608,420		21,344,849
Addition			7,118	869,914	468,385	50,934	1,799	77,856		1,476,006
Disposal			-	(86,129)	-	(135,450)	-	(375,881)		(597,460)
Ending balance			<u>167,101</u>	<u>16,376,692</u>	<u>2,174,917</u>	<u>2,059,207</u>	<u>135,083</u>	<u>1,310,395</u>		<u>22,223,395</u>
Accumulated impairment										
Beginning balance			-	-	-	-	-	25,740		25,740
Disposal			-	-	-	-	-	(25,740)		(25,740)
Ending balance			-	-	-	-	-	-		-
			<u>\$ 582,112</u>	<u>\$ 7,153,895</u>	<u>\$ 4,417,963</u>	<u>\$ 673,549</u>	<u>\$ 11,189</u>	<u>\$ 843,564</u>		<u>\$ 14,110,108</u>

Information about capitalized interest were as follows:

	Six Months Ended June 30, 2012
Capitalized interest	\$23,620
Capitalization rate	1.7196%-1.8393%

The Corporation leases containers under capital lease agreements. The related information for future rentals is shown in Note 27. The terms of the leases were from nine years to ten years for containers. The annual rent payable on leased containers under the agreements is US\$4,337 thousand. The Corporation has the option to buy, at the end of the lease terms, all leased containers at a bargain purchase price of US\$1 per unit. The details of these leases as of June 30, 2012 and 2011 were as follows:

	June 30			
	2012		2011	
	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)	U.S. Dollars (Thousands)	New Taiwan Dollars (Thousands)
Total capital lease obligations (undiscounted)	\$ 24,439	\$ 730,727	\$ 28,697	\$ 826,490
Less: Unamortized interest expense	<u>(4,032)</u>	<u>(120,563)</u>	<u>(5,515)</u>	<u>(158,829)</u>
	<u>\$ 20,407</u>	<u>\$ 610,164</u>	<u>\$ 23,182</u>	<u>\$ 667,661</u>

11. ASSETS LEASED TO OTHERS, NET

	June 30	
	2012	2011
Cost		
Land	\$ 2,920,184	\$ 2,920,184
Buildings	<u>1,212,305</u>	<u>1,225,818</u>
	4,132,489	4,146,002
Accumulated depreciation - buildings	<u>216,286</u>	<u>196,727</u>
	<u>\$ 3,916,203</u>	<u>\$ 3,949,275</u>

Future rental payments receivable are summarized as follows:

Fiscal Year	Amount
2012 (from July 1, 2012 to December 31, 2012)	\$ 64,633
2013	108,702
2014	69,433
2015	55,262
2016	27,588

Rentals after 2017 amount to \$4,646 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$4,344 thousand.

12. NONOPERATING ASSETS, NET

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Cost		
Land	\$ 234,359	\$ 234,359
Buildings	<u>1,585</u>	<u>1,746</u>
	235,944	236,105
Accumulated depreciation - buildings	<u>1,585</u>	<u>1,746</u>
	<u>\$ 234,359</u>	<u>\$ 234,359</u>

13. ADVANCES ON LONG-TERM RENT AGREEMENT

For the purpose of managing storage, processing, transfer and distribution of goods, the Corporation collaborated with MOTC Harbor Bureau in the construction and operating of the First and Second Logistics Centers of the Kaohsiung Third Container Center. The final review of First Logistics Center had been completed. According to the contract, the Corporation is entitled to the use of the center for 30 years based on the initial investment made by the Corporation. The project of the Second Logistics Center of the Kaohsiung Third Container Center had been completed in October 2007 and commenced operation in 2008. The issue regarding the tenancy calculation had been arbitrated by the Arbitration Association of the Republic of China, and the Corporation reclassified the amount of \$131,452 thousand, which was part of the original investment of \$691,554 thousand, into miscellaneous equipment in properties. The amount of \$560,092 thousand was reclassified into advances on long-term rent agreement which are amortized over 28 years and 9 months.

	Current	Long-term	Total
<u>June 30, 2012</u>			
Advances on long-term rent agreement	<u>\$ 31,572</u>	<u>\$ 678,636</u>	<u>\$ 710,208</u>
<u>June 30, 2011</u>			
Advances on long-term rent agreement	<u>\$ 41,106</u>	<u>\$ 798,755</u>	<u>\$ 839,861</u>

14. SHORT-TERM DEBT

	June 30, 2012
Unsecured bank loans, interest rate 1.3640%	<u>\$ 200,000</u>

15. LONG-TERM INTEREST-BEARING DEBTS

	Current	Long-term	Total
<u>June 30, 2012</u>			
Long-term unsecured bank loans	\$ -	\$ 14,633,350	\$ 14,633,350
Long-term secured bank loans	3,778,938	9,268,014	13,046,952
Domestic privately placed unsecured bonds	-	9,884,941	9,884,941
Domestic privately placed secured mandatory convertible bonds	125,417	889,178	1,014,595
Domestic unsecured bonds	960,000	3,000,000	3,960,000
Domestic secured bonds	-	11,432,722	11,432,722
Capital leases	88,276	521,888	610,164
Other financial liabilities	<u>73,483</u>	<u>284,462</u>	<u>357,945</u>
	<u>\$ 5,026,114</u>	<u>\$ 49,914,555</u>	<u>\$ 54,940,669</u>
<u>June 30, 2011</u>			
Long-term unsecured bank loans	\$ -	\$ 1,900,000	\$ 1,900,000
Long-term secured bank loans	3,455,438	10,363,352	13,818,790
Domestic unsecured bonds	9,480,000	3,960,000	13,440,000
Domestic secured bonds	-	4,967,461	4,967,461
Capital leases	<u>80,008</u>	<u>587,653</u>	<u>667,661</u>
	<u>\$ 13,015,446</u>	<u>\$ 21,778,466</u>	<u>\$ 34,793,912</u>

Long-term Unsecured Bank Loans

The unsecured bank loan will be repaid in New Taiwan dollars in one-lump sum payment at maturity. The balance of June 2012 will be repaid before May 2015. Interest rate were 1.1400% to 1.7960% and 1.0000% on June 30, 2012 and 2011, respectively.

Long-term Secured Bank Loans

Secured bank loans are repayable in installments at varying amounts in New Taiwan dollars with the latest maturity in June 2020. Interest rates were 1.2378% to 2.3150% and 1.1321% to 2.2304% on June 30, 2012 and 2011, respectively. The Corporation's ships, containers, assets leased to others and the ships of a subsidiary, All Oceans Transportation Inc., are pledged as collaterals for the secured loans.

Domestic Privately Placed Unsecured Bonds

The Corporation issued the first privately placed unsecured bonds with an aggregate face value of \$5,544,000 thousand on March 6, 2012 (the "March 6 2012 Bonds"), and issued the second privately placed unsecured bonds with an aggregate face value of \$4,350,000 thousand on March 30, 2012 (the "March 30 2012 Bonds").

The bond features and terms are as follows:

March 6 2012 bonds: Type A - Aggregate face value of \$1,759,000 thousand and maturity on March 6, 2016. The principal will be repaid in a lump sum payment at maturity; 2.08% annual interest is repayable semiannually.

Type B - Aggregate face value of \$3,785,000 thousand and maturity on March 6, 2017. The principal will be repaid in a lump sum on March 6, 2017; 2.18%

annual interest is repayable semiannually.

March 30 2012 bonds: Type A - Aggregate face value of \$1,550,000 thousand and maturity on March 30, 2016. The principle will be repaid in a lump sum on March 30, 2016; 2.08% annual interest is repayable semiannually.

Type B - Aggregate face value of \$2,800,000 thousand and maturity on March 30, 2017. The principal will be repaid in a lump sum on March 30, 2017; 2.18% annual interest is repayable semiannually.

Domestic privately placed secured mandatory convertible bonds

The Corporation issued seven-year domestic privately placed secured mandatory convertible bonds with an aggregate face value of \$5,800,000 thousand; 3% annual interest is repayable annually. Bondholders could request to convert the bonds into the Corporation's common shares between September 28, 2012 and June 17, 2019. The bonds shall only be converted into the Corporation's common shares at the prevailing conversion price at the last day of the seven-year tenor. The initial conversion price is \$12.68 as of the date of issuance. According to SFAS No. 36, the Corporation divided the bonds into liability component and equity component to recognize capital surplus-equity component of mandatory convertible bonds for \$4,413,702 thousand.

Guarantees:

Taiwan Bank and Taiwan Cooperative Commercial Bank guarantee for \$1,650,000 thousand respectively. The Land Bank of Taiwan guarantees for \$1,050,000 thousand. First Commercial Bank guarantees for \$550,000 thousand. Hua Nan Commercial Bank and Shanghai Commercial & Savings Bank guarantee for \$450,000 thousand respectively. According to performance guarantee agreements, the Corporation has to pay the bank guarantee on the date of issuance and each quarter thereafter. The guarantee payments are recognized as costs attributed to the issue of the bonds and are amortized over the issuance period. As of June 30, 2012, unamortized cost of issuance \$357,945 thousand was recognized as other financial liabilities.

According to performance guarantee agreements, the requirements of the financial ratios calculated on the basis of annual consolidated financial statements of the Corporation are as followed:

- a. Current ratio should not be less than 90%.
- b. Debt ratio should not be: Over 350% before the end of 2013; over 300% from 2014 to 2016; over 230% after 2017.
- c. Interest coverage ratio should not be less than 5 times.
- d. The net tangible assets value should be over \$30,000,000 thousand.

Domestic Unsecured Bonds

On various dates, the Corporation issued domestic unsecured bonds; the dates and the aggregate face values were as follows: \$2,400,000 thousand on November 20, 2000 (the "November 2000 Bonds"); \$5,000,000 thousand from October 8 to October 20 in 2004 (the "October 2004 Bonds"); \$2,500,000 thousand from December 8 to December 14 in 2004 (the "December 2004 Bonds"), and \$6,000,000 thousand on October 23, 2006 (the "October 2006 Bonds").

The bond features and terms are as follows:

November 2000 bonds: Repayments: 20% - November 20, 2010, 40% - November 20, 2011, and 40% - November 20, 2012; 6.02% annual interest.

October 2004 bonds: Type A, B, D, E, G, H, I - Aggregate face value of \$3,500,000 thousand and maturity from October 8 to October 20 in 2011; 3.30% annual interest. As of October 20, 2011, the bonds had been fully repaid.

Type C - Aggregate face value of \$800,000 thousand and maturity on October 12, 2011; 3.30% annual interest. As of October 20, 2011, the bonds had been fully repaid.

Type F - Aggregate face value of \$700,000 thousand and maturity on October 15, 2011; 3.30% annual interest. As of October 20, 2011, the bonds had been fully repaid.

December 2004 bonds: Aggregate face value of \$2,500,000 thousand and maturity from December 8 to December 14 in 2011; 2.99% annual interest. As of December 14, 2011, the bonds had been fully repaid.

October 2006 bonds: Type A - Aggregate face value: \$3,000,000 thousand; repayments: 33% - October 23, 2009, 33% - October 23, 2010, and 34% - October 23, 2011; 2.09% annual interest. As of October 23, 2011, the bonds had been fully repaid.

Type B - aggregate face value of \$3,000,000 thousand and maturity on October 23, 2013; 2.32% annual interest.

Domestic Secured Bonds

On May 20, 2010, the Corporation issued five-year domestic secured bonds with an aggregate face value of \$5,000,000 thousand.

The bond features and terms are as follows:

May 2010 bonds: Type A - Aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type B - Aggregate face value of \$1,000,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type C - Aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type D - Aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type E - Aggregate face value of \$1,000,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type F - Aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type G - Aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Type H - Aggregate face value: \$500,000 thousand; repayments: 50% - May 20, 2014 and 50% - May 20, 2015; 1.42% annual interest.

Guarantees:

- Type A: Guaranteed by Taiwan Bank.
- Type B: Guaranteed by Cathay United Commercial Bank.
- Type C: Guaranteed by Taiwan Cooperative Commercial Bank.
- Type D: Guaranteed by China Trust Commercial Bank.
- Type E: Guaranteed by First Commercial Bank.
- Type F: Guaranteed by Yuanta Commercial Bank.
- Type G: Guaranteed by Hua Nan Commercial Bank.
- Type H: Guaranteed by Shanghai Commercial & Savings Bank.

According to performance guarantee agreements, the Corporation has to pay annual advanced guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as the costs of the corporate bond issuance and are amortized over the issuance period. As of June 30, 2012 and 2011, unamortized cost of issuance amounted to \$31,585 thousand and \$32,539 thousand, respectively.

On December 27, 2011 the Corporation issued five-year domestic secured bonds with an aggregate face value of \$6,500,000 thousand.

The bond features and terms are as follows:

- December 2011 bonds:
- Type A - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type B - Aggregate face value of \$500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type C - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type D - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type E - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type F - Aggregate face value: \$1,000,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type G - Aggregate face value of \$500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.
 - Type H - Aggregate face value of \$500,000 thousand; repayments: 50% - December 27, 2015 and 50% - December 27, 2016, 1.30% annual interest.

Guarantees:

- Type A: Guaranteed by Taiwan Bank.
- Type B: Guaranteed by Mega International Commercial Bank.
- Type C: Guaranteed by Taipei Fubon Financial Bank.
- Type D: Guaranteed by Taiwan Cooperative Commercial Bank.
- Type E: Guaranteed by First Commercial Bank.
- Type F: Guaranteed by Chang Hwa Bank.
- Type G: Guaranteed by Hua Nan Commercial Bank.
- Type H: Guaranteed by Shin Kong Bank.

According to performance guarantee agreements, the Corporation has to pay annual advanced guarantee on the date of issuance and every year thereafter. The guarantee payments are recognized as costs of the corporate bond issuance and are amortized over the issuance period. As of June 30, 2012, unamortized cost of issuance amounted to \$35,693 thousand.

Obligations under Capital Leases

Obligations under capital leases are summarized in Note 10.

16. ACCOUNTS PAYABLE

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Fuel	\$ 3,375,073	\$ 3,766,217
Space hire	<u>958,293</u>	<u>992,780</u>
	<u>\$ 4,333,366</u>	<u>\$ 4,758,997</u>

17. ACCRUED EXPENSES

	<u>June 30</u>	
	<u>2012</u>	<u>2011</u>
Container lease	\$ 529,314	\$ 553,129
Interest	214,069	309,059
Maintenance	67,490	-
Salary and bonus	56,885	429,911
Others	<u>282,948</u>	<u>316,043</u>
	<u>\$ 1,150,706</u>	<u>\$ 1,608,142</u>

18. RESERVE FOR LAND VALUE INCREMENT TAX

The reserve for land value increment tax resulted from the Corporation's merger with China Merchants Steam Navigation Company.

19. PENSION PLAN

The Corporation adopted three pension plans when it was privatized on February 15, 1996. Before the Corporation's privatization, qualified employees received pension payments for service years before the start of the privatization. The service years of the employees who received pre-privatization pension payments and continued to work in the Corporation after privatization will be excluded from the calculation of pension payments after privatization. These plans are as follows:

- a. The pension plan under the Labor Standards Law for onshore employees is a defined benefit plan. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributed amounts equal to 3% of salaries every month; starting from September 2010, the Corporation contributed amounts equal to 13% of salaries to the pension fund; starting from September 2011, the Corporation contributed amount equal to 3% of salaries every month. The pension fund is administered by the pension fund monitoring committee and deposited in the committee's name in the Bank of Taiwan.

Pension plan under the Maritime Labor Law for shipping crew is a defined benefit plan. Before the adoption of the ROC Maritime Labor Law, benefits were based on the amounts stated in the crews hiring contracts. Under the Law, benefits are based on service years and average basic salary of the six months before retirement.

Pension plan for retired employees of China Merchants Steamship Navigation Company (CMSNC) provides benefits based on service years and level of monthly basic salary at the time of retirement.

Because of spin-off, the service years of the employees transferred to Kuang Ming Shipping Corp. are continued from the service years in the Corporation. Benefits are based on the proportion of service years between the Corporation and Kuang Ming Shipping Corp. and are paid by individual pension accounts.

Under SFAS No. 18, "Accounting for Pensions," defined benefit pension cost (including the Corporation, All Oceans Transportation Inc., Yangming (UK) Ltd. and Yang Ming (Liberia) Corp.) should be recognized using the actuarial method. Pension expense is recognized based on agreed upon ratio of their consolidated defined benefit pension cost. According to the actuarial result, the Corporation recognized pension costs of \$44,845 thousand and \$45,188 thousand, contributed \$9,109 thousand and \$40,298 thousand to pension funds for the six months ended June 30, 2012 and 2011, respectively. The income of distribution was \$1,807 thousand for the six months ended June 30, 2011.

- b. Pension plan is a defined contribution scheme under the Labor Pension Act for onshore employees and shipping crew. Starting on July 1, 2005, the Corporation makes monthly contributions to the employees' individual pension accounts in the Bureau of Labor Insurance at 6% of employees' salaries every month. The pension cost under the defined contribution plan was \$20,163 thousand and \$23,885 thousand for the six months ended June 30, 2012 and 2011, respectively.
- c. In an effort to encourage employee retirement, hence improve the human resource structure and enhance vitality within organization, the Corporation paid for favorable retirement benefits according to the retirement policies. The Corporation recognized a pension cost of \$15,823 thousand and \$1,878 thousand for the six months ended June 30, 2012 and 2011, respectively.

20. STOCKHOLDERS' EQUITY

a. Global depositary receipts

On November 14, 1996, the Corporation issued 10 million units of global depositary receipts (GDRs), representing 100 million shares, at an issue price of US\$11.64 per unit. The holders of the GDRs may not exchange them for the Corporation's stocks. However, starting February 14, 1997, the holders of the GDR may request the depository bank to sell the shares represented by the GDRs. As of June 30, 2012, there were 5,330,595 units outstanding, representing 53,306,040 shares, 1.89% of total issued shares.

The holders of the GDR retain stockholder's rights that are the same as those of the Corporation's common stockholders, but the exercise of stockholder's rights should be under related laws and regulations in ROC and the terms of the GDR contracts. One of these rights is that GDR holders should be able to exercise the right of voting, sell the shares represented by the GDRs, receive dividends and subscribe for the issued stock through the depository bank.

b. Capital surplus

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

The capital surplus from long-term investments, employee stock options and conversion options may not be used for any purpose.

c. Appropriation of earnings and dividend policy

The Corporation's Articles of Incorporation provide that various reserves should be set aside from annual net income less any accumulated losses. In addition, a special reserve should be appropriated as needed. For the remainder of the income plus accumulated unappropriated earnings, the board of directors should propose an appropriation plan and request the shareholders to pass and execute the plan. The appropriation of earnings should be in the following order:

- 1) 1% to 5% as bonus to employees;
- 2) 2% or less as remuneration to directors and supervisors; and
- 3) Remainder as stockholders' dividends.

The Articles of Incorporation provide that the Corporation should consider certain factors, including the Corporation's profits, the change in the environment of the industry, potential growth of the Corporation, costs, expenditures and the working capital for operation in proposing stock dividend appropriation plan. The Corporation shall declare at least 20% of the amount declared as dividends in the form of cash as opposed to stock.

The Corporation did not accrue bonus to employees and remuneration to directors and supervisors because of the losses for the six months ended June 30, 2012 and 2011. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year is adjusted for in the current year. If the actual amount subsequently resolved by the shareholders differs from the proposed amount, the differences is recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve reaches the Corporation's paid-in capital. This reserve may be used to offset a deficit. Under the revised Company Law issued on January 4, 2012, when the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

On June 15, 2012, the Corporation's stockholders resolved to pass the proposal for offsetting the deficit from 2011 by the following:

Legal reserve	\$ 1,178,785
Special reserve	82,530
Capital surplus - issuance of common shares	<u>3,376,574</u>
	<u>\$ 4,637,889</u>

The stockholders resolved to appropriate the 2010 earnings on June 24, 2011, as follows:

	Appropriation of Earnings	Dividends Per Share (Dollars)
Legal capital reserve	\$ 1,178,785	
Special reserve	82,530	
Cash dividends	3,203,083	\$1.25
Stock dividends	2,562,466	1.00

The bonus to employees of \$156,886 thousand for 2010 was approved in the stockholders' meeting on June 24, 2011. The approved amount of the bonus to employees was no different from that in the financial statements for the year ended December 31, 2010.

The shareholders' meeting held on June 24, 2011 also resolved to distribute stock dividends out of undistributed earnings in the amount of \$2,562,466 thousand. The above capital increase was approved by the Financial Supervisory Commission of Executive Yuan on August 3, 2011. The revision of registration of the capital increase was approved by the Ministry of Economic Affairs, ROC on October 6, 2011.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Unrealized gain or loss on financial instruments

For the six months ended June 30, 2012 and 2011, movements of unrealized gain or loss on financial instruments were as follows:

	Available- for-sale Financial Assets	Equity- method Investments	Gain (Loss) on Cash Flow Hedges	Total
<u>Six months ended June 30, 2012</u>				
Balance, beginning of period	\$ 23,402	\$ (29,412)	\$ 48,933	\$ 42,923
Recognized in shareholders' equity	(49,976)	2,603	(48,933)	(96,306)
Transferred to profit or loss	<u>3,081</u>	<u>-</u>	<u>-</u>	<u>3,081</u>
Balance, end of period	<u>\$ (23,493)</u>	<u>\$ (26,809)</u>	<u>\$ -</u>	<u>\$ (50,302)</u>
<u>Six months ended June 30, 2011</u>				
Balance, beginning of period	\$ 424,440	\$ 6,578	\$ (17,998)	\$ 413,020
Recognized in shareholders' equity	(301,137)	(65,071)	11,440	(354,768)
Transferred to profit or loss	<u>(64,754)</u>	<u>(14)</u>	<u>-</u>	<u>(64,768)</u>
Balance, end of period	<u>\$ 58,549</u>	<u>\$ (58,507)</u>	<u>\$ (6,558)</u>	<u>\$ (6,516)</u>

21. INCOME TAX

- a. A reconciliation of income tax expense based on loss before income tax at the statutory rate of 17% and income tax expense was as follows:

	Six Months Ended June 30	
	2012	2011
Income tax expense at the statutory rate	\$ (1,034,185)	\$ (431,140)
Tax effect of adjusting items:		
Permanent differences	(105,390)	(64,895)
Temporary differences	130,227	(62,609)
Loss carryforwards provided	1,009,348	558,644
Additional 10% income tax on unappropriated earnings	<u>-</u>	<u>216,098</u>
Income tax payable - current	<u>\$ -</u>	<u>\$ 216,098</u>

- b. Tax expense (benefit) was as follows:

	Six Months Ended June 30	
	2012	2011
Income tax payable - current	\$ -	\$ 216,098
Overseas income tax	55,423	109,156
Deferred income tax expense		
Temporary differences	(131,287)	62,033
Loss carryforwards	(872,078)	(656,580)
Adjustment in valuation allowance	<u>60,000</u>	<u>340,000</u>
	<u>\$ (887,942)</u>	<u>\$ 70,707</u>

- c. Deferred income tax assets (liabilities) were as follows:

	June 30	
	2012	2011
Current (included in other current assets)		
Deferred income tax assets		
Unrealized shipping fuel valuation losses	\$ 37,818	\$ 5,555
Unrealized exchange loss	3,864	-
Others	<u>1,224</u>	<u>2,799</u>
	42,906	8,354
Deferred income tax liabilities		
Unrealized exchange gain	<u>-</u>	<u>(5,710)</u>
	<u>\$ 42,906</u>	<u>\$ 2,644</u>
Noncurrent		
Deferred income tax assets		
Loss carryforwards	\$ 3,026,854	\$ 1,037,550
Investment loss recognized on overseas equity-method investments	237,206	307,216
Deferred pension cost	129,227	123,239

(Continued)

	June 30	
	2012	2011
Unrealized impairment loss on financial assets	\$ 10,026	\$ 10,026
Unrealized impairment loss on long-term leases for chartered-in vessels	<u>-</u>	<u>1,309</u>
	3,403,313	1,479,340
Less: Valuation allowance	<u>(1,210,000)</u>	<u>(590,000)</u>
	<u>2,193,313</u>	<u>889,340</u>
Deferred income tax liabilities		
Investment income recognized on overseas equity-method investments	(771,383)	(1,121,596)
Differences in estimated service lives of ships	<u>(44,938)</u>	<u>-</u>
	<u>(816,321)</u>	<u>(1,121,596)</u>
	<u>\$ 1,376,992</u>	<u>\$ (232,256)</u>
		(Concluded)

Loss carryforwards as of June 30, 2012 comprised of:

Unused Amount	Expiry Year
\$ 2,683,337	2019
9,246,258	2021
5,875,428	2022

The tax returns through 2010 had been assessed by the tax authorities.

d. Information about integrated income tax was as follows:

	June 30	
	2012	2011
Balance of the imputation credit account (ICA)	<u>\$ 528,186</u>	<u>\$ 1,274,318</u>
Unappropriated earnings generated before January 1, 1998	<u>\$ -</u>	<u>\$ -</u>

There was deficit and operating loss in 2011; thus no ICA ratio was calculated for 2011. The accumulated amount of ICA will be used to calculate the ICA ration for distribution of earnings in the future.

22. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Six Months Ended June 30, 2012			
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 296,422	\$ 445,237	\$ -	\$ 741,659
Insurance	19,006	37,744	-	56,750
				(Continued)

Six Months Ended June 30, 2012				
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Pension	\$ 31,844	\$ 48,987	\$ -	\$ 80,831
Others	<u>30,448</u>	<u>53,073</u>	<u>-</u>	<u>83,521</u>
	<u>\$ 377,720</u>	<u>\$ 585,041</u>	<u>\$ -</u>	<u>\$ 962,761</u>
Depreciation	\$ 1,565,428	\$ 36,995	\$ 13,599	\$ 1,616,022
Amortization	-	8,939	200	9,139
				(Concluded)

Six Months Ended June 30, 2011				
	Operating Costs	Operating Expenses	Nonoperating Expenses and Losses	Total
Personnel expenses				
Salary	\$ 417,625	\$ 428,469	\$ -	\$ 846,094
Insurance	25,608	33,068	-	58,676
Pension	34,055	36,896	-	70,951
Others	<u>45,541</u>	<u>66,579</u>	<u>-</u>	<u>112,120</u>
	<u>\$ 522,829</u>	<u>\$ 565,012</u>	<u>\$ -</u>	<u>\$ 1,087,841</u>
Depreciation	\$ 1,435,631	\$ 29,336	\$ 13,672	\$ 1,478,639
Amortization	-	8,612	1,270	9,882

23. LOSS PER SHARE (“EPS”)

The numerators and denominators used in calculating loss per share were as follows:

	<u>Amount (Numerator)</u>		<u>Shares (Denominator) (In Thousand Shares)</u>	<u>EPS (NT\$)</u>	
	<u>Before Income Tax</u>	<u>Net Loss</u>		<u>Loss Before Income Tax</u>	<u>Net Loss</u>
<u>Six months ended June 30, 2012</u>					
Basic EPS	\$ (6,083,441)	\$ (5,195,499)	2,818,713	<u>\$ (2.16)</u>	<u>\$ (1.84)</u>
Impact of dilutive potential common shares					
Domestic privately placed mandatory convertible bonds	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$ (6,083,441)</u>	<u>\$ (5,195,499)</u>	<u>2,818,713</u>	<u>\$ (2.16)</u>	<u>\$ (1.84)</u>
<u>Six months ended June 30, 2011</u>					
Basic EPS	\$ (2,536,121)	\$ (2,606,828)	2,818,713	<u>\$ (0.90)</u>	<u>\$ (0.92)</u>
Impact of dilutive potential common shares					
Bonus to employees	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS	<u>\$ (2,536,121)</u>	<u>\$ (2,606,828)</u>	<u>2,818,713</u>	<u>\$ (0.90)</u>	<u>\$ (0.92)</u>

The Corporation did not consider the potential shares of mandatory convertible bonds for the six months ended June 30, 2012 and the bonus to employees' potential shares for the six months ended June 30, 2011 in the calculation of diluted EPS due to their anti-dilutive effect.

The Corporation should presume that the entire amount of the bonus to employees will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

The number of shares had been retroactively adjusted for stock dividends; thus, both of the basic EPS and the diluted EPS for the six months ended June 30, 2011 went down to \$(0.92) from \$(1.02).

24. DISCLOSURE FOR FINANCIAL INSTRUMENTS

a. The fair values of the Corporation's financial instruments were as follows:

	June 30			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 53,461	\$ 53,461	\$ 1,187,023	\$ 1,187,023
Available-for-sale financial assets - current	89,344	89,344	562,449	562,449
Available-for-sale financial assets - noncurrent	2,186,430	2,186,430	2,278,415	2,278,415
Financial assets carried at cost - noncurrent	381,804	-	390,985	-
Long-term receivables from related parties	24,972,900	24,972,900	23,735,562	23,735,562
Refundable deposits	322,131	322,131	322,688	322,688
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	136,234	136,234	10,218	10,218
Derivative financial liabilities for hedging - current	-	-	6,559	6,559
Long-term unsecured bank loans	14,633,350	14,633,350	1,900,000	1,900,000
Long-term secured bank loans	13,046,952	13,046,952	13,818,790	13,818,790
Bonds payable	26,292,258	26,425,158	18,407,461	18,530,837
Obligation under capital lease	610,164	610,164	667,661	667,661
Other financial liabilities	357,945	357,945	-	-
Guarantee deposits received	118,396	118,396	53,617	53,617

Place of transaction:

Place of Transaction	June 30, 2012	
	Carrying Value	Fair Value
<u>Financial assets</u>		
Domestic	\$ -	\$ -
Overseas (including foreign institutions in Taiwan)	48,924	48,924
<u>Financial liabilities</u>		
Domestic	42,683	42,683
Overseas (including foreign institutions in Taiwan)	93,551	93,551

Place of Transaction	June 30, 2011	
	Carrying Value	Fair Value
<u>Financial assets</u>		
Domestic	\$ 20,942	\$ 20,942
Overseas (including foreign institutions in Taiwan)	61,590	61,590
<u>Financial liabilities</u>		
Domestic	6,559	6,559
Overseas (including foreign institutions in Taiwan)	10,218	10,218

b. The methods and assumptions applied in estimating fair values are as follows:

- 1) Cash, accounts receivable, accounts receivables from related parties, other receivables from related parties, advances to shipping agents, short-term loans, accrued expenses, accrued expenses to related parties, accounts payable and payable to shipping agents and payable to shipping agents - related parties which are not shown among the financial instruments in the table above, are recorded at their carrying values because of the short maturities of these instruments.
- 2) Fair values of financial instruments designated as at FVTPL and available-for-sale financial assets are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments. These estimation and assumption are available to the Corporation.

Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

- 3) Financial assets carried at cost are investments in unlisted shares which have no market value and will require an amount in excess of reasonable cost to determine fair value, thus, no reliable fair value was determined.
- 4) Fair values of long-term other receivables - related parties, long-term bank loans, domestic private bonds payables, domestic privately placed mandatory convertible bonds, obligations under capital leases and other financial liabilities are measured at the present values of expected cash flows which are discounted at the interest rate of bank loans with similar maturities.
- 5) Refundable deposits and guarantee deposits received uses carrying amounts to estimate their fair market values since the amounts refundable approximate the carrying amounts.
- 6) Except for the domestic private bonds payables and domestic privately placed mandatory convertible bonds, the fair value of bonds payables is market value.

- c. Fair values of financial assets and financial liabilities, based on quoted prices or valuation techniques, were as follows:

	<u>Quoted Market Price</u>		<u>Valuation Techniques</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>				
Financial assets at fair value through profit or loss - current	\$ 4,537	\$ 104,215	\$ 48,924	\$ 1,082,808
Available-for-sale financial assets - current	89,344	562,449	-	-
Available-for-sale financial assets - noncurrent	2,186,430	2,278,415	-	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss - current	-	-	136,234	10,218
Bonds payable	15,516,563	18,530,837	10,908,595	-
Derivative financial liabilities for hedging - current	-	-	-	6,559

- d. Valuation gains (loss) arising from changes in fair value of financial instruments determined using valuation technique were \$(107,401) thousand and \$72,376 thousand for the six months ended June 30, 2012 and 2011, respectively.
- e. Financial asset and liabilities affected by interest rate were as follows:

	<u>June 30</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Financial Asset</u>	<u>Financial Liabilities</u>	<u>Financial Asset</u>	<u>Financial Liabilities</u>
<u>Risk of interest rate change</u>				
Fair value risk	\$ 2,676,273	\$ 27,460,367	\$ 5,441,381	\$ 19,075,121
Cash flow risk	9,151,282	27,680,302	3,258,155	15,718,791

- f. Information about financial risks

1) Market risk

Financial instruments held by the Corporation are mainly quoted stocks and mutual funds. Although these financial instruments are subject to fluctuation of market price, the Corporation's observance of proper procedures when investing in marketable securities for trading purpose helps the Corporation avoid significant risk.

The foreign exchange risk of the Corporation's monetary assets and liabilities is mainly controlled by natural hedge. With symmetrical and diversified assets and liabilities of each foreign currency, the currency evaluation effect of the aforesaid position could be broadly offset mutually.

For the six months ended June 30, 2011, the interest rate swap contracts held by the Corporation were for nontrading purposes, i.e., to hedge overall fluctuations on interest rates. The Corporation uses interest rate swap contracts with gains or losses that offset the gains or losses on floating interest-bearing liabilities. Through these contracts, the Corporation hedges most of the risks in the market. In addition, the Corporation evaluates the hedging effectiveness of the contracts periodically.

The contract will be settled at net amounts. Thus the change in fair value of this contract due to change in market interest rate should not cause additional risk for the Corporation. As of June 30, 2011, the interest rate swap contracts have been settled.

To control the risk of the derivative financial instruments for trading purpose, the Corporation sets the maximum loss limit on its derivative trading and periodically evaluates the market risk of the outstanding contracts to avoid losses that could significantly impact the Corporation's operation.

The Corporation uses stock price-linked and interest rate-linked principal guaranteed notes to earn higher investment income. The Corporation chooses commodities highly correlated to stock prices and commercial paper interest rates. The Corporation arranges to receive more than original investment amounts on the settlement date, thus market risk is not significant.

The Corporation uses credit-linked instruments for trading purposes to earn higher interest income. The Corporation chooses commodities highly correlated to interest rates. The Corporation's observance of proper procedures when buying contracts for trading purposes helps the Corporation control the market risk.

The Corporation's purpose for trading crude oil swap and oil swap option is to reduce the cost burden from oil price increase or the price risk of other hedging instruments. The purpose of the Corporation's hedge strategy is to transfer the crude oil market risk. The Corporation evaluates the risk exposure and hedge position periodically. The hedging instruments will be settled in cash. When oil price goes down, the Corporation's bunker cost burden will go down as well to offset the possible hedge position loss. Therefore, the market risk exposure of the Corporation should be limited and controllable.

The Corporation's purpose for foreign currency derivative trading is to manage the exchange rate risk of foreign currency. By engaging in forward exchange, when exchange rate is lower than strike price, the Corporation can sell foreign currency at a higher price or rely on premiums to offset a portion of exchange loss; when exchange rate is higher than strike price, the translation will result in exchange loss, but the loss will be offset by exchange gain derived from cash position.

2) Credit risk

The Corporation is exposed to credit risk on counterparties' default on contracts. The Corporation's maximum exposure to credit risk is equal to book value. The Corporation conducts transactions only with selected financial institutions and corporations with good credit ratings. Thus, management does not anticipate any material losses resulting from default on contracts.

3) Liquidity risk

The Corporation entered into interest rate swaps and crude oil swaps to hedge cash flow risks. The interest rate swap contracts are settled at net amounts; thus, the expected cash demand is not significant.

The Corporation invested in marketable equity securities, mutual funds and bonds fund that have quoted prices in an active market and could be sold immediately at prices close to fair value. However, the Corporation also invested in unlisted common stock, stock with no quoted market prices and equity instruments with no quoted prices in an active market; thus, these investments could expose the Corporation to material liquidity risks.

4) Cash flow risk on interest rate

The Corporation's demand deposits, time deposits, short-term loans and long-term bank loans have floating interest rates. Effective rate and future cash flow of the Corporation will fluctuate as a result of changes in market interest rate.

g. Cash flow hedge

The Corporation uses interest rate swap and oil swap contracts to hedge future cash flows:

As of June 30, 2011, the interest rate swap contracts have been settled.

The Corporation entered into crude oil swap and oil swap option contracts which are settled monthly. However, as of June 30, 2012, crude oil swap and oil swap option contracts do not meet the criteria for hedge accounting. The contracts were settled monthly in the amounts that ranged from US\$1,722 thousand to US\$1,845 thousand for the six months ended June 30, 2011.

Six months ended June 30, 2011

Hedged Items	Instruments Designated	Designated Hedging Instruments			Expected Period of Cash Flows	Expected Period for Realization of Gains or Losses
		Contract Amount	Unsettled Amount	Fair Value		
Oil forecast transaction	Oil swap	\$ 643,795 (US\$ 21,912 thousand)	\$ 488,353 (US\$ 16,605 thousand)	\$ (6,559)	February 1, 2011 - March 31, 2012	February 1, 2011 - March 31, 2012

h. Reclassifications

On July 1, 2008, the Corporation reclassified its financial assets in accordance with the newly amended SFAS No. 34, "Financial Instruments: Recognition and Measurement". The fair values at the reclassification date were as follows:

	Before Reclassification	After Reclassification
Financial assets at fair value through profit or loss - current	\$ 1,098,188	\$ 345,176
Available-for-sale financial assets - current	<u>313,882</u>	<u>1,066,894</u>
	<u>\$ 1,412,070</u>	<u>\$ 1,412,070</u>

In view of the Corporation's intention of not selling the abovementioned financial assets held for trading within a short period of time as a result of the economic instability and deterioration of the world's financial markets that has occurred during the year of 2008, the Corporation reclassified these held for trading financial assets to available-for-sale financial assets.

The carrying amounts and fair values of the reclassified financial assets (excluding those that had been derecognized) as of June 30, 2012 and 2011 were as follows:

	June 30			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets-current	\$ 89,344	\$ 89,344	\$ 125,203	\$ 125,203

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before June 30, 2012 and 2011, respectively) for the six months ended June 30, 2012 and 2011 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	Six Months Ended June 30			
	2012		2011	
	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Losses
Available-for-sale financial assets	\$ -	\$ (7,980)	\$ -	\$ (13,151)

25. RELATED-PARTY TRANSACTIONS

The significant transactions with related parties for the six months ended June 30, 2012 and 2011 and the related balances, in addition to those mentioned in Notes 15 and 27 and Schedules E and F, are summarized in the accompanying Schedules C and D.

All of the Corporation's directors in the board were appointed by the major shareholder, MOTC. Trading conditions are not specifically modified in the transactions between the Corporation and those directly or indirectly managed (controlled) by MOTC. Furthermore, apart from the transactions that had been disclosed, the Corporation does not compile and summarize any other transactions.

The transactions with related parties were conducted under contract terms.

26. ASSETS PLEDGED OR MORTGAGED

The following assets had been pledged as collaterals for long-term bank loans and bonds:

	June 30	
	2012	2011
Properties, net	\$ 7,333,705	\$ 6,429,990
Assets leased to others, net	<u>1,403,907</u>	<u>1,412,988</u>
	<u>\$ 8,737,612</u>	<u>\$ 7,842,978</u>

27. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those mentioned in Note 25 and Schedule F, commitments and contingent of the Corporation as of June 30, 2012 were as follows:

- a. Leases of office premises, container, ships and container yard under operating lease agreements that will expire on various dates until September 2036. The total rental for the six months ended June 30, 2012 was \$4,936,899 thousand, an amount of refundable deposit withdrawn due to the lease contract was \$322,131 thousand, and future minimum rentals are as follows:

Fiscal Year	Amount
2012 (from July 1, 2012 to December 31, 2012)	\$ 4,539,650
2013	4,100,817
2014	3,062,104
	(Continued)

Fiscal Year	Amount
2015	\$ 2,881,440
2016	2,600,051 (Concluded)

Rentals after 2017 amount to \$612,962 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$553,131 thousand.

The shareholders had met and resolved to spin off its tramp business department into a subsidiary, Kuang Ming (Liberia) Corp., including the obligations on the lease contracts in the tramp business department. Kuang Ming (Liberia) Corp.'s lease contracts were not included in the future minimum rentals summary.

- b. Leases of containers and chassis under capital lease agreements expiring on various dates until February 2018. Rental for the six months ended June 30, 2012 was about \$41,957 thousand (deducted from leases payable). Future minimum rentals are as follows:

Fiscal Year	Amount
2012 (from July 1, 2012 to December 31, 2012)	\$ 61,777
2013	123,554
2014	123,554
2015	123,554
2016	123,559

Rentals after 2017 amount to \$159,773 thousand. The present value of those rentals, computed at an annual interest rate of 1.355%, is \$149,374 thousand.

- c. On December 27, 2011, the Corporation transferred from All Oceans Transportation four ship construction contracts amounting to US\$464,956 thousand which were signed with CSBC Corporation, Taiwan. As of June 30, 2012, All Oceans has paid \$2,967,454 thousand.
- d. Guarantees of shipbuilding agreements, and loans obtained for operating needs by subsidiaries and investee companies accounted for using equity method were as follows:

Company Name	Nature of Relationship	Guarantee Amount (Thousands)
Yang Ming (America) Corp.	Subsidiary	US\$ 5,000
All Oceans Transportation Inc.	Subsidiary	US\$ 284,455
Yang Ming (Liberia) Corp.	Subsidiary	US\$ 644,170
Kuang Ming (Liberia) Corp.	Subsidiary	US\$ 173,398 and JPY 6,480,000
Kao Ming Container Terminal Corp.	Subsidiary	NT\$ 1,500,000
United Terminal Leasing LLC	Indirect equity-method investee	US\$ 10,673
West Basin Container Terminal LLC	Indirect equity-method investee	US\$ 18,640
Olympic Container Terminal LLC	Subsidiary	US\$ 5,000

28. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Future Bureau for the Corporation and its investees.

- a. Financing provided: Please see Schedule E attached;
- b. Endorsement/guarantee provided: Please see Schedule F attached;
- c. Marketable securities held: Please see Schedule G attached;
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Please see Schedule H attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$100 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$100 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
- h. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Schedule I attached;
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence: Please see Schedule J attached;
- j. Information about derivatives of investees over which the Corporation has a controlling interest: None;
- k. Information on investment in Mainland China
 - 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investment: Please see Schedule K attached.
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.

29. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The Corporation's reportable segments under SFAS No. 41 are marine cargo transportation department, tramp business department, wharf business department and other department.

a. Segment revenues and results

The analysis of the Corporation's revenue and results from continuing operations by reportable segment for the six months ended June 30, 2012 and 2011 were as follows:

	Six Months Ended June 30, 2012					
	Marine Cargo Transportation Department	Tramp Business Department	Wharf Business Department	Other Department	Adjustment and Elimination	Combined
Operating revenues						
Revenue except from affiliated companies	\$ 55,609,941	\$ 1,325,248	\$ 490,577	\$ 1,967,567	\$ -	\$ 59,393,333
Revenue from other department of affiliated companies	<u>190,671</u>	<u>-</u>	<u>737,225</u>	<u>787,128</u>	<u>(1,715,024)</u>	<u>-</u>
Total revenues	<u>\$ 55,800,612</u>	<u>\$ 1,325,248</u>	<u>\$ 1,227,802</u>	<u>\$ 2,754,695</u>	<u>\$ (1,715,024)</u>	<u>\$ 59,393,333</u>
Segment operating income (loss)	<u>\$ (7,250,549)</u>	<u>\$ (147,223)</u>	<u>\$ 165,389</u>	<u>\$ 19,932</u>	<u>\$ 17,369</u>	\$ (7,195,082)
Central administration costs						(171,841)
Investment income recognized under equity method						102,769
Rental revenue						64,078
Interest income						57,645
Gain on disposal of properties						1,162,635
Gain on disposal of financial instruments						794,636
Valuation loss on financial assets						(106,059)
Exchange gain						48,057
Interest expenses						(865,015)
Others						<u>113,514</u>
Loss before income tax from continuing operations						<u>\$ (5,994,663)</u>
	Six Months Ended June 30, 2011					
	Marine Cargo Transportation Department	Tramp Business Department	Wharf Business Department	Other Department	Adjustment and Elimination	Combined
Operating revenues						
Revenue except from affiliated companies	\$ 53,968,554	\$ 1,474,236	\$ 317,910	\$ 1,433,421	\$ -	\$ 57,194,121
Revenue from other department of affiliated companies	<u>274,975</u>	<u>-</u>	<u>746,833</u>	<u>403,370</u>	<u>(1,425,178)</u>	<u>-</u>
Total revenues	<u>\$ 54,243,529</u>	<u>\$ 1,474,236</u>	<u>\$ 1,064,743</u>	<u>\$ 1,836,791</u>	<u>\$ (1,425,178)</u>	<u>\$ 57,194,121</u>
Segment operating income (loss)	<u>\$ (2,746,221)</u>	<u>\$ 321,265</u>	<u>\$ 225,567</u>	<u>\$ (109,324)</u>	<u>\$ 94,093</u>	\$ (2,214,620)
Central administration costs						(164,940)
Investment income recognized under equity method						111,338
Rental revenue						51,997
Interest income						72,607
Gain on disposal of properties						186,143
Gain on disposal of financial instruments						261,541
Valuation gain on financial assets						18,757
Exchange gain						122,431
Interest expenses						(795,949)
Others						<u>77,207</u>
Loss before income tax from continuing operations						<u>\$ (2,273,488)</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' compensation, investment income or loss recognized under the equity method, gain or loss on disposal of investments under equity method, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on sale of investments, exchange gain or loss, valuation gain or loss on financial instruments, interest expense and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment assets

For the measure of segment assets information was not reported to the chief operating decision maker periodically, the disclosure of the measure of segment assets was zero.

30. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The significant foreign-currency financial assets and liabilities were as follows:

	June 30					
	2012			2011		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
<u>Financial assets</u>						
Monetary items						
USD	\$ 445,370	29.9000	\$13,316,564	\$ 250,119	28.8000	\$ 7,203,436
JPY	261,047	0.3760	98,149	495,842	0.3583	177,670
RMB	9,178	4.7056	43,191	184,071	4.4553	820,091
AUD	677	30.3993	20,587	6,795	30.8851	209,867
EUR	3,469	37.5753	130,361	5,417	41.7110	225,948
AED	6,591	8.1405	53,655	9,661	7.8410	75,755
THB	83,215	0.9411	78,317	82,916	0.9364	77,645
GBP	3,018	46.7217	140,991	5,860	46.2442	271,010
INR	3,467	0.5313	1,842	97,583	0.6441	62,851
SEK	1,456	4.2848	6,240	2,099	4.5582	9,567
MYR	9,083	9.3978	85,359	26,099	9.5364	248,887
HKD	3,216	3.8551	12,397	14,165	3.7005	52,416
KRW	1,176,402	0.0261	30,666	7,854,946	0.0270	211,888
Non-monetary items						
USD	1,636	29.9000	48,924	4,866	28.8000	140,132
GBP	2	46.7217	115	1,603	46.2442	74,141
EUR	85	37.5753	3,193	683	41.7110	28,485
Investments accounted for using equity method						
USD	192,231	29.9000	5,747,729	176,288	28.8000	5,077,097
<u>Financial liabilities</u>						
Monetary items						
USD	288,612	29.9000	8,629,510	264,574	28.8000	7,619,736
THB	79,463	0.9411	74,786	26,563	0.9364	24,875
JPY	803,503	0.3760	302,103	669,661	0.3583	239,953
BDT	94,773	0.3646	34,557	134,205	0.3886	52,147
VND	13,068,042	0.0014	18,687	8,312,046	0.0014	11,629
EUR	9,022	37.5753	339,017	4,793	41.7110	199,922
SAR	5,001	7.9727	39,873	7,030	7.6796	53,988
KRW	9,681,861	0.0261	252,386	5,709,339	0.0270	154,010
AED	5,720	8.1405	46,562	3,755	7.8410	29,447
HKD	51,329	3.8551	197,877	44,881	3.7005	166,084
MYR	3,807	9.3978	35,781	6,251	9.5364	59,611
AUD	2,382	30.3993	72,423	-	30.8851	-
RMB	146,492	4.7056	689,338	-	4.4553	-
Non-monetary items						
USD	4,556	29.9000	136,234	582	28.8000	16,777

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
JUNE 30, 2012**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 4	29.9000	\$ 107
	JPY	161,594	0.3760	60,756
Hong Kong	USD	163	29.9000	4,875
	HKD	6,442	3.8551	24,833
	RMB	1,293	4.7056	6,084
United States	USD	12,344	29.9000	369,084
Indonesia	USD	22	29.9000	662
Malaysia	USD	76	29.9000	2,287
	MYR	8,494	9.3978	79,826
Great Britain	USD	254	29.9000	7,604
	GBP	408	46.7217	19,059
Germany	USD	195	29.9000	5,834
	EUR	1,555	37.5753	58,440
Philippines	USD	33	29.9000	972
	PHP	4,619	0.7090	3,275
Singapore	USD	43	29.9000	1,300
India	INR	3,204	0.5313	1,702
Thailand	THB	83,076	0.9411	78,186
Korea	USD	-	29.9000	11
	KRW	1,071,580	0.0261	27,936
Canada	USD	1,815	29.9000	54,275
	CAD	39	29.1480	1,124
Australia	USD	294	29.9000	8,801
	AUD	751	30.3993	22,831
Belgium	EUR	145	37.5753	5,438
Dubai	AED	5,839	8.1405	47,531

YANG MING MARINE TRANSPORT CORPORATION**OVERSEAS DEPOSITS
JUNE 30, 2011**

Country	Currency	Foreign-currency Amount (Thousands)	New Taiwan Dollar Exchange Rate	New Taiwan Dollar Amount (Thousands)
Japan	USD	\$ 64	28.8000	\$ 1,853
	JPY	166,774	0.3583	59,758
Hong Kong	USD	4,448	28.8000	128,102
	HKD	7,664	3.7005	28,359
	RMB	10,203	4.4553	45,460
United States	USD	4,107	28.8000	118,286
Indonesia	USD	367	28.8000	10,558
Malaysia	USD	22	28.8000	643
	MYR	3,977	9.5364	37,924
Great Britain	USD	223	28.8000	6,435
	GBP	409	46.2442	18,929
Germany	USD	181	28.8000	5,226
	EUR	241	41.7110	10,039
Philippines	USD	33	28.8000	936
	PHP	5,434	0.6646	3,611
Singapore	USD	247	28.8000	7,103
	SGD	501	23.4356	11,737
India	INR	94,902	0.6441	61,125
Thailand	THB	29,355	0.9364	27,488
Korea	USD	3	28.8000	101
	KRW	441,884	0.0270	11,922
Canada	USD	157	28.8000	4,512
	CAD	10	29.7921	293
Australia	USD	101	28.8000	2,895
	AUD	859	30.8851	26,537
Belgium	EUR	5	41.7110	191
Dubai	AED	9,149	7.8410	71,735

- Notes:
- A. Subsidiary of the Corporation.
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. More than half of the directors are identical.
 - D. The Corporation donated total paid-in fund of the institute.
 - E. Rentals of 2 ships from Yang Ming (UK) Ltd.
 - F. Lease of 5 ships for Yang Ming (UK) Ltd.
 - G. Yang Ming Marine Transport Corp., Kuang Ming Shipping Corp. and Kuang Ming (Liberia) Corp. signed a contract "management of ship operation" delegating to employ and manage sailors and also to operate and repair ships. Considering expanding operations, the Company decided to terminate the contract from May 1, 2011.
 - H. Lease of 25 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until May 2013; rent is payable monthly.
 - I. Lease of 19 ships from All Oceans Transportation Inc. under several agreements expiring on various dates until September 2012, rent is payable monthly.
 - J. Lease of space from Yang Ming (UK) Ltd. under several agreements expiring on various dates until December 2012 and 2011, respectively; rent is payable monthly.
 - K. Lease of 12 ships from Yang Ming (Liberia) Corp. under an agreement expiring on June 2013 and September 2012, respectively; rent is payable monthly.
 - L. Sale of properties to All Oceans Transportation Inc. in March and April of 2012, and recognize no disposal gain or loss.
 - M. Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2012, are listed in Schedule J.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION

RELATED-PARTY ACCOUNT BALANCES
 JUNE 30, 2012 AND 2011
 (In Thousands of New Taiwan Dollars)

Related Party	Nature of Relationship (See Notes Below)	Receivables from Related Parties						Advances to Shipping Agents		Prepaid Expense		Long-term Receivable from Related Parties		Domestic Unsecured Private Bonds (Note P)		Domestic Secured Mandatory Convertible at Maturity Private Bonds (Note P)		Payables to Related Parties							
		Accounts Receivable		Other Receivables		Total		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Accrued Expense		Payables to Shipping Agents		Total			
		Amount	%	Amount	%	Amount	%											Amount	%	Amount	%	Amount	%	Amount	%
2012																									
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 48,983	3	\$ 48,983	3	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation Inc.	A	-	-	-	-	-	-	-	-	91,234	27	21,082,336	84	-	-	-	-	-	-	-	-	-			
Jing Ming Transportation Co., Ltd.	A	-	-	62	-	62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yangming (Japan) Co., Ltd.	A	87,384	6	240	-	87,624	6	21,587	3	-	-	-	-	-	-	-	-	-	38,871	2	-	-	38,871	2	
Young-Carrier Company Ltd.	A	395,358	26	615	-	395,973	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	688,642	35	688,642	35
Yang Ming (UK) Ltd.	A	33,963	2	204,975	13	238,938	15	82,429	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming Shipping Europe GmbH	A	54,625	4	504	-	55,129	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,249	4	80,249	4
Yang Ming Line (Hong Kong) Ltd.	A	98,232	6	150	-	98,382	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	194,897	10	194,897	10
Yang Ming (Singapore) Pte. Ltd.	A	4,681	-	125	-	4,806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,097	2	44,097	2
Yang Ming Line (M) Sdn. Bhd.	A	4,846	-	49	-	4,895	-	5,966	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (America) Corp.	A	51,808	3	1,741	-	53,549	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	271,682	14	271,682	14
Yang Ming (Netherlands) B.V.	A	27,687	2	166	-	27,853	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,880	1	29,880	1
Yang Ming Shipping (B.V.I.) Inc.	A	-	-	191	-	191	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
YES Logistics Corp.	A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	970	-	-	-	970	-
Yang Ming (Italy) S.p.A.	A	192,427	12	-	-	192,427	12	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,442	2	48,442	2
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	27,717	2	27,717	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Vietnam) Company Limited	B	23,976	2	43	-	24,019	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,691	1	18,691	1
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	3,890,564	16	-	-	-	-	-	-	-	-	-	-	-	
Yang Ming (Korea) Co., Ltd.	A	63,100	4	180	-	63,280	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,571	6	118,571	6
Yang Ming (Belgium) N.V.	A	31,233	2	109	-	31,342	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,017	1	24,017	1
Yang Ming Anatolia Shipping Agency S.A.	A	59,180	4	72	-	59,252	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,648	1	29,648	1
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	7,285	2	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taiwan Navigation Co., Ltd.	C	-	-	12,467	1	12,467	1	-	-	-	-	-	-	100,000	1	200,000	3	23,913	1	-	-	-	-	23,913	1
Yang Ming Line (India) Pvt. Ltd.	A	17,998	1	69	-	18,067	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,033	2	34,033	2
Kao Ming Container Terminal Corp.	A	-	-	52,691	4	52,691	4	-	-	-	-	-	-	-	-	-	-	266,766	13	-	-	-	-	266,766	13
Yang Ming Shipping (Canada) Ltd.	A	16,775	1	-	-	16,775	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,115	1	14,115	1
Yang Ming (U.A.E.) LLC	B	16,061	1	49	-	16,110	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,561	2	46,561	2
Yang Ming Shipping (Egypt) S.A.E	B	8,416	1	47	-	8,463	1	173,719	27	-	-	-	-	-	-	-	-	-	-	-	-	35,451	2	35,451	2
Yung Wang Investment Co., Ltd.	D	-	-	5,211	-	5,211	-	-	-	-	-	-	-	25,000	-	-	-	-	-	-	-	-	-	-	
Taiwan International Ports Co., Ltd.	C	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000,000	69	-	-	-	-	-	-	-	
Taiwan Hua Mao Investment Corp.	E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	450,000	8	-	-	-	-	-	-	-	
		<u>\$ 1,187,750</u>	<u>77</u>	<u>\$ 356,456</u>	<u>23</u>	<u>\$ 1,544,206</u>	<u>100</u>	<u>\$ 283,701</u>	<u>44</u>	<u>\$ 98,519</u>	<u>29</u>	<u>\$ 24,972,900</u>	<u>100</u>	<u>\$ 125,000</u>	<u>1</u>	<u>\$ 4,650,000</u>	<u>80</u>	<u>\$ 330,520</u>	<u>16</u>	<u>\$ 1,678,976</u>	<u>84</u>	<u>\$ 2,009,496</u>	<u>100</u>		
2011																									
Kuang Ming Shipping Corp.	A	\$ -	-	\$ 20,569	1	\$ 20,569	1	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-		
All Oceans Transportation Inc.	A	-	-	-	-	-	-	-	-	-	-	21,352,789	90	-	-	-	-	-	-	-	-	-	-		
Jing Ming Transportation Co., Ltd.	A	-	-	31	-	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	61,848	3	61,848	3
Yangming (Japan) Co., Ltd.	A	7,520	-	-	-	7,520	-	14,764	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Young-Carrier Company Ltd.	A	650,047	47	-	-	650,047	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	681,245	31	681,245	31
Yang Ming (UK) Ltd.	A	42,561	3	-	-	42,561	3	87,887	8	-	-	-	-	-	-	-	-	-	-	-	-	633,669	29	633,669	29
Yang Ming Shipping Europe GmbH	A	67,035	5	-	-	67,035	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	57,705	3	57,705	3
Yang Ming Line (Hong Kong) Ltd.	A	96,287	7	-	-	96,287	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	166,084	8	166,084	8
Yang Ming (Singapore) Pte. Ltd.	A	3,216	-	-	-	3,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,387	1	25,387	1
Yang Ming Line (M) Sdn. Bhd.	A	23,249	2	-	-	23,249	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,888	1	29,888	1
Yang Ming (America) Corp.	A	20,504	1	-	-	20,504	1	336,936	30	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Netherlands) B.V.	A	23,638	2	-	-	23,638	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,332	1	28,332	1
YES Logistics Corp.	A	-	-	10,947	1	10,947	1	-	-	-	-	-	-	-	-	-	-	-	-	1,407	-	-	-	1,407	
Yang Ming (Italy) S.p.A.	A	213,629	15	-	-	213,629	15	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,397	1	19,397	1
Yang Ming Line (B.V.I.) Holding Co., Ltd.	A	-	-	-	-	-	-	-	-	-	-	170,806	1	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Vietnam) Company Limited	B	11,296	1	-	-	11,296	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,629	1	11,629	1
Yang Ming (Liberia) Corp.	A	-	-	-	-	-	-	-	-	-	-	2,211,967	9	-	-	-	-	-	-	-	-	-	-		
Yang Ming (Korea) Co., Ltd.	A	40,183	3	-	-	40,183	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,183	2	53,183	2
Yang Ming (Belgium) N.V.	A	19,609	1	116	-	19,725	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,598	1	24,598	1
Yang Ming Anatolia Shipping Agency S.A.	A	50,747	4	-	-	50,747	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,039	2	30,039	2
Kuang Ming (Liberia) Corp.	A	-	-	11,901	1	11,901	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sunbright Insurance Pte. Ltd.	A	-	-	-	-	-	-	-	-	5,838	2	-	-	-	-	-	-	-	-	-	-	-	-		
Taiwan Navigation Co., Ltd.	C	-	-	212	-	212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,927	2	38,927	2
Yang Ming Line (India) Pvt. Ltd.	A	13,210	1	-	-	13,210	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,650	1	22,650	1
Kao Ming Container Terminal Corp.	A	-	-	540	-	540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	237,614	11	237,614	11
Yang Ming Shipping (Canada) Ltd.	A	25,090	2	-	-	25,090	2	3,194	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Yang Ming Line B.V.	A	-	-	17,596	1	17,596	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Yang Ming (U.A.E.) LLC	B	13,873	1	-	-	13,873	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,447	1	29,447	1
Yang Ming Shipping (Egypt) S.A.E	B	11,441	1	-	-	11,441	1	225,610	20																

- Notes:
- A. Subsidiary of the Corporation
 - B. An equity-method investee of subsidiary of the Corporation.
 - C. More than half of the directors are identical.
 - D. An equity-method investee of the Corporation.
 - E. Supervisor of the Corporation.
 - F. Mainly the tax receivables resulted from the election of consolidated tax returns and the payment made for Kuang Ming Shipping Corp.
 - G. Represents freight expense paid and behalf of Yangming (UK) Ltd.
 - H. Including the amount of interests receivable, financing provided and proceeds from disposal of ships (Schedule E).
 - I. Including the amount of interests receivable, dividends receivable, financing provided and proceeds from disposal of ships (Schedule E).
 - J. The amount of financing provided which has deducted the credit balance of the Corporation long-term in Yang Ming (Liberia) Corp (Schedule E).
 - K. Including dividends receivable and payment on behalf of others.
 - L. Including the amount of financing provided and proceeds from disposal of ships (Schedule E).
 - M. Has deducted the credit balance of the Corporation long-term in Yang Ming (Liberia) Corp.
 - N. Receivables from disposal of ships from All Oceans Transportation, Inc. and from Yang Ming (Liberia) Corp. will be offset by rentals payable and the payment made for All Oceans Transportation, Inc. periodically.
 - O. Other related parties, with which the Corporation had no transactions for the six months ended June 30, 2012, are listed in Schedule J.
 - P. The original investment amount; the amount of interest expense and interests payable to related-party was \$85 thousand for the six months ended June 30, 2012.
 - Q. The Corporation originally signed contract to rent ships with Morning Star Corp. by Yang Ming Line B.V. On December 18, 2011, the transaction was transferred to All Oceans Transportation. The Corporation drew the bill to pay Morning Star rent and deposit through Yang Ming Line B.V. and All Oceans Transportation. As of June 30, 2012 and 2011 the deposit both amounted to \$310,086 thousand.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEES

FINANCING PROVIDED

JUNE 30, 2012

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

No.	Financier	Counter-party	Financial Statement Account	Maximum Balance for the Year (Note N)	Ending Balance (Note N)	Interest Rate	Nature of Financing (Note A)	In the Last Five Years Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Amount of Financing to Individual Counter-party	Maximum Amount of Financing that Can Be Provided by the Financier
											Item	Value		
0	Yang Ming Marine Transport Corp.	Yang Ming (Liberia) Corp.	Other receivables	\$ 7,000,000	\$ 7,000,000 (Note O)	1.8393%	1	\$ 10,063,715	Repayment of loans	\$ -	-	\$ -	\$ 8,508,964 (Notes C and D)	\$ 14,181,606 (Note B)
		All Ocean Transportation Inc.	Other receivables	9,516,896	4,916,101 (Note P)	1.8393%	1	13,403,235	Obtain working capital	-	-	-	8,508,964 (Notes C and D)	14,181,606 (Note B)
1	Yang Ming (America) Corp.	Olympic Container Terminal LLC	Other receivables	454,480 (US\$ 15,200)	454,480 (US\$ 15,200) (Note Q)	2.0000%	2	-	Obtain working capital	-	-	-	484,380 (Note H)	538,200 (Note G)
2	Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Other receivables	20,432 (HK\$ 5,300)	20,432 (HK\$ 5,300) (Note R)	0.5000%	2	-	Repayment of loans	-	-	-	44,941 (Note I)	89,882 (Note E)
3	Yang Ming Line (Singapore) Pte. Ltd.	Yang Ming Marine Transport Corp.	Other receivables	98,670 (US\$ 3,300)	-	-	2	-	Obtain working capital	-	-	-	187,031 (Note F)	374,062 (Note E)
4	Yang Ming Line B.V.	Antwerp International Terminal N.V.	Other receivables	12,272 (EUR 327)	12,272 (EUR 327) (Note S)	1.834%	2	-	Obtain working capital	-	-	-	12,788 (Note K)	17,051 (Note J)
5	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Other receivables	299,000 (US\$ 10,000)	299,000 (US\$ 10,000) (Note T)	-	2	-	Obtain working capital	-	-	-	670,205 (Note M)	1,340,411 (Note L)
6	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Marine Transport Corp.	Other receivables	88,771 (GBP 1,900)	-	-	2	-	Obtain working capital	-	-	-	1,071,803 (Note F)	2,143,606 (Note E)

Notes:

A. Nature of Financing:

1. Yang Ming Marine Transport Corporation (the "Corporation") has transaction with the borrower.
2. The borrower needs short-term financing.

B. The maximum financing amount is 60% of net assets of the Corporation. For borrowers with transactions with the Corporation, maximum financing is 50% of net assets of the Corporation. For borrowers with short-term financing need, the maximum is 10% of net assets of the Corporation.

C. For borrowers with transactions with the Corporation, maximum financing is the lower of 15% of the net assets of the Corporation or the total amount of transactions between the Corporation and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 5% of the net assets of the Corporation.

D. For borrowers are subsidiary of the Corporation, maximum financing is the lower of 30% of the latest net assets audited or reviewed by CPA of the Corporation or the total amount of transactions between the Corporation and the subsidiary in the last five years.

E. The maximum financing amount is 50% of the total assets of the lender. For borrowers with transactions with the lender, maximum financing is 30% of the total assets of the lender. For borrowers with short-term financing need, the maximum is 20% of the total assets of the lender.

F. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last five years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.

G. Represents US\$18,000,000.

H. Represents 90% of US\$18,000,000.

(Continued)

- I. For borrowers with transactions with the lender, maximum financing is the lower of 15% of the total assets of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 10% of the total assets of the lender.
- J. The maximum financing amount is 80% of the paid in capital of the lender. For borrowers with transactions with the lender, maximum financing is 40% of the paid in capital of the lender. For borrowers with short-term financing need, the maximum is 40% of the paid in capital of the lender.
- K. For borrowers with transactions with the lender, maximum financing is the lower of 30% of the paid in capital of the lender or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 30% of the paid in capital of the lender.
- L. The maximum financing amount is the 40% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with transactions with the lender, maximum financing is 10% of the latest net assets audited or reviewed by CPA of the lender. For borrowers with short-term financing need, the maximum is 30% of the latest net assets audited or reviewed by CPA of the lender.
- M. For borrowers with transactions with the lender, maximum financing is the lower of 50% of the total amount financing amount or the total amount of transactions between the lender and the borrower in the last two years. For the borrower needing short-term financing, maximum financing is 50% of the financing amount.
- N. United States dollars, European dollars, Great British Pounds and Hong Kong dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.90, EUR1=NT\$37.5753, GBP1=NT\$46.7217 and HK\$1=NT\$3.8551 on June 30, 2012.
- O. The balance of actual financing provided as of June 30, 2012 was \$5,146,282 thousand (US\$172,116 thousand).
- P. The balance of actual financing provided as of June 30, 2012 was \$2,851,800 thousand.
- Q. The balance of actual financing provided as of June 30, 2012 was \$357,305 thousand (US\$11,950 thousand).
- R. The balance of actual financing provided as of June 30, 2012 was \$15,420 thousand (HK\$4,000 thousand).
- S. The balance of actual financing provided as of June 30, 2012 was \$12,272 thousand (EUR327 thousand).
- T. The balance of actual financing provided as of June 30, 2012 was \$0 thousand.
- U. Financial statements used as basis of investment amounts were unaudited, except All Oceans Transportation Inc., Yang Ming (Liberia) Corp, Yang Ming Line (B.V.I.) Holding Co., Ltd., Kuang Ming Shipping Corp. and Kuang Ming (Liberia) Corp.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

ENDORSEMENT/GUARANTEE PROVIDED

JUNE 30, 2012

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

No.	Guarantor	Guaranteed Party		Maximum Amount of Guarantee to Individual Guaranteed Parties	Maximum Balance for the Year (Note M)	Ending Balance (Note M)	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Amount of Guarantee that Can be Provided by the Guarantor
		Name	Nature of Relationship						
0	Yang Ming Marine Transport Corp.	Yang Ming (America) Corp.	Subsidiary	\$ 45,381,139 (Note B)	\$ 149,500 (US\$ 5,000)	\$ 149,500 (US\$ 5,000)	\$ -	0.53%	\$ 56,726,424 (Note A)
		All Oceans Transportation Inc.	Subsidiary	45,381,139 (Note B)	8,505,216 (US\$ 284,455)	8,505,216 (US\$ 284,455)	-	29.99%	56,726,424 (Note A)
		Yang Ming (Liberia) Corp.	Subsidiary	45,381,139 (Note B)	19,260,683 (US\$ 644,170)	19,260,683 (US\$ 644,170)	-	67.91%	56,726,424 (Note A)
		Kuang Ming (Liberia) Corp.	Subsidiary	45,381,139 (Note B)	7,936,723 (US\$ 178,522 and JPY 6,912,000)	7,621,084 (US\$ 173,398 and JPY 6,480,000)	-	26.87%	56,726,424 (Note A)
		Kao Ming Container Terminal Corp.	Subsidiary	45,381,139 (Note B)	1,500,000	1,500,000	-	5.29%	56,726,424 (Note A)
		United Terminal Leasing LLC	Equity-method investee of subsidiary	45,381,139 (Note B)	319,126 (US\$ 10,673)	319,126 (US\$ 10,673)	-	1.13%	56,726,424 (Note A)
		West Basin Container Terminal LLC	Equity-method investee of subsidiary	45,381,139 (Note B)	741,520 (US\$ 24,800)	557,336 (US\$ 18,640)	-	1.96%	56,726,424 (Note A)
		Olympic Container Terminal LLC	Subsidiary	45,381,139 (Note B)	149,504 (US\$ 5,000)	149,504 (US\$ 5,000)	-	0.53%	56,726,424 (Note A)
1	Yang Ming Line Holding Co.	West Basin Container Terminal LLC	Equity-method investee of subsidiary	320,777 (Note D)	9,581 (US\$ 320)	7,578 (US\$ 253)	-	0.03%	400,971 (Note C)
2	Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming (UK) Ltd.	Subsidiary	4,287,212 (Note F)	19,447 (GBP 416)	18,506 (GBP 396)	-	0.07%	5,359,015 (Note E)
3	All Oceans Transportation Inc.	Yang Ming Marine Transport Corp.	Parent	25,960,381 (Note H)	12,466,000	12,466,000	12,466,000 (Note N)	43.95%	32,450,476 (Note G)
4	Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Subsidiary	7,148,859 (Note J)	3,023,036 (US\$ 41,800 and JPY 4,716,000)	3,023,036 (US\$ 41,800 and JPY 4,716,000)	-	10.66%	8,936,074 (Note I)
5	Kuang Ming (Liberia) Corp.	Kuang Ming Shipping Corp.	Parent	5,610,539 (Note L)	1,079,400 (US\$ 6,000 and NT\$ 900,000)	1,079,400 (US\$ 6,000 and NT\$ 900,000)	-	3.81%	7,013,174 (Note K)

(Continued)

Notes:

- A. Represents 200% of the net asset value of Yang Ming Marine Transport Corporation (the “Corporation”).
- B. Represents 80% of the amount mentioned in Note A.
- C. Represents 50% of assets of Yang Ming Line Holding Co.
- D. Represents 80% of the amount mentioned in Note C.
- E. Represents 50% of assets of Yang Ming Line (B.V.I.) Holding Co., Ltd.
- F. Represents 80% of the amount mentioned in Note E.
- G. Represents 100% of asset of All Oceans Transportation Inc.
- H. Represents 80% of the amount mentioned in Note G.
- I. Represents 200% of its latest audited or reviewed net asset value.
- J. Represents 80% of the amount mentioned in Note I.
- K. Represents 200% of its latest audited or reviewed net asset value.
- L. Represents 80% of the amount mentioned in Note K.
- M. United States dollars, Great British Pounds and Japanese yen translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.9, GBP1=NT\$46.7217 and JPY1=NT\$0.3760 on June 30, 2012.
- N. Represents 14 ships used as guarantees, with carrying value of \$11,685,888 thousand as of June 30, 2012.
- O. Financial statements used as basis of investment amounts were unaudited, except Yang Ming Line (B.V.I.) Holding Co., Ltd., All Oceans Transportation Inc., Yang Ming (Liberia) Corp., Kuang Ming Shipping Corp., Kuang Ming (Liberia) Corp. and Kao Ming Container Terminal Corp.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES HELD

JUNE 30, 2012

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2012			Market Value or Net Asset Value (Note A)	Note
				Shares/Units	Carrying Value	% of Ownership		
Yang Ming Marine Transport Corporation	<u>Common stock</u> Yang Ming Line (B.V.I.) Holding Co., Ltd.	Subsidiary	Investments accounted for by the equity method	10,351	\$ 3,213,080	100.00	\$ 3,213,080	
	Kuang Ming Shipping Corp.	Subsidiary	Investments accounted for by the equity method	177,920,000	3,868,121	86.57	3,868,121	
	All Oceans Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	1,000	3,114,604	100.00	3,114,604	
	Kao Ming Container Terminal Corp.	Subsidiary	Investments accounted for by the equity method	612,000,000	6,212,696	90.00	6,212,696	
	Yang Ming Line (Singapore) Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	60,130,000	1,863,126	100.00	1,863,126	
	Ching Ming Investment Corp.	Subsidiary	Investments accounted for by the equity method	160,650,000	1,476,523	100.00	1,476,523	
	Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	60,000,000	586,282	50.00	586,953	
	Yang Ming Line Holding Co.	Subsidiary	Investments accounted for by the equity method	13,500	603,625	100.00	603,625	
	Yunn Wang Investment Co., Ltd.	Equity-method investee	Investments accounted for by the equity method	5,211,474	171,181	49.75	171,181	
	Honming Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	7,916,908	109,170	79.17	109,170	
	Jing Ming Transportation Co., Ltd.	Subsidiary	Investments accounted for by the equity method	8,615,923	112,546	50.98	112,546	
	Transyang Shipping Pte. Ltd.	Equity-method investee	Investments accounted for by the equity method	1,345	67,898	49.00	67,898	
	Yang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	1	(1,255,718)	100.00	(1,255,718)	(Note B)
	Taipei Port Container Terminal Co., Ltd.	-	Financial asset carried at cost - noncurrent	41,000,000	376,804	9.76	-	
	United Stevedoring Corp.	-	Financial asset carried at cost - noncurrent	500,000	5,000	10.00	-	
	Antwerp International Terminal N.V.	-	Financial asset carried at cost - noncurrent	1,486,030	-	14.02	-	
	Taiwan Navigation Co., Ltd.	Governed by the MOTC	Available-for-sale financial asset - noncurrent	70,758,243	2,186,430	16.96	2,186,430	(Note S)
	China Steel Corp.	-	Available-for-sale financial assets - current	841,229	23,554	0.01	23,554	
	Greatek Electronics Inc.	-	Available-for-sale financial assets - current	482,698	10,547	0.09	10,547	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	1,841,380	53,860	0.02	53,860	
	Aten International Co., Ltd.	-	Available-for-sale financial assets - current	25,614	1,383	0.02	1,383	
	Taiwan Fertilizer Co., Ltd.	-	Financial assets at fair value through profit or loss - current	18,000	1,229	-	1,229	
	<u>Mutual funds</u> BlackRock ICS Euro Liquidity Funds (formerly BGI Liquidity First Funds (EUR))	-	Financial assets at fair value through profit or loss - current	84,970	3,193	-	3,193	
	BlackRock ICS GBP Liquidity Funds (formerly BGI Liquidity First Funds (GBP))	-	Financial assets at fair value through profit or loss - current	2,469	115	-	115	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
Yang Ming Line (B.V.I.) Holding Co., Ltd.	<u>Common stock</u> Yang Ming Line N.V.	Subsidiary	Investments accounted for by the equity method	1,500,000	\$ (2,561,671)	100.00	\$ (2,561,671)	(Note B)
Yang Ming Line N.V.	<u>Common stock</u> Yang Ming Line B.V.	Subsidiary	Investments accounted for by the equity method	2,500	(2,563,706)	100.00	(2,563,706)	(Note B)
Yang Ming Line B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	553	20,946	89.92	20,946	
	Yang Ming (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note C)	26,300	100.00	26,300	
	Yang Ming (Italy) S.p.A.	Subsidiary	Investments accounted for by the equity method	125,000	20,436	50.00	20,436	
	Yang Ming (UK) Ltd.	Subsidiary	Investments accounted for by the equity method	1,500,000	(2,829,245)	100.00	(2,829,245)	(Note B)
	Yang Ming Shipping Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note D)	142,468	100.00	142,468	
	Yang Ming Shipping (Egypt) S.A.E.	Equity-method investee	Investments accounted for by the equity method	24,500	27,825	49.00	27,825	
Yang Ming (Netherlands) B.V.	<u>Common stock</u> Yang Ming (Belgium) N.V.	Subsidiary	Investments accounted for by the equity method	62	2,348	10.08	2,348	
Yang Ming (Italy) S.p.A.	<u>Common stock</u> Yang Ming (Naples) S.r.l.	Subsidiary	Investments accounted for by the equity method	(Note E)	1,167	60.00	1,167	
Yang Ming (UK) Ltd.	<u>Common stock</u> Yes Logistic (UK) Limited	Subsidiary	Investments accounted for by the equity method	200	(3,649)	100.00	(3,649)	(Note B)
	Corstor Ltd.	Equity-method investee	Investments accounted for by the equity method	(Note F)	5,384	50.00	5,384	
Kuang Ming Shipping Corp.	<u>Common stock</u> Kuang Ming (Liberia) Corp.	Subsidiary	Investments accounted for by the equity method	2	3,506,586	100.00	3,506,586	
	<u>Mutual fund</u> Fuh Hwa Money Market Fund	-	Available-for-sale financial assets - current	4,787,199	67,037	-	67,037	
	Schroder New Era Money Market Fund	-	Available-for-sale financial assets - current	5,769,623	65,527	-	65,527	
Yang Ming Line (Singapore) Pte. Ltd.	<u>Common stock</u> Yang Ming Shipping (B.V.I.) Inc.	Subsidiary	Investments accounted for by the equity method	510	222,310	51.00	222,310	
	Yang Ming Line (Hong Kong) Ltd.	Subsidiary	Investments accounted for by the equity method	510,000	(54,919)	51.00	(54,919)	(Notes B and R)
	Yang Ming Line (India) Pvt. Ltd.	Subsidiary	Investments accounted for by the equity method	300,000	10,524	60.00	10,524	
	Yang Ming (Korea) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	60,000	29,460	60.00	29,460	
	Young-Carrier Company Ltd.	Subsidiary	Investments accounted for by the equity method	910,000	212,248	91.00	212,248	
	Yangming (Japan) Co., Ltd.	Subsidiary	Investments accounted for by the equity method	3,000	16,127	100.00	16,127	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Yangming (Singapore) Pte Ltd.	Subsidiary	Investments accounted for by the equity method	1,000,000	\$ 65,505	100.00	\$ 65,505	
	Yang Ming Line (M) Sdn. Bhd.	Subsidiary	Investments accounted for by the equity method	1,000,000	43,234	100.00	43,234	
	Sunbright Insurance Pte. Ltd.	Subsidiary	Investments accounted for by the equity method	3,000,000	114,034	100.00	114,034	
	Yang Ming Anatolia Shipping Agency S.A.	Subsidiary	Investments accounted for by the equity method	50,000	29,312	50.00	29,312	
	Yang Ming (Vietnam) Company Limited	Equity-method investee	Investments accounted for by the equity method	(Note G)	4,167	49.00	4,167	
	Formosa International Development Corporation	Equity-method investee	Investments accounted for by the equity method	(Note H)	248,918	30.00	201,386	
	Yang Ming (U.A.E.) LLC	Equity-method investee	Investments accounted for by the equity method	(Note I)	40,263	49.00	40,263	
Yang Ming Shipping (B.V.I.) Inc.	<u>Common stock</u> Karlman Properties Limited	Subsidiary	Investments accounted for by the equity method	24,000,000	84,605	100.00	84,605	
Yangming (Japan) Co., Ltd.	<u>Common stock</u> Manwa & Co., Ltd.	Subsidiary	Investments accounted for by the equity method	200	3,568	100.00	3,568	
	<u>Other</u> Cash surrender Value in Insurance	-	Financial asset carried at cost - noncurrent	-	19,654	-	-	
Ching Ming Investment Corp.	<u>Common stock</u> Yes Logistics Corp.	Subsidiary	Investments accounted for by the equity method	55,630,977	544,223	46.36	544,223	
	Homing Terminal & Stevedoring Co., Ltd.	Subsidiary	Investments accounted for by the equity method	2,083,092	28,723	20.83	28,723	
	SF Technology Venture Capital Investment Corp.	-	Financial asset carried at cost - noncurrent	1,121,629	3,337	7.24	-	
	United Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	2,880,000	7,152	10.04	-	
	Ascentek Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	784,000	7,896	2.14	-	
	China Technology Venture Capital Corp.	-	Financial asset carried at cost - noncurrent	1,458,600	6,120	8.96	-	
	Kingmax Technology Corp.	-	Financial asset carried at cost - noncurrent	822,115	6,421	1.38	-	
	China Steel Corporation	-	Available-for-sale financial assets - current	454,639	12,730	-	12,730	
	Delta Electronics, Inc.	-	Available-for-sale financial assets - current	30,821	2,802	-	2,802	
	AU Optronics Corp.	-	Available-for-sale financial assets - current	778	9	-	9	
	MediaTek Inc.	-	Available-for-sale financial assets - current	30,020	8,195	-	8,195	
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	800,000	23,400	0.01	23,400	
	Coretronic Corporation	-	Available-for-sale financial assets - current	10,000	278	-	278	
	Taiwan Surface Mounting Technology Corp.	-	Available-for-sale financial assets - current	33,695	2,025	0.01	2,025	
	Formosa Petrochemical Corp	-	Available-for-sale financial assets - current	6,200	502	-	502	
	HTC Corporation	-	Financial assets at fair value through profit or loss - current	47,000	18,307	0.01	18,307	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
	Taiwan Navigation Co., Ltd.	-	Financial assets at fair value through profit or loss - current	359,000	\$ 11,093	0.09	\$ 11,093	
	Fubon Financial holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	100,000	2,980	-	2,980	
	Radiant Opto-Electronics Corp	-	Financial assets at fair value through profit or loss - current	10,000	1,500	-	1,500	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss - current	173,000	9,982	0.02	9,982	
	Phison Electronics Corp.	-	Financial assets at fair value through profit or loss - current	10,000	2,400	0.01	2,400	
	Apple Inc.	-	Financial assets at fair value through profit or loss - current	100	1,746	-	1,746	
	<u>Mutual funds</u>							
	Frankling Templeton Developing Markets Trust	-	Available-for-sale financial assets - current	2,254	1,434	-	1,434	
	Fidelity Emerging Markets Fund	-	Available-for-sale financial assets - current	2,477	1,411	-	1,411	
	Hua Nan Global Infrastructure A Acc	-	Available-for-sale financial assets - current	200,000	1,094	-	1,094	
	Capital Strategin Growth Fund	-	Available-for-sale financial assets - current	1,000,000	12,100	-	12,100	
	Allianz GIS RCM Little Dragons Fund	-	Available-for-sale financial assets - current	15,235	39,141	-	39,141	
	Value Partners Concord TW Home Run Eq.	-	Available-for-sale financial assets - current	500,000	5,960	-	5,960	
	Eastspring Investments Well Pool Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,308,726	135,634	-	135,634	
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	12,755,931	166,871	-	166,871	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,407,197	20,141	-	20,141	
	Eastspring Investments Umbrella Fund - Global Bond Fund of Fund	-	Financial assets at fair value through profit or loss - current	260,121	3,161	-	3,161	
	Yuanta India Fund	-	Financial assets at fair value through profit or loss - current	223,585	1,654	-	1,654	
	FSITC China Century Fund	-	Financial assets at fair value through profit or loss - current	632,645	4,473	-	4,473	
	Capital Chinese Golden Age Equity	-	Financial assets at fair value through profit or loss - current	243,013	2,027	-	2,027	
	Allianz Gbl Inv Rising Asia Fd	-	Financial assets at fair value through profit or loss - current	239,102	2,491	-	2,491	
	Fuh Hwa Emerging Market Active Allc FoF	-	Financial assets at fair value through profit or loss - current	1,000,000	9,660	-	9,660	
	Eastspring Investments Global High Yield Bond Fund A	-	Financial assets at fair value through profit or loss - current	1,000,143	10,966	-	10,966	
	PineBridge BRIIC Infrastructure Equity Fund	-	Financial assets at fair value through profit or loss - current	623,609	4,540	-	4,540	
	Yuanta Greater China Small & Medium Cap	-	Financial assets at fair value through profit or loss - current	628,332	4,272	-	4,272	
	FSITC Innovation Fund	-	Financial assets at fair value through profit or loss - current	200,200	1,978	-	1,978	
	Jih Sun MIT Mainstream Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,720	-	4,720	
	SinoPac Global Investment Grade Bond Fund	-	Financial assets at fair value through profit or loss - current	1,000,000	10,304	-	10,304	
	Allianz Global Investors Asian Smlr Cos Fund	-	Financial assets at fair value through profit or loss - current	247,323	2,068	-	2,068	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2012			Market Value or Net Asset Value (Note A)	Note	
				Shares/Units	Carrying Value	% of Ownership			
Yes Logistics Corp.	Taishin Latin America Fund	-	Financial assets at fair value through profit or loss - current	500,000	\$ 3,975	-	\$ 3,975		
	Taishin India Fund	-	Financial assets at fair value through profit or loss - current	500,000	4,285	-	4,285		
	Jih Sun Small Cap Fund	-	Financial assets at fair value through profit or loss - current	139,491	1,756	-	1,756		
	Taishin Ta-Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,115,082	97,780	-	97,780		
	Aberdeen Global-Emerging Markets Smaller Companies Fund	-	Financial assets at fair value through profit or loss - current	1,884	890	-	890		
	Shin Kong Chi-Shin Money-Market Fund	-	Financial assets at fair value through profit or loss - current	1,333,187	20,005	-	20,005		
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,705,516	25,005	-	25,005		
	Franklin Temp SinoAm Glbl Hi Yld Bd Fund A	-	Financial assets at fair value through profit or loss - current	200,012	2,000	-	2,000		
	Cathay Value and Superior Fund	-	Financial assets at fair value through profit or loss - current	100,000	1,000	-	1,000		
	Eastspring Investments Emerging Asian Local Fixed Income Fund A	-	Financial assets at fair value through profit or loss - current	1,500,000	15,048	-	15,048		
	ShinKong Innovative Tech Fund	-	Financial assets at fair value through profit or loss - current	930,714	9,000	-	9,000		
	<u>Common stock</u>								
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Subsidiary		Investments accounted for by the equity method	5,025,188	36,095	100.00	36,095	
	Yes Logistics Corp. (USA)	Subsidiary		Investments accounted for by the equity method	5,460,000	118,198	100.00	118,198	
	Chang Ming Logistics Company Limited	Equity-method investee		Investments accounted for by the equity method	(Note J)	349,709	49.00	349,709	
	B2B.Com Holdings Ltd.	-		Financial asset carried at cost - noncurrent	800,000	5,042	9.88	5,042	
	United Raw Material Solutions Inc./URMS	-		Financial asset carried at cost - noncurrent	295,325	2,953	2.76	2,953	
	<u>Mutual funds</u>								
	Allianz Glbl Inv All Seasons Ret of Bond Fund	-		Financial assets at fair value through profit or loss - current	3,939,024	51,331	-	51,331	
	Allianz Glbl Inv All Seasons Hvst FOBF A	-		Financial assets at fair value through profit or loss - current	3,661,664	38,044	-	38,044	
	HSBC Global of Bonds Fund	-		Financial assets at fair value through profit or loss - current	1,175,216	14,056	-	14,056	
	Fuh Hwa Global Bond	-		Financial assets at fair value through profit or loss - current	1,562,134	19,999	-	19,999	
	UPAMC Glbl FI Selection Fund	-		Financial assets at fair value through profit or loss - current	943,281	10,000	-	10,000	
	Manulife Asia Pacific Bond Fund A	-		Financial assets at fair value through profit or loss - current	917,086	10,000	-	10,000	
	Hua Nan Global Henry Fund	-		Financial assets at fair value through profit or loss - current	776,765	10,000	-	10,000	
	Yuanta Wan Tai Money Market Fund	-		Financial assets at fair value through profit or loss - current	273,385	4,008	-	4,008	
	Manulife Wan Li Money Market Fund	-		Financial assets at fair value through profit or loss - current	299,693	4,002	-	4,002	
	Paradigm Pion Money Market Fund	-		Financial assets at fair value through profit or loss - current	447,355	5,003	-	5,003	
	Sinopac Dragon Fixed Income (USD)	-		Financial assets at fair value through profit or loss - current	258,006	79,547	-	79,547	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2012				Note
				Shares/Units	Carrying Value	% of Ownership	Market Value or Net Asset Value (Note A)	
YES Yangming Logistics (Singapore) Pte. Ltd.	<u>Common stock</u> Yes Logistics Benelux B.V.	Subsidiary	Investments accounted for by the equity method	12,600	\$ 4,151	70.00	\$ 4,151	
	Yes Logistics (Netherlands) B.V.	Subsidiary	Investments accounted for by the equity method	(Note K)	2,511	100.00	2,511	
	Yes Logistics Company Ltd.	Subsidiary	Investments accounted for by the equity method	29,000,000	29,349	100.00	29,349	
Yes Logistics Corp. (USA)	<u>Common stock</u> Yes Logistics Europe GmbH	Subsidiary	Investments accounted for by the equity method	(Note L)	7,823	100.00	7,823	
	Golden Logistics USA Corporation	Subsidiary	Investments accounted for by the equity method	100	183	100.00	183	
	Yes Logistics (Shanghai) Corp.	Subsidiary	Investments accounted for by the equity method	(Note M)	69,147	100.00	69,147	
Yes Logistics (Shanghai) Corp.	<u>Common stock</u> Star Logistics (Qingdao) Corp.	Subsidiary	Investments accounted for by the equity method	(Note N)	17,465	100.00	17,465	
Yang Ming Line Holding Co.	<u>Common stock</u> Yang Ming (America) Corp.	Subsidiary	Investments accounted for by the equity method	5,000	85,029	100.00	85,029	
	Olympic Container Terminal LLC	Subsidiary	Investments accounted for by the equity method	(Note O)	(298,150)	100.00	(298,150)	(Note B)
	Triumph Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	(7,401)	100.00	(7,401)	(Note B)
	Topline Transportation, Inc.	Subsidiary	Investments accounted for by the equity method	100	(448)	100.00	(448)	(Note B)
	Coastal Tarheel Express, Inc.	Subsidiary	Investments accounted for by the equity method	100	6,709	100.00	6,709	
	Transcont Intermodal Logistics, Inc.	Subsidiary	Investments accounted for by the equity method	200	12,803	100.00	12,803	
	Yang Ming Shipping (Canada) Ltd.	Subsidiary	Investments accounted for by the equity method	1,000	25,702	100.00	25,702	
	West Basin Container Terminal LLC	Equity-method investee	Investments accounted for by the equity method	(Note P)	791,936	40.00	791,936	
	United Terminal Leasing LLC	Equity-method investee	Investments accounted for by the equity method	(Note Q)	169,029	40.00	169,029	

Notes:

- A. Market values were based on closing prices at June 30, 2012 or the net asset value of the fund on June 30, 2012, or, if market prices were unavailable, on the investees' net assets.
- B. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as a deduction in long-term other receivables - related parties liability.
- C. This is equivalent to EUR18,000, and no shares were issued.
- D. This is equivalent to EUR818,000, and no shares were issued.
- E. This is equivalent to EUR6,000, and no shares were issued.
- F. This is equivalent to GBP500, and no shares were issued.
- G. This is equivalent to US\$94,000, and no shares were issued.
- H. This is equivalent to US\$7,800,000, and no shares were issued.
- I. This is equivalent to AED245,000, and no shares were issued.

(Continued)

- J. This is equivalent to US\$9,301,000, and no shares were issued.
- K. This is equivalent to EUR30,000, and no shares were issued.
- L. This is equivalent to EUR25,000, and no shares were issued.
- M. This is equivalent to US\$5,000,000, and no shares were issued.
- N. This is equivalent to RMB4,618,000, and no shares were issued.
- O. This is equivalent to US\$1,000,000, and no shares were issued.
- P. This is equivalent to US\$3,800,000, and no shares were issued.
- Q. This is equivalent to US\$1,000,000, and no shares were issued.
- R. The loss of subsidiary was recognized in proportion to the Corporation's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments in not charged against the Corporation.
- S. More than half of the directors are identical.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars, Except Shares/Units)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Change of Investment Accounted for Using the Equity Method	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal		Shares	Amount
Yang Ming Marine Transport Corporation	<u>Common stock</u> Kuang Ming Shipping Corp.	Investments accounted for by the equity method	-	Subsidiary	410,000,000	\$ 4,218,853	270,000,000 (Note A)	\$ 2,597,500	68,000,000	\$ 1,341,697	\$ 690,484	\$ 651,213	\$ 86,827 (Note B)	612,000,000	\$ 6,212,696
	<u>Mutual fund</u> BlackRock ICS Euro Liquidity Funds (formerly BGI Liquidity First Funds (EUR))	Financial assets at fair value through profit or loss - current	-	-	2,593,680	101,424	8,861,290	349,725	11,370,000	447,956	447,956	-	-	84,970	3,193
	BlackRock ICS GBP Liquidity Funds (formerly BGI Liquidity First Funds (GBP))	Financial assets at fair value through profit or loss - current	-	-	1,718,698	80,249	8,643,771	406,200	10,360,000	486,334	486,334	-	-	2,469	115
	Capital Money Market	Available-for-sale financial assets - current	-	-	-	-	30,816,264	480,000	30,816,264	480,062	480,000	62	-	-	-
	Taishin Ta-Chong Money Market	Available-for-sale financial assets - current	-	-	-	-	51,057,021	700,000	51,057,021	700,265	700,000	265	-	-	-
	Taishin 1699 Money Market	Available-for-sale financial assets - current	-	-	-	-	251,997,273	3,290,000	251,997,273	3,290,847	3,290,000	847	-	-	-
	Fuh Hwa Money Market	Available-for-sale financial assets - current	-	-	-	-	57,253,687	800,000	57,253,687	800,139	800,000	139	-	-	-
	Mega Diamond Money Market	Available-for-sale financial assets - current	-	-	-	-	113,486,488	1,370,000	113,486,488	1,370,581	1,370,000	581	-	-	-
	Union Money Market	Available-for-sale financial assets - current	-	-	-	-	109,000,866	1,390,000	109,000,866	1,390,238	1,390,000	238	-	-	-
	Jih Sun Money Market	Available-for-sale financial assets - current	-	-	-	-	77,048,067	1,100,000	77,048,067	1,100,226	1,100,000	226	-	-	-
	Hua Nan Kirin Money Market	Available-for-sale financial assets - current	-	-	-	-	31,762,770	500,000	31,762,770	500,049	500,000	49	-	-	-
	Prudential Financial Money Market	Available-for-sale financial assets - current	-	-	-	-	26,165,940	400,000	26,165,940	400,058	400,000	58	-	-	-
	ING Taiwan Money Market	Available-for-sale financial assets - current	-	-	-	-	107,899,703	1,700,000	107,899,703	1,700,281	1,700,000	281	-	-	-
	Fubon Chi-Hsiang Money Market	Available-for-sale financial assets - current	-	-	-	-	105,542,126	1,600,000	105,542,126	1,600,335	1,600,000	335	-	-	-
Ching Ming Investment Corp.	<u>Common stock</u> Cathay Financial Holding Co., Ltd.	Available-for-sale financial assets - current	-	-	3,874,966	126,711	13,000	439	3,087,966	109,485	103,750	5,735	-	800,000	23,400
	<u>Mutual fund</u> Eastspring Investment Well Pool Money Market	Financial assets at fair value through profit or loss - current	-	-	5,016,749	65,703	7,957,956	104,455	2,665,980	35,000	34,939	61	-	10,308,725	135,219
	Taishin 1699 Money Market	Financial assets at fair value through profit or loss - current	-	-	5,457,789	71,024	8,832,720	115,243	1,534,578	20,000	19,970	30	-	12,755,931	166,297
Kao Ming Container Terminal Co., Ltd.	<u>Mutual fund</u> SinoPac Money Market	Available-for-sale financial assets - current	-	-	8,385,744	100,000	-	-	8,385,744	101,335	100,000	1,335	-	-	-

Notes:

- A. Including stock dividend 10,250,000 shares.
- B. Represent the investment income recognized under equity method \$88,137 thousand and unrealized gain on financial instruments decreased \$1,310 thousand.
- C. Carrying value is the original acquisition amount.

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2012

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Yang Ming Marine Transport Corp.	All Oceans Transportation Inc.	A	\$ 21,082,336 (Note D)	-	\$ -	-	\$ -	\$ -
	Yang Ming (Liberia) Corp.	A	3,890,564 (Note E)	-	-	-	-	-
	Yang Ming (UK) Ltd.	A	238,938 (Note F)	-	-	-	51,328	-
	Young-Carrier Company Ltd.	A	395,973	-	-	-	323,052	-
	Yang Ming (Italy) S.p.A	A	192,427	-	-	-	185,032	-
All Oceans Transportation Inc.	Yang Ming (Liberia) Corp.	B	6,493,327 (Note G)	-	-	-	-	-
Young-Carrier Company Ltd.	Yang Ming Marine Transport Corp.	C	688,642	-	-	-	-	-
Yang Ming Line (Hong Kong) Ltd.	Yang Ming Marine Transport Corp.	C	194,897	-	-	-	194,897	-
Kao Ming Container Terminal Corp.	Yang Ming Marine Transport Corp.	C	266,766	-	-	-	81,390	-
Yang Ming (America) Corp.	Olympic Container Terminal LLC	B	357,594 (Note H)	-	-	-	-	-
	Yang Ming Marine Transport Corp.	C	271,682	-	-	-	271,682	-
Yang Ming Line (B.V.I.) Holding Co., Ltd. Inc.	Yang Ming (UK) Ltd. Corp.	A	2,665,710 (Note I)	-	-	-	-	-
Yang Ming (UK) Ltd. Corp.	Young-Carrier Company Ltd.	A	218,233	-	-	-	-	-
Yang Ming Shipping (B.V.I.) Inc.	Yang Ming Line (Hong Kong) Ltd.	A	314,134	-	-	-	214,684	-
Yang Ming (Korea) Co., Ltd.	Yang Ming Marine Transport Corp.	C	118,571	-	-	-	50,319	-

Notes:

A. Subsidiary of the Corporation.

B. The same parent company.

C. Parent company.

(Continued)

- D. Interest receivable, financing providing and proceeds from sale of ships.
- E. Financing providing has net of the credit balance of the Corporation's long-term payments in Yang Ming (Liberia) Corp.
- F. Freight receivable and shipping line expense receivable.
- G. Interest receivable and proceeds from sale of ships.
- H. Accounts receivable and financial providing.
- I. Rent receivable.
- J. Collections between related parties made according to "Agency Accounting Procedure" by the Corporation and local business conventions.
- K. Financial statements used as basis of investment amounts were unaudited, except All Ocean Transportation Inc., Kuang Ming Shipping Corp., Kuang Ming (Liberia) Corp., Yang Ming (Liberia) Corp., Kao Ming Container Terminal Corp., Yang Ming Line (B.V.I.) Holding Co., Ltd. and Yang Ming (UK) Ltd.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Amount			
Yang Ming Marine Transport Corporation	Yang Ming Line (B.V.I.) Holding Co., Ltd.	British Virgin Islands	Investment, shipping agency, forwarding agency and shipping managers	\$ 3,272,005	\$ 3,272,005	10,351	100.00	\$ 3,213,080	\$ (68,721)	\$ (68,721)	Subsidiary
	Yang Ming Line (Singapore) Pte. Ltd.	Singapore	Investment, shipping service; chartering, sale and purchase of ships; and forwarding agency	1,113,356	1,113,356	60,130,000	100.00	1,863,126	69,474	69,474	Subsidiary
	Ching Ming Investment Corp.	Taipei, Taiwan	Investment	1,500,013	1,500,013	160,650,000	100.00	1,476,523	7,171	7,171	Subsidiary
	All Oceans Transportation, Inc.	Monrovia, Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,235	3,235	1,000	100.00	3,114,604	(306,368)	(306,368)	Subsidiary
	Yes Logistics Corp.	Taipei, Taiwan	Warehouse operation and forwarding agency	593,404	593,404	60,000,000	50.00	586,282	8,996	4,498	Subsidiary
	Kuang Ming Shipping Corp.	Taipei, Taiwan	Shipping service, shipping agency and forwarding agency	3,587,496	3,587,496	177,920,000	86.57	3,868,121	(136,097)	(117,823)	Subsidiary
	Honming Terminal & Stevedoring Co., Ltd.	Kaohsiung, Taiwan	Terminal operation and stevedoring	79,273	79,273	7,916,908	79.17	109,170	1,828	1,447	Subsidiary
	Jing Ming Transportation Co., Ltd.	Kaohsiung, Taiwan	Container transportation	35,844	35,844	8,615,923	50.98	112,546	1,839	938	Subsidiary
	Yang Ming Line Holding Co.	Wilmington, USA	Investment, shipping agency, forwarding agency and shipping managers	143,860	143,860	13,500	100.00	603,625	61,334	61,334	Subsidiary
	Yang Ming (Liberia) Corp.	Republic of Liberia	Shipping agency, forwarding agency and shipping managers	3,378	3,378	1	100.00	(1,225,718) (Note M)	(19,406)	(19,406)	Subsidiary
Kao Ming Container Terminal Corp. Transyang Shipping Pte. Ltd.	Kaohsiung, Taiwan Singapore	Terminal operation and stevedoring Shipping services, chartering, sale and purchase of ships; forwarding agency and shipping agency	6,027,750	4,100,000	612,000,000	90.00	6,212,696	88,137	88,137	Subsidiary	
			57,802	57,802	1,345	49.00	67,898	12,705	6,225	Equity-method investee	
Yuan Wang Investment Co., Ltd.	Taipei, Taiwan	Investment	179,810	179,810	5,211,474	49.75	171,181	13,725	6,828	Equity-method investee	
Ching Ming Investment Corp.	Honming Terminal & Stevedoring Co., Ltd. Yes Logistics Corp.	Kaohsiung, Taiwan Taipei, Taiwan	Terminal operation and stevedoring	24,988	24,988	2,083,092	20.83	28,400	1,828	-	Subsidiary
			Warehouse operation and forwarding agency	548,286	548,286	55,630,977	46.36	543,438	8,995	-	Subsidiary
Yang Ming Line Holding Co.	Yang Ming (America) Corp.	New Jersey, U.S.A.	Shipping agency, forwarding agency and shipping managers	17,305	17,305	5,000	100.00	85,029	16,526	-	Subsidiary
	Olympic Container Terminal LLC	USA	Terminal operation and stevedoring	31,530	31,530	(Note Q)	100.00	(298,150) (Note E)	(18,429)	-	Subsidiary
	Triumph Logistics, Inc.	USA	Container transportation	1,699	1,699	200	100.00	(7,401) (Note E)	4,383	-	Subsidiary
	Topline Transportation, Inc.	USA	Container transportation	4,860	4,860	100	100.00	(448) (Note E)	(3,243)	-	Subsidiary
	Coastal Tarheel Express, Inc.	USA	Container transportation	2,430	2,430	100	100.00	6,709	474	-	Subsidiary
	Transcont Intermodal Logistics, Inc.	USA	Inland forwarding agency	2,444	2,444	200	100.00	12,803	1,390	-	Subsidiary
	Yang Ming Shipping (Canada) Ltd.	Canada	Shipping agency, forwarding agency and shipping managers	2,981	2,981	1,000	100.00	25,702	805	-	Subsidiary
	West Basin Container Terminal LLC United Terminal Leasing LLC	Los Angeles, USA Los Angeles, USA	Terminal operation and stevedoring Terminal operation and machine lease	132,050 34,750	132,050 34,750	(Note F) (Note G)	40.00 40.00	791,936 169,029	105,578 44,516	- -	Equity-method investee Equity-method investee
Yang Ming Line (B.V.I.) Holding Co., Ltd.	Yang Ming Line N.V.	Netherlands Antilles	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	1,500,000	100.00	(2,561,671) (Note E)	(199,566)	-	Subsidiary
Yang Ming Line N.V.	Yang Ming Line B.V.	Amsterdam, The Netherlands	Investment, shipping agency, forwarding agency and shipping managers	41,235	41,235	2,500	100.00	(2,563,706) (Note E)	(199,160)	-	Subsidiary
Yang Ming Line B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	8,614	8,614	553	89.92	20,946	5,157	-	Subsidiary
	Yang Ming (Netherlands) B.V.	Amsterdam, The Netherlands	Shipping agency	820	820	(Note I)	100.00	26,300	11,573	-	Subsidiary
	Yang Ming (Italy) S.p.A.	Genova, Italy	Shipping agency	4,319	4,319	125,000	50.00	20,436	(3,252)	-	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount (Note A)		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Amount			
	Yang Ming (UK) Ltd.	London, U.K	Shipping agency, forwarding agency and shipping managers	\$ 70,709	\$ 42,408	1,500,000	100.00	\$ (2,829,245) (Note E)	\$ (242,994)	\$ -	Subsidiary
	Yang Ming Shipping Europe GmbH	Hamburg, Germany	Shipping agency, forwarding agency and shipping managers	29,697	29,697	(Note B)	100.00	142,468	30,709	-	Subsidiary
	Yang Ming Shipping (Egypt) S.A.E.	Egypt	Shipping agency, forwarding agency and shipping managers	14,149	14,149	24,500	49.00	27,825	15,532	-	Equity-method investee
Yang Ming (Netherlands) B.V.	Yang Ming (Belgium) N.V.	Belgium	Shipping agency	1,900	1,900	62	10.08	2,348	5,157	-	Subsidiary
Yang Ming (UK) Ltd.	Yes Logistic UK Limited	U.K.	Forwarding agency	-	-	200	100.00	(3,649) (Note E)	-	-	Subsidiary
	Corstor Ltd.	U.K.	Forwarding agency and shipping managers	25	25	(Note C)	50.00	5,384	1,379	-	Equity-method investee
Yang Ming (Italy) S.p.A.	Yang Ming (Naples) S.r.l.	Naples, Italy	Forwarding agency	238	238	(Note K)	60.00	1,167	(933)	-	Subsidiary
Yang Ming Line (Singapore) Pte Ltd.	Yang Ming Shipping (B.V.I.) Inc.	British Virgin Islands	Forwarding agency and shipping managers	16	16	510	51.00	222,310	26,536	-	Subsidiary
	Yang Ming Line (Hong Kong) Ltd	Hong Kong	Forwarding agency and shipping managers	2,138	2,138	510,000	51.00	(54,919) (Note P)	3,811	-	Subsidiary
	Yang Ming Line (India) Pvt. Ltd.	India	Shipping agency, forwarding agency and shipping managers	2,228	2,228	300,000	60.00	10,524	(7,853)	-	Subsidiary
	Yang Ming (Korea) Co., Ltd.	Korea	Shipping agency, forwarding agency and shipping managers	10,107	10,107	60,000	60.00	29,460	9,981	-	Subsidiary
	Young-Carrier Company Ltd.	Hong Kong	Investment, shipping agency, forwarding agency and shipping managers	3,229	3,229	910,000	91.00	212,248	(32,887)	-	Subsidiary
	Yangming (Japan) Co., Ltd.	Tokyo, Japan	Shipping services; chartering, sale and purchase of ships; and forwarding agency	36,235	36,235	3,000	100.00	16,127	(10,775)	-	Subsidiary
	Yangming Shipping (Singapore) Pte Ltd.	Singapore	Shipping agency, forwarding agency and shipping managers	18,851	18,851	1,000,000	100.00	65,505	12,432	-	Subsidiary
	Yang Ming Line (M) Sdn. Bhd.	Malaysia	Shipping agency, forwarding agency and shipping managers	10,727	10,727	1,000,000	100.00	43,234	10,110	-	Subsidiary
	Sunbright Insurance Pte. Ltd.	Singapore	Insurance	32,440	32,440	3,000,000	100.00	114,034	23,231	-	Subsidiary
	Yang Ming Anatolia Shipping Agency	Turkey	Shipping agency, forwarding agency and shipping managers	1,077	1,077	50,000	50.00	29,312	29,644	-	Subsidiary
	Formosa International Development Corporation	Vietnam	Invest industry district and real estate	254,358	254,358	(Note O)	30.00	248,918	36,265	-	Equity-method investee
	Yang Ming (U.A.E.) LLC.	U.A.E.	Shipping agency, forwarding agency and shipping managers	2,140	2,140	(Note S)	49.00	40,263	25,580	-	Equity-method investee
Yangming (Japan) Co., Ltd.	Yang Ming (Vietnam) Company Limited	Vietnam	Forwarding agency and shipping managers	3,197	3,197	(Note J)	49.00	4,167	(2,297)	-	Equity-method investee
	Manwa & Co., Ltd.	Tokyo, Japan	Forwarding agency and shipping agency	2,666	2,666	200	100.00	3,568	148	-	Subsidiary
Yang Ming Shipping (B.V.I.) Inc.	Karlman Properties Limited	Hong Kong	Property agency	4	4	24,000,000	100.00	84,605	615	-	Subsidiary
Kuang Ming Shipping Corp.	Kuang Ming (Liberia) Corp.	Monrovia, Republic of Liberia	Forwarding agency	1,960,904	1,960,904	2	100.00	3,506,586	(69,131)	-	Subsidiary
Yes Logistics Corp.	Yes Logistics Corp. (USA)	USA	Shipping agency, forwarding agency and shipping managers	179,750	179,750	5,460,000	100.00	118,198	400	-	Subsidiary
	Yes Yangming Logistics (Singapore) Pte. Ltd.	Singapore	Investment and subsidiaries management	128,571	128,571	5,025,188	100.00	36,095	(346)	-	Subsidiary
	Chang Ming Logistics Company Limited	Chongqing, China	Terminal operation and stevedoring	304,326	304,326	(Note D)	49.00	349,709	(1,857)	-	Equity-method investee
Yes Yangming Logistics (Singapore) Pte. Ltd.	Yes Logistics Benelux B.V.	Netherlands	Forwarding agency	10,179	10,179	12,600	70.00	4,151	(80)	-	Subsidiary
	Yes Logistics (Netherlands) B. V.	Netherlands	Forwarding agency	1,224	1,224	(Note N)	100.00	2,511	(417)	-	Subsidiary
	Yes Logistics Company Ltd.	Hong Kong	Forwarding agency	114,417	114,417	29,000,000	100.00	29,349	135	-	Subsidiary
Yes Logistics Corp. (USA)	Golden Logistics USA Corporation	USA	Container transportation	328	328	100	100.00	183	31	-	Subsidiary
	Golden Logistics Corp.	Shanghai, China	Forwarding agency	164,329	164,329	(Note L)	100.00	69,147	(4,960)	-	Subsidiary
	YES Logistics Europe GmbH	Hamburg, Germany	Forwarding agency	1,158	1,158	(Note H)	100.00	7,823	914	-	Subsidiary
Golden Logistics Corp.	Star Logistics (Qingdao) Corp.	Qingdao, China	Forwarding agency	21,387	21,387	(Note R)	100.00	17,465	-	-	Subsidiary

(Continued)

Notes:

- A. This is translated into New Taiwan dollars at the exchange rate prevailing at the time of investment acquisition.
- B. This is equivalent to EUR818,000, and no shares were issued.
- C. This is equivalent to GBP500, and no shares were issued.
- D. This is equivalent to US\$9,301,000, and no shares were issued.
- E. Investees had negative net assets. Thus, the negative carrying values of the investments were presented as liability.
- F. This is equivalent to US\$3,800,000, and no shares were issued.
- G. This is equivalent to US\$1,000,000, and no shares were issued.
- H. Paid-in capital was equivalent to EUR25,000, and no shares were issued.
- I. Paid-in capital was equivalent to EUR18,000, and no shares were issued.
- J. This is equivalent to US\$94,000, and no shares were issued.
- K. This is equivalent to EUR6,000, and no shares were issued.
- L. This is equivalent to US\$5,000,000, and no shares were issued.
- M. Recognized as deducted from long-term receivables - related parties.
- N. This is equivalent to EUR30,000, and no shares were issued.
- O. This is equivalent to US\$7,800,000 and no shares were issued.
- P. The loss of subsidiary was recognized in proportion to the Corporation's equity. Because the minority interest commits to share in the investees' losses, the cumulative equity of the Corporation in the investee's net loss in excess of the related investments is not charged against the Corporation.
- Q. This is equivalent to US\$1,000,000, and no shares were issued.
- R. This is equivalent to RMB4,618,000, and no shares were issued.
- S. This is equivalent to AED245,000, and no shares were issued.
- T. Financial statements used as basis of investment amounts were unaudited, except All Oceans Transportation Inc., Kuang Ming Shipping Corp., Yang Ming (Liberia) Corp., Yang Ming line (B.V.I.) Holding Co., Kuang Ming (Liberia) Corp., Yang Ming (UK) Ltd., Chin Ming Investment Corp. and Kao Ming Container Terminal Corp.

(Concluded)

YANG MING MARINE TRANSPORT CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2012	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note D)	Carrying Value as of June 30, 2012 (Note D)	Accumulated Inward Remittance of Earnings as of June 30, 2012
						Outflow	Inflow					
Yang Ming Marine Transportation Corporation	Yangtze River Express Airlines Company Limited (Note A)	Shipping agency	RMB 500,000	Indirect investment through Singapore - based subsidiary's direct investment in Mainland China.	\$ 556,798 (US\$ 18,622)	\$ -	\$ -	\$ 556,798 (US\$ 18,622)	12.00%	\$ -	(Note F)	\$ -
Yes Logistics Corp.	Yes Logistics (Shanghai) Corp. (Note B)	Shipping agency	US\$ 5,000	Indirect investment through U.S. - based subsidiary's direct investment in Mainland China.	149,500 (US\$ 5,000)	-	-	149,500 (US\$ 5,000)	96.36%	(4,780)	\$ 66,629	-
	Chang Ming Logistics Company Limited (Note C)	Terminal operation and stevedoring	RMB 144,800	Investee's direct investment in Mainland China.	278,100 (US\$ 9,301)	-	-	278,100 (US\$ 9,301)	47.22%	(877)	377,005	-

Company Name	Accumulated Investment in Mainland China as of June 30, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Yang Ming Marine Transportation Corporation	\$ 556,798 (US\$ 18,622)	\$ 556,798 (US\$ 18,622)	\$ 17,017,927
Yes Logistics Corp.	\$ 427,600 (US\$ 14,301)	\$ 427,600 (US\$ 14,301)	\$ 704,344 (Note E)

Notes:

- A. The Corporation was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on November 29, 2005 and June 5, 2007.
- B. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on June 3, 2004, July 4, 2006 and December 26, 2006.
- C. Yes Logistics Corp. (the subsidiary of the Corporation) was authorized to invest in Mainland China by the Investment Commission, Ministry of Economic Affairs on April 11, 2005, August 22, 2006, November 29, 2006 and December 2, 2008.
- D. Calculated by the % ownership of direct or indirect investment.
- E. It represents 60% (\$1,173,906 thousand) of the net assets of Yes Logistics Corp. as of June 30, 2012.
- F. Impairment loss was recognized in 2007.
- G. United States dollars translated into New Taiwan dollars at the exchange rate of US\$1=NT\$29.90.
- H. Based on unaudited financial statements.