

**EVERGREEN MARINE CORP. (TAIWAN)
LTD.
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT ACCOUNTANTS
JUNE 30, 2012 AND 2011**

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

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Evergreen Marine Corporation

We have audited the accompanying balance sheets of Evergreen Marine Corporation (the "Company") as of June 30, 2012 and 2011, and the related statements of income, of changes in stockholders' equity, and of cash flows for the six-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of certain investee companies accounted for under the equity method as of and for the six-month periods ended June 30, 2012 and 2011, were audited by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the amounts included in the financial statements and information disclosed in Note 11 relating to these long-term equity investments, is based solely on the reports of the other auditors. Long-term equity investments in these investee companies amounted to 22,702,416 thousand and 26,555,239 thousand New Taiwan dollars, constituting 23.43% and 28.30% of the total assets as of June 30, 2012 and 2011, respectively, and the related investment loss was 2,351,684 thousand and investment income was 1,066,137 thousand New Taiwan dollars for the six-month periods then ended, respectively.

We conducted our audits in accordance with the "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and the generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining evidence which is supporting the amounts and disclosures in the financial statements in sampling way. 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Evergreen Marine Corporation as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the six-month periods then ended in conformity with the “Rules Governing Preparation of Financial Statements by Securities Issuers” and generally accepted accounting principles in the Republic of China.

We have also reviewed the consolidated financial statements of Evergreen Marine Corporation and its subsidiaries as of and for the six-month periods ended June 30, 2012 and 2011, on which we have issued an unqualified review report with explanatory paragraph thereon.

PricewaterhouseCoopers, Taiwan

August 28, 2012

Taipei, Taiwan

Republic of China

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

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

EVERGREEN MARINE CORP. (TAIWAN) LTD.

BALANCE SHEETS

JUNE 30,

(Expressed in thousands of New Taiwan dollars)

ASSETS	Notes	2012	2011
Current Assets			
Cash and cash equivalents	4(1)	\$ 12,025,574	\$ 5,353,441
Financial assets at fair value through profit or loss - current	4(2)	2,825,383	2,093,197
Held-to-maturity financial assets - current	4(4)	-	800,000
Notes receivable, net		3	14
Accounts receivable, net	4(6)	614,081	618,101
Accounts receivable, net - related parties	4(6) and 5	131,630	113,861
Other receivables		308,415	511,012
Other receivables - related parties	5	214,224	997,360
Other financial assets - current	4(7)	-	97,229
Ship fuel		395,774	384,856
Prepaid expenses		162,786	144,314
Prepayments		11,684	11,172
Deferred income tax assets - current	4(20)	349,824	250,211
Restricted assets	6	120,898	274,806
Other current assets - other	4(8) and 5	1,696,208	2,260,405
Total current assets		<u>18,856,484</u>	<u>13,909,979</u>
Funds and Investments			
Financial assets at fair value through profit or loss - non-current	4(2)	60,175	99,917
Available-for-sale financial assets - non-current	4(3)	568,040	879,849
Held-to-maturity financial assets - non-current	4(4)	370,000	370,000
Financial assets carried at cost - non-current	4(5)	1,344,119	1,344,127
Long-term equity investments accounted for under the equity method	4(9) and 6	58,053,409	64,570,925
Other long-term investments		312	312
Total funds and investments		<u>60,396,055</u>	<u>67,265,130</u>
Property, Plant and Equipment, Net			
	4(10), 5, 6 and 7		
Land		1,972,540	1,972,540
Buildings		1,360,388	1,360,388
Loading and unloading equipment		4,261,946	4,421,917
Computer and communication equipment		127,520	111,354
Transportation equipment		11,731,954	11,530,164
Ships		3,610,805	2,632,367
Office equipment		202,287	199,265
Cost and revaluation increments		23,267,440	22,227,995
Less: Accumulated depreciation		(14,034,806)	(13,190,544)
Construction in progress and prepayments for equipment		8,207,507	3,333,593
Total property, plant and equipment, net		<u>17,440,141</u>	<u>12,371,044</u>
Intangible Asset			
Deferred pension costs		<u>14,465</u>	<u>16,073</u>
Other Assets			
Refundable deposits		44,664	42,379
Deferred expenses		143,075	153,938
Total other assets		<u>187,739</u>	<u>196,317</u>
TOTAL ASSETS		<u>\$ 96,894,884</u>	<u>\$ 93,758,543</u>

(Continued)

EVERGREEN MARINE CORP. (TAIWAN) LTD.

BALANCE SHEETS

JUNE 30,

(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND STOCKHOLDERS' EQUITY	Notes	2012	2011
Current Liabilities			
Short-term loans	4(11)	\$ -	\$ 200,000
Financial liabilities at fair value through profit or loss - current	4(12)	221	218,762
Accounts payable		841,724	1,896,990
Accounts payable - related parties	5	94,186	83,941
Income tax payable	4(20)	-	313,747
Accrued expenses		780,317	827,390
Other payables		62,633	3,290,499
Receipts in advance		329	6,011
Long-term liabilities - current portion	4(13)	5,292,019	2,308,032
Other current liabilities	5	1,327,467	492,554
Total current liabilities		<u>8,398,896</u>	<u>9,637,926</u>
Long-term Liabilities			
Bonds payable	4(14)	3,000,000	2,305,183
Long-term loans	4(15)	24,837,029	14,901,131
Total long-term liabilities		<u>27,837,029</u>	<u>17,206,314</u>
Other Liabilities			
Accrued pension liabilities		1,342,553	1,011,391
Guarantee deposits received		48	48
Deferred income tax liabilities - non-current	4(20)	1,164,185	1,493,786
Deferred credit		327,738	324,288
Total other liabilities		<u>2,834,524</u>	<u>2,829,513</u>
Total liabilities		<u>39,070,449</u>	<u>29,673,753</u>
Stockholders' Equity			
Capital	4(16)		
Common stock		34,749,407	31,577,037
Stock dividend to be distributed		-	3,157,544
Capital Surplus	4(17)		
Paid-in capital in excess of par value of common stock		5,817,899	5,805,861
Capital reserve from donated assets		372	372
Capital reserve from long-term investments		1,606,562	1,611,003
Capital reserve from stock warrants		58,271	60,884
Capital reserve - other		6,713	6,713
Retained Earnings	4(18)		
Legal reserve		9,102,785	9,102,785
Special reserve		3,593,280	4,579,324
Undistributed earnings		7,447,559	13,342,210
Other Adjustments on Stockholders' Equity			
Cumulative translation adjustments		(3,529,114)	(5,292,340)
Unrecognized pension cost		(1,233,790)	(707,732)
Unrealized gain or loss on financial instruments		204,491	841,129
Total stockholders' equity		<u>57,824,435</u>	<u>64,084,790</u>
Commitments and Contingent Liabilities	7		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$ 96,894,884</u>	<u>\$ 93,758,543</u>

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 28, 2012.

EVERGREEN MARINE CORP. (TAIWAN) LTD.
STATEMENTS OF INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,

(Expressed in thousands of New Taiwan dollars, except (losses) earnings per share)

Items	Notes	2012		2011						
Operating income	4(19) and 5	\$	7,900,923	\$	7,585,086					
Operating costs	4(22) and 5	(	7,579,002 )	(	7,381,996)			
Gross profit			321,921		203,090					
Operating Expenses										
General and administrative expenses	4(22) and 5	(	727,037 )	(	771,828)			
Operating loss		(	405,116 )	(	568,738)			
Non-operating Income and Gains										
Interest income			40,334		14,705					
Investment income accounted for under the equity method	4(9)		-		1,448,029					
Dividend income			700		60,516					
Gain on disposal of property, plant and equipment			315,953		557,804					
Gain on disposal of investments			22,907		3,411					
Foreign exchange gain			57,027		121,764					
Rental income	5		49,277		49,660					
Gain on valuation of financial assets	4(2)		12,881		7,183					
Gain on valuation of financial liabilities	4(12)		-		192,059					
Other non-operating income			97,040		85,959					
Total Non-operating Income and Gains			596,119		2,541,090					
Non-operating Expenses and Losses										
Interest expense		(	230,669 )	(	144,118)			
Investment loss accounted for under the equity method	4(9)	(	2,528,053)		-				
Loss on disposal of property, plant and equipment		(	417 )	(	782)			
Financing charges		(	12,115 )	(	8,894)			
Loss on valuation of financial liabilities	4(12)	(	54,954)		-				
Other non-operating losses		(	2,100 )	(	2,469)			
Total Non-operating Expenses and Losses		(	2,828,308 )	(	156,263)			
(Loss) income from continuing operations before income tax		(	2,637,305)		1,816,089				
Income tax benefit (expense)	4(20)		236,797	(	428,140)				
Net (loss) income		(	2,400,508)	\$	1,387,949				
			<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>				
Basic (losses) earnings per share	4(21)		(0.76)	(0.69)	\$	0.52	\$	0.40
Diluted (losses) earnings per share	4(21)		(0.76)	(0.69)	\$	0.52	\$	0.40

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 28, 2012.

EVERGREEN MARINE CORP. (TAIWAN) LTD.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
(Expressed in thousands of New Taiwan dollars)

	Capital		Retained Earnings			Cumulative translation adjustments	Unrecognized pension cost	Unrealized gain or loss on financial instruments	Total	
	Common stock	Stock dividend to be distributed	Capital Surplus	Legal reserve	Special reserve					Undistributed earnings
<u>2011</u>										
Balance at January 1, 2011	\$ 31,248,395	\$ -	\$ 7,202,990	\$ 7,586,240	\$ 957,344	\$ 23,407,874	(\$ 5,055,677)	(\$ 707,771)	\$ 1,184,125	\$ 65,823,520
Appropriations of 2010 earnings (Note)										
Legal reserve	-	-	-	1,516,545	-	(1,516,545)	-	-	-	-
Special reserve	-	-	-	-	3,621,980	(3,621,980)	-	-	-	-
Stock dividends	-	3,157,544	-	-	-	(3,157,544)	-	-	-	-
Cash dividends	-	-	-	-	-	(3,157,544)	-	-	-	(3,157,544)
Conversion of convertible bonds into common stock	328,642	-	349,337	-	-	-	-	-	-	677,979
Stock warrants of convertible bonds	-	-	(67,494)	-	-	-	-	-	-	(67,494)
Adjustments on retained earnings due to changes in investees' capital surplus based on percentage of shareholding	-	-	-	-	-	(307,036)	39	(265,738)	(572,735)	
Translation adjustments arising from investees' financial statements denominated in foreign currencies	-	-	-	-	-	70,373	-	-	-	70,373
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(77,258)	(77,258)	
Net income for the six-month period ended June 30, 2011	-	-	-	-	-	1,387,949	-	-	-	1,387,949
Balance at June 30, 2011	<u>\$ 31,577,037</u>	<u>\$ 3,157,544</u>	<u>\$ 7,484,833</u>	<u>\$ 9,102,785</u>	<u>\$ 4,579,324</u>	<u>\$ 13,342,210</u>	<u>(\$ 5,292,340)</u>	<u>(\$ 707,732)</u>	<u>\$ 841,129</u>	<u>\$ 64,084,790</u>
<u>Year 2012</u>										
Balance at January 1, 2012	\$ 34,734,581	\$ -	\$ 7,480,392	\$ 9,102,785	\$ 4,579,324	\$ 8,862,023	(\$ 2,656,053)	(\$ 1,229,959)	\$ 292,733	\$ 61,165,826
Appropriations of 2011 earnings										
Special reserve	-	-	-	-	(986,044)	986,044	-	-	-	-
Conversion of convertible bonds into common stock	14,826	-	12,038	-	-	-	-	-	-	26,864
Stock warrants of convertible bonds	-	-	(2,613)	-	-	-	-	-	-	(2,613)
Adjustments on retained earnings due to changes in investees' capital surplus based on percentage of shareholding	-	-	-	-	-	(199,744)	(3,831)	(54,901)	(258,476)	
Translation adjustments arising from investees' financial statements denominated in foreign currencies	-	-	-	-	-	(673,317)	-	-	(673,317)	
Unrealized loss on available-for-sale financial assets	-	-	-	-	-	-	-	(33,341)	(33,341)	
Net loss for the six-month period ended June 30, 2012	-	-	-	-	-	(2,400,508)	-	-	-	(2,400,508)
Balance at June 30, 2012	<u>\$ 34,749,407</u>	<u>\$ -</u>	<u>\$ 7,489,817</u>	<u>\$ 9,102,785</u>	<u>\$ 3,593,280</u>	<u>\$ 7,447,559</u>	<u>(\$ 3,529,114)</u>	<u>(\$ 1,233,790)</u>	<u>\$ 204,491</u>	<u>\$ 57,824,435</u>

Note: Directors' and supervisors' remuneration of \$55,000 and employees' bonuses of \$40,000 have been deducted from the statement of income.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 28, 2012.

EVERGREEN MARINE CORP. (TAIWAN) LTD.
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
(Expressed in thousands of New Taiwan dollars)

	2012	2011
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net (loss) income	(\$ 2,400,508)	\$ 1,387,949
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation	803,845	761,384
Amortization	5,524	6,058
Reclassification of depreciation of loading and unloading equipment to operating costs and others	103,954	129,293
Reclassification of amortization of deferred charges to others	15,211	22,516
Net gain on disposal of property, plant and equipment	(315,536)	(557,022)
Deficiency (excess) of equity-accounted investment (gain)/loss over cash dividends	2,687,711	(542,527)
Gain on disposal of available-for-sale financial assets	(20,889)	-
Realized income from capital reduction of financial assets carried at cost	-	(61,638)
Amortization of bond discounts	97,616	94,004
Changes in assets and liabilities		
Financial assets and liabilities at fair value through profit or loss	(593,442)	(360,827)
Notes and accounts receivable	73,463	123,113
Other receivables	206,732	(994,446)
Other financial assets	-	61,154
Ship fuel	(53,005)	(80,971)
Prepaid expenses and prepayments	(12,200)	5,194
Restricted assets	892	945
Agent accounts	154,593	(290,798)
Agency reciprocal accounts	1,707,972	(57,256)
Other current assets	(43,002)	(4,476)
Refundable deposits	1,373	37
Notes and accounts payable	(1,101,407)	525,418
Income tax payable	(29,698)	313,747
Accrued expenses	60,893	473,319
Other payables	38,603	2,433
Other current liabilities	(3,950)	(14,995)
Receipts in advance	(670)	3,443
Accrued pension liabilities	10,568	43,325
Deferred income tax assets / liabilities	(205,204)	112,786
Net cash provided by operating activities	1,189,439	1,101,162

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EVERGREEN MARINE CORP. (TAIWAN) LTD.
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,
(Expressed in thousands of New Taiwan dollars)

	<u>2012</u>	<u>2011</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Increase in financial assets and liabilities at fair value through profit or loss	\$ -	(\$ 203,467)
Proceeds from disposal of available-for-sale financial assets - non current	22,412	-
Proceeds from disposal of held-to-maturity financial assets - current	800,000	-
Proceeds from capital reduction of financial assets carried at cost	-	62,106
Acquisition of long-term equity investments accounted for under the equity method	-	(2,873)
Acquisition of property, plant and equipment	(3,350,377)	(2,870,993)
Proceeds from disposal of property, plant and equipment	327,873	1,527,068
Increase in deferred expenses	(16,827)	(16,488)
Net cash used in investing activities	(2,216,919)	(1,504,647)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Decrease in short-term loans	-	(2,403,172)
Increase in long-term loans	4,672,572	4,678,376
Increase in corporate bonds payable	2,710,000	-
Net cash provided by financing activities	7,382,572	2,275,204
Increase in cash and cash equivalents	6,355,092	1,871,719
Cash and cash equivalents at beginning of period	5,670,482	3,481,722
Cash and cash equivalents at end of period	\$ 12,025,574	\$ 5,353,441
<u>SUPPLEMENTAL INFORMATION OF CASH FLOW INFORMATION</u>		
Interest paid	\$ 175,991	\$ 73,723
Less: Interest capitalized	(44,081)	(17,026)
Interest paid, excluding interest capitalized	\$ 131,910	\$ 56,697
Income tax paid	\$ 6,169	\$ 1,607
<u>FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS</u>		
Long-term liabilities - current portion	\$ 5,292,019	\$ 2,308,032
Conversion of convertible bonds into common stock	\$ 25,500	\$ 658,600

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated August 28, 2012.

EVERGREEN MARINE CORP. (TAIWAN) LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2012 AND 2011

(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Established on September 25, 1968, Evergreen Marine Corporation (the "Company") is mainly engaged in domestic and international marine transportation, shipping agency services, and the distribution of containers. The Company was approved by the Securities and Futures Commission (SFC), Ministry of Finance (MOF) (currently known as the Securities and Futures Bureau (SFB), Financial Supervisory Commission, Executive Yuan) to be a public company on November 2, 1982 and was further approved by the SFC to be a listed company on July 6, 1987. The Company's shares have been publicly traded on the Taiwan Stock Exchange since September 21, 1987. The Company had 1,246 employees as of June 30, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in conformity with the "Rules Governing Preparation of Financial Statements by Securities Issuers", and accounting principles generally accepted in the Republic of China. The Company's significant accounting policies are summarized below:

(1) Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings, which are carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" under stockholders' equity.

(2) Foreign currency transactions

A. Transactions denominated in foreign currencies are translated into New Taiwan Dollars at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in current year's profit or loss.

B. Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss.

C. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

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

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

- a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- b) Assets held mainly for trading purposes;
- c) Assets that are expected to be realized within twelve months from the balance sheet date;
- d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

- a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- b) Liabilities arising mainly from trading activities;
- c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and other short-term highly liquid investments which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value resulting from fluctuations in interest rates.

The Company's statement of cash flows is prepared on the basis of cash and cash equivalents.

(5) Financial assets and financial liabilities at fair value through profit or loss

A. Equity financial instruments are recognized and derecognized using trade date accounting; whereas debt, beneficiary certificates, and derivative financial instruments are recognized and derecognized using settlement date accounting. These instruments are initially recognized at their fair values.

B. These financial instruments are subsequently remeasured and stated at fair value, and the gain or loss is recognized in profit or loss. The fair value of listed stocks, OTC stocks and closed-end mutual funds is based on latest quoted fair prices of the accounting period. The fair value of open-end and balanced mutual funds is based on the net asset value at the balance sheet date.

- C. When a derivative is an ineffective hedging instrument, it is initially recognized at fair value on the date a derivative contract is entered into and is subsequently remeasured at its fair value. If a derivative is a non-option derivative, the fair value initially recognized is zero.
- D. For call options, put options and conversion rights without characteristics of equity, which are embedded in corporate bonds payable, please refer to Note 2 (15).
- E. Financial assets and financial liabilities designated as at fair value through profit or loss at inception are those that conform to one of the following conditions :
 - a)Hybrid products.
 - b)As a result of the designation, measurement and recognition inconsistency could be decreased significantly or eliminated.
 - c)The financial products are managed under the method of risk management and investment strategy management established by the Company and performance of the product is assessed using fair value.

(6) Available-for-sale financial assets

- A. Equity financial instruments are recognized and derecognized using trade date accounting. These instruments are initially recognized at their fair values plus transaction costs that are directly attributable to the acquisition.
- B. The financial assets are remeasured and stated at fair value, and the gain or loss is recognized in equity, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. The fair values of listed stocks, OTC stocks and closed-end mutual funds are based on latest quoted fair prices of the accounting period. The fair values of open-end and balanced mutual funds are based on the net asset value at the balance sheet date.
- C. If there is any objective evidence that the financial asset is impaired, the cumulative loss that has been recognized directly in equity shall be transferred from equity to profit or loss. When the fair value of an equity instrument subsequently increases, impairment losses recognized previously in profit or loss shall not be reversed. When the fair value of a debt instrument subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss recognized in profit or loss.

(7) Held-to-maturity financial assets

- A. Held-to-maturity financial asset is recognized or derecognized using trade date accounting and is stated initially, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. The financial assets are carried at amortized cost.
- C. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. If the fair value of the financial asset subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was

recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. The book value after such reversal should not exceed the amortized had no impairment loss been recognized.

(8) Financial assets carried at cost

- A. Financial assets carried at cost are recognized or derecognized using trade date accounting and are stated initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- B. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss shall not be reversed when the fair value of the asset subsequently increases.

(9) Notes and accounts receivable, other receivables

- A. Notes and accounts receivable are claims resulting from the sale of goods or services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables. Notes and accounts receivable and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.
- B. The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, a provision for impairment of financial asset is recognized. The amount of impairment loss is determined based on the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the fair value of the asset subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortized cost where no impairment loss was recognized. Subsequent recoveries of amounts previously written off are recognized in profit or loss.

(10) Ship fuel

Ship fuel is physically measured by the crew of each ship and reported back to the Head Office through telegraph for recording purposes at the balance sheet date. Valuation of ship fuel is based on FIFO using the exchange rate prevailing at the balance sheet date.

(11) Long-term equity investments accounted for under the equity method

- A. Long-term equity investments in which the Company holds more than 20% of the investee company's voting shares or has significant influence on the investee's operational decisions are accounted for under the equity method. Effective January 1, 2006, the excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized. Retrospective adjustment of the amount of goodwill amortized in previous years is not required. The excess of acquired net asset value of investee over the initial

investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets, and any remaining amount of such excess after this allocation is credited to extraordinary gains. Negative goodwill, created before December 31, 2005, should still be amortized.

B. Exchange differences arising from translation of financial statements of overseas investee companies accounted for under the equity method are recorded as “cumulative translation adjustments” under stockholders’ equity.

(12) Property, plant and equipment

A. Property, plant and equipment are stated at cost. Interests incurred on the loans used to bring the assets to the condition and location necessary for their intended uses are capitalized.

B. Depreciation is provided under the straight-line method based on the assets’ estimated economic service lives. Salvage value of the fully depreciated assets that are still in use is depreciated based on the re-estimated economic service lives.

C. Major improvements and renewals are capitalized and depreciated accordingly. Maintenance and repairs are expensed as incurred.

(13) Deferred expenses

Deferred expenses refer to the expenses incurred for dock and wharf equipment, computer software and cable installation. The expenses incurred for dock and wharf equipment are amortized on a straight-line basis over the lease period and the other deferred expenses are amortized over 3 years.

(14) Impairment of non-financial assets

The Company recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

(15) Corporate bonds payable

A. The difference between the issue price and face value of corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as “interest expense”.

B. For the bonds payable issued after January 1, 2006, in which call option, put option and conversion rights are embedded, the issuer of a financial instrument shall classify the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument. These bonds are accounted for as follows:

a) The difference between the issue price and face value of corporate bonds is accounted for as premium or discount which is required to be amortized over the period from the date of issuance to maturity date using the interest method and is recorded as “interest expense”.

- b) The value of any derivative features (such as a call option and put option) embedded in the compound financial instrument is recognized as “financial assets or financial liabilities at fair value through profit or loss”. These derivative features are subsequently remeasured and stated at fair value on each balance sheet date, and the gain or loss is recognized in “gain or loss on valuation of financial assets or financial liabilities”. At the expiration date, if the fair value of common stock exceeds the exercise price of put option, the fair value of the put option is recognized as “paid-in capital”; however, if the fair value of common stock is lower than the exercise price, the fair value of the put option is recognized as “gain or loss”.
- c) A conversion option embedded in the bonds issued by the Company, which is convertible to an equity instrument, is recognized in “capital reserve from stock warrants”. When a bondholder exercises his/her conversion rights, the liability component of the bonds (including corporate bonds and embedded derivatives) shall be revalued at fair value on the conversion date, and the resulting difference shall be recognized as “gain or loss” in the current period. The book value of the common stock issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of the stock warrants.
- d) Costs incurred on issuance of convertible bonds are proportionally charged to the liabilities and equities of the underlying instruments based on initial recognition costs.

C.If the bondholders have the right, within one year, to exercise the put option embedded in bonds, the Company should classify the bond under current liability. After the right expires, the corporate bonds unconverted or not exchanged should be reclassified under non-current liabilities.

(16) Pensions

- A.Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. Net periodic pension costs include service cost, interest cost, and expected return on plan assets, amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over 15 years. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.
- B.The amount contributed is recognized as pension cost as incurred on an accrual basis. According to R.O.C. SFAS No. 23, “Interim Financial Reporting and Disclosures “, the Company can choose not to disclose information on pension, which is stated in paragraph 34 of R.O.C. SFAS No. 18, “Accounting for Pensions.”

(17) Income taxes

- A.Inter-period and intra-period income tax allocation methods are employed. Over or under provision of prior years’ income tax liabilities is included in current year’s income tax. When a change in the tax laws is enacted, the deferred income tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original

amount, that is, the effect of changes in the deferred income tax liability or asset, is recognized as an adjustment to income tax expense (benefit) for income from continuing operations in the current period.

B. Investment tax credits arising from expenditures incurred on acquisitions of equipment or technology, research and development, employees' training and equity investments are recognized in the year the related expenditures are incurred.

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

(18) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

(19) Revenue, cost and expense recognition

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

(20) Use of estimates

A. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

B. Accrued expenses are recorded at the amounts stated in the original supporting documents. Foreign port charges without supporting documents are estimated based on past records and period-end sailing schedules. Differences between the expenses actually incurred in the following year and the estimated accrued expenses are credited or charged to operating costs or expenses in the following year.

(21) Operating segments

A. The information on operating segments is consistent with that of internal management reports provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

B. In accordance with R.O.C. SFAS No. 41, "Operating Segments", segment information is disclosed in the consolidated financial statements rather than in the separate financial statements of the Company.

3. CHANGES IN ACCOUNTING PRINCIPLES

(1) Notes receivable, accounts receivable and other receivables

Effective January 1, 2011, the Company adopted the amendments to R.O.C. SFAS No. 34, "Financial instruments: Recognition and Measurement". An impairment loss is recognized when there is objective evidence of impairment. This change in accounting principle had no effect on net income and earnings per share for the six-month periods ended June 30, 2011.

(2) Operating segments

Effective January 1, 2011, the Company adopted the amendments to R.O.C. SFAS No. 41, "Operating Segments", which replaced R.O.C. SFAS No. 20, "Segment Reporting". This change in accounting principle had no effect on net income and earnings per share for the six-month periods ended June 30, 2011.

4. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Cash	\$ 6,230	\$ 5,619
Checking accounts	312,289	1,179,751
Demand deposits	918,988	1,372,878
Foreign currency deposits	421,276	404,392
Time deposits (New Taiwan Dollars)	7,275,045	1,355,000
Time deposits (Foreign currencies)	2,177,728	1,038,368
Cash equivalents	908,350	-
Add (Less): Unrealized foreign exchange gain (loss)	5,668	(2,567)
	<u>\$ 12,025,574</u>	<u>\$ 5,353,441</u>

(2) Financial assets at fair value through profit or loss

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current items:		
Trading financial assets		
Listed (TSE and OTC) stocks	\$ 290	\$ 290
Beneficiary certificates	2,933,942	2,212,734
Embedded derivatives	7,903	9,149
	<u>2,942,135</u>	<u>2,222,173</u>
Adjustments	(116,752)	(128,976)
	<u>\$ 2,825,383</u>	<u>\$ 2,093,197</u>
Non-current items:		
Financial assets designated as at fair value through profit or loss		
Corporate bonds	\$ 100,000	\$ 100,000
Adjustments	(39,825)	(83)
	<u>\$ 60,175</u>	<u>\$ 99,917</u>

A. For the six-month periods ended June 30, 2012 and 2011, the Company recognized net gain of \$12,881 and \$7,183, respectively.

B. Hedge accounting for these derivative instruments held for hedging activities was not adopted.

(3) Available-for-sale financial assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Non-current items:		
Listed (TSE and OTC) stocks		
Central Reinsurance Corp.	\$ 490,801	\$ 490,801
Fubon Financial Holding Co., Ltd.	-	3,871
	<u>490,801</u>	<u>494,672</u>
Adjustments	<u>77,239</u>	<u>385,177</u>
	<u>\$ 568,040</u>	<u>\$ 879,849</u>

(4) Held-to-maturity financial assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current item:		
Financial bonds	<u>\$ -</u>	<u>\$ 800,000</u>
Non-current item:		
Financial bonds	<u>\$ 370,000</u>	<u>\$ 370,000</u>

(5) Financial assets carried at cost

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Non-current item:		
Unlisted stocks	\$ 1,344,119	\$ 1,344,127

A. In June 2011, Fu-Ji Management Consultancy Co., Ltd. (formerly known as Fubon Securities Finance Co., Ltd.), an investee accounted for under the cost method, reduced its capital. The conversion rate on the capital reduction was 98.44%, and the amount returned to the stockholders was \$10 (in dollars) (par value) per share. As a result of the capital reduction, the proceeds received by the Company based on its proportionate equity interest in Fu-Ji Management Consultancy Co., Ltd. amounted to \$62,106, and the carrying amount of the Company's investment in Fu-Ji Management Consultancy Co., Ltd. was written down by \$468. Accordingly, \$61,638 of income was generated, which was recorded under "non-operating income – others".

B. The Company's investments in unlisted securities was measured at cost since its fair value cannot be measured reliably.

(6) Accounts receivable

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Non-related parties	\$ 611,419	\$ 618,041
Add: Unrealized foreign exchange gain	2,662	60
	614,081	618,101
Related parties	131,630	113,861
	\$ 745,711	\$ 731,962

(7) Other financial assets - current

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Futures transaction margin	\$ -	\$ 97,229

(8) Other current assets - other

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Agency accounts	\$ 328,489	\$ 443,438
Agency reciprocal accounts	1,274,221	1,763,147
Temporary debits	93,498	53,820
	\$ 1,696,208	\$ 2,260,405

A. Agency accounts

These accounts occur when domestic and foreign agencies, based on the agreement with the Company, deal with domestic and foreign port formalities regarding arrival and departure of ships, cargo loading, discharging and forwarding, collection of freight, and payment of expenses incurred in the foreign port.

B. Agency reciprocal accounts

Temporary accounts between the Company and Evergreen International S.A., Gaining Enterprise S.A., Greencompass Marine S.A., Italia Marittima S.p.A., Evergreen Marine (UK) Ltd.,

Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd. These accounts occur as these ship owners incur domestic and foreign port expenses and related rental expenses.

(9) Long-term equity investments accounted for under the equity method

A. Details of long-term equity investments accounted for under the equity method are set forth below :

Investee company	June 30, 2012	Carrying amount	
	Percentage of ownership	June 30, 2012	June 30, 2011
Peony Investment S.A.	100.00%	\$ 41,569,576	\$ 47,944,524
Everport Terminal Services Inc.	100.00%	2,991	2,882
Taiwan Terminal Services Co., Ltd.	55.00%	83,614	88,191
Charng Yang Development Co., Ltd.	40.00%	615,086	579,224
Evergreen International Storage and Transport Corporation	39.74%	7,935,000	7,985,028
Evergreen Security Corporation	31.25%	98,792	85,929
EVA Airways Corporation	19.32%	6,948,616	7,070,287
Taipei Port Container Terminal Corporation	21.03%	799,734	814,860
		<u>\$ 58,053,409</u>	<u>\$ 64,570,925</u>

B. Investment income (loss) accounted for under the equity method for the six-month periods ended June 30, 2012 and 2011 is set forth below:

Investee company	For the six-month periods ended June 30,	
	2012	2011
Peony Investment S.A.	(\$ 2,526,613)	\$ 1,187,253
Everport Terminal Services Inc.	-	-
Taiwan Terminal Services Co., Ltd.	1,337	4,378
Charng Yang Development Co., Ltd.	32,232	29,298
Evergreen International Storage and Transport Corporation	132,831	165,437
Evergreen Security Corporation	9,681	8,584
EVA Airways Corporation	(170,247)	64,360
Taipei Port Container Terminal Corporation	(7,274)	(11,281)
	<u>(\$ 2,528,053)</u>	<u>\$ 1,448,029</u>

C. On July 23, 2009, the Company issued its first domestic secured exchangeable bonds based on the resolution by the Board of Directors. Pursuant to the terms of issuance, the bondholders may exchange the exchangeable bonds into the common stocks of Evergreen International Storage and Transport Corporation (EITC) during the period from one month after the exchangeable

bonds are issued to 10 days before the maturity of the exchangeable bonds. The Company has already appropriated 86,595 thousand shares of common stock of Evergreen International Storage and Transport Corporation to the account in Taiwan Depository and Clearing Corporation, for the use of exchange from exchangeable bonds to common stock of EITC (For details of the issuance terms of the exchangeable bonds, please refer to Note 4(14)).

- D. For the long-term development of the terminal in the west coast of U.S. on December 24, 2010, the Company invested in its subsidiary, Everport Terminal Services Inc. based on the resolution by the Board of Directors. The Company has provided capital financing funds since May 2011 and the capital stock amounted to USD100, equivalent to 1,000 shares of stock. The Company held all the shares of stock as of June 30, 2012.

(10) Property, plant and equipment

Asset	June 30, 2012		
	Initial cost	Accumulated depreciation	Net book value
Land	\$ 1,972,540	\$ -	\$ 1,972,540
Building	1,360,388 (	524,783)	835,605
Loading and unloading equipment	4,261,946 (	3,912,712)	349,234
Computer and communication equipment	127,520 (	98,746)	28,774
Transportation equipment	11,731,954 (	7,150,583)	4,581,371
Ships	3,610,805 (	2,169,348)	1,441,457
Office equipment	202,287 (	178,634)	23,653
	23,267,440 (	14,034,806)	9,232,634
Prepayments for equipment	8,207,507	-	8,207,507
	<u>\$ 31,474,947</u>	<u>(\$ 14,034,806)</u>	<u>\$ 17,440,141</u>
Asset	June 30, 2011		
	Initial cost	Accumulated depreciation	Net book value
Land	\$ 1,972,540	\$ -	\$ 1,972,540
Building	1,360,388 (	498,057)	862,331
Loading and unloading equipment	4,421,917 (	3,856,721)	565,196
Computer and communication equipment	111,354 (	93,854)	17,500
Transportation equipment	11,530,164 (	6,693,674)	4,836,490
Ships	2,632,367 (	1,876,371)	755,996
Office equipment	199,265 (	171,867)	27,398
	22,227,995 (	13,190,544)	9,037,451
Prepayments for equipment	3,333,593	-	3,333,593
	<u>\$ 25,561,588</u>	<u>(\$ 13,190,544)</u>	<u>\$ 12,371,044</u>

- A. All the aforementioned ships have been insured based on the market value of each vessel or the requirement of the creditor banks. As of June 30, 2012 and 2011, the insurance coverage amounted to USD98,640 and USD65,340, respectively. In addition, the ships were covered by the protection and indemnity insurance with GARD. The indemnity amounts were unlimited except for oil pollution which was limited to USD8,000,000 and USD6,000,000 as of June 30, 2012 and 2011, respectively.
- B. The Company's loading and unloading equipment were covered by the general insurance for construction machinery with insurance coverage amounting to \$903,023 and \$1,173,414 as of June 30, 2012 and 2011, respectively. The fire and car insurance coverage for the office equipment and building was \$757,332 and \$749,780, respectively. Container facilities were insured with full coverage amounting to USD237,904 and USD239,900, respectively.
- C. Interest capitalized to property, plant and equipment amounted to \$44,081 and \$17,026 for the six-month periods ended June 30, 2012 and 2011, respectively.

(11) Short-term loans

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Unsecured loans	\$ -	\$ 200,000

(12) Financial liabilities at fair value through profit or loss

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current items:		
Trading financial liabilities		
Foreign exchange option	\$ -	\$ 140,012
Embedded derivatives	221	78,750
	<u>\$ 221</u>	<u>\$ 218,762</u>

A. For the six-month periods ended June 30, 2012 and 2011, the Company recognized net loss of \$54,954 and net gain of \$192,059, respectively.

B. Hedge accounting for these derivative instruments held for hedging activities was not adopted.

(13) Long-term liabilities - current portion

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Corporate bonds payable	\$ 2,742,273	\$ 554,461
Long-term bank loans	2,549,746	1,753,571
	<u>\$ 5,292,019</u>	<u>\$ 2,308,032</u>

(14) Corporate bonds payable

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Domestic unsecured convertible bonds	\$ 568,600	\$ 594,100
Domestic secured exchangeable bonds	2,210,000	2,500,000
Domestic secured corporate bonds	3,000,000	-
Less: Discount on corporate bonds	(36,327)	(234,456)
	<u>5,742,273</u>	<u>2,859,644</u>
Less: Current portion	(2,742,273)	(554,461)
	<u>\$ 3,000,000</u>	<u>\$ 2,305,183</u>

A. On July 23, 2009, the Company issued its first domestic secured exchangeable bonds (referred herein as the “Exchangeable Bonds”) at face value, totaling \$2,500,000. The major terms of the issuance are set forth below:

a) Period: 3 years (July 23, 2009 to July 23, 2012)

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

Unless the Exchangeable Bonds are redeemed, exchanged or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Exchangeable Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d) Collaterals

(a) The redemption of the Exchangeable Bonds are guaranteed by Bank Sinopac and Credit Agricole Corporate and Investment Bank, referred herein as the “Guarantors”. The guaranty period is from the issuance date of the Exchangeable Bonds to the date all the debts are paid off. Additionally, the portion the Guarantors insure includes principal plus accrued interest and debt ancillary to the main liability.

(b) If the bondholders files a claim with the Guarantors to redeem the Exchangeable Bonds, the Guarantors should pay within 14 days after being informed of the claim.

(c) During the guarantee period, if the Company is unable to repay the principal and interest on the bonds on schedule, violates the consignment contract with consigned bank or guaranty contract with the Guarantors, or violates events approved by official authority, to a certain extent that trespass on the bondholders’ rights and interests happens, all the Exchangeable Bonds are deemed to be at maturity effective immediately.

e) Object exchanged

Common stock of Evergreen International Storage and Transport Corporation (EITC) which belongs to the Company (Related information is stated in Note 4 (9)).

f) Redemption at the Company’s option

(a) During the period from one month after the issuance of the Exchangeable Bonds to 40 days before the maturity of the Exchangeable Bonds, if the closing price of common stock of EITC at the block trade market is equal to or more than 30% of the exchange price for a

period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Exchangeable Bonds within 30 trading days after the abovementioned 30 consecutive trading days.

(b) During the period from one month after the Exchangeable Bonds are issued to 40 days before the maturity of the Exchangeable Bonds, if the total amount of the Exchangeable Bonds outstanding is less than 10% of the total issued amount, the Company may redeem the outstanding bonds in cash at their face value any time during the 40 days before the maturity of the Exchangeable Bonds.

(c) When the Company issues its redemption notice, and the bondholders do not reply in written form before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the exchange price in effect at the expiration of the notice period.

g) Terms of exchange

(a) Exchange period

The bondholders may exchange the Exchangeable Bonds into the common stock of EITC during the period from one month after the Exchangeable Bonds are issued to 10 days before the maturity of the Exchangeable Bonds.

The bondholders are prohibited from exercising their exchange right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

(b) Exchange price

The base day for setting exchange price is July 15, 2009. The exchange price can be any of the three average closing prices of the common stock of EITC during the 1, 3 and 5 trading days before the base day multiplied by the number ranging from 101.00% to 110.00%. If any cash or stock dividends are distributed before the base day, the closing price used in the computation of the exchange price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the exchange price is set to the date on which the Exchangeable Bonds are issued, the exchange price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The exchange price at the issuance of the Exchangeable Bonds was set at \$30.31 (in dollars). Until the report release date, the exchange price of the Exchangeable Bonds was set at \$28.87 (in dollars).

h) Entitlement to cash dividends or stock dividends

The bondholders who request to exchange the Exchangeable Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Exchange of the Exchangeable Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to

the ex-dividend date. The bondholders who request to exchange the Exchangeable Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

i) As of June 30, 2012, the Company repurchased \$290,000 of the Exchangeable Bonds.

j) As of June 30, 2012, the bondholders did not exercise the exchange right.

B. On August 7, 2009, the Company issued its third domestic unsecured convertible bonds (referred herein as the "Third Bonds") at face value, totaling \$2,500,000. The major terms of the issuance are set forth below:

a) Period: 5 years (August 7, 2009 to August 7, 2014)

b) Coupon rate: 0% per annum

c) Principal repayment and interest payment

Unless the Third Bonds are redeemed, repurchased, resold, converted or deregistered before maturity, or other events occur due to regulatory reasons, the principal of the Third Bonds shall be repaid in lump sum by cash at maturity based on the face value of the Bonds.

d) Collaterals

The Third Bonds are unsecured. However, if the Company subsequently issues other convertible bonds secured with collaterals, the rights of the holders of the Third Bonds to claim their credits and the collaterals are set at the same rank as the holders of the convertible bonds issued subsequently.

e) Redemption at the Company's option

(a) During the period from one month after the issuance of the Third Bonds to 40 days before the maturity of the Third Bonds, if the closing price of the Company's common stock at the Taiwan Stock Exchange is equal to or more than 30% of the conversion price for a period of 30 consecutive trading days, the Company may redeem the outstanding bonds in cash at the face value of the Third Bonds within 30 trading days after the abovementioned 30 consecutive trading days.

(b) During the period from one month after the Third Bonds are issued to 40 days before the maturity of the Third Bonds, if the total amount of the Third Bonds outstanding after the conversion by the bondholders is less than \$250 million (10% of the total issued amount), the Company may redeem the outstanding bonds at their face value any time during the 40 days before the maturity of the Third Bond.

(c) When the Company issues its redemption notice, if the bondholders do not reply before the effective redemption date, the Company may convert the bonds held by those bondholders into common stock at the conversion price in effect at the expiration of the notice period.

f) Redemption at the bondholders' option

During the period from 30 days before the 2-year maturity of the Third Bonds to the date of maturity, or from 30 days before the 3-year maturity of the Third Bonds to the date of maturity, the bondholders may require the Company to redeem their bonds in cash at the face value plus interest compensation. The redemption price for the former is 101.00% of the face value with a yield rate of 0.50% per annum, and 101.51% of the face value with a yield rate of 0.50% for the latter.

g) Terms of conversion

(a) Conversion period

The bondholders may convert the Third Bonds into the Company's common stock during the period from one month after the Third Bonds are issued to 10 days before the maturity of the Third Bonds.

The bondholders are prohibited from exercising their conversion right during the period from 3 trading days before the announcement of cash or stock dividends to the date of distribution of the cash or stock dividends.

(b) Conversion price

The base day for setting conversion price is July 30, 2009. The conversion price can be any of the three average closing prices of the Company's common stock during the 1, 3 and 5 trading days before the base day multiplied by 101.00%. If any cash or stock dividends are distributed before the base day, the closing price used in the computation of the conversion price must be adjusted for the effect of the dividend distribution. If any cash or stock dividends are distributed during the period from the date on which the conversion price is set to the date on which the Third Bonds are issued, the conversion price is required to be adjusted in accordance with the adjusting formula specified in the bond agreement. The conversion price at the issuance of the Third Bonds was set at \$20.04 (in dollars). Until the report release date, the conversion price of the Exchangeable Bonds was set at \$17.20 (in dollars).

h) Entitlement to cash dividends or stock dividends

The bondholders who request to convert the Third Bonds during the period from January 1 of the current year to any date which is more than 3 trading days before the announcement of cash or stock dividends are entitled to the cash or stock dividends resolved by the stockholders in the current year. Conversion of the Third Bonds is prohibited during the period from 3 trading days before the announcement of cash or stock dividends to the ex-dividend date. The bondholders who request to convert the Third Bonds during the period from the date following the ex-dividend date to December 31 of the current year are not entitled to the cash or stock dividends resolved by the stockholders in the current year, but are entitled to the cash or stock dividends resolved by the stockholders in the following year.

i) As of June 30, 2012, the Third Bond holders to request convertible bonds of the Company common stock, total convertible bonds face value was \$1,931,400. Convertible for the Third Bonds to increase conversion transaction capital surplus - paid-in capital in excess of par value of common stock \$1,016,996, and reduce the capital reserves from stock warrants \$197,933.

C. On April 26, 2012, the Company issued its twelfth domestic secured corporate bonds (referred herein as the “Twelfth Bonds”), totaling \$3,000,000. The Twelfth Bonds are categorized into Bond A and B, depending on the guarantee institution. Bond A totals \$2,000,000 and Bond B totals \$1,000,000. The major terms of the issuance are set forth below:

a) Period: 5 years (April 26, 2012 to April 26, 2017)

b) Coupon rate: 1.28% fixed per annum

c) Principal repayment and interest payment

Repayments for the Twelfth Bonds are paid annually on coupon rate, starting a year from the issuing date. The principal of the Twelfth Bonds shall be repaid in lump sum at maturity.

d) Collaterals

The Twelfth Bonds are secured. Bond A are guaranteed by Bank Sinopac, and Bond B are guaranteed by Far Eastern International Bank.

D. The conversion rights and debt component of the Third Bonds are recognized separately in accordance with R.O.C. SFAS No. 36.

The issuance cost of the Third Bonds is allocated to debt and equity components by the amount initially recognized. Accordingly, the account of “capital reserve from stock warrants” amounted to \$256,205.

The net value of the rights of repurchase and resold embedded in bonds payable was separated from bonds payable, and was recognized in “financial liabilities at fair value through profit or loss” in accordance with R.O.C. SFAS No. 34.

(15) Long-term loans

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Secured bank loans	\$ 2,400,000	\$ 2,400,000
Unsecured bank loans	24,969,276	14,282,778
Add (less): unrealized foreign exchange loss (gain)	22,598 (	20,497)
Less: deferred charges - hosting fee credit	(5,099)	(7,579)
	<u>27,386,775</u>	<u>16,654,702</u>
Less: Current portion	(2,549,746)	(1,753,571)
	<u>\$ 24,837,029</u>	<u>\$ 14,901,131</u>

Please refer to Note 6 for details of the collaterals pledged for the above long-term loans.

(16) Capital

A. As of June 30, 2012, the Company's authorized capital was \$36,000,000, and the paid-in capital was \$34,749,407, divided into 3,474,941 thousand shares of common stocks, with a par value of \$10 (in dollars) per share.

B. Details of the common stock converted from the unsecured domestic convertible bonds issued by the Company for the six-month periods ended June 30, 2012 and 2011 are set forth below :

	For the six-month periods ended June 30			
	2012		2011	
	No. of Shares (in 000's)	Amount	No. of Shares (in 000's)	Amount
Third unsecured convertible bonds	1,483	\$ 14,826	32,864	\$ 328,642

C. The capital increase due to the distribution of stock dividends from retained earnings was \$3,157,544, constituting 315,754 thousand shares of common stocks, as resolved at the stockholders' meeting on June 24, 2011. Such capital increase had been registered in effect by Gin-Gwen-Jen (6) Letter No. 1000035689 of the Financial Supervisory Commission, Executive Yuan, R.O.C. The effective date of the capital increase is September 7, 2011, and the Company registered the change of capital at the Ministry of Economic Affairs on September 23, 2011.

(17) Capital surplus

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

B. Information related to "capital reserve from stock warrants" is stated in Note 4(14).

(18) Appropriation of retained earnings and dividend policy

A. According to the Company's Articles of Incorporation, if there is any profit for a fiscal year, the Company shall first make provision for income tax and cover prior years' losses, then appropriate 10% of the residual amount as legal reserve. Dividends shall be proposed by the Board of Directors and resolved by the stockholders. Bonuses paid to employees shall be at least 0.5% of the total distributed amount and the remuneration paid to the directors and supervisors shall not exceed 5% of the total distributed amount.

B. Dividend policy

The Company is currently at the stable growth stage. In order to facilitate future expansion plans, dividends to stockholders are distributed mutually in the form of both cash and stocks with the basic principle that the ratio of cash dividends to total stock dividends shall not be lower than 10%.

C. Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. Special reserve

If there is any negative stockholders' equity item recognized by the Company, such as unrealized loss on the decline in market value of long-term equity investments, cumulative translation adjustments and unrecognized pension cost, the Company is required to set aside an amount equal to the amount of the negative stockholders' equity item as special reserve from the after-tax net income. If the negative stockholders' equity items are subsequently reversed, an amount not exceeding the reversed amount can be appropriated from the special reserve.

E. Appropriations of the 2011 and 2010 earnings as resolved by the stockholders on June 15, 2012 and June 24, 2011, respectively, are set forth below:

	2011		2010	
	Total Amount	Dividend per share (in dollars)	Total Amount	Dividend per share (in dollars)
Legal reserve	\$ -	-	\$ 1,516,545	
Special reserve	(986,044)		3,621,980	
Cash dividends	-	\$ -	3,157,544	\$ 1.0
Stock dividends	-	-	3,157,544	1.0

F. As resolved by the stockholders on June 15, 2012, the Company did not distribute dividends to stockholders, bonus to employees, or remuneration to the directors and supervisors in order to facilitate future expansion plans.

G. As of June 30, 2012, the Company recognized neither bonus to employees nor remuneration to the directors and supervisors in order to facilitate future expansion plans.

H. For more information on the bonus allocation to employees and remuneration to the directors and supervisors of the Company as resolved by the Board of Directors and approved by the stockholders, please visit the "Market Observation Post System" website of the Taiwan Stock Exchange.

(19) Operating income

	<u>For the six-month periods ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Marine freight income	\$ 7,453,685	\$ 7,207,559
Ship rental income	103,687	95,382
Commission income and agency service income	133,565	121,381
Others	209,986	160,764
	<u>\$ 7,900,923</u>	<u>\$ 7,585,086</u>

(20) Income tax

A. Income tax (benefit) expense and income tax payable (refundable) are reconciled as follows:

	<u>For the six-month periods ended June 30,</u>	
	<u>2012</u>	<u>2011</u>
Income tax (benefit) expense	(\$ 236,797)	\$ 428,140
Add (Less):		
Prepaid and withholding taxes	(6,169)	(1,607)
Adjustments for changes in tax estimates	33,684	-
Net change in deferred income tax assets/ liabilities	<u>205,204</u>	<u>(112,786)</u>
Income tax (refundable) payable	<u>(\$ 4,078)</u>	<u>\$ 313,747</u>

B. Deferred income tax assets and liabilities

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Deferred income tax assets-current	\$ 349,824	\$ 250,211
Deferred income tax assets-non-current	71,716	67,221
Deferred income tax liabilities-current	-	-
Deferred income tax liabilities-non-current	(1,235,901)	(1,561,007)
Valuation allowance	-	-
	<u>(\$ 814,361)</u>	<u>(\$ 1,243,575)</u>

C. Details of temporary differences, loss carryforwards and investment tax credits resulting in deferred income tax assets and liabilities are as follows:

	<u>June 30, 2012</u>		<u>June 30, 2011</u>	
	<u>Amount</u>	<u>Tax effect</u>	<u>Amount</u>	<u>Tax effect</u>
Current items:				
Bad debts expense	\$ 2,349	\$ 400	\$ 1,845	\$ 313
Unrealized foreign exchange loss	19,812	3,368	32,327	5,496
Loss on valuation of financial assets	131,424	22,342	131,424	22,342
Loss on valuation of financial liabilities	-	-	137,023	23,294
Deferred profit from disposal of loading and unloading equipment	383	65	-	-
Loss carryforwards	1,222,605	207,843	1,169,211	198,766
Investment tax credits		115,806		-
		<u>\$ 349,824</u>		<u>\$ 250,211</u>
Non-current items:				
Pension expense	418,792	71,195	395,417	67,221
Deferred profit from disposal of loading and unloading equipment	3,066	521	-	-
Investment income accounted for under the equity method	(7,270,005)	(1,235,901)	(9,182,395)	(1,561,007)
		<u>(\$1,164,185)</u>		<u>(\$ 1,493,786)</u>

D. The Company is eligible for investment tax credits under the Statute for Upgrading Industry and Involvement in Public Works. Details as of June 30, 2012 are as follows:

<u>Qualifying item</u>	<u>Total tax credits</u>	<u>Unused tax credits</u>	<u>Final year tax credits are due</u>
Machinery	\$ 3,076	\$ 1,246	2012
Machinery	18,398	18,398	2013
Personnel Training	162	162	2013
Significant public works	36,000	36,000	2015
Significant public works	60,000	60,000	2016
	<u>\$ 117,636</u>	<u>\$ 115,806</u>	

E. As of June 30, 2012, loss available to be carried forward was as follows:

<u>Year in which loss was incurred</u>	<u>Amount approved</u>	<u>Losses available to be carried forward</u>	<u>Unused loss carryforwards</u>	<u>Final year losses can be carried forward</u>
2009	\$ 2,456,334	\$ 417,577	\$ 207,843	2019

F. As of June 30, 2012, the Company's income tax returns through 2009 have been assessed and approved by the Tax Authority.

G. Unappropriated retained earnings

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Earnings generated in and before 1997	\$ 6,527,940	\$ 5,570,596
Earnings generated in and after 1998	<u>3,320,127</u>	<u>6,383,665</u>
	<u>\$ 9,848,067</u>	<u>\$ 11,954,261</u>

The unappropriated retained earnings represents the accumulated unappropriated retained earnings accounted for in accordance with the “Business Entity Accounting Law”. Net income for the six-month periods ended June 30, 2012 and 2011 was not included.

H.As of June 30, 2012 and 2011, the balances of the imputation tax credit account were \$1,032,525 and \$2,535,706, respectively. The creditable tax rate is estimated to be 30.78% for 2011 and was 14.97% for 2010.

(21) (Losses) Earnings per share

	<u>For the six-month periods ended June 30, 2012</u>				
	<u>Amount</u>		<u>Weighted-average outstanding common shares (in thousands)</u>	<u>Losses per share (in dollars)</u>	
	<u>Before tax</u>	<u>After tax</u>		<u>Before tax</u>	<u>After tax</u>
<u>Basic EPS</u>					
Net loss	(\$ 2,637,305)	(\$ 2,400,508)	3,474,208	(\$ 0.76)	(\$ 0.69)
Dilutive effect of common stock					
Convertible bonds	<u>Note</u>	<u>Note</u>	<u>Note</u>		
<u>Dilutive EPS</u>					
Net loss attributable to common stockholders plus dilutive effect of common stock equivalents	(\$ 2,637,305)	(\$ 2,400,508)	3,474,208	(\$ 0.76)	(\$ 0.69)

Note: According to R.O.C. SFAS No. 24 “Earnings Per Share”, the potential common stock should not be considered in the calculation of basic earnings per share, due to net loss from continuing operations, which has an anti-diluted effect.

	For the six-month periods ended June 30, 2011				
	Amount		Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)	
	Before tax	After tax		Before tax	After tax
<u>Basic EPS</u>					
Net income	\$ 1,816,089	\$ 1,387,949	3,466,022	\$ 0.52	\$ 0.40
Dilutive effect of common stock equivalents:					
Convertible bonds	7,596	7,596	40,046		
<u>Dilutive EPS</u>					
Net income attributable to common stockholders plus dilutive effect of common stock equivalents	\$ 1,823,685	\$ 1,395,545	3,506,068	\$ 0.52	\$ 0.40

The weighted-average outstanding common shares for the six-month periods ended June 30, 2011 have been adjusted retroactively in proportion to retained earnings capitalized during the years ended December 31, 2011. The basic and diluted EPS for the six-month periods ended June 30, 2011 were both adjusted from \$0.44 to \$0.40 per share.

(22) Personnel, depreciation and amortization expenses

Personnel, depreciation and amortization expenses are summarized as follows:

	For the six-month periods ended June 30, 2012		
	Operating cost	Operating expense	Total
Personnel expenses			
Salaries	\$ 159,239	\$ 390,053	\$ 549,292
Labor and health insurance	9,584	30,599	40,183
Pension	24,915	41,701	66,616
Others	9,822	13,168	22,990
Depreciation	782,880	20,965	803,845
Amortization	103,954	5,524	109,478
	For the six-month periods ended June 30, 2011		
	Operating cost	Operating expense	Total
Personnel expenses			
Salaries	\$ 138,231	\$ 376,139	\$ 514,370
Labor and health insurance	7,784	28,642	36,426
Pension	5,304	64,499	69,803
Others	8,066	11,731	19,797
Depreciation	742,711	18,673	761,384
Amortization	129,293	6,058	135,351

5. RELATED PARTY TRANSACTIONS

(1) Names of the related parties and their relationship with the Company

Names of related parties	Relationship with the Company
Evergreen International S.A. (EIS)	Major stockholder of the Company
Taiwan Terminal Services Co., Ltd. (TTSC)	Subsidiary of the Company
Peony Investment S.A. (Peony)	Subsidiary of the Company
Everport Terminal Services Inc. (ETS)	Subsidiary of the Company (Established in April 2011)
Evergreen International Storage and Transport Corporation (EITC)	Investee accounted for under the equity method
EVA Airways Corporation (EVA)	Investee accounted for under the equity method
Evergreen Security Corporation (ESRC)	Investee accounted for under the equity method
Chang Yang Development Co., Ltd. (CYD)	Investee accounted for under the equity method
Taipei Port Container Terminal Corporation (TPCT)	Investee accounted for under the equity method
Evergreen International Corporation (EIC)	Investee of the Company's major stockholder
Evergreen Airline Services Corporation (EGAS)	Investee of the Company's major stockholder
Evergreen Marine (Singapore) Pte. Ltd. (EMS)	Investee of the Company's major stockholder
Evergreen Marine (Hong Kong) Ltd. (EGH)	Investee of the Company's major stockholder
Chang Yung-Fa Charity Foundation	Its chairman is the Company's director
Chang Yung-Fa Foundation	Its chairman is the Company's director
Shenzhen Greentrans Transportation Co., Ltd. (SGTC)	Indirect subsidiary of the Company (Completely liquidated in May 2012)
Kingtrans International Logistics (Tianjin) Co.,Ltd (KTIL)	Indirect subsidiary of the Company
Vigor Enterprise S.A. (Vigor)	Indirect subsidiary of the Company
Clove Holding Ltd. (Clove)	Indirect subsidiary of the Company
PT. Multi Bina Transport (MBT)	Indirect subsidiary of the Company
PT. Multi Bina Pura International (MBPI)	Indirect subsidiary of the Company
Greencompass Marine S.A. (GMS)	Indirect subsidiary of the Company
Evergreen Heavy Industrial Corp. (Malaysia) Berhad (EHIC(M))	Indirect subsidiary of the Company
Evergreen Marine (UK) Ltd. (EMU)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Deutschland) GmbH (EGD)	Indirect subsidiary of the Company
Evergreen Shipping Agency (U.K.) Ltd. (EGU)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Switzerland) S.A. (EGDL)	Indirect subsidiary of the Company

Names of related parties	Relationship with the Company
Evergreen Shipping Agency (Austria) GmbH (EGDV)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Ireland) Ltd. (EGUD)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Netherlands) B.V. (EGN)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Poland) SP.ZO.O (EGD-WWX)	Indirect subsidiary of the Company
Evergreen Argentina S.A. (EGB)	Indirect subsidiary of the Company
Evergreen Shipping Agency France S.A.S. (EGF)	Indirect subsidiary of the Company
Evergreen Shipping (Spain) S.L. (EES)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Italy) S.p.A. (EIT)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Vietnam) Corp. (EGV)	Indirect subsidiary of the Company
Island Equipment LLC. (Island)	Indirect subsidiary of the Company
Armand Investment (Netherlands) N.V. (Armand N.V.)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Australia) Pty. Ltd. (EMA)	Indirect subsidiary of the Company
PT. Evergreen Shipping Agency Indonesia (EMI)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Thailand) Co., Ltd. (EGT)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Singapore) Pte. Ltd. (EGS)	Indirect subsidiary of the Company
Evergreen Shipping Agency (India) Pvt. Ltd. (EGI)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Russia) Ltd. (ERU)	Indirect subsidiary of the Company
Evergreen Agency (South Africa) (PTY) Ltd. (ESA)	Indirect subsidiary of the Company
Evergreen Shipping Agency (Korea) Corporation (EGK)	Indirect subsidiary of the Company
Ample Holding Ltd. (Ample)	Indirect subsidiary of the Company
Armand Estate B.V. (Armand B.V.)	Indirect subsidiary of the Company
Whitney Equipment LLC. (Whitney)	Indirect subsidiary of the Company
Hemlock Equipment LLC. (Hemlock)	Indirect subsidiary of the Company
Luanta Investment (Netherlands) N.V. (Luanta)	Investee of Peony

Names of related parties	Relationship with the Company
Balsam Investment (Netherlands) N.V. (Balsam)	Investee of Peony
Ningbo Victory Container Co., Ltd. (NVC)	Investee of Peony
Qingdao Evergreen Container Storage and Transportation Co., Ltd. (QECT)	Investee of Peony
Colon Container Terminal S.A. (CCT)	Investee of Peony
Green Peninsula Agencies SDN. BHD. (GPA)	Investee of Peony
Evergreen Container Terminal (Thailand) Ltd. (ECTT)	Investee of Peony (Disposed in March 2011)
Evergreen Shipping Agency Co. (U.A.E.) LLC. (UAE)	Investee of Peony (Acquired in December 2011)
Taranto Container Terminal S.p.A. (TCT)	Investee of Luanta
Italia Marittima S.p.A.(ITS)	Investee of Balsam
Gaining Enterprise S.A. (GESA)	Investee of EITC
Seaside Transportation Service LLC. (STS)	Investee of Island with significant influence
Sinotrans Group Shenzhen Co. (SGSC)	Investee of SGTC with significant influence

(2) Significant transactions and balances with related parties

A. Operating revenue

	For the six-month periods ended June 30,			
	2012		2011	
	Amount	% of Total Operating Revenue	Amount	% of Total Operating Revenue
EIC	\$ 875,579	11	\$ 1,004,332	13
EITC	46,363	1	44,598	1
GMS	51,491	1	43,299	1
EIS	32,234	1	29,688	-
EMS	30,745	-	31,556	1
ITS	23,868	-	8,212	-
EMU	18,634	-	16,796	-
GESA	16,782	-	15,454	-
EGH	12,822	-	11,685	-
Others	1,488	-	1,468	-
	<u>\$ 1,110,006</u>	<u>14</u>	<u>\$ 1,207,088</u>	<u>16</u>

The business terms on which the Company transacts with related parties are not different from those with non-related parties.

B. Expenditures on services rendered by related parties

	For the six-month periods ended June 30,			
	2012		2011	
	Amount	% of Total Operating Costs and Expenses	Amount	% of Total Operating Costs and Expenses
TTSC	\$ 357,045	4	\$ 360,473	4
EITC	180,929	2	341,855	4
EIC	171,995	2	180,338	2
TPCT	27,169	1	34,633	1
ESRC	23,388	-	20,241	-
GESA	779,804	9	762,680	9
EGH	20,693	-	15,164	-
EMI	12,442	-	13,607	-
EGT	12,033	-	8,630	-
GMS	36	-	41,749	1
EMS	-	-	32,225	1
Others	32,871	1	34,060	1
	<u>\$ 1,618,405</u>	<u>19</u>	<u>\$ 1,845,655</u>	<u>23</u>

The business terms on which the Company transacts with related parties are not different from those with non-related parties.

C. Asset transactions

a) Acquisitions of property, plant, and equipment

	Item	For the six-month periods ended June 30,	
		2012	2011
ESRC	Office equipment	\$ 666	\$ -
EITC	Vessel	-	502,254
EHIC(M)	Transportation equipment	-	675,104
		<u>\$ 666</u>	<u>\$ 1,177,358</u>

b) Disposal of property, plant and equipment

	Item	For the six-month periods ended June 30,			
		2012		2011	
		Sales Price	Gain on disposal	Sales Price	Gain on disposal
EVA	Office equipment	\$ -	-	\$ 1,626	-

D. Lease

- a) Rental income (recorded as non-operating income) generated from the premises and parking lots leased to the related parties are as follows:

	Leasehold Property	For the six-month periods ended June 30,			
		2012		2011	
		Amount	% of Total Rental Income	Amount	% of Total Rental Income
EIC	Office buildings & Parking lots	\$ 46,669	95	\$ 47,613	97
"	Vehicles	441	1	561	1
EVA	Office buildings	1,480	3	615	1
Chang Yung-Fa			-		-
Charity Foundation	Office buildings	121		109	
ESRC	Parking lots	24	-	48	-
		<u>\$ 48,735</u>	<u>99</u>	<u>\$ 48,946</u>	<u>99</u>

- b) Rental expense (recorded as general and administrative expenses) incurred for operating premises leased from the related parties are as follows:

	Leasehold Property	For the six-month periods ended June 30,			
		2012		2011	
		Amount	% of Total Rental Expenses	Amount	% of Total Rental Expenses
EIC	Office buildings	\$ 22,641	99	\$ 21,573	99
EVA	Office buildings	31	-	239	1
		<u>\$ 22,672</u>	<u>99</u>	<u>\$ 21,812</u>	<u>100</u>

- c) Rental expense incurred for the vessels and slot lease from the related parties are recorded as direct operating costs. Details are set forth below:

	For the six-month periods ended June 30,			
	2012		2011	
	Amount	% of Total Vessel and Slot Rental Expenses	Amount	% of Total Vessel and Slot Rental Expenses
EITC	\$ 97,042	8	\$ 240,252	18
GESA	779,804	67	762,680	58
ITS	48	-	3,499	-
GMS	36	-	41,749	3
EMS	-	-	32,225	3
	<u>\$ 876,930</u>	<u>75</u>	<u>\$ 1,080,405</u>	<u>82</u>

E.Receivables from and payables to related parties

The receivables from and payables to related parties bear no interest, and are set forth as follows:

	June 30, 2012		June 30, 2011	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Accounts receivable</u>				
EIC	\$ 57,149	8	\$ 67,050	9
EITC	22,615	3	21,786	3
ITS	19,196	3	1,528	-
Others	32,670	4	23,497	4
	<u>\$ 131,630</u>	<u>18</u>	<u>\$ 113,861</u>	<u>16</u>
	June 30, 2012		June 30, 2011	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Other receivables</u>				
EITC	\$ 127,274	24	\$ 298,046	20
EIC	50,939	10	90,390	6
CYD	26,940	5	25,400	2
EVA	273	-	574,115	38
Others	8,798	2	9,409	-
	<u>\$ 214,224</u>	<u>41</u>	<u>\$ 997,360</u>	<u>66</u>
	June 30, 2012		June 30, 2011	
	Amount	% of Account Balance	Amount	% of Account Balance
<u>Accounts payable</u>				
TTSC	\$ 53,628	6	\$ 41,553	2
EITC	17,221	2	11,096	1
EIC	14,694	1	28,951	1
Others	8,643	1	2,341	-
	<u>\$ 94,186</u>	<u>10</u>	<u>\$ 83,941</u>	<u>4</u>

(3) Endorsements and guarantees for related parties

Endorsements and guarantees issued by the Company are as follows:

	June 30, 2012		June 30, 2011	
PEONY	USD	14,800	USD	14,800
EMU	USD	1,721,651	USD	712,693
GMS	USD	933,837	USD	712,333
Whitney	USD	100,164	USD	94,164
Balsam	USD	78,400	USD	49,000
CCT	USD	9,600	USD	9,600
TCT	USD	20,250	USD	20,817
Hemlock	USD	57,810	USD	25,600
ESA		-	USD	4,000

(4) Significant contracts with related parties

A. The Company entered into an agreement with EIC for consulting services on business management, computer information, and shipping affairs. Except for payments made on behalf of the Company which are charged on actual amounts, the remaining fees are charged on an hourly basis or by cost plus method. The contract took effect on July 1, 1996 and continues to be effective unless terminated.

B. The Company entered into an agreement with EIC for services, such as cargo-forwarding and freight-collecting. As of June 30, 2012 and 2011, the receivables were \$57,149 and \$67,050, respectively. The contract has been effective since 2002 unless terminated.

C. The Company entered into an agreement with ESRC for security service in the Taipei office, the Kaohsiung office, and the Kaohsiung container yards. The monthly service fees were \$940 for Taipei and \$1,614 for Kaohsiung.

D. The Company entered into agency agreements with its related parties to manage petty cash required by their vessels, and payments of Taiwanese crew salaries and insurance premiums. The transactions are recorded as "temporary debits". As of June 30, 2012 and 2011, the balances of the accounts are as follows:

	June 30, 2012		June 30, 2011	
GMS	\$	15,247	\$	11,975
EMS		11,759		9,339
EIS		6,907		6,138
EMU		6,207		5,648
GESA		5,849		6,744
EGH		3,801		4,258
	\$	49,770	\$	44,102

E. The Company entered into agency agreements with its related parties, whereby the related parties act as the Company's domestics and overseas agents to deal with domestics and foreign port formalities, such as arrival and departure of the Company's ships, cargo stevedoring and forwarding, freight collection, and payment of expenses incurred in foreign ports. The transactions are recorded as "agency accounts in other assets (liabilities) -current". As of June 30, 2012 and 2011, the balances of the accounts are as follows:

a) Debit balances of agency accounts

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
EGI	\$ 67,851	\$ 25,541
EMI	16,689	28,721
EGT	6,874	10,542
Others	2,733	9,552
	<u>\$ 94,147</u>	<u>\$ 74,356</u>

b) Credit balances of agency accounts

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
EIC	\$ 10,416	\$ 9,922
Others	13,680	8,901
	<u>\$ 24,096</u>	<u>\$ 18,823</u>

F. Temporary accounts, between the Company and Evergreen International S.A., Gaining Enterprise S.A., Greencompass Marine S.A., Italia Marittima S.p.A., Evergreen Marine (UK) Ltd., Evergreen Marine (Hong Kong) Ltd. and Evergreen Marine (Singapore) Pte. Ltd., incurred due to foreign port formalities and pier rental expenses are recognized as "agency reciprocal accounts in other assets (liabilities) – current". Details of the balances as of June 30, 2012 and 2011 are as follows:

a) Debit balances of agency reciprocal accounts

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
EIS	\$ 918,064	\$ 1,367,672
ITS	327,756	-
GESA	28,401	32,633
GMS	-	362,842
	<u>\$ 1,274,221</u>	<u>\$ 1,763,147</u>

b) Credit balances of agency reciprocal accounts

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
GMS	\$ 527,672	\$ -
EMS	288,964	3,820
EMU	152,939	34,447
EGH	81,334	82,075
ITS	-	187,660
	<u>\$ 1,050,909</u>	<u>\$ 308,002</u>

G. The Company has been commissioned by its related parties to manage their vessel affairs. The management fees are charged monthly and are recorded as operating revenues. Details of the management fees recognized for the six-month periods ended June 30, 2012 and 2011 are as follows:

	June 30, 2012	June 30, 2011
EITC	\$ 42,813	\$ 41,962
GMS	43,336	39,004
EIS	29,631	27,063
EMS	16,183	14,751
EMU	15,700	14,161
GESA	12,734	11,461
EGH	11,571	10,498
ITS	4,410	4,443
	<u>\$ 176,378</u>	<u>\$ 163,343</u>

6. PLEDGED ASSETS

The Company's assets pledged as collaterals as of June 30, 2012 and 2011 are as follows:

Pledged assets	Book value		Purpose
	June 30, 2012	June 30, 2011	
Restricted assets			Performance guarantee
- Time deposits	\$ 120,898	\$ 274,806	
Property, plant and equipment			Long-term loan
- Land	1,800,093	1,800,093	
- Buildings	801,005	826,774	"
Long-term equity investments accounted for under the equity method - EITC	1,620,356	1,630,572	Exchange corporate bonds payable as subject
	<u>\$ 4,342,352</u>	<u>\$ 4,532,245</u>	

7. COMMITMENTS AND CONTINGENT LIABILITIES

- A. As of June 30, 2012, the Company had delegated Deutsche Bank to issue Letter of Certificate amounting to USD5,000.
- B. For details on the Company's endorsements and guarantees, please refer to Note 5, Related Party Transactions.
- C. A former stockholder of the Company sold some of its shares through issuance of global depository receipts (GDRs). The issuance of GDRs was approved by the SEC on June 19, 1996 as per Letter (85) Tai-Cai-Zheng (1) No. 35410. On August 2, 1996, the GDRs were approved by the UK governing authority to be listed on the London Stock Exchange and were issued in Asia, Europe and the US. The initial number of units issued was 5,449,592, representing 54,495,920 shares of the Company's common stock at \$50.50 (in dollars) per share, and the number of supplementary units issued was 817,438. In total, the number of units issued was 6,267,030, representing 62,670,300 shares of the Company's common stock at \$50.50 (in dollars) per share, and the GDRs issued amounted to USD115,000. Another 2,085,856 units, representing 20,858,634 shares of the

Company's common stock, were issued during the period from 1997 to June 30, 2012. As of June 30, 2012, 7,960,285 units were redeemed and 392,601 units were outstanding, representing 3,926,084 shares of the Company's common stock.

- D. As of June 30, 2012, the long-term and medium-term loan facilities granted by the financial institutions with the resolution from the Board of Directors to finance the Company's purchase of new containers and general working capital requirement amounted to \$40,275,824 and the unutilized credit facility was \$14,882,682.
- E. As of June 30, 2012, the estimated amount of ship rental expense in the following years under long-term contracts is set forth as follows:

<u>Year</u>	<u>Amount</u>	
within 1 year	USD	59,678
1-2 years		12,333
	<u>USD</u>	<u>72,011</u>

F. As of June 30, 2012, the amount of guaranteed notes issued by the Company for loans borrowed was \$22,529,827.

G. To meet operational needs, the Company signed the shipbuilding contracts for thirteen container vessels from Samsung Heavy Industries Co. on July 2, 2010 and September 28, 2010, with a total contract price of USD1,339,000. In order to meet the requirements of the fleet configuration within the group, the Company signed a tripartite agreement and transferred nine container vessels to indirect subsidiary of the Company, Greencompass Marine S.A. and Evergreen Marine (UK) Ltd. on October 29, 2010 and June 3, 2011. As of June 30, 2012, the Company signed shipbuilding contracts totaling USD412,000, USD 175,100 of which remain unpaid.

H. To meet operational needs, the Company signed the shipbuilding contracts for three container vessels from Taiwan Shipbuilding Co. on May 20, 2011. As of June 30, 2012, the total price of shipbuilding contracts amounted to USD 309,000, USD 278,100 of which remain unpaid.

8. SIGNIFICANT CATASTROPHE

None.

9. SUBSEQUENT EVENTS

None.

10. OTHERS

(1) Financial statement disclosure

Certain accounts in the June 30, 2011 financial statements were reclassified to conform with the June 30, 2012 financial statement presentation.

(2) Fair value information of financial instruments

	June 30, 2012		
	Book value	Fair value	
		Quotations in an active market	Estimated using a valuation technique
<u>Non-derivative financial instruments :</u>			
Assets			
Cash and cash equivalents	\$ 12,025,574	\$ -	\$ 12,025,574
Notes and accounts receivable	1,268,353	-	1,268,353
Financial assets at fair value through profit or loss			
Equity securities	195	195	-
Beneficiary certificates	2,817,285	2,817,285	-
Corporate bonds	60,175	-	60,175
Restricted assets	120,898	-	120,898
Available-for-sale financial assets - non-current	568,040	568,040	-
Held-to-maturity financial assets - non-current	370,000	-	370,000
Financial assets carried at cost - non-current	1,344,119	-	-
Refundable deposits	44,664	-	44,664
Liabilities			
Notes and accounts payable	1,778,860	-	1,778,860
Bonds payable (including current portion)	5,742,273	-	5,742,273
Long-term loans (including current portion)	26,386,775	-	26,386,775
Guarantee deposits received	48	-	48
<u>Derivative financial instruments :</u>			
Assets			
Embedded derivatives	7,903	-	7,903
Liabilities			
Embedded derivatives	221	-	221

	June 30, 2011		
		Fair value	
	Book value	Quotations in an active market	Estimated using a valuation technique
<u>Non-derivative financial instruments :</u>			
Assets			
Cash and cash equivalents	\$ 5,353,441	\$ -	\$ 5,353,441
Notes and accounts receivable	2,240,348	-	2,240,348
Financial assets at fair value through profit or loss			
Equity securities	269	269	-
Beneficiary certificates	2,083,779	2,083,779	-
Corporate bonds	99,917	-	99,917
Held-to-maturity financial assets - current	800,000	-	800,000
Other financial assets - current	97,229	-	97,229
Restricted assets	274,806	-	274,806
Available-for-sale financial assets - non-current	879,849	879,849	-
Held-to-maturity financial assets - non-current	370,000	-	370,000
Financial assets carried at cost - non-current	1,344,127	-	-
Refundable deposits	42,380	-	42,380
Liabilities			
Short-term loans	200,000	-	200,000
Notes and accounts payable	6,098,820	-	6,098,820
Bonds payable (including current portion)	2,859,644	-	2,859,644
Long-term loans (including current portion)	16,654,702	-	16,654,702
Guarantee deposits received	48	-	48
<u>Derivative financial instruments :</u>			
Assets			
Embedded derivatives	9,149	-	9,149
Liabilities			
Foreign exchange option	140,012	-	140,012
Embedded derivatives	78,750	-	78,750

The methods and assumptions used to estimate the fair values of the above financial instruments are summarized below:

- A. For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes receivable, accounts receivable, other financial assets, restricted assets, refundable deposits, guarantee deposits received, short-term loans, notes payable and accounts payable.
- B. For financial assets at fair value through profit or loss and available-for-sale financial assets with quoted market price available in an active market, the fair value is determined using the quoted market price. When there is no quoted market price for reference, a substitute valuation technique is used to measure the fair value which incorporates all factors that market participants would consider in making estimations and assumptions for setting a price and wherein such information is available to the Company.
- C. Held-to-maturity financial assets are those with fixed or determinable receivables and a fixed time-to-maturity which the Company has positive intent and ability to hold. Upon measurement, held-to-maturity financial assets are carried at amortized cost. Any profits or losses incurred due to changes in fair value should be recognized in the statement of income when the financial asset is derecognized, impaired or amortized.
- D. Financial assets carried at cost consist of unlisted stocks or those not actively traded in an active market. Their fair value could not be measured reliably; hence, such instruments are measured at cost in compliance with applicable accounting standards.
- E. Fair values of long-term loans are estimated based on the present values of future cash flows. For bank loans associated with floating interest rate, the carrying value represents its fair value.
- F. Fair values of bonds payable are determined as the quoted market prices when available. When the quoted market prices are not available, fair values are estimated based on financial information or other information.
- G. The fair values of derivative financial instruments are determined based on the estimated amounts to be received or paid upon termination of contracts at the balance sheet date. Unrealized gains or losses arising from unsettled contracts are generally included. Quotation prices from counterparties are available for reference in setting fair values of the Company's derivative financial instruments.

(3) Information on significant gain/loss on financial instruments and equity items

- A. For the six-month periods ended June 30, 2012 and 2011, total interest income on financial assets or financial liabilities that are not at fair value through profit or loss amounted to \$38,339 and \$14,176, respectively, whereas the total interest expense amounted to \$230,669 and \$144,118, respectively.

B. For the six-month periods ended June 30, 2012 and 2011, the adjustments of stockholders' equity resulting from available-for-sale financial assets were debit \$33,341 and \$77,258, respectively, whereas the total loss or gain deducted from the adjustment of stockholders' equity resulting from available-for-sale financial assets were \$19,373 and \$0, respectively.

(4) Information on interest rate risk positions

As of June 30, 2012 and 2011, the financial assets with cash flow risk due to the change of interest rate amounted to \$1,339,765 and \$2,150,633, respectively, whereas the financial liabilities with cash flow risk due to the change of interest rate amounted to \$22,393,142 and \$14,662,281, respectively.

(5) Risk policy and hedging strategy

The financial instruments held by the Company, other than derivative instruments, are composed of cash and cash equivalents, stocks, funds, bank loans and corporate bonds. Such financial instruments are held for maintaining adequate operating capital. The Company also held other financial assets and liabilities, such as accounts receivable and payable generated from operating activities.

The transactions associated with derivative instruments mainly include foreign exchange options and oil swaps. The primary objective is to avoid the exchange rate risk and fuel price variation arising from operating and financing activities.

The primary risks of financial instruments are cash flow risk associated with interest rate fluctuations, exchange rate risk, credit risk and liquidity risk. The risk management policies are set forth below:

Cash flow risk associated with interest rate fluctuations

The Company's major exposure to cash flow risk associated with interest rate variations comes primarily from long-term financing with floating interest. The Company adopts a combination of fixed and floating interest rate methods upon issuance of loans to manage such interest rate risks. In addition, the Company also engages in interest rate swaps to minimize cost of borrowings.

As of June 30, 2012, the carrying values of the Company's financial instruments exposed to interest rate are summarized in the order of maturity as follows:

a) Fixed interest rate

	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>over 3 years</u>	<u>Total</u>
Cash and cash equivalents	\$ 10,367,156	\$ -	\$ -	\$ -	\$ 10,367,156
Restricted assets	120,898	-	-	-	120,898
Bank loan	(200,000)	(200,000)	(2,198,732)	(2,400,000)	(4,998,732)
Corporate bonds payable	-	-	-	(3,000,000)	(3,000,000)

b) Floating interest rate

	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>over 3 years</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,339,765	\$ -	\$ -	\$ -	\$ 1,339,765
Bank loan	(2,349,746)	(5,257,910)	(5,122,898)	(9,662,588)	(22,393,142)

The interest of financial instruments associated with the floating interest rates is remeasured within one year period and the interest for financial instruments associated with the fixed interest rate is fixed to maturity. The financial instruments not included in the above table are not subject to interest payments and thus, do not have inherent interest rate risk.

Exchange rate risk

Although the Company is exposed to exchange rate risk, the Company has stable cash inflows denominated in foreign currencies for meeting cash outflows denominated in foreign currency due to the fact that the Company operates in international transportation industry. In order to minimize exchange rate risk, the Company also engages in activities, such as borrowing US dollar loans, etc. The Company is engaged in businesses that involves a number of non-functional currencies. Details of these foreign currency denominated assets and liabilities and the exchange rates are as follows:

	June 30, 2012		June 30, 2011	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
<u>Financial assets :</u>				
<u>Monetary</u>				
USD	\$ 129,042	29.9140	\$ 80,866	28.8175
JPY	-	-	224,700	0.3576
HKD	-	-	32,385	3.7033
CNY	-	-	22,284	4.4568
<u>Non-monetary</u>				
USD	13,230	29.9140	13,354	28.8175
<u>Long-term equity investments accounted for under the equity method</u>				
USD	1,394,845	29.9140	1,666,940	28.8175
<u>Financial liabilities :</u>				
<u>Monetary</u>				
USD	205,469	29.9140	118,934	28.8175

Credit risk

The Company only deals with third parties with good credit standings. In compliance with the Company's policies, strict credit assessment is to be performed by the Company prior to providing credit to customers. The occurrence of bad debts is also minimized by the Company's practices in continuously monitoring and assessing collections on notes and accounts receivable and making adjustments to the credit terms granted for each customer based on the conclusion drawn from such assessment. Moreover, the Company is restricted from engaging in credit trading with other business units operating under other functional currencies unless permission from the highest instruction unit has been received.

Other financial instruments held by the Company are subject to credit risk arising from the failure of counterparty to settle their contractual obligations as and when they fall due. Since the Company only deals with third parties with qualifying credit standings, no collateral is required by the Company. The maximum credit exposure amount equals to the relative carrying value of the financial assets. The maximum credit exposure amount for various financial assets held by the Company is analyzed as follows:

Financial instruments	June 30, 2012	
	Book value	Maximum credit exposure amount
Financial assets at fair value through profit or loss		
Trading financial assets	\$ 2,817,480	\$ 2,817,480
Financial assets designated as at fair value through profit or loss	60,175	60,175
Held-to-maturity financial assets		
Financial bonds	370,000	370,000
Available-for-sale financial assets		
Equity securities	568,040	568,040
Financial assets carried at cost		
Equity securities	1,344,119	1,344,119
Financial instruments	June 30, 2011	
	Book value	Maximum credit exposure amount
Financial assets at fair value through profit or loss		
Trading financial assets	\$ 2,093,197	\$ 2,093,197
Financial assets designated as at fair value through profit or loss	99,917	99,917
Held-to-maturity financial assets		
Financial bonds	1,170,000	1,170,000
Available-for-sale financial assets		
Equity securities	879,849	879,849
Financial assets carried at cost		
Equity securities	1,344,127	1,344,127

Credit risk refers to the risk of the counterparty's failure to settle contractual obligations as and when they fall due. The credit risk presented in the above table is the positive net amount of all contracts with positive fair values at the balance sheet date. The credit risk amount presented is the loss that may be incurred by the Company in the case of the counterparty's default. Since the counterparties of the Company are business enterprises or financial institutions with good credit rating, the potential credit risk event is remote. In addition, since the Company is not concentrated in transactions with one individual or counterparty, no concentration of credit risk is evident.

Liquidity risk

The Company achieves the objectives of effective use of capital and stabilization of capital by adjusting capital through the use of cash and cash equivalents, financial instruments held for trading, bank loans and corporate bonds, etc. The operating capital of the Company is sufficient in meeting capital on demand; therefore, no significant liquidity risk is expected.

11. ADDITIONAL DISCLOSURES REQUIRED BY THE SECURITIES AND FUTURES

(1) Related information of significant transactions

A. Loans granted during the six-month periods ended June 30, 2012 : None.

B. Endorsements and guarantees provided during the six-month periods ended June 30, 2012

Number (Note 1)	Endorser/guarantor	Party being endorsed/ guaranteed	Relationship with the endorser/guarantor (Note 2)	Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsements/guarantees amount during the six-month periods ended June 30, 2012	Outstanding endorsements/guarantees amount at June 30, 2012	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsements/guarantees amount to net asset value of the Company	Ceiling on total amount of endorsements/guarantees provided (Notes 3 and 4)
0	Evergreen Marine Corporation	Greencompass Marine S.A.	3	\$ 114,180,502	\$ 27,934,805 USD 933,837	\$ 27,934,805 USD 933,837	\$ -	48.93%	\$ 142,725,628
0	Evergreen Marine Corporation	Peony Investment S.A.	2	114,180,502	442,727 USD 14,800	442,727 USD 14,800	-	0.78%	
0	Evergreen Marine Corporation	Evergreen Marine (UK) Ltd.	3	114,180,502	52,281,888 USD 1,769,973	51,501,481 USD 1,721,651	-	90.21%	
0	Evergreen Marine Corporation	Taranto Container Terminal S.p.A.	6	28,545,126	605,759 USD 20,250	605,759 USD 20,250	-	1.06%	
0	Evergreen Marine Corporation	Whitney Equipment LLC.	3	114,180,502	2,996,306 USD 100,164	2,996,306 USD 100,164	-	5.25%	
0	Evergreen Marine Corporation	Hemlock Equipment LLC.	3	114,180,502	1,729,328 USD 57,810	1,729,328 USD 57,810	-	3.03%	
0	Evergreen Marine Corporation	Colon Container Terminal S.A.	6	28,545,126	287,174 USD 9,600	287,174 USD 9,600	-	0.50%	
0	Evergreen Marine Corporation	Balsam Investment (Netherlands) N.V.	6	28,545,126	2,345,258 USD 78,400	2,345,258 USD 78,400	-	4.11%	

Note 1: The numbers are assigned as follows:

"0" denotes issuer

The investee is numbered starting from "1" in sequence by different company.

Note 2: Nature of the counterparty's relationship with the Company or its subsidiaries

"1" denotes the endorsements/guarantees provided to the companies which have transactions with the Company or its subsidiaries.

"2" denotes the endorsements/guarantees provided to the subsidiaries of which the Company holds more than 50% of the common stock.

"3" denotes the endorsements/guarantees provided to the investees of which the Company together with its subsidiaries hold more than 50% of the common stock.

"4" denotes the endorsements/guarantees provided to the companies which directly or indirectly hold more than 50% of the Company's common stock.

"5" denotes the endorsements/guarantees provided pursuant to construction contracts.

"6" denotes the endorsements/guarantees provided to joint venture companies based on the Company's or its subsidiaries proportionate equity interest in the Company.

Note 3: The equation of the maximum limits and amounts should be explained. If there are contingent losses in the financial statements, the amount should be interpreted by the company.

Note 4: According to the Company's credit policy, the total amount of endorsements or guarantees provided by the Company or its subsidiaries should not exceed 250% of the net worth stated in the latest financial statements.

The calculation is as follows:

The Company: $57,090,251 * 250\% = 142,725,628$

C. Marketable securities held as of June 30, 2012

Securities held by	Marketable securities	Relationship of the securities issuer with the Company	General ledger account	June 30, 2012				Remark
				Number of shares (in thousands)	Book value	Ownership (%)	Market value	
Evergreen Marine Corporation	Stock:							
	Peony Investment S.A.	Subsidiary of the Company	Long-term equity investment accounted for under the equity method	4,765	\$ 41,569,576	100.00	\$ 41,722,392	
	Taiwan Terminal Services Co., Ltd.	"	"	5,500	83,614	55.00	83,614	
	Everport Terminal Services Inc.	"	"	1	2,991	100.00	2,991	
	Chang Yang Development Co., Ltd.	Investee company accounted for under the equity method	"	49,898	615,086	40.00	615,086	
	Evergreen International Storage and Transport Corp.	"	"	424,062	7,935,000	39.74	6,276,122	
	Evergreen Security Corporation	"	"	6,336	98,792	31.25	98,792	
	EVA Airways Corporation	"	"	629,483	6,948,616	19.32	11,425,121	
	Taipei Port Container Terminal Corporation	"	"	88,344	799,734	21.03	798,185	
	Power World Fund Inc.	None	Financial assets carried at cost - non-current	1,290	12,898	5.68	6,746	
	Fu-Ji Management Consultancy Co., Ltd.	"	"	99	-	4.93	5,558	
	Taiwan HSR Consortium	"	"	126,735	1,250,000	1.95	643,814	
	Linden Technologies, Inc.	"	"	50	15,372	2.53	-	Convertible Preferred Stocks (no fair value)
	Toplogis, Inc.	"	"	2,464	22,100	17.48	17,977	
	Ever Accord Construction Corp.	"	"	7,700	43,749	17.50	92,168	
Central Reinsurance Corp.	"	Available-for-sale financial assets - non-current	46,561	568,040	8.45	568,040		
China Man-Made Fiber Corporation	"	Financial assets at fair value through profit or loss-current	22	195	-	195		

Securities held by	Marketable securities	Relationship of the securities issuer with the Company	General ledger account	June 30, 2012				Remark
				Number of shares (in thousands)	Book value	Ownership (%)	Market value	
Evergreen Marine Corporation	Beneficiary certificates:							
	Fubon Chi-Hsiang Fund	None	Financial assets at fair value through profit or loss-current	37,185	\$ 565,032	-	\$ 565,032	
	Mega Diamond Money Market Fund	"	"	46,548	563,754	-	563,754	
	FSITC Money Market Fund	"	"	5,768	996,076	-	996,076	
	Eastspring Investments Well Pool Money Market Fund	"	"	23,634	310,959	-	310,959	
	Yuanta Wan Tai Money Market Fund	"	"	26,018	381,464	-	381,464	
	Financial bonds:							
	TLG Private Placement Subordinated Mandatory Convertible Bond at Maturity	"	Financial assets at fair value through profit or loss -non-current	-	60,175	-	60,175	
	Bank of Taichung 1st Unsecured Subordinated Financial Debentures issued in 2010	"	Held-to-maturity financial assets -non-current	-	220,000	-	220,000	
	Ta Chong Commercial Bank 1st Unsecured Subordinated Financial Debentures-B issued in 2009	"	"	-	100,000	-	100,000	
	Sunny Bank 1st Subordinated Financial Debentures-B issued in 2010	"	"	-	50,000	-	50,000	

D. Acquisition or disposal of the same security with the accumulated cost exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012

Securities held by	Marketable securities	General ledger account	Counterparty	Relationship with the Company	Beginning balance		Addition		Disposal				Ending balance	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Selling price	Book value	Gain (loss) on disposal	Number of shares (in thousands)	Amount
Evergreen Marine Corporation	Beneficiary Certificates:													
	Mega Diamond Money Market Fund	Financial Assets at fair value through profit or loss-current	Open market transaction	None	25,879	\$311,129	20,669	\$ 250,000	-	\$ -	\$ -	\$ -	46,548	\$561,129
	FSITC Money Market Fund	"	"	"	4,318	740,246	1,450	250,000	-	-	-	-	5,768	990,246
	Eastspring Investments Well Pool Money Market Fund	"	"	"	4,609	60,021	19,025	250,000	-	-	-	-	23,634	310,021
	Yuanta Wan Tai Money Market Fund	"	"	"	8,944	130,000	17,074	250,000	-	-	-	-	26,018	380,000
	Polaris De-Li Money Market Fund	"	"	"	26,155	410,055	-	-	26,155	411,795	410,055	1,740	-	-

E. Acquisition of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012 : None

F. Disposal of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012 : None

G. Purchases from or sales to related parties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012

Purchaser/seller	Counterparty	Relationship with the Company	Transaction				Differences in transactions term compared to a third party transactions		Notes/accounts receivable (payable)		Remark
			Purchases/Sales	Amount	% of total purchases/sales	Credit term	Unit price	Credit term	Balance	% of total notes/accounts receivable (payable)	
Evergreen Marine Corporation	Evergreen International Storage & Transport Corp.	Investee accounted for under equity method	Purchases	\$ 180,929	2%	30~60 days	\$ -	-	(\$ 17,221)	2%	
	Evergreen International Corp.	Investee of the Company's major shareholder	Purchases	171,995	2%	30~60 days	-	-	(14,694)	2%	
	"	"	Sales	875,579	11%	30~60 days	-	-	57,149	8%	
	Taiwan Terminal Services Co., Ltd.	Subsidiary of the Company	Purchases	357,045	4%	30~60 days	-	-	(53,628)	6%	
	Gaining Enterprise S.A.	Subsidiary of EITC accounted for under equity method	Purchases	779,804	9%	30~60 days	-	-	-	-	

H. Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012

Creditor	Counterparty	Relationship with the Company	Balance	Turnover rate	Overdue receivables		Amount received subsequent to the balance sheet date	Allowance for bad debts
					Amount	Action Taken		
Evergreen Marine Corporation	Evergreen International Corp.	Investee of the Company's major shareholder	\$ 108,088	-	\$ -	-	\$ 81,308	\$ -
	Evergreen International Storage & Transport Corp.	Investee accounted for under equity method	149,889	-	-	-	127,253	-

I. Derivative financial instruments undertaken for the six-month periods ended June 30, 2012 : For related information, please see Note 10(2).

(2) Disclosure information of investee company

A. Disclosure of location and related information of investee companies:

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Evergreen Marine Corporation	Peony Investment S.A.	East 53rd Street, Marbella, MMG Building, 2nd Floor, Panama, Republic of Panama	Investment activities	USD 476,500	USD 476,500	4,765	100.00	\$ 41,569,576	(\$ 2,534,963)	(\$ 2,526,613)	Subsidiary of the Company
	Taiwan Terminal Services Co., Ltd.	2F No.177 Szu Wei 4th Rd. Lingya District, Kaohsiung, Taiwan	Loading and discharging operations of container yards	55,000	55,000	5,500	55.00	83,614	2,432	1,337	"
	Everport Terminal Services Inc.	1209 Orange St in the city of Wilmington, Country of New Castle	Terminal Services	USD 100	USD 100	1	100.00	2,991	-	-	"
	Charng Yang Development Co., Ltd.	2F, No.369, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Development, rental, and sale of residential and commercial buildings	320,000	320,000	49,898	40.00	615,086	80,580	32,232	Investee accounted for under the equity method
	Evergreen International Storage and Transport Corporation	No.899, Jingguo Rd., Taoyuan City, Taoyuan County, Taiwan	Container transportation and gas stations	4,753,514	4,753,514	424,062	39.74	7,935,000	330,677	132,831	"
	Evergreen Security Corporation	4&5F, No.111, Sungjiang Rd., Taipei, Taiwan	General security guards services	25,000	25,000	6,336	31.25	98,792	30,979	9,681	"
	EVA Airways Corporation	11F, No.376, Section 1, Hsinnan Rd., Lu Chu Township, Taoyuan County, Taiwan	International passenger and cargo transportation	10,767,879	10,767,879	629,483	19.32	6,948,616	(881,399)	(170,247)	"
	Taipei Port Container Terminal Corporation	No.25 Siajhuwei, Syuntang Village, Bali District, New Taipei City, Taiwan	Container distribution and cargo stevedoring	883,731	883,731	88,344	21.03	799,734	(34,584)	(7,274)	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Peony Investment S.A.	Clove Holding Ltd.	Craigmuir Chambers, P. O. Box71, Road Town, Tortola, B.V.I.	Investment holding company	USD 52,549	USD 52,549	10	100.00	USD 66,367	USD 2,342	USD 2,342	Indirect subsidiary of the Company
	Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Building Amsinckstrasse 55 20097 Hamburg, Germany	Shipping agency	USD 8,316	USD 8,316	-	100.00	USD 7,048	USD 816	USD 816	"
	Evergreen Shipping Agency (Ireland) Ltd.	22 Fitzwilliam Place, Dublin 2, Ireland	Shipping agency	USD 95	USD 95	0.1	100.00	USD 210	USD 11	USD 11	"
	Evergreen Shipping Agency (Korea) Corp.	12Fl, Royal Building 5, Dangju-Dong, Chongro-Ku, Seoul, Korea	Shipping agency	USD 2,426	USD 2,426	121	100.00	USD 1,795	USD 419	USD 419	"
	Evergreen Shipping Agency (Netherlands) B.V.	Port City II-Havennummer 2235, Waalhaven ZZ 19, 3089 JH Rotterdam, Netherlands	Shipping agency	USD 3,977	USD 3,977	0.047	100.00	USD 5,265	USD 445	USD 445	"
	Evergreen Shipping Agency (Poland) SP. ZO. O	UL. Solec 22, 00-410 Warszawa, Poland	Shipping agency	USD 662	USD 662	2	100.00	USD 554	USD 9	USD 9	"
	Greencompass Marine S. A.	East 53rd Street, Marbella, MMG Building, 2nd Floor, Panama, Republic of Panama	Marine transportation	USD 353,500	USD 353,500	3,535	100.00	USD 866,571	(USD 13,815)	(USD 13,815)	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Peony Investment S.A.	Vigor Enterprise S.A.	East 53Rd Street, Marbella, MMG Building, 2nd Floor, Panama, Republic of Panama	Investment holding company	USD 500	USD 500	5	100.00	USD 505	(USD 7)	(USD 7)	Indirect subsidiary of the Company
	Evergreen Shipping Agency (India) Pvt. Ltd.	Mararhon Nextgon Innova "A" G01, Opp. Peninsula Corporate Park, off G.K.Marg. Lower Parel (W), Mumbai, 400-013, India	Shipping agency	USD 184	USD 184	100	99.99	USD 3,402	USD 804	USD 804	"
	Evergreen Argentina S.A.	Pje. Carabelas 344, (C1009AAD), Buenos Aires. Argentina	Leasing	USD 140	USD 140	150	95.00	USD 81	(USD 92)	(USD 88)	"
	Evergreen Shipping Agency France S.A.S.	Tour Franklin-La Defense 8, 92042 Paris La Defense Cedex-France.	Shipping agency	USD 907	USD 907	5	100.00	USD 1,572	USD 131	USD 131	"
	PT. Multi Bina Pura International	JL. Raya Cakung Cilincing, KM.4, Jakarta Utara 14260, Indonesia	Loading and discharging operations of container yards and inland transportation	USD 7,841	USD 20,204	17	95.03	USD 8,875	USD 1,378	USD 1,309	"
	PT. Multi Bina Transport	JL. Raya Cakung Cilincing, KM.4, Jakarta Utara 14260, Indonesia	Repair and cleaning of containers, and inland transportation	USD 804	USD 804	2	17.39	USD 427	USD 303	USD 53	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Lot 139, Jalan, Cecair, Phase 2 Free Trade Zone Johor Port Authority, 81700 Pasir Gudang, Johor, Johore Bahru, Malaysia	Container manufacturing	USD 27,295	USD 27,295	42,120	84.44	USD 47,093	USD 1,888	USD 1,594	Indirect subsidiary of the Company
	Armand Investment (Netherlands) N.V.	Van Engelenweg 23, Curacao Netherlands Antilles	Investment holding company	USD 9,203	USD 9,203	4	70.00	USD 8,742	(USD 140)	(USD 98)	"
	Evergreen Shipping (Spain) S.L.	Calle Siete Aguas, 11 - Eetlo. 46023 Valencia, Spain	Shipping agency	USD 3,870	USD 3,870	3	55.00	USD 2,338	USD 1,749	USD 962	"
	Evergreen Shipping Agency (Italy) S.p.A.	Scali Cerere, 9 Livorno Italy	Shipping agency	USD 2,352	USD 2,352	0.55	55.00	USD 1,641	(USD 227)	(USD 125)	"
	ShenZhen Greentrans Transportation Co., Ltd.	San Jiao Long Warehouse & Storage Zone, Fu kang Rd., Hengang town, Shenzhen, China	Loading, discharging, storage, repair, cleaning and transportation of containers	USD -	USD 3,134	-	-	USD -	USD -	USD -	Completely liquidated on May 31, 2012
	Evergreen Marine (UK) Ltd.	160 Euston Road, London NW 12 DX, U.K.	Marine transportation	USD 1,503	USD 1,503	765	51.00	USD 74,689	(USD 45,957)	(USD 23,438)	Indirect subsidiary of the Company
	Evergreen Shipping Agency (Australia) Pty. Ltd.	Level 13,181 Miller Street, North Sydney NSW 2060 Australia	Shipping agency	USD 247	USD 247	0.675	67.50	USD 351	USD 326	USD 220	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Peony Investment S.A.	Evergreen Shipping Agency (Russia) Ltd.	Evergreen Office, 11 Millionnaya street, St., Petersburg, 191186 Russia	Shipping agency	USD 848	USD 848	-	51.00	USD 793	USD 1,485	USD 758	Indirect subsidiary of the Company
	Evergreen Shipping Agency (Singapore) PTE. Ltd.	200 Cantonment Rd. #12-02 Southpoint, Singapore 089763	Shipping agency	USD 2,157	USD 2,157	765	51.00	USD 4,831	USD 549	USD 280	"
	Evergreen Shipping Agency (Thailand) Co., Ltd.	Green Tower, 24-25th Floors 3656/81 Rama IV Road Klongton Klongtoey Bangkok 10110	Shipping agency	USD 1,474	USD 1,474	408	51.00	USD 2,053	USD 1,202	USD 613	"
	Evergreen Shipping Agency (Vietnam) Corp.	11F, Fideco Tower 81-85 Ham Nghi St., Dist.1, Ho Chi Minh City, Vietnam	Shipping agency	USD 454	USD 454	-	51.00	USD 838	USD 1,126	USD 575	"
	PT. Evergreen Shipping Agency Indonesia	GD. Mega Plaza, 9F Jl. H.R. Rasuna said kav. C-03 Jakarta 12920, Indonesia	Shipping agency	USD 973	USD 973	0.459	51.00	USD 2,582	USD 1,020	USD 520	"
	Evergreen Agency (South Africa) (PTY) Ltd.	9B Riley Road, Bedfordview, Johannesburg 2007, South Africa	Shipping agency	USD 581	USD 581	5,500	55.00	USD 3,102	USD 1,023	USD 563	"
	Kingstrans International Logistics (Tianjing) Co., Ltd.	JiYun East Rd., No.295, Tianjin Port Continer Logistics Center, New Binhai District, Tianjin	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning, and related activities	USD 2,000	USD 2,000	-	20.00	USD 2,637	USD 496	USD 99	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Peony Investment S.A.	Luanta Investment (NetherLands) N.V.	Waalhaven Z.z. 19, PortCity II, 3089JH, Rotterdam	Investment holding company	USD 34,912	USD 33,161	460	50.00	USD 82,365	(USD 5,410)	(USD 2,705)	Investee company of Peony accounted for under the equity method
	Balsam Investment (NetherLands) N.V.	21-A Van Engelenweg, Curacao, Netherlands, Antilles	Investment holding company	USD 183,192	USD 122,696	0.451	49.00	USD 45,654	(USD 124,740)	(USD 61,123)	"
	Ningbo Victory Container Co., Ltd.	No.201 Xiaoshan Rd., Taipingyang Industrial Area, Beilun, Ningbo, Zhejiang, China	Inland container transportation, container storage, loading, discharging, leasing, repair, and bracket repair	USD 1,199	USD 1,199	-	40.00	USD 2,174	USD 304	USD 121	"
	Qingdao Evergreen Container Storage & Transportation Co., Ltd.	No.114 Huangho E. Rd., Huangdao District Qingdao, China	Container transportation, storage, loading, discharging, leasing, repair, clearing, and related activities	USD 4,447	USD 4,447	-	40.00	USD 7,205	USD 2,012	USD 805	"
	Green Peninsula Agencies SDN. BHD	NO.7, Jalan Jurutera U1/23, Section U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Investment holding company	USD 7,255	USD 7,255	1,500	30.00	USD 6,984	USD 2,676	USD 803	"
	Evergreen Shipping Agency Co. (U.A.E) LLC	5F, Shipping Tower, Al-Mina Rd., P.O. BOX 34984, Dubai, U.A.E	Shipping agency	USD 2,082	USD 2,082	-	49.00	USD 1,615	USD 1,088	USD 533	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Amsteldijk 166, 1079LH, Amsterdam	Investment holding company	USD 13,636	USD 13,636	0.045	100.00	USD 12,468	(USD 130)	(USD 130)	Indirect subsidiary of the Company
Armand Estate B.V.	Taipei Port Container Terminal Corporation	No.25 Sijahuwei, Syuntang Village, Bali Township, Taipei County, Taiwan	Container distribution and cargo stevedoring	USD 12,678	USD 12,678	41,000	9.76	USD 12,381	(USD 1,167)	(USD 114)	Investee company of Armand Estate B.V. accounted for under the equity method
Clove Holding Ltd.	Ample Holding Ltd.	Craigmuir Chambers, P.O. BOX 71, Road Town, Tortola, B.V.I.	Investment holding company	USD 9	USD 9	9	90.00	USD 38,340	USD 2,732	USD 2,459	Indirect subsidiary of the Company
	Island Equipment LLC.	655 Deep Valley Drive, Suite 300, Rolling Hills Estates, CA	Investment holding company	USD 144	USD 144	-	36.00	USD 2,160	USD 306	USD 110	"
Ample Holding Ltd.	Colon Container Terminal S.A.	COCO SOLO NORTH ADM BUILDING PANAMA	Inland container storage and loading	USD 22,860	USD 22,860	22,860	40.00	USD 75,349	USD 7,088	USD 2,835	Investee company of Ample Holding Ltd. accounted for under the equity method
Island Equipment LLC.	Whitney Equipment LLC.	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Equipment leasing company	USD 200	USD 200	-	100.00	USD 1,857	USD 183	USD 183	Indirect subsidiary of the Company
	Hemlock Equipment LLC.	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808	Equipment leasing company	USD 200	USD 200	-	100.00	USD 4,096	USD 136	USD 136	"

Investor	Investee	Location	Main activities	Initial investment amount		Shares held as of June 30, 2012			Net income (loss) of the investee	Investment income (loss) recognized by the Company	Remark
				Ending Balance	Beginning balance	No. of shares (in thousands)	Ownership (%)	Book value			
Evergreen Marine (UK) Ltd.	Kingstrans International Logistics (Tianjing) Co., Ltd.	JiYun East Rd., No.295, Tianjin Port Continer Logistics Center, New Binhai District, Tianjin	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning, and related activities	USD 2,000	USD 2,000	-	20.00	USD 2,637	USD 496	USD 99	Indirect subsidiary of the Company
	Island Equipment LLC.	655 Deep Valley Drive, Suite 300, Rolling Hills Estates, CA	Investment holding company	USD 60	USD 60	-	15.00	USD 900	USD 306	USD 46	"
	Evergreen Shipping Agency (UK) Limited.	160 Euston Road, London NW 12 DX, U.K.	Shipping agency	USD 0.002	USD 0.002	-	100.00	USD 4,035	USD 92	USD 92	"
PT. Multi Bina Pura International	PT. Multi Bina Transport	JL. Raya Cakung Cilincing, KM.4, Jakarta Utara 14260, Indonesia	Repair and cleaning of containers, and inland transportation	USD 3,301	USD 3,301	8	72.95	IDR 16,961,666	IDR 2,785,095	IDR 2,031,727	"
Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Shipping Agency (Austria) GmbH	Theresianumgasse 7, 1040 Wien, Austria	Shipping agency	EUR 18	EUR 18	-	100.00	EUR 458	EUR 13	EUR 13	"
	Evergreen Shipping Agency (Switzerland) S.A.	Av. Des Boveresses 52, 1000 Lausanne 21, Switzerland	Shipping agency	EUR 69	EUR 69	0.1	100.00	EUR 168	EUR 13	EUR 13	"

B. Loans granted for the six-month periods ended June 30, 2012

No.	Creditor	Borrower	General ledger account	Maximum outstanding balance for the six-month periods ended June 30, 2012	Balance at June 30, 2012	Utilized Credits	Interest rate (%)	Nature of loan (Note 1)	Amount of transaction with the borrower	Reason for short-term financing (Note 2)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 3)
												Item	Value		
1	Peony Investment S.A.	Kingtrans International Logistics (Tianjin) Co., Ltd	Receivables from related parties	\$ 44,871	\$ 44,871	\$ 44,871	1.736	2	\$ -	Working capital requirement	\$ -	-	\$ -	\$ 11,418,050	\$ 22,836,100
		Luanta Investment (Netherlands) N.V.	"	439,665	499,917	80,259	1.339 ~ 3.690	2	-	"	-	-	-	11,418,050	22,836,100
2	Clove Holding Ltd.	Witney Equipment LLC.	"	29,914	29,914	29,914	1.468	2	-	"	-	-	-	11,418,050	22,836,100
3	Evergreen Marine (UK) Ltd.	Kingtrans International Logistics (Tianjin) Co.,Ltd	"	44,871	44,871	44,871	1.736	2	-	"	-	-	-	11,418,050	22,836,100

Note 1: Nature of loans extended

"1" denotes the loans extended to the companies which have transactions with the Company or its subsidiaries.

"2" denotes the loans extended to the companies which require short-term financing.

Note 2: The reason that the loan was granted and the usage of the loan should be stated, if the nature of the loan is "2".

Note 3: The explanation of the equation of the limits and amounts is required and set forth as follows:

1. According to the Company's credit policy, the total amount of loans granted to a single company should not exceed 20% of the net worth stated in the latest financial statements.

The calculation is as follows:

The Company: $57,090,251 * 20\% = 11,418,050$

2. According to the Company's credit policy, the total amount of loans granted by the Company or its subsidiaries should not exceed 40% of the net worth stated in the latest financial statements.

The calculation is as follows:

The Company: $57,090,251 * 40\% = 22,836,100$

C. Endorsements and guarantees provided during the six-month periods ended June 30, 2012

Number (Note 1)	Endorser/ guarantor	Party being endorsed/ guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsements/ guarantees amount during the six-month periods ended June 30, 2012	Outstanding endorsements/ guarantees amount at June 30, 2012	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/guarantees amount to net asset value of the Company	Ceiling on total amount of endorsements/ guarantees provided (Notes 3 and 4)
1	Greencompass Marine S.A.	Taranto Container Terminal S.p.A.	1	\$ 163,624	\$ 105,694 (USD 3,533)	\$ 105,694 (USD 3,533)	\$ -	0.40%	\$ 65,839,705

Note 1: The numbers are assigned as follows:

"0" denotes issuer

The investee is numbered from "1".

Note 2: Nature of the counterparty's relationship with the Company or its subsidiaries

"1" denotes the endorsements/guarantees provided to the companies which have transactions with the Company or its subsidiaries.

"2" denotes the endorsements/guarantees provided to the subsidiaries of which the Company holds more than 50% of the common stock.

"3" denotes the endorsements/guarantees provided to the investees of which the Company together with its subsidiaries hold more than 50% of the common stock.

"4" denotes the endorsements/guarantees provided to the companies which directly or indirectly hold more than 50% of the Company's common stock.

"5" denotes the endorsements/guarantees provided pursuant to construction contracts.

"6" denotes the endorsements/guarantees provided to joint venture companies based on the Company's or its subsidiaries proportionate equity interest in the Company.

Note 3: The equation of the maximum limits and amounts should be explained. If there are contingent losses in the financial statements, the amount should be interpreted by the company.

Note 4: According to GMS's credit policy, the total amount of endorsements or guarantees provided by GMS or its subsidiaries should not exceed 250% of the net worth stated in the latest financial statements.

The calculation is as follows:

$USD880,387 * 29.914 * 250\% = 65,839,705$

D. Marketable securities held as of June 30, 2012

Securities held by	Marketable securities	Relationship of the securities issuer with the Company	General ledger account	June 30, 2012				Remark
				Number of shares (in thousands)	Book value	Ownership (%)	Market value	
Peony Investment S.A.	Clove Holding Ltd.	Indirect subsidiary of the Company	Long-term equity investment accounted for under the equity method	10	USD 66,367	100.00	USD 66,367	
	Evergreen Shipping Agency (Deutschland) GmbH	"	"	-	USD 7,048	100.00	USD 7,048	
	Evergreen Shipping Agency (Ireland) Ltd.	"	"	0.1	USD 210	100.00	USD 210	
	Evergreen Shipping Agency (Korea) Corporation	"	"	121	USD 1,795	100.00	USD 1,795	
	Evergreen Shipping Agency (Netherlands) B.V.	"	"	0.047	USD 5,265	100.00	USD 5,265	
	Evergreen Shipping Agency (Poland) SP.ZO.O	"	"	2	USD 554	100.00	USD 554	
	Greencompass Marine S.A.	"	"	3,535	USD 866,571	100.00	USD 866,571	
	Vigor Enterprise S.A.	"	"	5	USD 505	100.00	USD 505	
	Evergreen Shipping Agency (India) Pvt. Ltd.	"	"	100	USD 3,402	99.99	USD 3,402	
	Evergreen Argentina S.A.	"	"	150	USD 81	95.00	USD 81	
	Evergreen Shipping Agency France S.A.S.	"	"	5	USD 1,572	100.00	USD 1,572	
	PT Multi Bina Pura International	"	"	17	USD 8,875	95.03	USD 8,875	
	PT Multi Bina Transport	"	"	2	USD 427	17.39	USD 427	
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	"	"	42,120	USD 47,093	84.44	USD 47,093	
	Armand Investment (Netherlands) N.V.	"	"	4	USD 8,742	70.00	USD 8,742	
	Evergreen Shipping (Spain) S.L.	"	"	3	USD 2,338	55.00	USD 2,338	
	Evergreen Shipping Agency (Italy) S.p.A.	"	"	0.55	USD 1,641	55.00	USD 1,641	
	Evergreen Marine (UK) Ltd.	"	"	765	USD 74,689	51.00	USD 74,689	
	Evergreen Shipping Agency (Australia) Pty Ltd.	"	"	0.675	USD 351	67.50	USD 351	
	Evergreen Shipping Agency (Russia) Limited	"	"	-	USD 793	51.00	USD 793	
	Evergreen Shipping Agency (Singapore) Pte. Ltd.	"	"	765	USD 4,831	51.00	USD 4,831	
	Evergreen Shipping Agency (Thailand) Co., Ltd.	"	"	408	USD 2,053	51.00	USD 2,053	
	Evergreen Shipping Agency (Vietnam) Corp.	"	"	-	USD 838	51.00	USD 838	
	PT. Evergreen Shipping Agency Indonesia	"	"	0.459	USD 2,582	51.00	USD 2,582	
	Evergreen Agency (South Africa) (PTY) Ltd.	"	"	5,500	USD 3,102	55.00	USD 3,102	

Securities held by	Marketable securities	Relationship of the securities issuer with the Company	General ledger account	June 30, 2012				Remark
				Number of shares (in thousands)	Book value	Ownership (%)	Market value	
Peony Investment S.A.	Luanta Investment (Netherlands) N.V.	Investee of Peony Investment S.A. accounted for under the equity method	Long-term equity investment accounted for under the equity method	460	USD 82,365	50.00	USD 82,365	
	Balsam Investment (Netherlands) N.V.	"	"	0.451	USD 45,654	49.00	USD 45,654	
	Evergreen Shipping Agency Co. (U.A.E) LLC	"	"	-	USD 1,615	49.00	USD 1,615	
	Ningbo Victory Container Co., Ltd.	"	"	-	USD 2,174	40.00	USD 2,174	
	Qingdao Evergreen Container Storage & Transportation Co., Ltd.	"	"	-	USD 7,205	40.00	USD 7,205	
	Green Peninsula Agencies SDN. BHD.	"	"	1,500	USD 6,984	30.00	USD 6,984	
	Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Indirect subsidiary of the Company	"	-	USD 2,637	20.00	USD 2,637	
	Dongbu Pusan Container Terminal Co. Ltd.	None	Financial assets carried at cost - non-current	300	USD 1,556	15.00	USD 1,556	
	Hutchison Inland Container Depots Ltd.	"	"	0.75	USD 1,492	7.50	USD 1,492	
Colombo - South Asia Gateway Terminal	"	"	18,942	USD 2,412	5.00	USD 2,412		
PT. Multi Bina Pura International	PT. Multi Bina Transport	Indirect subsidiary of the Peony	Long-term equity investment accounted for under the equity method	8	IDR 16,961,666	72.95	IDR 16,961,666	
Clove Holding Ltd.	Ample Holding LTD.	"	"	9	USD 38,340	90.00	USD 38,340	
	Island Equipment LLC.	"	"	-	USD 2,160	36.00	USD 2,160	
Ample Holding Ltd.	Colon Container Terminal S. A.	Investee of Ample accounted for under the equity method	"	22,860	USD 75,349	40.00	USD 75,349	
Island Equipment LLC.	Whitney Equipment LLC.	Investee of Island accounted for under the equity method	"	-	USD 1,857	100.00	USD 1,857	
	Hemlock Equipment LLC.	"	"	-	USD 4,096	100.00	USD 4,096	
Evergreen Marine (UK) Ltd.	Island Equipment LLC.	Investee of EMU accounted for under the equity method	"	-	USD 900	15.00	USD 900	

Securities held by	Marketable securities	Relationship of the securities issuer with the Company	General ledger account	June 30, 2012				Remark
				Number of shares (in thousands)	Book value	Ownership (%)	Market value	
Evergreen Marine (UK) Ltd.	Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Indirect subsidiary of the Peony	Long-term equity investment accounted for under the equity method	-	USD 2,637	20.00	USD 2,637	
	Evergreen Shipping Agency (UK) Limited	"	"	-	USD 4,035	100.00	USD 4,035	
	Italia Marittima UK Limited	Investee of EMU accounted for under cost method	Financial assets carried at cost - non-current	0.2	USD 0.4	100.00	USD 0.4	
Armand Investment (Netherlands) N.V.	Armand Estate B.V.	Indirect subsidiary of the Peony	Long-term equity investment accounted for under the equity method	0.045	USD 12,468	100.00	USD 12,468	
Armand Estate B.V.	Taipei Port Container Terminal Corporation	Investee of Armand Estate B.V. accounted for under the equity method	"	41,000	USD 12,381	9.76	USD 12,381	
Evergreen Shipping Agency (Singapore) Pte Ltd.	RTW AIR SERVICES (S) PL	Investee of EGS accounted for under cost method	Financial assets carried at cost - non-current	30	SGD 41	2.00	SGD 41	
Evergreen Shipping Agency (Thailand) Co., Ltd.	Green Siam Air Service Co.	Investee of EGT accounted for under cost method	"	4	THB 1,160	2.00	THB 1,160	
Evergreen Shipping Agency (Deutschland) GmbH	Evergreen Shipping Agency (Austria) GmbH	Indirect subsidiary of Peony	Long-term equity investment accounted for under the equity method	-	EUR 458	100.00	EUR 458	
	Zoll Pool Hafen Hamburg AG	Investee of EGD accounted for under cost method	Financial assets carried at cost - non-current	10	EUR 10	3.36	EUR 10	
	Evergreen Shipping Agency (Switzerland) S.A.	Indirect subsidiary of Peony	Long-term equity investment accounted for under the equity method	0.1	EUR 168	100.00	EUR 168	

E.Acquisition or disposal of the same security with the accumulated cost exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012: None.

F.Acquisition of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012: None.

G.Disposal of real estate properties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012: None.

H.Purchases from or sales to related parties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012:

Purchaser/seller	Counterparty	Relationship with the Company	Transaction				Differences in transactions term compared to a third party transactions		Notes/accounts receivable (payable)		Remark
			Purchases/Sales	Amount	% of total purchases/sales	Credit term	Unit price	Credit term	Balance	% of total notes/accounts receivable (payable)	
Taiwan Terminal Services Co., Ltd.	Evergreen Marine Corp.	The parent	Sales	\$ 357,045	100%	30~60 days	\$ -	-	\$ 53,628	65%	
Greencompass Marine S.A.	Evergreen Marine (Hong Kong) Ltd.	Related party	Sales	USD 6,153	1%	15~30 days	-	-	USD 276	-	
		Related party	Purchases	USD 16,618	1%	15~30 days	-	-	USD 553	1%	
	Evergreen International S.A.	Related party	Purchases	USD 13,997	1%	15~30 days	-	-	USD 360	1%	
	Evergreen Marine (UK) Ltd.	Related party	Sales	USD 8,102	1%	15~30 days	-	-	USD 206	-	
		Related party	Purchases	USD 4,494	-	15~30 days	-	-	-	-	
Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Greencompass Marine S.A.	Related party	Sales	MYR 27,932	21%	45 days	-	-	-	-	
	Evergreen Marine (Singapore) Pte. Ltd.	Related party	Sales	MYR 51,376	38%	45 days	-	-	-	-	
Evergreen Marine (UK) Ltd.	Greencompass Marine S.A.	Related party	Purchases	USD 8,102	1%	30~60 days	-	-	-	-	
		Related party	Sales	USD 4,494	1%	30~60 days	-	-	USD 1,043	-	
	Evergreen International Corporation	Related party	Purchases	USD 3,918	1%	30~60 days	-	-	-	-	

I. Receivables from related parties exceeding \$100 million or 20% of the Company's paid-in capital for the six-month periods ended June 30, 2012 :

Creditor	Counterparty	Relationship with the Company	Balance	Turnover rate	Overdue receivables		Amount received subsequent to the balance sheet date	Allowance for bad debts
					Amount	Action Taken		
Greencompass Marine S.A.	Evergreen Marine Corp.	The Parent	USD 6,575		USD -	-	USD -	USD -
Evergreen Marine (UK) Ltd.	"	"	USD 5,267		USD -	-	USD 8	USD -

J. Derivative financial instrument transactions:

None.

(3) Disclosure of information on indirect investments in Mainland China

Investee in Mainland China	Main activities	Paid-in Capital	Investment method (Note 1)	Accumulated amount of remittance to Mainland China as of January 1, 2011	Amount remitted		Accumulated amount of remittance to Mainland China as of June 30, 2012	Ownership held by the Company (direct/indirect)	Investment income (loss) recognized by the Company for the six-month periods ended June 30, 2012 (Notes 2(b)and(c))	Book value of investment in Mainland China as of June 30, 2012	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2012
					to Mainland China	back to Taiwan					
Ningbo Victory Container Co., Ltd.	Inland container transportation, container storage, loading, discharging, and repair of brackets	CNY 24,119	(2)	\$ 30,437 (USD 1,018)	\$ -	\$ -	\$ 30,437 (USD 1,018)	40.00	\$ 3,601 (USD 121)	\$ 65,033 (USD 2,174)	\$ -
Qingdao Evergreen Container Storage & Transportation Co., Ltd.	Inland container loading, discharging, restore, repair, clearing, and related activities	CNY 92,500	(2)	\$ 133,025 (USD 4,447)	-	-	\$ 133,025 (USD 4,447)	40.00	\$ 23,859 (USD 805)	\$ 215,527 (USD 7,205)	-
Shenzhen Greentrans Transportation Co., Ltd.	Inland container loading, discharging, restore, repair, clearing, and transportation	CNY 44,960	(2)	\$ 93,758 (USD 3,134)	-	Note 4	\$ 93,758 (USD 3,134)	Note 4	Note 4	Note 4	-
Shenzhen Hutchison Inland Container Depots Co., Ltd.	Inland container yards	HKD 92,000	(2)	\$ 24,305 (HKD 6,304)	-	-	\$ 24,305 (HKD 6,304)	6.85	\$ -	\$ 24,305 (HKD 6,304)	-

Investee in Mainland China	Main activities	Paid-in Capital	Investment method (Note1)	Accumulated amount of remittance to Mainland China as of January 1, 2012	Amount remitted		Accumulated amount of remittance to Mainland China as of June 30, 2012	Ownership held by the Company (direct/ indirect)	Investment income (loss) recognized by the Company for the six-month periods ended June 30, 2012 (Note 2(b)and(c))	Book value of investment in Mainland China as of June 30, 2012	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2012
					to Mainland China	back to Taiwan					
Kingtrans Intl. Logistics (Tianjin) Co., Ltd.	Inland container transportation, container storage, loading, discharging, leasing, repair, cleaning, and related activities	CNY 77,929	(2)	\$ 119,656 (USD 4,000)	\$ -	\$ -	\$ 119,656 (USD 4,000)	40.00	\$ 5,880 (USD 198)	\$ 157,744 (USD 5,274)	\$ -

Balance of investments in Mainland China as of June 30, 2012	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 3)	Quota of Investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (MOEA)
\$401,181 (USD 12,599) (HKD 6,304)	\$1,079,665 (USD 36,092)	\$34,254,151

(Net worth of the Company: \$57,090,251)

1.Note 1:Investment in Mainland China can be conducted in the following ways:

- (1) Remitting the funds to Mainland China via a third country
- (2) Via a new investee to be set up in a third country
- (3) Via an existing investee set up in a third country
- (4) Investing directly in Mainland China
- (5) Others

Note 2:Investment income (loss) for the year

"(1)" Denotes that the investee is still in the start-up stage.

"(2)" Denotes the basis on which the investment income (loss) is recognized.

(a) Based on the investee's financial statements audited by an international accounting firm other than the Company's auditor

(b) Based on the investee's financial statements audited by the Company's auditor

(c) Others

Note 3:The amount in the table should be stated in New Taiwan Dollars.

Note 4: Shenzhen Greentrans Transportation Co., Ltd. completed its liquidation procedure on May 31, 2012. The amount assigned will be collected after it has been approved by the Mainland China officials.

2.Investment company and the mainland is directly or indirectly through a third cause of significant transactions occurred: None.

12. SEGMENT INFORMATION

In accordance with R.O.C. SFAS No. 41, “Operationg Segments”, segment information is disclosed in the consolidated financial statements.

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSs

The Company discloses the related information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the Financial Supervisory Commission, dated February 2, 2010 in the consolidated financial statements.