Stock Code: 2618

2012 ANNUAL REPORT

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Financial Calendar
Year ended December 31, 2012

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Financial and Operating Highlights

		2012	2011	% Change
Financial				
Income Statement				
Revenue	NT$ million	107,110	102,192	4.81%
Passenger Revenue	NT$ million	65,783	59,510	10.54%
Cargo Revenue	NT$ million	34,351	36,564	-6.05%
Total Costs	NT$ million	106,299	101,744	4.48%
Operating Income	NT$ million	811	447	81.20%
Net Income	NT$ million	504	209	141.12%
EPS	NT$	0.15	0.06	150.00%
Profit Margin	%	0.47%	0.20%	0.27ppt
Balance Sheet				
Total Assets	NT$ million	137,050	139,246	-1.58%
Total Liabilities	NT$ million	100,497	101,373	-0.86%
Total Equity	NT$ million	36,553	37,873	-3.48%
Total Capital	NT$ million	32,589	32,589	-
Book Value per Share	NT$	11.22	11.62	-3.44%
Debt Ratio	%	73.33%	72.80%	0.53ppt
Operating				
Overall Capacity	Million	8,308	8,720	-4.72%
Overall Traffic	Million	6,811	7,046	-3.34%
Overall Load Factor	%	81.97%	80.80%	1.17ppt
Overall Yield	NT$	14.70	13.64	7.77%
Passenger Capacity	Million	32,770	30,809	6.37%
Passenger Traffic	Million	25,988	24,033	8.13%
Passengers Carried	Thousand	7,525	6,663	12.94%
Passenger Load Factor	%	79.30%	78.01%	1.29ppt
Passenger Yield	NT$	2.53	2.48	2.02%
Cargo Capacity	Million	5,359	5,947	-9.89%
Cargo Traffic	Million	4,472	4,883	-8.42%
Cargo Carried	Tons	741,832	793,060	-6.46%
Cargo Load Factor	%	83.44%	82.10%	1.34ppt
Cargo Yield	NT$	7.68	7.49	2.54%
Unit Cost	NT$	12.79	11.67	9.60%
Number of Employees		6,429	5,807	10.71%
Capacity per Employee	Thousand	1,292	1,501	-13.92%
Traffic per Employee	Thousand	1,059	1,213	-12.70%
Revenue per Employee	NT$ thousand	16,661	17,598	-5.32%

To Shareholders

2012 Results

In 2012, we carried 7.53 million passengers and 740,000 tons of cargo, achieving a combined load factor of 82%. EVA's audited financial statement shows annual operating revenue for the year of NT$107.11 billion, an increase of 5% compared to 2011, and annual after-tax net profit of NT$0.50 billion.

■ **Passenger revenue increased 11% or NT$6.3 billion over 2011, reaching NT$65.8 billion**

Positive factors started to unfold in 2012. The Japanese tourism market began to recover from impacts of the 311 earthquake and nuclear disaster, cross-strait relationships stabilized further, China continued to relax restrictions on visits to Taiwan by individual citizens of second-tier cities and the U.S. included Taiwan in its visa waiver program. Our overall passenger number grew by 13%.

Going forward, we will continue to upgrade business class and introduce additional new high-performance passenger aircraft. We will optimize our networks in Europe, America and Asia by actively developing the China market and strengthening the transport business in Europe and North America. We will also focus on growing our high-value customer base through complementary network with Star Alliance, strengthen our niche in neighboring markets, more fully integrate regional and intercontinental resources and work in cooperation with the Taoyuan Aerotropolis program to build transit business.

■ **Cargo revenue declined by 6% or NT$2.2 billion over 2011, totaling NT$34.4 billion**

Due to economic conditions created by the European debt crisis and slow recovery of the U.S. economy, air freight demand has been weak. In response, we made adjustments in our route structure and airfreight capacity and initiated other measures, which resulted in load factor growth of 1% compared to 2011.

In anticipation of future changes in the global airfreight market, we aim to maintain stable profits by making moderate adjustments in our cargo fleet, rapidly expanding deployment in China and strengthening our global sales network.

■ **Expanded fleet to 60 aircraft, continued to replace older models**

At year-end 2012, We operated a fleet of 60 aircraft made up of 45 passenger jets and 15 freighters. In addition to the sale of one Boeing 747-400 Combi and two McDonnell Douglas MD-11 freighters, we leased one McDonnell Douglas MD90 passenger jet and took delivery of three brand-new Airbus 321-200s. Types of aircraft in our fleet are shown in the following table:

Aircraft Type	Quantity
B747-400	3
B747-400 Combi	3
B747-400 (Freighter)	9
MD-11 (Freighter)	6
MD-90	7
B777-300ER	15
A330-200	11
A330-300	3
A321-200	3
Total	**60**

■ **Aviation safety and quality service acclaimed for excellence**

We have been committed to consistently enhancing the quality of all of our services and have been recognized in the aviation industry for our top flight safety record. The A330-200s introduced in 2003 and the B777-300ERs in 2005 give our customers advanced cabins that are exceptionally comfortable and make air travel an enjoyable experience. Among the features on these aircraft is the Premium Laurel Class cabin equipped with roomy hard-shell seats that have a generous 61-inch seat pitch, 10.4-inch personal LCD touch-screen (AVOD System) and SMS/email services for sending short message during the flight, complemented by added conveniences such as advance online meal selection and dedicated check-in counters. Premium Laurel Class travel includes a fully upgraded cabin environment and quality service.

We further upgraded our B777-300ER fleet in 2012 with the introduction of Royal Laurel Class. This outstanding state-of-the-art cabin is configured in a reverse herringbone layout to envelope each passenger in his or her own private space, providing privacy and also offering the option of repositioning the seat to talk or dine with a travel companion. Fully flat seats and thoughtful amenities such as adjustable lumbar supports, coat hook, space for shoe stowage, movable armrests and convenient seat-side tables for beverages, snacks, electronic devices or reading materials make this cabin exceptionally comfortable.

Our excellent flight safety record and quality service are recognized in Taiwan and globally and inspire confidence. In 2012, EVA was chosen to transport a special and irreplaceable treasure, Quest for Immortality – The World of Ancient Egypt Exhibition, to Hong Kong.

- **EVA SKY JET CENTER**

Supporting the government's initiative to develop Songshan International Airport as a capital business aviation airport, we acquired operating rights for Songshan Airport Business Aviation Center in November 2011. We completely refurbished the facility, fully equipped it with modern hardware and software and integrated it into EVA's logistical support systems. We aim to create a world-class business aviation center.

EVA SKY JET CENTER launched operations on April 26, 2012. It offers business jet passengers exclusive, fast and prestigious services, saves clearance time and provides convenient transport links to Taipei and other major commercial centers.

EVA is preparing to apply for general aviation qualification to concurrently operate business jet services, which will further expand the business of EVA SKY JET CENTER .

Results vs. Projections

We forecast NT$106.52 billion in operating revenue for 2012 and, at NT$107.11 billion, achieved a 100.55% ratio. At the same time, we expected pre-tax net profit of NT$0.23 billion and actually produced NT$0.53 billion.

Analysis of Financial Results and Profitability

Total revenue: NT$108.65 billion

Total 2012 operating revenue reached NT$107.11 billion, increasing 5% over 2011. More effective cross-strait route performance and higher volumes from China and the U.S. lifted passenger revenue 11% from last year. Due to the global economic recession and diminished demand, airfreight revenue was down by 6% compared to last year.

Total expense: NT$108.12 billion

Primarily due to fuel-price spikes and leasing costs stemming from the introduction of three brand-new A321-200s, annual 2012 operating expense amounted to NT$106.30 billion, an increase of 4% over 2011.

Profitability analysis:

Return on total assets: 1.33%
Return on shareholders' equity: 1.35%
Ratio of operating profit to paid-in capital: 2.49%
Return on sales: 0.47%
Earnings per share: NT$0.15

Research and development

- After more than a decade of e-commerce, www.evaair.com is established a one of EVA's most important delivery channels for seamless, high-quality customer services. Ensuring our global customer base an even more convenient and inviting experience, we launched the new generation of www.evaair.com in October 2012. Its elegant user interface, simple interactive flows and highly integrated services create an exceptional online environment for a multitude of passenger services.
- Further enhancing access and meeting needs of our global customers, we created EVA applications and multilingual services for popular platforms, including iPhones, iPads, Androids and additional devices. In 2012, we met customer demands and expectations by delivering individual schedule management functions. These functions enable our passengers to manage their schedules and check in anywhere, anytime with a smartphone.
- In 2012, we streamlined communication between our operations, the airport, GHAs and warehouses by building an internet communication platform. This platform can be used to quickly publish import and export documents such as unloading instructions, import manifests and dead load and load plans. It also allows users to track and receive status of the various documents. Additional benefits included faster communication, reduced telephone and fax costs, fewer mistakes and enhanced service levels. It makes EVA more competitive by smoothing operating procedures.

- Since EVA Air Cargo introduced its e-commerce platform in 2011, Freight Forwarders worldwide have incorporated it into their shipping procedures. We further expanded e-commerce services in 2012 with the EVA Cargo App. It is designed for mobile devices and gives shippers instant freight information services.
- Balancing the booming air transport demand between Taiwan and China with high jet fuel prices, we are working more efficiently, dispatching aircraft more productively and optimizing our route planning. To ensure route planning excellence and enhance situational flight monitoring, we implemented Lido/Flight in September 2012. The system strengthens our abilities to meet current route diversification standards, reduce fuel costs and decrease carbon emissions.
- Due to fleet expansion, added flights and more code sharing, EVA has grown substantially. Timetable dispatch and code-shared flights have made operations more complex. Coping with joining Star Alliance in 2013 and to optimize planning technicalities, integrate external code-share timetables and speed critical flight scheduling, we have entered into a 10-year agreement for two Lufthansa systems, Sched and SchedConnect. These systems give us advanced tools for timetable planning and management of external and code-shared flights.
- EVA initiated advanced technology and built an office automation platform to improve internal operations efficiencies in 2006. We built a new-generation, high-capacity, high-performance integrated office automation platform in 2012, when demand exceeded the platform's capabilities. Using cloud technology, this platform supports cross-platform and mobile office functions. Not only does it promote enterprise portal applications, enhance mailbox capacity and accelerate knowledge accumulation but it also improves enterprise portal searches, supports multimedia, functions as a file server and integrates digital voice communication. Our new, advanced back-office infrastructure is a powerful tool that enhances EVA's competitiveness.
- In 2012, EVA adopted the latest generation of planning virtualization and implemented dynamic services architecture. This gives us a high-performance information platform with readily available operations, ensuring flexible access and deployment of information resources and efficient system automation management.
- We built a new EVA file-storage server in 2012. It equips employees with high-performance, high-capacity file access services, automates data synchronization and provides fully abundant data architecture. It also simplifies data management, lowers management costs, enhances quality of information services and accommodates future business expansion.
- We deployed a New Endpoint Protection System on all personal computers and information systems in 2012. It offers multiple layers of protection and security for information system communication, collaboration, data protection and access management, further advancing integrated protection requirements.

2013 Preview

Operating Guidelines

EVA is fully committed to flight safety, convenience and friendly, attentive service. To further enhance service quality, we added three more Hello Kitty Jets in 2012, giving us a total of five in our fleet. We are also continuing to introduce new A321 aircraft, gradually replacing our MD90s and giving passengers a safer, more comfortable flying experience. At the same time, we are enhancing our flight route competitiveness and flexibility through effective fleet resource integration and increasing revenue.

Estimated Air Traffic and Basis

Passenger services:

We are forecasting that we will carry 7.94 million passengers in 2013, a 5% increase compared to the 7.53 million we served in 2012.

Estimation Basis:

On April 28, 2012, China released its second group of individual-visit cities with six on the list: Tianjin, Chongqing, Nanjing, Hangzhou, Guangzhou and Chengdu. It added four more cities on August 28: Jinan, Xian, Fuzhou and Shenzhen. In addition, the U.S. implemented its visa waiver program for Taiwan on November 1 and Japan released routes throughout the country, which will drive up passenger numbers and increase revenue. We will also grow our customer base and route network through B777 business class upgrades and Star Alliance membership. We will continue to manage our cross-strait customer bases, actively strive to access the China transit-passenger market, and work with the government to promote Taoyuan Airport as an international transit center.

Cargo services:

We are forecasting that we will transport 730,000 tons of airfreight in 2013, a 1% decrease from the 740,000 tons we carried in 2012.

Estimation Basis:

Air cargo demand has been impacted by factors such as high fuel prices and the global economy's slow recovery. We expect market volume to remain flat for 2013. Cargo tonnage is projected to be lower than that of 2012 but our loading rate should increase by 1%. We will strategically adjust our shipping space supply through fleet planning and route adjustments accordingly.

In the future, we will continue to expand our global air transport market deployment, actively developing new freight destinations with market potential to strengthen our cargo sales network.

Key Marketing Strategies

Passenger services:

- On June 18, 2013, EVA has officially joined Star Alliance. Our Star Alliance membership will offer EVA customers convenient access to more destinations worldwide, seamless travel and status recognition by other member-carriers' frequent flyer programs.
- We will meet demands of regional, cross-strait routes by increasing the number of A321 passenger aircraft in our fleet to six in 2013. With its fuel economy benefits and advanced cabin equipment, we expect that the aircraft will help improve EVA's operating profits.
- Operating in line with cross-strait direct flight policies, we will maximize opportunities created by China's increase in individual visits. We will actively seek to secure the Chinese market of tourists and transit passengers coming to Taiwan.
- We will update booking, seat management and control systems and introduce a revenue management program. At the same time, we will enhance operating efficiencies and reduce operating costs by actively developing additional e-services and m-services.
- We will adjust aircraft model deployment and flight frequency to various destinations, fully utilize EVA's fleet carrying capacity and strive to enhance flight route efficiency according to market demand.
- We will continue to strengthen and expand EVA's joint operating partnerships with United Airlines, US Airways, All Nippon Airways, Asiana Airlines, Air China, Hainan Airlines, Shandong Airlines, Bangkok Airways, Hong Kong Airlines, etc.

Cargo services:

- We will continue to develop promising new destinations in line with cross-strait policies, fully utilize belly space on regular cross-strait passenger flights to carry cargo and increase marketable routes. We will strengthen our global freight distribution network by actively seeking to cooperate with China's cargo airlines on regular cross-strait airfreight flights.

- Economic conditions globally and in China are showing signs of improvement over 2012. Signs of recovery among Asian economies are becoming more apparent and China's domestic demand is expected to boost our inventory recovery. Major 3C manufacturers around the world continue to release new products and stimulate consumption. Through strategic freight-aircraft fleet planning, EVA will be flexible and responsive to the fast-changing air cargo market.
- We will grow the number of destinations through the joint operations partnership network, increase flight frequency and actively strive to secure new freight gateways with market potential.
- We will reduce operating costs by continuing to develop and further improving e-freight services.

Future Development Strategies

- EVA has established a vigorous global flight network that links major cities in Europe, America, Asia and Oceania. We will use this far-reaching route network to expand the range of our comfortable, convenient air services and advance development of Taoyuan International Airport as a global hub within the near future.
- In response to the open cross-strait policy, permitting regular services, EVA is actively working to expand our direct-link flight network. We are also building flexibility into our operations so that we can take appropriate actions to capture more of the potential passenger and cargo markets and retain our competitive position as air agreements are amended.
- Delivery of A321-200 aircraft equipped with advanced seats and the latest inflight entertainment system will greatly strengthen our regional presence. As we stay focused on safety and service quality, we will also review our fleet portfolio and identify opportunities to optimize capacity as the cross-strait market continues to grow and develop.
- EVA is currently cooperating with 12 airlines, including United Airlines, US Airways, All Nippon Airways, Asiana Airlines, Air China, Hainan Airlines, Shandong Airlines, Bangkok Airways, Hong Kong Airlines, Lufthansa (cargo), Air China (cargo) and FedEx (cargo). By joining Star Alliance, the leading global alliance, we will continue to expand and strengthen our cooperation with other members, synergize advantages and benefits, drive down operating costs to diversify our risks and give our passengers comfortable and seamless flight services.
- EVA continues to optimize its cargo aircraft fleet, adjusting routes and aircraft models for various market conditions to produce maximum freight profits. We will continue to open new destinations in China with freight potential and strengthen our deployment in that market. We will also remain vigilant to new trade opportunities and actively plan for new freight routes while, at the same time, we make adjustments for logistics demands among various regions around the globe.

Competition, Legal Issues and the Operating Environment

Competition

- The global economic recovery continues to be murky and has impacted corporate business travel budgets, affecting business and leisure markets, passenger volume and fare levels.
- Low-cost carriers are entering the passenger market with rock-bottom fares and Taiwan's high-speed rail has driven domestic airlines to transform themselves. These factors are influencing the competitive landscape and supply-demand balance for regional passenger and cargo markets.
- More nations are deregulating aviation policies. For example, the United States and Japan adopted open-sky policies that are likely to intensify competition for intercontinental and regional passengers and airfreight.
- We expect China's growing air transport demand to continue to dominate Asia markets. In addition to cross-strait passenger and cargo volumes that repeatedly reach new highs, related businesses such as aviation products manufacturing and aviation personnel and maintenance are also thriving. This trend creates significant opportunities for companies in Taiwan.
- The opening up of China's economic policy, the dramatic increase in the spending power of the Chinese people and the continued economic growth of emerging Asian

countries remain key financial drivers. Using Taiwan as an operations center and establishing manufacturing plants in China and emerging Asian countries is still the business model that offers the greatest cost advantages. Not only will EVA actively develop strategies and tactics to dominate this market but we will also survey shippers and use our tightly knit global network to establish Taiwan as an international transit center.

Legal Environment

- Political and economic stability directly impact ups and downs in passenger and cargo markets.
- The airline industry must remain vigilant and ready to respond quickly to changes. Open policies on direct cross-strait flights are still in initial stages and support is fragmented.
- Increasing consumer awareness and regulatory changes burden the airline industry. A prime example is the penalty the European Union imposed on airlines that oversell seats and our industry's inclusion in the EU's Emission Trading Scheme (ETS).
- Mainland China's opening up of its passenger transit policy affects Taiwan carriers' competitiveness in international transit networks.

Operating Environment

- The U.S.'s fiscal cliff issue and delayed recovery by the Euro-zone combined with concerns about economic growth in China and India are significant risks for the global economy.
- In 2013, major world economies are at an important turning point. And, with fuel prices continuing to rise, the aviation industry still faces uncertain prospects.

Sluggish economies in Europe and America and spikes in fuel prices pose severe challenges for the airline business. EVA will actively pursue market expansion and, at the same time, strengthen operational management processes and implement cost and risk controls. We will persist in growing our cross-strait services in addition to utilizing the technical and experience exchange platforms, resource sharing, joint procurement, collaborative development system and other mechanisms for cooperation available to us at multilateral and bilateral levels through our Star Alliance membership. These tactics will enable us to reduce costs and lead to improved service quality and operational efficiencies for EVA and other Star Alliance members. A more fully developed route network and the global Star Alliance brand will contribute to attracting more high-end business travelers and make EVA Air an even more highly competitive airline. We plan to overcome difficulties and again achieve peak performance.

The Company

Founded in March 1989, EVA Air, a one-hundred-percent privately owned Taiwanese airline, is the sister company of Evergreen Marine Corporation, which is the world famous shipping line in terms of container operation.

Since the inauguration of its maiden flight on July 01, 1991, EVA Air is currently serving 63 destinations over four continents, except Africa, with 59 aircraft (as of December 2011) and is still steadily expanding its operation network and fleet.

In 1997, after carefully nurturing an environment where faultless service quality and flight safety are the standard, EVA Air became the first airline in Taiwan to achieve official ISO 9002 Certification in three areas at the same time -- passenger, cargo and maintenance operations. Diligently upholding these objectives, EVA Air earned ISO-9001:2000 Certification for all categories of operation in 2001.

In addition, EVA has ensured quality, smooth ongoing operations and reduced costs by investing capital and expertise in airline-related companies, including Evergreen Sky Catering Corporation, Evergreen Airline Services Corporation, Evergreen Air Cargo Services Corporation, and other selected subsidiaries.

Operating strategies developed by the carrier are far-reaching. Company goals place equal importance on its passenger and cargo services, and it works in cooperation with affiliated carriers to maximize mutual efficiencies and effectively compete on a global scale. Its worldwide hub of operations at Taoyuan International Airport in Taiwan has proven to be both successful and strategic.

EVA Air listed its stock on Taiwan's TAISDAQ Market in October 1999, and moved to the main board, TSE, in September 2001.

Major Milestones

1988~1990

On September 1, 1988 at the celebration for the 20th birthday of Evergreen Marine Corporation, Group Chairman Y. F. Chang announced that Evergreen would launch an international airline. EVA Air was officially formed in March 1989. After careful deliberation, the fledgling airline signed a contract with Boeing/McDonnell Douglas for 26 aircraft at a total purchase value of US$3.6 billion, and immediately captured the attention of the global airline market.

1991

EVA Air accepted delivery of its first two B767-300ERs in April, and made its inaugural flight on July 1. Within that first week, the new airline opened five destinations in Asia -- Bangkok, Seoul, Jakarta, Kuala Lumpur and Singapore.

1992

The comprehensive EVA Training Center opened in July, and the carrier's first two all-passenger B747-400s were delivered in November. EVA used the first flights of the new aircraft to launch its Taipei-Los Angeles route and introduce its four classes of cabin service, including the debut of its trend-setting Evergreen Deluxe Class in-between Economy and Super Business.

1993

EVA Air set new standards and heightened expectations by expanding its network to more than half a dozen new destinations, and by launching service to London, Paris, Seattle, New York, San Francisco, Brisbane, Sydney and Dubai.

1994

EVA made the greatest number of new aircraft additions to its fleet this year, purchasing a total of eight, including three MD-11s, one B747-400 and four B767-200s. The airline also added Bali, Fukuoka and Auckland routes to its network.

1995

The carrier purchased three MD-11 freighters and began to vigorously develop air cargo operations. It set goals emphasizing passenger and cargo services equally. And it used joint operations and land transportation to successfully extend EVA Cargo services worldwide.

1996

Enhancing the high quality of its operations, EVA applied for ISO-9002 certification. Within the next year, its passenger service, cargo service and aviation maintenance operations were all three granted ISO-9002 international certifications simultaneously. EVA achieved ISO-9001:2000 certification in 2001.

1997

Ensuring consistent service quality, EVA and Singapore Airlines formed Evergreen Sky Catering Corporation as a joint venture and in February, began providing in-flight catering services.

1998

Promoting air safety, EVA signed a joint-venture contract with General Electric and established Evergreen Aviation Technologies Corporation on February 24. That same day, a powerful new engine test cell was placed in operation, and the new joint venture began an aggressive campaign to raise the standards of the aircraft maintenance business.

1999

Earning brilliant results with both passenger and cargo service, EVA produced outstanding operating performances for five successive years. The Securities and Futures Commission (SFC) of Taiwan approved its admission to the exchange, and on October 27, EVA Air shares began to be traded on the over-the-counter market.

2000

In anticipation of future needs and to expand its fleet, EVA signed a purchase contract in June with the Boeing Company for 15 B777-200X/300Xs that included a firm order for seven of the aircraft and an option for eight more. Deliveries began in 2005. The carrier relocated its hub to the brand-new Terminal 2 at Taoyuan International Airport at the end of July.

2001

EVA committed to add more new, technologically advanced aircraft to its fleet in March by signing a purchase contract for eight Airbus A330-200s and making plans to start taking deliveries in 2003. EVA Air also secured approval to transfer its stock listing from OTC and on 17 September, moved its shares to the Taiwan Security Exchange (TSE).

2002

EVA launched its online booking system on January 9. It gained approval to add 24 passenger flights on its thriving Hong Kong route and to begin new freighter service. It also introduced a new slogan “Just relax, your home in the air.”

2003

EVA debuted stylish new cabin-crew uniforms on April 1, took delivery of its first A330-200 on June 26 and introduced its new generation of a top cabin class, Premium Laurel, along with an upgraded economy class and an awesome, state-of-the-art Audio / Video on Demand system.

2004

EVA Air exercised an option for eight B777s that was part of the firm purchase contract executed with Boeing in June 2000, expanding its fleet by a total of 15 brand-new B777s. Deliveries of the new aircraft started in 2005 and will continue through 2010.

2005

EVA took delivery of its first two of 15 B777s and introduced the extra-roomy, exceptionally comfortable new aircraft to passengers on the Bangkok and London with an inviting new slogan, “Sharing the World, Flying Together.”

2006

EVA Air opened its new Southern China Cargo Center in Hong Kong, enabling it more efficiently and quickly to move air freight shipments in and out of the region.

2007

EVA Air received 2007 The Richard Teller Crane Founder’s Award from the international Flight Safety Foundation for “its corporate leadership in aviation safety programs and its superb safety records." In the five years since the coveted award was established, EVA is the first Asian airline and only the second airline among all recipients to receive it.

2008

Readers selected EVA Air as the Best Airline for Premium Economy in Global Traveler magazine's fifth annual GT Tested Survey. The international business-travel publication surveyed its readers between Jan. 1 and Aug. 31, 2008, inviting them to identify "the best" in 55 categories of business and luxury travel. Readers returned 31,457 completed questionnaires.

2009

EVA Air launched the regular cross-strait flights (30 flights per week) from August 31 2009 from Taipei, Taoyuan, and Kaohsiung to Beijing, Shanghai, Guangzhou, Hangzhou, Tianjin, and Ningbo.

2010

EVA added new service from Taipei's Songshan Airport to Shanghai's Hongqiao International Airport started from June 14, 2010. It complemented EVA's current nine flights a week between Taoyuan International Airport and Pudong International Airport.

2011

Belgium's Brussels Airport has honored EVA Air Cargo with its 2010 Network Development Award Cargo Airline. This event marked the airport's fourth consecutive awards program to recognize outstanding cargo and passengers carriers for punctuality and efficiency, environment and safety, and network and route development.

Calendar of 2012 & 2013 Events

March 2012

Star Alliance accepted the membership application of EVA Air on March 29, 2012. By 2013 the integration process would be scheduled to complete.

May 2012

EVA Air unveiled a luxurious new-generation business cabin named Royal Laurel Class on May 3, 2012, upgrading the top cabins on all of its Boeing 777-300ERs with new, fully lie-flat seats and inaugurating the transformed service.

July 2012

Participants in the 2012 World Airline Awards survey conducted by global aviation research organization SKYTRAX voted EVA Air to have the Best Airline Staff Service in Asia. Just recently EVA Air was ranked among the Top 10 International Airlines by Travel + Leisure World's Best Awards and the Best Service Airline by Taiwan's CommonWealth magazine. The designation of SKYTRAX's 2012 Best Airline Staff Service in Asia affirms the commitment EVA made to quality service.

August 2012

EVA Air and United Airlines introduced co-shared services on August 11, 2012. The new cooperation enables EVA passengers to more easily connect from Asia to Midwestern and Southern regions of the United States, making it increasingly convenient for passengers to connect between the respective global networks.

October 2012

EVA Air will initiate direct passenger flights between Taipei, Taiwan and Myanmar's largest city, Yangon.

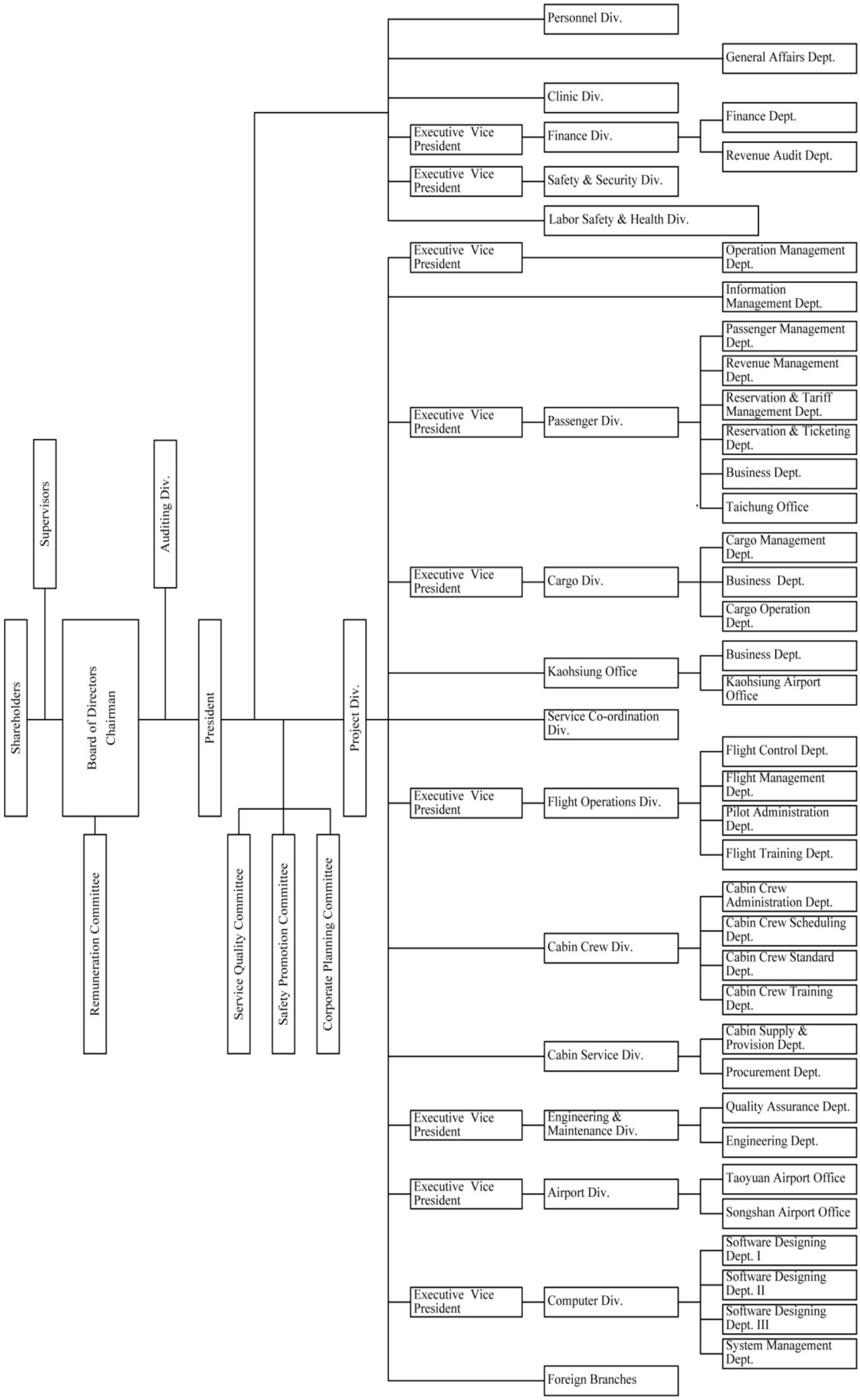
December 2012

Global Traveler, a business travel and lifestyle magazine based in the US, announced its ninth annual GT Tested Reader Survey award winners. More than 28,000 frequent business and luxury travelers voted and they ranked EVA Air as the Best Airline in North Asia among several Asia's leading airlines.

January 2013

EVA Air has been ranked as one of world's 10 safest airlines by Germany's AERO International Magazine. In the nine years that EVA has been counted among the world's 10 safest airlines, it has climbed in ranking. With its safety programs, consistently superb record and high standards, EVA has solid standing among leading international airlines and is listed as sixth among the top 10.

Organization



Directors and Supervisors

As of April 30, 2013

Title	Name	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment	Shareholding When Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree Blood Relationship of Each Other		
					Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
Chairman	Chang Yung-Fa Charity Foundation	2011.06.10	3 Years	2009.06.16	116,000	0.00	127,600	0.00	-	-	-	-	-	-	-	-	-
	Representative: Chang Kuo-Wei	2013.01.01	1.44 Years	2001.04.19	0	0.00	0	0.00	0	0.00	0	0.00	President, EVA Airways Corp. Master of Arts in Economics, California State University, Long Beach	Chairman, Hsiang-Li Investment, Evergreen Aviation Precision Corp. Director: Evergreen Sky Catering, Uni Airways, Evergreen Aviation Technologies, Evergreen Air Cargo Services, Evergreen Airline Services Corp.	Director	Chang Yung-Fa	Father
Director	Chang Yung-Fa Charity Foundation	2011.06.10	3 Years	2009.06.16	116,000	0.00	127,600	0.00	-	-	-	-	-	-	-	-	-
	Representative: Chang Yung-Fa	2011.06.10	3 Years	1989.03.31	0	0.00	98,360,200	3.02	11,354,504	0.35	0	0.00	Group Chairman, Evergreen Group. Taipei Commercial High School	Director: Evergreen Marine Corp. (Taiwan) Ltd., Evergreen International Corp., Evergreen Steel Corp.	Chairman Super-visor	Chang Kuo-Wei Lin Long-Hwa	Son Brother-in-law
	Representative: Ko Li-Ching	2012.03.19	2.3 Years	1992.05.02	0	0.00	90,593	0.00	0	0.00	0	0.00	Vice Group Chairman, Evergreen Group. Keelung Girls' Senior High School	Director: Taiwan High Speed Rail Corp., Evergreen Steel Corp., Shun An Enterprise Corp. Supervisor: Evergreen Marine Corp. (Taiwan) Ltd., Evergreen International Storage & Transport, Evergreen International Corp., Uni Airways, Evergreen Security, Ever Reward Logistics, Evergreen Air Cargo Services, Evergreen Airline Services, Evergreen Aviation Technologies, Evergreen Aviation Precision, Hsin Yung Enterprise Corp.	-	-	-

Title	Name	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment	Shareholding When Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree Blood Relationship of Each Other		
					Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
Director	Evergreen Marine Corp. (Taiwan) Ltd.	2011.06.10	3 Years	1989.03.31	572,257,481	19.32	629,483,229	19.32	-	-	-	-	-	-	-	-	-
	Representative: Lin Sun-San	2011.06.10	3 Years	2009.06.16	0	0.00	0	0.00	0	0.00	0	0.00	Vice Group Chairman, Evergreen Group. National Taipei University	Chairman, Shun An Enterprise Corp. Director: Evergreen Marine Corp. (Taiwan) Ltd., Evergreen International Storage & Transport, Taipei Port Container Terminal	-	-	-
	Representative: Jeng Kung-Yeun	2011.06.10	3 Years	2009.06.16	0	0.00	99,200	0.00	0	0.00	0	0.00	Chairman, EVA Airways Corp. PhD in Traffic and Transportation, National Chiao-Tung University	Chairman, Uni Airways Corp. Director, Kaohsiung Airport Catering Services.	-	-	-
	Representative: Tai Jiin-Chyuan	2011.06.10	3 Years	2011.06.10	0	0.00	11,825	0.00	0	0.00	0	0.00	Executive Vice President, Legal & Insurance, EVA Airways Corp. Master degree in Maritime Law, National Taiwan Ocean University	Director: Evergreen Marine Corp. (Taiwan) Ltd., Taipei Port Container Terminal, Super Max Engineering Enterprise Corp.	-	-	-
Director	Falcon Investment Services Ltd.	2011.06.10.	3 Years	2011.06.10	148,148,114	5.00	162,962,925	5.00	-	-	-	-	-	-	-	-	-
	Representative: Chang Ming-Che	2012.12.25	1.46 Years	2011.06.10	0	0.00	24,880	0.00	19,742	0.00	0	0.00	President, Evergreen International Corp. EMBA, National Taipei University	Chairman, Evergreen International Corp. Director: Ever Accord Construction, Evergreen International Engineering Corp., Charng Yang Development.	-	-	-

Title	Name	Date of Election (Inaugu-ration)	Tenure	Date of Initial Election, Appoint-ment	Shareholding When Elected		Present Shareholdings		Shares Held by Spouses & Dependents		Shares Held by Third Parties		Education & Experience	Concurrent Positions in Other Companies	Other Managers, Directors or Supervisors Related by Marriage or Within Second-degree Blood Relationship of Each Other		
					Number	(%)	Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
Supervisor	Evergreen International Corp.	2011.06.10	3 Years	1993.04.30	426,926,600	14.41	469,648,357	14.41	-	-	-	-	-	-	-	-	-
	Representative: Lin Long-Hwa	2012.03.19	2.3Years	2009.08.27	0	0.00	1,689,827	0.05	148,616	0.00	0	0.00	Vice Group Chairman, Evergreen Group. National Kaohsiung Normal University, English department.	Director: Evergreen Marine Corp. (Taiwan) Ltd., Evergreen Sky Catering, Uni Airways, Evergreen Aviation Technologies Corp. Supervisor: Shun An Enterprise Corp., Joint Stevedoring Contract Co., Ltd. , Taipei Port Container Terminal	Director	Chang Yung-Fa	Second-degree relatives
	Representative: Wu Kuang-Hui	2011.06.10	3 Years	2010.12.01	0	0.00	33,183	0.00	0	0.00	0	0.00	Executive Vice President, EVA Airways Corp. MBA, Sun Yat Sen University	Supervisor: Evergreen International Storage & Transport, Central Reinsurance, Evergreen Steel, Taiwan Terminal Services, Charng Yang Development, Hsiang-Li Investment, Finance Executive Officer, Evergreen Marine Corp. (Taiwan) Ltd.	-	-	-
	Representative: Chen Cheng-Pang	2011.06.10	3 Years	2001.04.19	0	0.00	5,036	0.00	4,999	0.00	0	0.00	Senior Vice President, Italia Marittima S.p.A. Soochow University Accounting & Economics Dept.	Senior Vice President, Evergreen International Storage & Transport Corp.	-	-	-

Note 1: As of April 30, 2013 the Company has issued 3,258,945,005 shares

Major Shareholder of EVA Air's Institutional Shareholder

April 30, 2013

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama)(10.63%), Chang Kuo-Hua (7.55%), Evergreen International Corp. (7.12%), Chang Yung-Fa (6.00%), Ultra International Investments Ltd. (4.25%), Chang Kuo-Cheng (4.24%), Chang Kuo-Ming (3.17%), Public Service Pension Fund Management Board (2.53%), Cheng Shen-Chin (2.12%), Chang Shu-Hua (2.02%)
Chang Yung-Fa Charity Foundation	Non-profit organization
Falcon Investment Services Ltd.	Chang Kuo-Wei (100%)
Evergreen International Corp.	Chang Yung-Fa Foundation (28.86%), Chang Kuo-Cheng (16.67%), Chang Kuo-Hua (12.90%), Chang Kuo-Ming (12.19%), Lee Yu-Mei (7.14%), Chen Hui-Chu (5.81%), Yang Mei-Chen (5.10%), Chang Lin Ching-Chi (5.00%), Chang Yung-Fa (5.00%), Tseng Chiung-Hui (1.33%)

If the Above-mentioned Shareholders of Major Shareholder of EVA Air's Institutional Shareholder are Corporations, the Principal Shareholders of these Corporations are as follows:

April 30, 2013

Legal Entity	Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Evergreen Marine Corp. (Taiwan) Ltd.	Evergreen International S.A. (Panama)	Chang Yung-Fa (20%), Chang Kuo-Hua (20%), Chang Kuo-Ming (20%), Chang Kuo-Cheng (20%), Pieca Corp. (20%)
	Evergreen International Corp.	Chang Yung-Fa Foundation(28.86%), Chang Kuo-Cheng (16.67%), Chang Kuo-Hua (12.90%), Chang Kuo-Ming (12.19%), Lee Yu-Mei (7.14%), Chen Hui-Chu (5.81%), Yang Mei-Chen (5.10%), Chang Lin Ching-Chi (5.00%), Chang Yung-Fa (5.00%), Tseng Chiung-Hui (1.33%)
	Ultra International Investment Ltd.	Chang Kuo-Wei (100%)
	Public Service Pension Fund Management Board	Non-profit organization
Evergreen International Corp.	Chang Yung-Fa Foundation	Non-profit organization

Criteria for Expertise and Independence of Directors and Supervisors

April 30, 2013

Qualifications / Name	Meet One of the Following Qualification Requirements, Together with at Least Five Years Work Experience: An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Otherwise Necessary for the Business of the Company	Independence Criteria: 1	2	3	4	5	6	7	8	9	10	Concurrently Serving as an Independent Director / Number of Other Public Companies
Chang Kuo-Wei			✓			✓			✓	✓		✓		0
Chang Yung-Fa			✓	✓					✓			✓		0
Lin Sun-San			✓	✓		✓	✓			✓	✓	✓		0
Ko Li-Ching			✓	✓		✓	✓				✓	✓		0
Chang Ming-Che			✓	✓		✓	✓		✓		✓	✓		0
Jeng Kung-Yeun			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Tai Jiin-Chyuan			✓			✓	✓		✓	✓	✓	✓		0
Lin Long-Hwa			✓	✓		✓			✓	✓		✓		0
Wu Kuang-Hui			✓	✓		✓	✓			✓	✓	✓		0
Chen Cheng-Pang			✓	✓		✓		✓			✓	✓		0

(1) Not an employee of the Company or any of its affiliated companies.

(2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in case where the person is an independent director of the Company, its parent company or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.

(3) Not an individual shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranking in the top five in holdings.

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial relationship with the Company.

(7) Not a professional individual who, or an owner , partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or any affiliate of the Company, or a spouse thereof.The establishment of a remuneration committee for listed or over-the-counter market trading companies, as well as members of the remuneration committee exercising the powers of Article 7 in the performance of their duties, are not subject to the above restrictions.

(8) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(9) Not been a person of any conditions defined in Article 30 of the Company Code.

(10) Not a government, institutional person or its representative as defined in Article 27 of the Company Code.

Principal Officers

April 30,2013

Title	Name	Date of Inauguration	Shareholding		Spouse & Dependent Shareholding		Shares Held by Other Nominal Holder		Education and Experience	Concurrent Positions with Other Companies	Manager Related by Marriage or Within Second-degree Kinship of Each Other		
			Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
President	Cheng Chuan-Yi	2013.01.01	158	0	0	0	0	0	Bachelor degree in International Trade, Tunghai University	Director: Evergreen Sky Catering, Evergreen Aviation Technologies, Evergreen Air Cargo Services, Hsiang-Li Investment Corp.	-	-	-
Executive Vice President, (Financial Officer), Finance Div.	Tsai Ta-Wei	2011.01.01	588	0	651	0	0	0	Bachelor degree in Accounting, Chinese Cultural University	Director, Hsiang-Li Investment Corp. Supervisor: Evergreen Sky Cateringr, Evergreen Aviation Technologies Corp.	-	-	-
Executive Vice President, Operation Management Dept.	Chen Yeou-Yuh	2011.01.01	103	0	0	0	0	0	Bachelor degree in Maritime Science, Tamkang University	-	-	-	-
Executive Vice President, Passenger Div.	Li Shyh-Liang	2008.01.01	16,276	0	13	0	0	0	Bachelor degree in Traffic and Transportation Management, Feng Chia University	-	-	-	-
Executive Vice President, Cargo Div.	Sun Chia-Ming	2011.04.01	28,123	0.001	0	0	0	0	Bachelor degree in International Trade, Chinese Cultural University	-	-	-	-
Executive Vice President, Safety and Security Div.	Ho Ching-Sheng	2005.01.01	201,584	0.006	0	0	0	0	Master degree in Aviation Safety, University of Central Missouri	-	-	-	-
Executive Vice President, Flight Operations Div.	Yuen Ping-Yu	2004.01.01	10,025	0	0	0	0	0	Bachelor degree in Electrical Engineering, Cheng Kung University	-	-	-	-
Executive Vice President, Engineering & Maintenance Div.	Huang Sheh-Ming	2013.04.01	25,187	0.001	14,462	0	0	0	Senior Vice President, Evergreen Aviation Technologies Corp. Bachelor degree in Naval Mechatronic Engineering, Cheng Kung University	-	-	-	-
Executive Vice President, Airport Div.	Yang Yung-Heng	2012.07.01	17,600	0.001	0	0	0	0	Bachelor degree in Business Administration, Chinese Cultural University	-	-	-	-
Executive Vice President, Computer Div.	Fang Gwo-Shianng	2007.01.01	106,846	0.003	0	0	0	0	Deputy Junior Vice President, Evergreen IT Corp. Bachelor degree in Computer Science, Feng Chia University	-	-	-	-

Title	Name	Date of Inauguration	Shareholding		Spouse & Dependent Shareholding		Shares Held by Other Nominal Holder		Education and Experience	Concurrent Positions with Other Companies	Manager Related by Marriage or Within Second-degree Kinship of Each Other		
			Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
Senior Vice President, Auditing Div.	Li Ping-Yin	2008.01.01	65,703	0.002	700	0	0	0	Manager, Evergreen Heavy Industry Corp. Master degree in Management, Yuan Ze University	-	-	-	-
Senior Vice President, Project Div.	Chai Chien-Hua	2011.07.01	599	0	19	0	0	0	Bachelor degree in International Trade, Chung Yuan Christian University	-	-	-	-
Senior Vice President, Operation Management Dept.	Soong Allen	2007.01.01	194	0	0	0	0	0	Department of Tourism, World College of Journalism	-	-	-	-
Senior Vice President, Passenger Div. Passenger Management Dept.	Chang Jang-Tsang	2013.03.04	116,227	0.004	0	0	0	0	Senior Vice President, UNI Airways Corporation Bachelor degree in Business Management, Tatung University	-	-	-	-
Senior Vice President, Passenger Div. Business Dept.	Chen Chi-Hung	2011.01.01	0	0	0	0	0	0	Department of Mechanical Engineering, Hsinpu Institute of Technology	-	-	-	-
Senior Vice President, Service Co-Ordination Div.	Lu Yu-Chuan	2006.01.01	1,063	0	0	0	0	0	Junior Vice President, Evergreen Aviation Technologies Corp. Bachelor degree in Business Administration, Fu Jen University	-	-	-	-
Senior Vice President, Cabin Crew Div.	Yang Hsiu-Huey	2013.01.01	10,251	0	0	0	0	0	Department of Radio & Television, World College of Journalism	-	-	-	-
Senior Vice President, Cabin Service Div.	Chang Lih-Lih	2012.01.01	0	0	0	0	0	0	Deputy Senior Vice President, Evergreen Sky Catering Corp. Bachelor degree in Statistics, Tamkang University	-	-	-	-
Senior Vice President, Engineering & Maintenance Div.	Yeh Ching-Far	2012.01.01	2,110	0	0	0	0	0	Master degree in Business Administrations , National Cheng Chi University Master degree in Mechanical Engineering, Tatung College of Technology	-	-	-	-
Senior Vice President, Airport Div. Taoyuan Airport Office	Liu Ying	2011.01.01	9,335	0	0	0	0	0	Master degree in Graduate Institute of Human Resource Management, National Central University	-	-	-	-
Senior Vice President, Computer Div.	Hou Hsien-Yu	2011.01.01	1,100	0	0	0	0	0	Master degree in Information Management, National Taiwan University	-	-	-	-
Deputy Senior Vice President, Personnel Div.	Wu Chun-Hung	2012.01.01	28	0	0	0	0	0	Bachelor degree in Business Administration, National ChengChi University	-	-	-	-

Title	Name	Date of Inauguration	Shareholding		Spouse & Dependent Shareholding		Shares Held by Other Nominal Holder		Education and Experience	Concurrent Positions with Other Companies	Manager Related by Marriage or Within Second-degree Kinship of Each Other		
			Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
Deputy Senior Vice President, General Affairs Dept.	Yu Ching-Hsi	2012.02.06	40	0	0	0	0	0	Executive Vice President, UNI Airways Corporation Deputy Senior Vice President, Evergreen Marine Corp. (Taiwan) Ltd. Bachelor degree in German, Tamkang University	-	-	-	-
Deputy Senior Vice President, (Accounting Officer) Finance Div. Finance Dept.	Chiang Chin-Lan	2012.01.01	8,834	0	0	0	0	0	Bachelor degree in Economics, National Taiwan University	-	-	-	-
Deputy Senior Vice President, Finance Div. Revenue Audit Dept.	Ho Li-Cheng	2012.01.01	15,000	0	0	0	0	0	Bachelor degree in Banking and Finance, Tamkang University	-	-	-	-
Deputy Senior Vice President, Project Div.	Liao Chi-Wei	2011.07.01	464	0	3,341	0	0	0	President(Deputy Junior Vice President), EZFLY.COM Corporation Master degree in Marine Biology, National Sun Yat-sen University	-	-	-	-
Deputy Senior Vice President, Project Div.	Chiang Wei-Du	2012.01.01	2,200	0	7,676	0	0	0	Deputy Junior Vice President, Evergreen Aviation Technologies Corp. Bachelor degree in Foreign Languages and Literature, National Tsing Hua University	-	-	-	-
Deputy Senior Vice President, Project Div.	Huang Chieh-Chih	2011.07.01	1,406	0	0	0	0	0	Master degree in Business Administration, National Central University	-	-	-	-
Deputy Senior Vice President, Passenger Div. Reservation & Tariff Management Dept.	Wu Shu-Ping	2013.01.01	2,475	0	4,464	0	0	0	Department of Tourism, Hsing Wu College of Commerce	-	-	-	-
Deputy Senior Vice President, Passenger Div. Reservation & Ticketing Dept.	Wu Su-Shin	2006.01.01	11,456	0	0	0	0	0	Bachelor degree in Sociology, Fu Jen University	-	-	-	-
Deputy Senior Vice President, Cargo Div. Business Dept.	Chuang Shih-Hsiung	2011.01.01	0	0	0	0	0	0	Bachelor degree in Animal Science and Biotechnology, Tunghai University	-	-	-	-
Deputy Senior Vice President, Flight Operations Div. Flight Control Dept.	Lee Cheng-Chieh	2013.01.01	279	0	0	0	0	0	Bachelor degree in Mechanical Engineering, Tamkang University	-	-	-	-

Title	Name	Date of Inauguration	Shareholding		Spouse & Dependent Shareholding		Shares Held by Other Nominal Holder		Education and Experience	Concurrent Positions with Other Companies	Manager Related by Marriage or Within Second-degree Kinship of Each Other		
			Number	(%)	Number	(%)	Number	(%)			Title	Name	Relationship
Deputy Senior Vice President, Flight Operations Div. Flight Training Dept.	Kuo Ming-Cheng	2013.01.01	26,276	0.001	0	0	0	0	Bachelor degree in Economics, Fu Jen University	-	-	-	-
Deputy Senior Vice President, Cabin Service Div. Cabin Supply & Provision Dept.	Tao Shin-Chien	2008.01.01	7,322	0	0	0	0	0	Bachelor degree in Business Administration, National Chung Hsing University	-	-	-	-
Deputy Senior Vice President, Cabin Service Div. Procurement Dept.	Chen Yao-Min	2011.01.01	1,339	0	0	0	0	0	Department of Tourism, World College of Journalism	-	-	-	-
Deputy Senior Vice President, Airport Div. Taoyuan Airport Office	Chen Shen-Chi	2012.09.01	0	0	0	0	0	0	Senior Vice President, UNI Airways Corporation Department of Tourism, World College of Journalism	-	-	-	-
Deputy Senior Vice President, Airport Div. Taoyuan Airport Office	Hsiao Chin-Lung	2011.07.01	0	0	0	0	0	0	Department of International Trade, Tamsui Institute of Business Administration	-	-	-	-
Deputy Senior Vice President, Airport Div. Songshan Airport Office	Yu Chia-Chieh	2012.07.01	4,400	0	0	0	0	0	Bachelor degree in International Business, Soochow University	-	-	-	-

Compensation for Directors

December 31, 2012
NT$(Thousand)

Title	Name	Remuneration for Directors								Total of A, B, C and D as % of 2012 Net Profit		Compensation Earned as Employee of EVA or EVA Subsidiary Affiliates										Total of A, B, C, D, E, F and G as % of 2012 Net Profit		Other Compensation from Non-Subsidiary Affiliates
		Salary(A)		Pension(B)		Compensation(C)		Allowance(D)				Salary, Bonus etc. (E)		Pension(F)		Employee Profit Sharing (G)				Employee Stock Option(H)				
		EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	EVA		Consolidated Subsidiaries of EVA		EVA	Consolidated Subsidiaries of EVA	EVA	Consolidated Subsidiaries of EVA	
																Cash	Stock	Cash	Stock					
Chairman	Evergreen Marine Corp. (Taiwan) Ltd. Jeng Kung-Yeun	3,850	3,850	-	-	-	6,480	60	60	0.78%	1.00%	3,364	3,364	357	357	-	-	-	-	-	-	1.51%	1.36%	9,000
Director	Chang Yung-Fa Charity Foundation Chang Yung-Fa Ko Li-Ching Chang Kuo-Wei																							
Director	Evergreen Marine Corp. (Taiwan) Ltd. Lin Sun-San Tai Jiin-Chyuan																							
Director	Falcon Investment Services Ltd. Chang Ming-Che																							

Compensation for Supervisors

December 31, 2012
NT$ (Thousand)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="6">Remuneration for Supervisors</th><th colspan="2" rowspan="2">Total of A, B and C as % of 2012 Net Profit</th><th rowspan="3">Other Compensation from Non-Subsidiary Affiliates</th></tr>
<tr><th colspan="2">Salary(A)</th><th colspan="2">Compensation(B)</th><th colspan="2">Allowance(C)</th></tr>
<tr><th>EVA</th><th>Consolidated Subsidiaries of EVA</th><th>EVA</th><th>Consolidated Subsidiaries of EVA</th><th>EVA</th><th>Consolidated Subsidiaries of EVA</th><th>EVA</th><th>Consolidated Subsidiaries of EVA</th></tr>
<tr><td>Supervisor</td><td>Evergreen International Corp.
Lin Long-Hwa</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">1,100</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">-</td><td rowspan="3">0.11%</td><td rowspan="3">1,020</td></tr>
<tr><td>Supervisor</td><td>Evergreen International Corp.
Wu Kuang-Hui</td></tr>
<tr><td>Supervisor</td><td>Evergreen International Corp.
Chen Cheng-Pang</td></tr>
</table>

Compensation for President and Executive Vice Presidents

December 31, 2012
NT$ (Thousand)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Pension(B)</th><th colspan="2">Bonus & Perquisite(C)</th><th colspan="4">Employee Profit Sharing(D)</th><th colspan="2">Total of A, B, C and D as % of 2012 Net Profit</th><th colspan="2">Employee Stock Options</th><th rowspan="3">Compensation from Investments Other than Subsidiaries</th></tr>
<tr><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA</th><th colspan="2">EVA</th><th colspan="2">Consolidated Subsidiaries of EVA</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA</th><th rowspan="2">EVA</th><th rowspan="2">Consolidated Subsidiaries of EVA</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Chang Kuo-Wei</td><td rowspan="12">22,526</td><td rowspan="12">22,526</td><td rowspan="12">2,628</td><td rowspan="12">2,628</td><td rowspan="12">5,482</td><td rowspan="12">5,482</td><td rowspan="12">-</td><td rowspan="12">-</td><td rowspan="12">-</td><td rowspan="12">-</td><td rowspan="12">6.08%</td><td rowspan="12">2.94%</td><td rowspan="12">-</td><td rowspan="12">-</td><td rowspan="12">-</td></tr>
<tr><td rowspan="11">Executive Vice President</td><td>Cheng Chuan-Yi</td></tr>
<tr><td>Tsai Ta-Wei</td></tr>
<tr><td>Chen Yeou-Yuh</td></tr>
<tr><td>Li Shyh-Liang</td></tr>
<tr><td>Sun Chia-Ming</td></tr>
<tr><td>Ho Ching-Sheng</td></tr>
<tr><td>Yuen Ping-Yu</td></tr>
<tr><td>Yang Yung-Heng</td></tr>
<tr><td>Tsao Buo-Yen</td></tr>
<tr><td>Fang Gwo-Shianng</td></tr>
<tr><td>Liou Jen-Chih</td></tr>
</table>

Corporate Governance

Corporate Governance Execution Results and Deviations from Corporate Governance Best-Practice Principles for TWSE Listed Companies

Item	Implementation Status	Deviations from Corporate Governance Best-Practice Principles for TWSE Listed Companies & Why
1. Shareholding Structure & Shareholders' Rights:		
(1) Method of serving shareholders and responding to their suggestions or complaints	The Company has designated the Stock Department as its liaison to serve shareholders and respond to their suggestions and complaints.	None.
(2) The Company's possession of a list of major shareholders and a list of ultimate owners of these major shareholders	The relevant department keeps up-to-date information.	None.
(3) Risk management and firewall between the Company and its affiliates	The Company has established risk control measures within internal control operating procedures.	None.
2. Composition and Responsibilities of the Board of Directors:		
(1) Independent Directors	The Board did not include independent directors.	Though no member of the Board of Directors is technically independent, the Board acts in full accordance with Company Law, Articles of Incorporation and resolutions adopted by shareholders during regular meetings.
(2) Regular evaluation of the independence of CPAs	The CPA firm is an independent, professional and respected Taiwan accounting practice that is not a related party. The Company periodically evaluates the independence of its CPAs in accordance with relevant regulations.	None.
3. Communication with stakeholders and other interested parties	The Company has designated relevant departments to communicate with stakeholders and other interested parties. Contact information for a spokesperson and customer service is available on the Company's website.	None.

Item	Implementation Status	Deviations from Corporate Governance Best-Practice Principles for TWSE Listed Companies & Why
4. Information Disclosure: (1) Corporate website used to disclose information about the Company's financial, business and corporate governance status	1. The Company has set up a corporate website (URL:http://www.evaair.com) and designated appropriate people to monitor and keep it up-to-date with current information. 2. Corporate governance status: The Company has disclosed Articles of Incorporation and important operating procedures in addition to resolutions adopted during Board of Director meetings.	None.
(2) English-language website used to disclose information such as names of individuals designated to collect and disclose information, name of spokesperson disclosing information and investor-conference information, etc.	The Company has established an English-language website and spokesperson system for gathering and disclosing information.	None.
5. Operations of the Company's Nominating Committee and other committees with various functions	The Company established a Remuneration Committee on September 30, 2011. Please refer to Page 37 of the Company's Chinese-language annual report for its operation status.	None.
6. If the Company has established principles based on Corporate Governance Best-Practice Principles for TWSE Listed Companies, please explain implementation progress and any difference: Not Applicable. The Company hasn't yet established written governance principles based on the Corporate Governance Best-Practice Principles for TWSE Listed Companies.		
7. Important information concerning implementation of corporate governance, eg, employee welfare, employee care, investor relations, supplier relations, advance familiarization for directors and supervisors, implementation of risk management policy and risk metrics, implementation of customer policy, Liability insurance for directors and supervisors etc.: (1) In addition to providing labor and health insurance for employees, the Company also provides accident, medical and other insurance to expatriate staff. (2) The Company has set up an in-house clinic to provide physician consultation, medication and regular medical checkups for all staff to ensure good health, all free of charge to employees. (3) The Company has designated staff to gather and disclose information and respond to investor queries. The Company		

Item	Implementation Status	Deviations from Corporate Governance Best-Practice Principles for TWSE Listed Companies & Why

also provides operating and financial information on its website for investors' reference.

(4) The Company is in the airline service business and has selected major suppliers to provide aviation fuel, materials and aircraft maintenance. The Company has thoroughly evaluated each suppliers' qualifications, credit and ability to meet strict technical specifications. The Company uses contracts that protect the rights and obligations of both parties for all transactions and has formed excellent long-term relationships with suppliers.

(5) The Company and stakeholders exercise rights and obligations in accordance with relevant regulations.

(6) After an elegant user-interface redesign in 2012 that simplified interactive flows and advanced integration of services, the Company launched our new generation website, www.evaair.com, giving our global customers an even better ecommerce experience.

(7) EVA Airways introduced EVA Passenger and Cargo APPs in 2012, optimizing features of mobile devices and giving both travelers and airfreight shippers instant information services.

(8) The Company designated our Audit Division to perform annual audit planning, inspection, assessment of the implementation of various control scenarios and provide recommendations for improvements to properly ensure compliance with risk management policies and sustain effective implementation.

(9) The Company's Directors and Supervisors participated in training courses:

1. Directors Mr. Lin Sun-San, Ms. Ko Li-Ching, Mr. Chang Ming-Che, Mr. Jeng Kung-Yeun and Mr. Tai Jiin-Chyuan as well as supervisors Mr. Lin Long-Hwa and Mr. Chen Cheng-Pang participated in, three-hour Jan. 17, 2013 Foundation for the Development of Securities and Futures Market, ROC training courses on "The ability of corporations and individuals to make decisions on taxation of capital gains on securities and Second-Generation National Health Insurance".
2. Supervisors Mr. Wu Kuang-Hui and Mr. Chen Cheng-Pang participated in a three-hour September 2012 Foundation for the Development of Securities and Futures Market, ROC training course presented as an Ethical management and corporate social responsibility forum.

(10) The Company purchased liability insurance for Directors and Supervisors:

The Company was not previously purchasing liability insurance to cover all directors and supervisors but instead provided it based on situations.

8. If corporate governance reports are self-examined or commissioned by relevant professional institutions, please elaborate results, major defects or suggestions and remedies:

Not applicable. The Company has neither made a self-examined corporate governance report nor been commissioned by relevant professional institutions.

Corporate Social Responsibility

Environmental protection, community involvement, social contributions, social services, social welfare, consumer protection, human rights, health and safety and social responsibility actions are initiated through our CSR program:

Item	Implementation Status	Deviations from CSR Best-Practice Principles for TWSE Listed Companies & Why
1. Corporate Governance Implementation:		
(1) Corporate social responsibility policy and performance evaluation (2) Dedicated organization for promotion and execution of corporate social responsibility programs	The Company has not established a formal corporate social responsibility policy or system nor have we established an ad hoc or adjunct promotion department. Rather, the Company has adopted Evergreen Group Chairman Dr. Chang Yung-Fa's philosophy of Caring for Taiwan, contributing to Society. We support social benefit and public welfare programs and regularly initiate outreach efforts to aid disadvantaged groups. Through our social and public assistance programs, the Company funds medical services and supplies and supports cultural, educational, musical and more activities.	The Company has not established corporate social responsibility policies or systems but CSR has been incorporated into our management principles.
(3) Regular training and promotion of corporate ethics among employees and the Board of Directors, and integration with the employee performance appraisal system	The Company advises every employee of our code of conduct and our business ethics and guides them through a presentation of all relevant provisions on the employee web portal as soon as they are hired. If any violation of the code of conduct occurs or is suspected, the Company takes swift action that is determined by the seriousness of the breach and linked to the employee performance appraisal system.	None.
2.Environmental Sustainability and Responsibility:	The Company promotes paperless operations:	
(1) The Company is committed to improving its use resources vs. renewable materials	1. <u>Paperless Electronic Flight Bag</u> EVA Airways makes flight manuals available to its pilots electronically, providing instant access to the latest flight information and making it easy for them to track changing developments. EVA began adopting Electronic Flight Bags for different aircraft models in its fleet in 1998, replacing paper manuals with electronic information. The computer programs also enhance take-off and landing performance with consistently accurate	None.

Item	Implementation Status	Deviations from CSR Best-Practice Principles for TWSE Listed Companies & Why
	calculations. Usage is now 100%. 2. International Air Transport Association (IATA) International aviation e-tickets Airline The Company adopted the Electronic ticket (e-ticket) and developed an internal process in October 2000, creating an effective, efficient system for inter-lines sales and travel agents and providing paperless electronic ticketing. The Company also worked with IATA to implement an Electronic Miscellaneous Document (EMD) system, moving passenger business closer to our paperless environment goal. 3. IATA International e-freight Airlines The Company successfully fulfilled IATA's e-freight import and export standard measurement inspection needed to become a paperless e-freight service and officially became an IATA International e-freight Airline on November 3, 2009.	
(2) Environmental management system designed to industry characteristics	Since EVA Air's inaugural flight in 1991, it has actively adopted practices enabling it to provide green services, from inviting passengers to participate by recycling newspapers for return flight passengers to implemented paperless measures that include electronic tickets and electronic flight bags.	None.
(3) Dedicated environmental management unit or personnel	The Company not only continues to add fuel-efficient, environmentally-friendly aircraft but has also established a cross-departmental Fuel and Emissions Reduction Committee (FERC) chaired by the President.	None.
(4) Company strategy for climate change, energy conservation and greenhouse gas reduction	FERC developed and promoted aircraft-weight reduction procedures to both boost aircraft fuel efficiency and reduce carbon emissions and continually works to identify additional fuel-saving measures.	None.

Item	Implementation Status	Deviations from CSR Best-Practice Principles for TWSE Listed Companies & Why
3. Promotion of employee welfare:		
(1) The Company complies with relevant labor laws and regulations, respects internationally recognized labor human rights principles, safeguards the legal rights and interests of all employees and facilitates non-discrimination policies. We have also established appropriate management methods, practices and procedures.	The Company established work rules in accordance with labor laws and regulations and uses related human-resource management regulations as the a guide for management.	None.
(2) The Company is dedicated to providing a safe, healthy work environment and regularly offers employees safety and health education programs	The Company provides occupational health and safety training, fire safety seminars and practical training to all personnel as soon as they are employed. The Company also supervises handling of occupational accidents, collects occupational injury statistics and uses sound protection measures for the safety of employees.	None.
(3) The Company established a regular employee communication program and an effective notification process for operational changes that could significantly impact employees	Divisions throughout the Company regularly hold department meetings and conferences to communicate plans for future development, strategic objectives, significant messages, critical measures and significant changes to ensure that employees understand operating conditions and have opportunities to share ideas and express opinions.	None.
(4) The Company stipulates and discloses its consumer protection policies and provides an effective, transparent consumer complaint process for its products and services	The Company safeguards consumer interests by establishing appropriate procedures and work practices and has created a services management division that is dedicated to handling customer comments and conduct service quality inspections.	None.
(5) Collaboration with arts and cultural institutions worldwide	The Company has long been a trustworthy partner for major art museums and art organizations in Taiwan and abroad. Not only has EVA been repeatedly chosen as the preferred carrier for priceless art works	None.

Item	Implementation Status	Deviations from CSR Best-Practice Principles for TWSE Listed Companies & Why
(6) The Company supports charitable organizations in community development related activities through business procedures, in-kind donations, enterprise volunteer services and other professional services offered at no cost.	and rare endangered species but it has also been recognized with an Art and Business Award from the Ministry of Culture. Promoting art without borders, the Company has enabled Taiwan to share its unique culture and customs with every corner of the world with convenient, reliable airfreight services. In 2012, the Company sponsored both the National Palace Museum's presentation of the King Wu Ding and Lady Hao: Art and Culture Exhibition of the Late Shang Dynasty and a Salvador Dali Exhibition by the Stratton Foundation for the Cultural Arts in Switzerland. These two arts and cultural events are representative of Taiwan's major annual exhibitions, promoting both the country and international cultural exchange.	None.
4. Greater Disclosure of Information:		
(1) The Company discloses relevant information about corporate social responsibility.	The Company has disclosed its corporate social responsibility actions in the annual report and on our website.	None.
(2) The Company provides an annual corporate social responsibility report and discloses status of efforts promoting corporate social responsibility.	The Company does not currently prepare a separate corporate social responsibility report.	Though the Company does not produce a report specifically for CSR, we created a dedicated page on our corporate website to disclose relevant CSR and Vision information.

5. If the Company has established principles based on Corporate Social Responsibility Best-Practice Principles for TWSE Listed Companies, please illustrate implementation progress and any difference:

Not Applicable. The Company has not written governance principles based on the Corporate Social Responsibility Best-Practice Principles for TWSE Listed Companies.

6. Please state any other important information that would facilitate better understanding of the Company's status in fulfilling corporate social responsibilities, e.g., systems, mechanism, policies the Company adopts and results of their execution related to corporate social responsibilities such as environmental conservation, community welfare improvement, contributions to common goods, social-service activities, charity and donations, consumer rights, safety, health and others:

Please refer to relevant information included with Corporate Governance implementation.

Ethical Corporate Management

Ethical Corporate Management Execution Results:

Item	Implementation Status	Deviations from ECM Best-Practice Principles for TWSE Listed Companies & Why
1. Established best practice policies and programs:		
(1) The Company explicitly demonstrates best practice policies in its rules, regulations and external documents and through the Board of Directors' and Management's commitment to their implementation	Although ECM Best-Practice Principles are not specifically stipulated, the Company clearly demonstrates integrity among the most fundamental and necessary principles of operation detailed in management guidelines and our publicly disclosed annual reports. All employees are required to apply these guidelines to all business activities involving or related to the Company.	None.
(2) The Company stipulates measures designed to prevent instances of unethical behavior or practices, including operational procedures, behavior guidelines and educational training	The Company gives each new employee a thorough background in our Code of Ethical Conduct and business ethics standards. The employee portal on the website also presents all relevant provisions, enabling employees to access the information and even conduct self-reviews.	None.
(3) In developing the prevention program for unethical behavior, the Company included countermeasures against bribery, accepting bribes and illegal political contributions with emphasis on activities that are at higher risk for unethical behavior within the normal scope of business	Management guidelines clearly state that no one associated with the Company should use his/her position to facilitate malpractice of any kind. All Company personal are also responsible for reporting any coworker who does not do their job, neglects to fulfill duties or does something that may harm the interests of the Company or the safety of its customers.	None.
2.Implementation of Best Practices:		
(1)The Company avoids doing business with those who have records of unethical conduct and states terms regarding unethical behavior in commercial contracts.	In management regulations, the Company clearly states that Integrity is a fundamental and necessary principle of operations. All employees are required to follow these guidelines in all business activities. When an employee is hired, he/she must declare and agree to abide by all management regulations as part	None.

Item	Implementation Status	Deviations from ECM Best-Practice Principles for TWSE Listed Companies & Why
	of the Company's employment contract.	
(2)Under supervision of the Board of Directors, the Company has established both dedicated and part-time administrative units to promote best practices	The Company established an auditing department that reports directly to the Board of Directors. The department is responsible for investigating and determining whether or not there is a breach of best practices within the Company. All directors and managers are accountable to the Board of Directors and Shareholders for behavior within the scope of best practices.	None.
(3)The Company stipulates a Conflict of Interest Prevention Policy and provides appropriate reporting channels	The Company's auditing department regularly performs internal audits and presents results and recommendations to the Board of Directors and President, assessing effectiveness of overall internal control systems and providing a basis for improvements.	None.
(4)The Company has established an effective accounting system and internal controls for implementation of best practices, in addition to review by internal auditors	The Company has established internal control system guidelines, internal audit implementation regulations and various management measures. The Company's quality management system is certified to be in compliance with ISO9001 international standards. The Company implements annual audit programs and regularly schedules audits by internal and external auditors, continually reviewing and improving operating procedures and discouraging malpractice.	None.
3. The Company has established reporting channels and disciplinary measures for violating best practice regulations in addition to a complaint system	The Company created complaint channels to facilitate customer feedback on the quality of services, including comments, complaints and accolades. If an employee violates the Code of Ethical Conduct or related standards of business ethics, the Company will take disciplinary action that is in proportion to the severity of the matter. The matter and related action will also be linked to performance appraisal.	None.
4.Disclosing Information: (1) The Company built a corporate website to disclose information on ethical corporate management	The Company created a corporate website (URL:http://www.evaair.com) and assigned appropriate personnel the responsibilities of monitoring financial and business information, Articles of Incorporation, important operating procedures and resolutions adopted during Board of	None.

Item	Implementation Status	Deviations from ECM Best-Practice Principles for TWSE Listed Companies & Why
(2) The Company also discloses other information through various methods, e.g., an English-language website with designated personnel who collect and disclose information, a spokesperson, investor conferences and the Company's Chinese-language website, etc.	Directors' meetings. The Company established an English-language website and spokesperson system used to both gather and disclose information.	None.

5. If the Company has established principles based on Ethical Corporate Management Best-Practice Principles for TWSE Listed Companies, please demonstrate implementation progress and any difference:

Not Applicable. The Company has not established written governance principles based on Ethical Corporate Management Best-Practice Principles for TWSE Listed Companies.

6.Other important information that helps explain the status of the Company's best practices, such as the determination and policy used to promote corporate best practices among manufacturers it conducts business with, invitations to these suppliers to participate in educational training, guidelines for reviewing and revising the Company's Best Practices Principles, etc.:

Evergreen Group Chairman Dr. Chang Yung-Fa's belief in the importance of moral character led to creation of *Morals* Magazine, published by the Chang Yung-Fa Foundation to promote moral education. Integrity is a fundamental and necessary principle of the Company's operations. All employees are required to comply with a strict Code of Ethical Conduct and business ethics standards in their business activities. The Company upholds principles of best practice in commercial activities, maintains vigilance to safeguard the rights and interests of all stakeholders and promotes sustainable operations. The Company continually monitors development of related standards of best practices domestically and abroad to further improve and enhance the effectiveness of our own guidelines.

Major Shareholder and BOD Resolutions

Major Shareholder Resolutions

Date of Meeting	Summary of Important Proposals	Execution
June 21, 2012	1. Distributing retained earnings: Shareholders proposed reserving all earnings to meet future needs and not allocating Dividends, Remuneration to directors and supervisors and Bonuses to employees.	The resolution has been executed accordingly.
	2. Amending Regulations for Shareholder Meeting Procedures.	Shareholder meetings are conducted in accordance with revised Regulations for Shareholder Meeting Procedures.
	3. Amending Articles of Incorporation.	The Company's revised Articles of Incorporation have been approved and registered as per the document, Jing-Shou-Shang Zi No. 10101127620 issued by the Ministry of Economic Affairs. Additional tasks have been processed in accordance with revised Article of Incorporation.
	4. Amending Election Rules for Directors and Supervisors.	The Company's election of directors and supervisors will proceed in accordance with the revised Election Rule of Directors and Supervisors.
	5. Amending Procedures for Acquiring and Disposing of Assets.	Related actions on behalf of the Company have been conducted in accordance with revised Procedures for Acquiring and Disposing of Assets.
	6. Amending Procedures for Engaging in Derivatives Trading.	The Company's related activities have been executed in accordance with revised Procedures for Engaging in Derivatives Trading.
	7. Removing the business strife limitation on the Chairman	This resolution has been executed accordingly.

Major Board of Director Resolutions

Date of Meeting	Major Proposals
February 14, 2012	1. To procure two simulators, one A320-200 and one B777-300ER. 2. To approve construction of a 2nd training building in the Nankan office area and commission Ever Accord Construction Co., Ltd. to build it.
March 16, 2012	1. To accept 2011 Financial Statements and Consolidated Financial Statements. 2. To accept the 2011 Profit Distribution Proposal. 3. To approve the 2011 Operation Report. 4. To accept the 2012 Operation Plan. 5. To accept the 2011 Declaration of Internal Control. 6. To amend Internal Control System & Internal Auditing Implementation Rules. 7. To enter sales and leaseback agreements for one MD-11 freighter. 8. To enter a purchase agreement for three B777-300ER passenger aircraft. 9. To enter a purchase agreement for three spare A321-200 engines. 10. To issue the 17th secured corporate bond. 11. To amend the Articles of Incorporation. 12. To amend Election Rules for Directors and Supervisors. 13. To amend Annual General Shareholder Meeting Agendas and Notices. 14. To amend Procedures for Acquiring and Disposing of Assets. 15. To stipulate a date and venue for 2012 Annual General Shareholders' meeting.
May 11, 2012	1. To approve transaction terms for the Company’s sale of two MD-11 freighters. 2. To approve the Company’s joining Star Alliance to become its Castor member. 3. To determine impact of the Company’s initial IFRSs application. 4. To amend Procedures for Engaging in Derivatives Trading. 5. To approve removal of the Chairman’s business strife limitation. 6. To approve non-acceptance of shareholders’ proposals submitted after the submission deadline. 7. To approve transaction terms for the Company’s purchase of three B777-300ER passenger aircraft. 8. To approve terms for the Company’s lease of four B777-300ER passenger aircraft. 9. To approve purchase of two spare B777-300ER engines.
July 31, 2012	1. To approve transaction terms for the Company’s purchase of two simulators, one A320-200 and one B777-300ER. 2. To approve change of the Company’s accountants in charge. 3. To approve the Company’s manager changes and determine personnel salaries for 2012. 4. To approve remuneration for members of the Company’s 2012 Remuneration Committee. 5. To approve changing the Company’s accounting officer. 6. To approve changing the Company’s certified public accountants.
August 28, 2012	1. To accept Financial Statements and Consolidated Financial Statements for the first half of 2012. 2. To amend the Company’s Internal Control System and Internal Auditing

Date of Meeting	Major Proposals
	Implementation Rules. 3. To approve selling two 747-400 Combi aircraft.
December 25, 2012	1. To approve transaction terms for the Company’s sale of two 747-400 Combi aircraft. 2. To approve the 2012 annual bonus for managers. 3. To approve the 2012 annual bonus for the Chairman. 4. To approve continuation of the compensation structure and performance incentive system for managers. 5. To approve continuation of the compensation structure and performance incentive system for directors and supervisors. 6. To approve remuneration for members of the Company’s 2013 Remuneration Committee. 7. To elect director Chang Kuo-Wei as Chairman of the Company. 8. To approve 2013 remuneration to the Chairman. 9. To approve appointment of Mr. Cheng Chuan-Yi as the Company’s President and Taipei Branch manager. 10. To approve 2013 compensation for managers. 11. To amend Regulations for Board of Directors Meeting Procedures. 12. To amend Procedures for Fund Lending, Endorsements and Guarantees. 13. To amend the Authorization List for Acquiring and Disposing of Assets and Other Financial Affairs. 14. To approve issuance of the 18th secured corporate bond. 15. To appoint the Company’s certified public accountants and determine their remuneration. 16. To stipulate the Company’s 2013 Internal Audit Plan.
February 5, 2013	1. To approve the investment and set-up of a 100% owned subsidiary EVA Flight Training Academy in the United States. 2. To approve removal of the business strife limitation on the Company’s managers.
March 26, 2013	1. To accept impact of the Company’s initial adoption of IFRSs on retained earnings and appropriation of a special surplus reserve. 2. To accept 2012 Financial Statements and Consolidated Financial Statements. 3. To accept 2012 Profit Distribution Proposal. 4. To accept 2012 Operation Report. 5. To accept 2013 Operation Plan. 6. To accept the 2012 Declaration of Internal Control. 7. To amend the Internal Control System and Internal Audit Implementation Rules. 8. To amend Articles of Incorporation. 9. To amend Procedures for Acquiring and Disposing of Assets. 10. To approve establishing branch offices in China’s Hohhot and Hailar regions. 11. To add an office at Asahikawa Airport for the Company’s Japanese branch. 12. To stipulate the date and venue for the annual 2013 General Shareholders' meeting.

Net Changes in Shareholdings and Shares Pledged by Directors, Supervisors, Managers and Major Shareholders

Title	Name	2012		As of April 30, 2013	
		Increase (Decrease) in Shareholding	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shareholding	Increase (Decrease) in Shares Pledged
Chairman	Chang Yung-Fa Charity Foundation	0	0	0	0
	Representative: Chang Kuo-Wei	0	0	0	0
Director	Chang Yung-Fa Charity Foundation	0	0	0	0
	Representative: Chang Yung-Fa	0	0	0	0
	Representative: Ko Li-Ching	0	0	0	0
Director	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
	Representative: Lin Sun-San	0	0	0	0
	Representative: Jeng Kung-Yeun	0	0	0	0
	Representative: Tai Jiin-Chyuan	0	0	0	0
Director	Falcon Investment Services Ltd.	0	0	0	0
	Representative: Chang Ming-Che	0	0	0	0
Supervisor	Evergreen International Corp.	0	0	0	0
	Representative: Lin Long-Hwa	0	0	0	0
	Representative: Wu Kuang-Hui	0	0	0	0
	Representative: Chen Cheng-Pang	0	0	0	0
Major Shareholder	Evergreen Marine Corp. (Taiwan) Ltd.	0	0	0	0
Major Shareholder	Evergreen International Corp.	0	0	0	0
President	Cheng Chuan-Yi	0	0	0	0
Executive Vice President	Tsai Ta-Wei	0	0	0	0
Executive Vice President	Chen Yeou-Yuh	0	0	0	0
Executive Vice President	Li Shyh-Liang	0	0	0	0
Executive Vice President	Sun Chia-Ming	0	0	0	0
Executive Vice President	Ho Ching-Sheng	0	0	0	0
Executive Vice President	Yuen Ping-Yu	10,000 (0)	0	0	0
Executive Vice President	Huang Sheh-Ming	0	0	0	0
Executive Vice President	Yang Yung-Heng	0	0	0	0
Executive Vice President	Fang Gwo-Shianng	0	0	0	0
Senior Vice President	Li Ping-Yin	0	0	0	0

Title	Name	2012		As of April 30, 2013	
		Increase (Decrease) in Shareholding	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shareholding	Increase (Decrease) in Shares Pledged
Senior Vice President	Chai Chien-Hua	0	0	0	0
Senior Vice President	Soong Allen	0	0	0	0
Senior Vice President	Chang Jang-Tsang	0	0	0	0
Senior Vice President	Chen Chi-Hung	0	0	0	0
Senior Vice President	Lu Yu-Chuan	0	0	0	0
Senior Vice President	Yang Hsiu-Huey	0	0	10,000 (0)	0
Senior Vice President	Chang Lih-Lih	0	0	0	0
Senior Vice President	Yeh Ching-Far	0	0	0	0
Senior Vice President	Liu Ying	0	0	0	0
Senior Vice President	Hou Hsien-Yu	0	0	0	0
Deputy Senior Vice President	Wu Chun-Hung	0	0	0	0
Deputy Senior Vice President	Yu Ching-Hsi	0	0	0	0
Deputy Senior Vice President	Chiang Chin-Lan	0	0	0	0
Deputy Senior Vice President	Ho Li-Cheng	0	0	0	0
Deputy Senior Vice President	Liao Chi-Wei	0	0	0	0
Deputy Senior Vice President	Chiang Wei-Du	0	0	0	0
Deputy Senior Vice President	Huang Chieh-Chih	0	0	0	0
Deputy Senior Vice President	Wu Shu-Ping	0	0	0	0
Deputy Senior Vice President	Wu Su-Shin	0	0	0	0
Deputy Senior Vice President	Chuang Shih-Hsiung	0	0	0	0
Deputy Senior Vice President	Lee Cheng-Chieh	0	0	0	0
Deputy Senior Vice President	Kuo Ming-Cheng	0	0	0	0
Deputy Senior Vice President	Tao Shin-Chien	0	0	0	0
Deputy Senior Vice President	Chen Yao-Min	0	0	0	0
Deputy Senior Vice President	Chen Shen-Chi	0	0	0	0
Deputy Senior Vice President	Hsiao Chin-Lung	0	0	0	0
Deputy Senior Vice President	Yu Chia-Chieh	0	0	0	0

Information on Stock Transfer: Nil

Information on Stock Pledged: Nil

Capital and Shares

History of Capitalization

Month/Year	Price	Authorized Capital		Issued Capital		Sources of Capital ('000)	Non-Monetary Capital Expansion
		Shares ('000)	Amount ('000)	Shares ('000)	Amount ('000)		
03/2008	10	4,000,000	40,000,000	3,906,815	39,068,150	Corporate bond conversion 318,356	-
04/2008	10	4,000,000	40,000,000	3,942,677	39,426,773	Corporate bond conversion 358,623	-
07/2009	10	4,000,000	40,000,000	2,262,677	22,626,773	Capital Reduction 16,800,000	-
09/2009	10	4,000,000	40,000,000	2,962,677	29,626,773	Cash offering 7,000,000	-
09/2011	10	4,000,000	40,000,000	3,258,945	32,589,450	Capitalization of retained earnings 2,962,677	-

Status of Shareholders

As of April 26, 2013

Item \ Entity	Government Agency	Financial Institution	Other Legal Entity	Domestic Individual	Foreign Institution or Individual	Total
Number of Shareholders	4	25	208	120,834	808	121,879
Shareholdings	27,417,900	278,397,378	1,265,444,004	1,152,596,929	535,088,794	3,258,945,005
Holding (%)	0.84	8.54	38.83	35.37	16.42	100.00

Distribution of Common Shares

As of April 26, 2013

Range of Shareholdings	Number of Shareholders	Number of Shares	Holding (%)
1-999	39,127	13,002,932	0.40
1,000-5,000	50,091	114,612,020	3.52
5,001-10,000	15,099	107,512,961	3.30
10,001-15,000	6,800	80,289,298	2.46
15,001-20,000	2,760	48,945,463	1.50
20,001-30,000	3,149	75,864,687	2.33
30,001-50,000	2,328	90,035,456	2.76
50,001-100,000	1,396	97,427,648	2.99
100,001-200,000	611	83,415,286	2.56
200,001-400,000	241	66,989,527	2.06
400,001-600,000	86	43,500,200	1.33
600,001-800,000	35	24,998,602	0.77
800,001-1,000,000	31	28,263,094	0.87
1,000,001 and above	125	2,384,087,831	73.15
Total	121,879	3,258,945,005	100.00

Major Shareholder Name List

As of April 26, 2013

Shareholding / Entity	Number of Shares	Holding (%)
Evergreen Marine Corp. (Taiwan) Ltd.	629,483,229	19.32
Evergreen International Corp.	469,648,357	14.41
Falcon Investment Services Ltd.	162,962,925	5.00
Cathay Life Insurance Co., Ltd.	104,883,000	3.22
Fubon Life Insurance Co., Ltd.	100,005,400	3.07
Chang Yung-Fa	98,360,200	3.02
Chang Kuo-Cheng	74,957,249	2.30
Chang Kuo-Hua	52,506,568	1.61
Chang Kuo-Ming	47,858,445	1.47
Evergreen International Storage & Transport Corp.	38,045,443	1.17

Market Price, Net Worth, Earnings and Dividends per Share

Items			2011 (Distributed in 2012)	2012 (Distributed in 2013)	2013 (As of April 30 2013)
Market Price per Share	Highest		NT$37.30	NT$22.50	NT$19.35
	Lowest		NT$16.15	NT$16.20	NT$16.00
	Average		NT$25.55	NT$18.41	NT$18.05
Net Worth per Share	Before Distribution		NT$11.62	NT$11.22	-
	After Distribution		-	-	-
Earnings per Share	Weighted Average Shares		3,258,945,005 shares	3,258,945,005 shares	3,258,945,005 shares
	Earnings per Share	Before Adjustment	NT$0.06	NT$0.15	-
		After Adjustment	-	-	-
Dividends per Share	Cash Dividends		-	-	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
Return on Investment	Price/Earnings Ratio (Note 1)		425.83	122.73	-
	Price/Dividend Ratio (Note 2)		-	-	-
	Cash Dividend Yield Rate (Note 3)		-	-	-

Note 1: Price/Earnings Ratio = Average Share Price at Market Close for Current Fiscal Year/Earnings per Share

Note 2: Price/Dividend Ratio = Average Share Price at Market Close for Current Fiscal Year/Cash Dividend per Share.

Note 3: Cash Dividend Yield Rate = Cash Dividend per Share/Average Market Closing Share Price for Current Fiscal Year.

Dividend Policy and Implementation Status

Dividend Policy

In accordance with Article 26 of EVA's Articles of Incorporation, any earning from the annual settlement should first be used to offset accumulated deficits for previous years, after deducting all applicable taxes and, second, 10% of the balance should be set aside in a legal reserve; any remainder will be added to undistributed earnings from the prior period for distribution after the board of directors proposes a distribution program with employee bonuses of no less than 1% and director/supervisor compensation that does not exceed 5% of the distributed amount and submits the program at a shareholders' meeting for resolution.

Since achieving growth status, EVA has adopted a remainder appropriation method as its dividend policy to accommodate future operations and expansion, distributing cash dividends that range from 0 to 50% and stock dividends from 100% to 50% alternately. To maintain profitability and govern the impact of stock dividends on its operating performance, EVA may adjust the distribution rate for cash dividends to 100%~50% and stock dividends to 0~50% in accordance with capital status if estimated earnings per share for the current fiscal year are 20% lower than those of the previous year.

Dividend Distribution in Current Year

The board adopted a proposal for 2012 dividend distribution at its meeting on March 26, 2013 that no dividend will be distributed to shareholders.

The Description of Expected Dividend Policy will be Changed Significantly

The Articles of the dividend policy will be amended for 2013 annual shareholders' meeting.

Employee Bonuses and Compensation Paid to Directors and Supervisors

Range or Percentage of Employee Bonuses and Compensation Paid to Directors and Supervisors Specified in Article 26 of EVA's Articles of Incorporation: Earnings, if any, from the annual settlement should first offset accumulated deficits for previous years after all applicable taxes are deducted and, second, 10% of the balance should be set aside in a legal reserve; any remainder will be added to undistributed earnings from the prior period for distribution after the board of directors proposes a distribution program with employee bonuses of no less than 1% and director/supervisor compensation that does not exceed 5% of the distributed amount and submits the program at a shareholders' meeting for resolution.

Proposed Employee Bonus Plan Approved by Board of Directors

Employee Cash Bonus: Nil
Employee Stock Bonus: Nil
Compensation Paid to Directors and Supervisors: Nil
Number of shares proposed for distribution to employees and the percentage of the shares above capitalized earnings: 0 share, 0%
Estimated EPS after deduction of employee bonuses and compensation to directors and supervisors: Not applicable.

Status of Stock Repurchased by EVA: N/A

The Fleet

■ Since October 2012 EVA took delivery of three brand-new A321-200 passenger aircraft.

As of December 31 2012

Aircraft Type	Owned	Capital Lease	Operating Lease	Total	On Order (Delivery date)
B747-400	3	-	-	**3**	-
B747-400 Combi	3	-	-	**3**	-
B777-300ER	9	2	4	**15**	7 Apr.2014~Jun.2016
A330-200	3	-	8	**11**	-
A330-300	-	-	3	**3**	-
MD-90	-	-	7	**7**	-
B747-400 Freighter	5	4	-	**9**	-
MD-11 Freighter	4	-	2	**6**	-
A321-200	-	-	3	**3**	15 Feb.2013~Aug.2015
Total	**27**	**6**	**27**	**60**	**22**

The Network

- EVA Air launched Taipei –Huangshan passenger service in January 2012.
- EVA Air launched Taipei(Songshan) - Gimpo passenger service in May 2012.
- EVA Air suspended Taipei - Nagoya passenger service in September 2012.
- EVA Air launched Taipei - Yangon passenger service in October 2012.
- EVA Air launched Taipei - Hakodate passenger service in October 2012.

As of December 31 2012

North America	Anchorage	Atlanta	Dallas	Guam	New York (JFK)	Los Angeles
	Chicago	San Francisco	Seattle	Vancouver	Toronto	
Asia	Bangkok	Jakarta	Sapporo	Delhi	Bali	Fukuoka
	Gimpo	Hanoi	Hong Kong	Hakodate	Tokyo (Haneda)	Seoul
	Kaohsiung	Osaka	Komatsu	Kuala Lumpur	Macau	Manila
	Tokyo (Narita)	Penang	Phnom Penh	Yangon	Sendai	Ho Chi Minh City
	Singapore	Surabaya	Taipei (Taoyuan)	Taipei (Songshan)		
Mainland China	Guangzhou	Chongqing	Zhengzhou	Chengdu	Hangzhou	Haikou
	Harbin	Guilin	Ningbo	Nanjing	Beijing	Shanghai (Pudong)
	Shanghai (Hongqiao)	Jinan	Tianjin	Huangshan	Xiamen	
Europe	Amsterdam	Brussels	Paris	Frankfurt	London	Vienna
Oceania	Brisbane					

Air cargo destination only

Total 63 destinations

The Market

Revenue by Business Segment

NT$(Million)

Year	Passenger		Cargo		Other		Total	
2012	65,783	61%	34,351	32%	6,977	7%	107,110	100%
2011	56,510	58%	36,564	36%	6,118	6%	102,192	100%
2010	56,397	54%	41,294	40%	6,719	6%	104,410	100%
2009	43,950	60%	24,207	33%	5,122	7%	73,280	100%
2008	50,057	55%	35,310	39%	5,288	6%	90,656	100%

Passenger Operations

Region	No. of Passenger			RPK (Million)			Revenue (Million)		
	2012	2011	%	2012	2011	%	2012	2011	%
America	1,193,283	1,102,104	8.27%	12,519	11,695	7.05%	24,385	22,379	8.96%
Europe	614,615	635,648	-3.31%	4,488	4,655	-3.59%	8,425	8,439	-0.17%
Asia	5,679,802	4,887,855	16.20%	8,728	7,431	17.45%	32,444	28,179	15.14%
Oceania	37,315	37,246	0.19%	253	252	0.40%	529	513	3.12%
Total	7,525,015	6,662,853	12.94%	25,988	24,033	8.13%	65,783	59,510	10.54%

Cargo Operations

Region	Cargo carried (Tons)			FTK (Million)			Revenue (Million)		
	2012	2011	%	2012	2011	%	2012	2011	%
America	266,070	281,887	-5.61%	3,195	3,456	-7.55%	21,533	22,585	-4.66%
Europe	56,052	65,061	-13.85%	566	650	-12.92%	3,972	4,658	-14.73%
Asia	418,309	444,884	-5.97%	702	769	-8.71%	8,787	9,266	-5.17%
Oceania	1,401	1,228	14.09%	9	8	12.50%	59	54	9.26%
Total	741,832	793,060	-6.46%	4,472	4,883	-8.42%	34,351	36,563	-6.05%

Market Shares

Item		2012	2011
Number of Flights	EVA Airways	34,988	38,744
	Taiwan	195,363	209,692
	Market Share (%)	17.91	18.48
Number of Passengers	EVA Airways	7,321,265	6,457,718
	Taiwan	35,151,356	31,220,036
	Market Share (%)	20.83	20.68
Tons of Cargo	EVA Airways	456,061	479,268
	Taiwan	1,632,397	1,686,984
	Market Share (%)	27.94	28.41

Data Source: Monthly Digest of Statistics, CAA

2013 Outlook

After 2012 presidential election, Taiwan will see the coming of a more stable political environment, increased cross-strait trade, gradual relaxation of policy limitations on visitors from Mainland China and frequent, regularly scheduled cross-strait flights, which will lead to more business and leisure travel. Prospects for EVA's major routes worldwide are described in the paragraphs that follow.

American routes

The Company operates 45 direct passenger flights to the United States and Canada weekly: 17 to Los Angeles, five to New York, 12 to San Francisco, five to Seattle, three to Vancouver and three to Toronto. We effectively extend these routes in the respective domestic markets by code sharing with other leading airlines, including United Airlines and US Airways.

EVA's freighter service to North America is our major source of cargo revenue. We have allocated 26 cargo flights a week to the North American market. In addition to existing airfreight gateways on the East and West Coasts and in Middle America, eg, Los Angeles, Atlanta, Chicago, Dallas and New York, we will add freighter stops in either Seattle or San Francisco. The additional cargo gateways will enhance flexibility of our existing freighter routes, accommodate customer demands and strengthen our airfreight network density between Asia and North America.

European routes

EVA has 17 scheduled nonstop passenger flights a week to Europe, including three to Amsterdam, three to Vienna, four to Paris and seven to London. We give passengers on these routes comfortable and convenient service.
We allocated capacity on three airfreight flights to Brussels and Frankfurt. The Company is also collaborating with Lufthansa to offer regular, dedicated cargo services and extend our network within Europe. These joint operations upgrade overall performance in the region.

Australian route

EVA's Australian route primarily serves the tourism market. In view of market demand and operating costs, the Company will continue our two weekly Taipei - Brisbane flights.

Asian routes

Following inauguration of regular cross-strait services on August 31, 2009, EVA and UNI Air are now operating 105 scheduled weekly flights between Taiwan and Mainland China. We serve 25 destinations: Beijing, Shanghai Pudong, Shanghai Hongqiao, Guangzhou, Shenzhen, Fuzhou, Xiamen, Hangzhou, Nanjing, Ningbo, Tianjin, Dalian, Qingdao, Chongqing, Chengdu, Zhengzhou, Jinan, Shenyang, Xian, Kunming, Yanchen, Guilin, Haikou, Harbin and Huangshan.

In addition to four regular weekly freighter flights to Shanghai and three regular weekly freighter flights to Chongqing, we anticipate this capacity and level of service will contribute positively and substantially to cross-strait economic and logistics efficiencies and deliver greater profitability.

Taiwan's geographic location makes it an ideal pivot point for traffic between North America and Asia. The Company is leveraging this geographic superiority and, at the same time, supporting the government's goal of establishing Taiwan as the leading Asia Pacific Operations Center with our extensive route network connecting North America and Asia.

The Asia-Pacific region still has potential for cargo business in the coming years. China continues to stand out as a dominate business and trade driver in the region. The Company will continue to optimize opportunities such as those created by the Economic Cooperation Framework Agreement (ECFA). Catalyzing acceleration of China's domestic demand, the Company will strategically seek greater shares of the markets in China and Asia.

EVA Air People

Items \ Year		2011	2012	2013 (as of Apr. 30 2013)
No. of Employees	Pilots	825	887	913
	Cabin Crew	1,668	1,926	1,982
	Dispatchers	36	36	36
	Maintenance	102	108	113
	Other	3,176	3,472	3,556
	Total	**5,807**	**6,429**	**6,600**
Average Age		35.0	34.7	34.5
Average Seniority		9.1	9.0	9.5
Education Profile Distribution (%)	Doctorate	0.07	0.06	0.05
	Master's	5.99	6.31	6.42
	Bachelor's	88.11	88.08	87.94
	High School	5.49	5.24	5.32
	Other	0.34	0.31	0.27

Financial and Operating Results

Financial Results

Condensed Balance Sheet from 2008 to 2012 (Unconsolidated)

NT$(Million)

Item	2012	2011	2010	2009	2008
Current Assets	35,967	32,842	34,374	25,588	21,412
Fixed Assets	80,598	87,530	95,802	106,539	102,585
Total Assets	137,050	139,246	148,030	149,937	143,254
Current Liabilities	35,943	33,384	39,355	37,733	41,228
Long-term Liabilities	61,609	64,952	69,055	78,143	74,085
Total Liabilities	100,497	101,373	110,357	117,910	117,512
Share Capital	32,589	32,589	29,627	29,627	39,427
Shareholders' Equity	36,553	37,873	37,673	32,027	25,742

Condensed Income Statement from 2008 to 2012 (Unconsolidated)

NT$(Million)

Item	2012	2011	2010	2009	2008
Operating Revenue	107,110	102,192	104,410	73,280	90,656
Operating Cost& Exp.	106,299	101,744	91,761	76,100	99,262
Operating Income	811	447	12,649	(2,820)	(8,607)
Non-operating Income	1,543	1,676	1,476	1,125	965
Non-operating Expenses and Loss	1,822	1,886	2,080	2,030	9,749
Income before Tax	532	237	12,045	(3,725)	(17,390)
Income Tax Benefit (Exp.)	(28)	(28)	(29)	881	501
Net Income(Loss)	504	209	12,017	(2,844)	(16,890)
Earnings Per Share (EPS)	0.15	0.06	3.69	(1.14)	(7.49)

Financial Ratio from 2008 to 2012 (Unconsolidated)

Item	Type of ratio	2012	2011	2010	2009	2008
Financial Structure (%)	Debt Ratio	73.33	72.80	72.55	78.64	82.03
	Ratio of Long-Term Liabilities and Stockholders' Equity to Fixed Assets	121.79	117.47	114.50	103.41	97.31
Solvency (%)	Current Ratio	100.07	98.38	94.45	67.81	51.94
	Quick Ratio	79.19	69.32	66.23	42.70	27.19
	Times Interest Earned Ratio(Times)	132.18	112.36	697.00	(82.69)	(482.39)
Operating Performance	Average Collection Turnover (Times)	-	-	-	-	-
	Average Collection Days for Receivables	-	-	-	-	-
	Average Inventory Turnover (Times)	-	-	-	-	-
	Average Days for Sale of Goods	-	-	-	-	-
	Fixed Assets Turnover (Times)	1.27	1.11	1.03	0.70	0.89
	Total Assets Turnover (Times)	0.78	0.71	0.70	0.49	0.63
Profitability	Return on Total Assets (%)	1.33	1.11	9.05	(0.93)	(10.15)
	Return on Stockholders' Equity (%)	1.35	0.53	33.08	(9.85)	(48.30)
	Operating Income to Paid -in Capital (%)	2.49	1.37	42.69	(9.52)	(21.83)
	Return on Sales (%)	0.47	0.20	11.51	(3.88)	(18.63)
	Earnings Per Share (NT$)	0.15	0.06	3.69	(1.14)	(7.49)
Cash Flow (%)	Ratio of Cash Flows	34.41	40.48	52.96	-	-
	Cash Flow Adequacy Ratio	98.52	59.64	35.00	8.99	27.69
	Ratio of Re-Investment for Cash	8.57	6.73	12.19	-	-
Leverage	Degree of Operating Leverage	30.46	51.24	2.75	(6.60)	(1.47)
	Financial Leverage	(1.02)	(0.37)	1.16	0.59	0.76

Note:

(1) Debt Ratio: Total Liabilities/Total Assets
(2) Ratio of Long-term Liabilities and Stockholders' Equity to Fixed Assets:
(Net Stockholder Equity + Long-term Liabilities) / Net Fixed Assets
(3) Current Ratio: Current Assets/Current Liabilities
(4) Quick Ratio: Liquid Assets/Current Liabilities
(5) Times Interest Earned Ratio (Times): Earning Before Taxes and Interest Expense/Interest Expense
(6) Fixed Assets Turnover: Net Sales/ Fixed Assets
(7) Total Assets Turnover: Net Sales/Total Assets
(8) Return on Total Assets: (Income after Tax + Interest Expenses)/Total Assets
(9) Return on Stockholders' Equity: Income after Tax/Average Stockholders' Equity
(10) Operating Income to Paid -in Capital: Operating Income/Capital
(11) Return on Sales: Income after Tax/ Net Sales
(12) Ratio of Cash Flows: Fund from Operating/Current Liability
(13) Cash Flow Adequacy Ratio: 5-Year Sum of Cash from Operation/5-Year Sum of Capital Expenditures, Incremental Inventory, and Cash Dividends
(14) Ratio of Re-investment for Cash: (FFO- Cash Dividend)/ (Gross Fixed Assets + Long-term Investment + Other Assets + Working Capital)
(15) Degree of Operating Leverage: (Net Sales – Operating Variable Cost and Expense) / Operating Income
(16) Financial Leverage: Operating Income / (Operating Income – Interest Expense)

Financial Analysis

Balance Sheet (Unconsolidated)

NT$ (Million)

Item \ Year	2012	2011	Variance	
			Amount	%
Current Assets	35,967	32,842	3,125	9.52
Funds and Investments	14,359	13,450	909	6.76
Fixed Assets	80,598	87,530	(6,932)	(7.92)
Intangible Assets	225	301	(76)	(25.28)
Other Assets	5,901	5,123	778	15.17
Total Assets	**137,050**	**139,246**	(2,196)	(1.58)
Current Liabilities	35,943	33,384	2,559	7.67
Long-Term Liabilities	61,609	64,952	(3,343)	(5.15)
Other Liabilities	2,945	3,037	(92)	(3.01)
Total Liabilities	**100,497**	**101,373**	(876)	(0.86)
Common Stock	32,589	32,589	-	-
Capital Surplus	2,626	2,626	-	-
Retained Earnings(Deficit)	6,805	6,301	504	8.00
Other Adjustments	(5,467)	(3,643)	(1,824)	50.05
Total Stockholders' Equity	**36,553**	**37,873**	(1,320)	(3.48)

Income Statement (Unconsolidated)

NT$ (Million)

Item \ Year	2012	2011	Increase (Decrease) Amount	Change (%)
Operating Revenue	107,110	102,192	4,918	4.81
Operating Cost	98,327	94,412	3,915	4.15
Gross Profit from Operations	8,783	7,780	1,003	12.89
Operating Expenses	7,972	7,333	639	8.72
Operating Income	811	447	364	81.20
Non-Operating Income and Gain	1,543	1,676	(133)	(7.91)
Non-Operating Expense and Loss	1,822	1,886	(64)	(3.40)
Income before Income Tax	532	237	295	124.28
Income Tax Benefit (Expense)	(28)	(28)	-	-
Net Income	504	209	295	141.12

■ Analysis of deviation :

1. The annual operating revenue increased NT$4.9 billion over 2011.More effective cross-strait route performance and higher volumes from China and the U.S. led to the raise of passenger revenue.
2. Operating Cost increased NT$3.9 billion over 2011. leasing costs arising from the introduction of brand-new aircraft and 2012 fuel price rose 2% caused by increased fuel costs.
3. Operating expenses increased NT$0.64 billion over 2011. Fleet expansion and added flights led to increasing expense of personnel and training.

Cash Flow Analysis

Changes in cash flow analysis

Year / Item	2012	2011	Change (%)
Ratio of Cash Flow (%)	34.41	40.48	(15.00)
Cash Flow Adequacy Ratio (%)	98.52	59.64	65.19
Ratio of Re-investment for Cash (%)	8.57	6.73	27.34

The increase of net cash provided by operating activities in the last five years and decrease in capital expenditures led to the raise of cash flow adequacy ratio.

Due to the increase of net cash provided by operating activities, the ratio of re-investment for cash increased relatively.

Remedy Measures for Inadequate Liquidity

EVA expects to make financing through mid and long-term unsecured loans and issuing corporate bonds.

Liquidity Analysis for 2013

NT$(Million)

Initial Cash Balance (1)	Net Cash Flow from Operations During This Year (2)	Cash Outflows During This Year (3)	Cash Balance (Negative) (1)+(2)-(3)	Remedy Measures for Negative Cash Balance	
				Investment Plans	Financing Plans
19,158	6,216	15,996	9,378	-	-

■ Operating activities: The Company estimate cash flow from operations in the next one year would accumulate to NT$6,216 million.

■ Investment activities: The estimated long-term equity investment and equipment purchase reach NT$5,744 million.

■ Financing activities: The estimated both mid and long-term mortgage loans reach NT$10,252 million.

Remedy Measures for Inadequate Cash Liquidity: N/A

Impact of Major Capital Expenditures on Financial Operations in Recent Years

The Company entered procurement agreement with Boeing Company to purchase 3 Boeing777 passenger aircrafts in May, 2012. The total amount of the agreement is USD1 billion. Prepaid amount of USD 55 million (equivalent to NTD 1.65 billion) was paid by the end of 2012.

Recent Reinvestment Policy, Major Reason of Profit & Loss, Remedy Actions and Forward Investment Plan

The recent reinvestments entered mainly concentrate on integration of aviation relative business to ensure service quality. Stemming from outstanding operating performance of subsidiaries including Evergreen Aviation Technologies Corp., Evergreen Sky Catering Corp., Evergreen Airline Services Corp., and Evergreen Air Cargo Services Corp., the Company reported investment income of NT$963 million.

The Company entered investment in 「EVA Flight Training Academy」 USD 10 million in 2013.

Principal Subsidiaries

As of December 31, 2012

Company	Principal Activities	Location	Date Founded	Capital	Share%
Evergreen Airline Services Corp.	Ground handling	Taiwan	Oct. 1990	NT$379.83 million	56.33%
Evergreen Aviation Technologies Corp.	Aircraft repair and maintenance	Taiwan	Nov. 1997	NT$4.78 billion	80.00%
Evergreen Air Cargo Services Corp.	Cargo terminal operation	Taiwan	Mar. 2000	NT$1.2 billion	60.00%
Evergreen Sky Catering Corp.	Airline catering	Taiwan	Oct. 1993	NT$1 billion	49.80%
Hsiang-Li Investment Corp.	Investment business	Taiwan	Jan. 2001	NT$26.8 million	100%
Evergreen Airways Service (Macau) Ltd.	Investment business	Macau	Dec. 1994	US$12,488	99.00%
Green Siam Air Services Co., Ltd.	Travel business	Thailand	May 1990	THB20 million	49.00%
RTW Air Services(S) Pte Ltd.	Travel business	Singapore	Oct. 1989	SG$1.5 million	49.00%
PT Perdana Andalan Air Service	Travel business	Indonesia	May 1991	IDR1.6 billion	51.00%
Sky Castle Investment Ltd.	Investment business	Samoa	Feb. 2005	US$5.5 million	100%
Concord Pacific Ltd.	Investment business	Samoa	Apr. 2005	US$74.1 million	100%
Sino Gain Ltd.	Aircraft Leasing	Samoa	Aug. 2009	US$25,000	100%

Operating Results

Item	2012	2011	2010	2009	2008
Overall Capacity (Million)	8,308	8,720	8,838	7,188	7,957
Overall Traffic (Million)	6,811	7,045	7,294	5,672	6,142
Overall Load Factor (%)	82.0	80.8	82.5	78.9	77.2
Overall Yield (NT$)	14.70	13.64	13.39	12.02	13.90
Passenger Capacity (Million)	32,770	30,809	29,632	29,311	28,853
Passenger Traffic (Million)	25,988	24,033	23,627	22,689	22,944
Passengers Carried (‘000)	7,525	6,663	6,436	6,022	5,788
Passenger Load Factor (%)	79.3	78.0	79.7	77.4	79.5
Passenger Yield (NT$)	2.53	2.48	2.39	1.94	2.18
Cargo Capacity (Million)	5,359	5,947	6,171	4,550	5,360
Cargo Traffic (Million)	4,471	4,883	5,168	3,630	4,077
Cargo Carried (Tons)	741,832	793,060	850,617	609,734	681,289
Cargo Load Factor (%)	83.4	82.1	83.7	79.8	76.1
Cargo Yield (NT$)	7.68	7.49	7.99	6.67	8.66
Unit Cost (NT$)	12.79	11.67	10.38	10.59	12.47
Number of Aircraft	60	59	56	55	53
Number of Employees	6,429	5,807	5,121	4,486	4,772
Capacity per Employee (Thousand)	1,292	1,501	1,726	1,602	1,667
Traffic per Employee(Thousand)	1,059	1,213	1,424	1,264	1,287
Revenue per Employee (Thousand)	16,661	17,598	20,389	16,335	18,997

EVA AIRWAYS CORP.

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

Address: No. 376 Hsin-nan Road, Sec. 1, Luchu, Taoyuan Hsien, Taiwan

Telephone No.: 886(03)3515151

Independent Auditors' Report

The Board of Directors
EVA Airways Corp.:

We have audited the balance sheets of EVA Airways Corp. (the "Company") as of December 31, 2012 and 2011, and the related statements of operations, changes in stockholders' equity, and cash flows for the years 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. We did not audit the financial statements of certain non-consolidated investee companies. The Company's investments in these companies as of December 31, 2012 and 2011, were evaluated using the equity method, and the resulting book values of these investments amounted to NT$3,228,823 thousand and NT$3,029,549 thousand, constituting 2.36% and 2.18% of total assets, respectively. The cumulative translation adjustments from the aforementioned investments amounted to NT$2,832 thousand and NT$8,549 thousand, respectively. The resulting investment income amounted to NT$401,926 thousand, and NT$459,591 thousand, constituting 75.50% and 193.62% of income before income tax, for the years 2012 and 2011, respectively. The financial statements of these companies were audited by other auditors, whose reports were furnished to us, and our opinion, insofar as it relates to these amounts included for the said investee companies, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years ended, in conformity with the accounting principles generally accepted in the Republic of China.

The Company adopted newly issued Republic of China Statement of Financial Accounting Standards, the effects of which are as stated in note 3 to the accompanying financial statements.

KPMG

Taipei, Taiwan (the Republic of China)
March 26, 2013

Note to Readers

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

EVA AIRWAYS CORP.

Balance Sheets

December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars)

Assets	2012	2011
Current assets:		
Cash and cash equivalents (note 4(a))	$ 19,157,798	13,666,643
Available-for-sale financial assets－current (note 4(b))	2,106,688	2,410,548
Derivative financial assets for hedge purposes－current (note 4(o))	13,353	69,953
Notes receivable, net (note 4(c))	415,371	317,587
Accounts receivable, net (note 4(c))	6,445,966	5,922,310
Accounts receivable－related parties (note 5)	167,896	178,556
Other receivables	49,865	43,096
Other receivables－related parties (note 5)	107,441	532,038
Inventories (notes 4(d), 5 and 6)	6,504,322	7,804,560
Other prepayments	553,582	564,663
Deferred income tax assets－current (note 4(l))	394,911	1,305,608
Other current assets	50,047	25,882
Total current assets	35,967,240	32,841,444
Funds and investments:		
Available-for-sale financial assets－non-current (notes 4(b) and 6)	754,380	677,772
Financial assets carried at cost－non-current (note 4(b))	2,530,348	2,530,348
Long-term equity investments under equity method (note 4(e))	11,074,640	10,241,855
Total funds and investments	14,359,368	13,449,975
Property, plant and equipment (notes 4(f), 4(g), 5, 6 and 7):		
Land	1,869,572	1,869,572
Buildings	4,693,649	4,611,207
Machinery and equipment	10,079,458	10,287,164
Aircraft	89,148,580	104,506,976
Leased assets	15,799,993	17,403,103
	121,591,252	138,678,022
Less: accumulated depreciation	(43,439,238)	(51,165,827)
Advances for purchases of equipment	2,446,162	17,693
Net property, plant and equipment	80,598,176	87,529,888
Intangible assets:		
Deferred pension cost (note 4(k))	225,167	301,345
Other assets:		
Refundable deposits (note 7)	1,032,387	1,722,823
Deferred income tax assets－non-current (note 4(l))	4,494,062	3,202,626
Other assets (note 6)	374,165	197,811
Total other assets	5,900,614	5,123,260
Total assets	$ 137,050,565	139,245,912

Liabilities and Stockholders' Equity	2012	2011
Current liabilities:		
Accounts payable	$ 3,323,829	1,801,200
Accounts payable－related parties (note 5)	3,619,672	2,822,992
Accrued expenses (note 7)	8,207,320	8,181,776
Other payables－related parties (note 5)	106,728	173,542
Other payables (notes 4(j), 5 and 6)	2,357,943	3,066,250
Unearned revenue	7,646,201	7,379,677
Current portion of long-term liabilities (notes 4(h) and 6)	6,548,235	6,146,068
Other current liabilities (note 4(g))	4,132,781	3,812,180
Total current liabilities	35,942,709	33,383,685
Long-term liabilities:		
Bonds payable (note 4(i))	16,700,000	10,200,000
Long-term borrowings (notes 4(h) and 6)	27,835,325	32,990,485
Installment accounts payable (notes 4(j), 5 and 6)	9,738,604	12,758,681
Lease liability－non-current (note 4(g))	7,335,153	9,003,131
Total long-term liabilities	61,609,082	64,952,297
Other liabilities:		
Accrued employee retirement liabilities (note 4(k))	1,464,274	1,357,097
Other liabilities	1,481,039	1,679,558
Total other liabilities	2,945,313	3,036,655
Total liabilities	100,497,104	101,372,637
Stockholders' equity (notes 4(b), 4(e), 4(k), 4(l), 4(m) and 4(o)):		
Common stock	32,589,450	32,589,450
Capital surplus	2,626,446	2,626,446
Retained earnings:		
Legal reserve	1,222,576	1,201,674
Special reserve	3,643,667	3,657,682
Unappropriated earnings	1,938,813	1,441,689
Total retained earnings	6,805,056	6,301,045
Other stockholders' equity adjustments:		
Cumulative translation adjustments	(4,376,170)	(2,579,360)
Net loss not recognized as pension cost	(1,356,686)	(1,266,896)
Unrealized gains or losses on financial instruments	265,365	202,590
Total other stockholders' equity adjustments	(5,467,491)	(3,643,666)
Total stockholders' equity	36,553,461	37,873,275
Commitments and contingencies (notes 5 and 7)		
Total liabilities and stockholders' equity	$ 137,050,565	139,245,912

See accompanying notes to financial statements.

EVA AIRWAYS CORP.

Statements of Operations

For the years ended December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars, except earnings per share)

	2012	2011
Operating revenue (note 5)	$ 107,110,356	102,192,051
Operating cost (notes 4(d), 5 and 10)	(98,327,114)	(94,411,785)
Gross profit from operations	8,783,242	7,780,266
Operating expenses (notes 5 and 10)	(7,972,270)	(7,332,713)
Operating income	810,972	447,553
Non-operating income and gains:		
Interest income	181,810	147,939
Investment income (note 4(e))	962,745	1,052,528
Dividend income	112,393	286,495
Gains on disposal of property, plant and equipment	150,764	19,056
Exchange gains, net	-	8,203
Other income (note 4(b))	135,617	161,716
	1,543,329	1,675,937
Non-operating expenses and losses:		
Interest expenses (notes 4(f) and 5)	(1,607,551)	(1,666,495)
Exchange losses, net	(25,494)	-
Losses on valuation of financial liabilities (note 4(p))	-	(1,267)
Other losses	(188,899)	(218,361)
	(1,821,944)	(1,886,123)
Income before income tax	532,357	237,367
Income tax expenses (note 4(l))	(28,346)	(28,339)
Net income	**$ 504,011**	**209,028**

	2012 Income before income tax	2012 Net income	2011 Income before income tax	2011 Net income
Basic earnings per share (expressed in dollars) (note 4(n)):	**$ 0.16**	**0.15**	**0.07**	**0.06**
Diluted earnings per share (expressed in dollars) (note 4(n)):			**$ 0.07**	**0.06**

See accompanying notes to financial statements.

EVA AIRWAYS CORP.

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized As Pension Cost	Unrealized Gains or Losses on Financial Instruments	Total
Balance on December 31, 2010	$ 29,626,772	2,649,436	-	-	12,016,736	(3,554,690)	(511,128)	408,136	40,635,262
Appropriation of 2010 earnings: (Note)									
Legal reserve	-	-	1,201,674	-	(1,201,674)	-	-	-	-
Special reserve	-	-	-	3,657,682	(3,657,682)	-	-	-	-
Cash dividends	-	-	-	-	(2,962,678)	-	-	-	(2,962,678)
Stock dividends	2,962,678	-	-	-	(2,962,678)	-	-	-	-
Disposal of long-term equity investments under equity method	-	(22,990)	-	-	637	-	1,512	(919)	(21,760)
Change in net equity due to recording net loss not recognized as pension cost in long-term equity investments under equity method	-	-	-	-	-	-	(19,328)	-	(19,328)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	(737,952)	-	(737,952)
Adjustment for unrealized gains or losses on financial instruments of investees accounted for under equity method	-	-	-	-	-	-	-	(21,157)	(21,157)
Change in unrealized gains or losses on financial instruments	-	-	-	-	-	-	-	(183,470)	(183,470)
Net income for the year ended December 31, 2011	-	-	-	-	209,028	-	-	-	209,028
Translation adjustments	-	-	-	-	-	975,330	-	-	975,330
Balance on December 31, 2011	32,589,450	2,626,446	1,201,674	3,657,682	1,441,689	(2,579,360)	(1,266,896)	202,590	37,873,275
Appropriation of 2011 earnings:									
Legal reserve	-	-	20,902	-	(20,902)	-	-	-	-
Reversal of special reserve	-	-	-	(14,015)	14,015	-	-	-	-
Change in net equity due to recording net loss not recognized as pension cost in long-term equity investments under equity method	-	-	-	-	-	-	107,898	-	107,898
Change in net loss not recognized as pension cost	-	-	-	-	-	-	(197,688)	-	(197,688)
Adjustment for unrealized gains or losses on financial instruments of investees accounted for under equity method	-	-	-	-	-	-	-	3,572	3,572
Change in unrealized gains or losses on financial instruments	-	-	-	-	-	-	-	59,203	59,203
Net income for the year ended December 31, 2012	-	-	-	-	504,011	-	-	-	504,011
Translation adjustments	-	-	-	-	-	(1,796,810)	-	-	(1,796,810)
Balance on December 31, 2012	$ 32,589,450	2,626,446	1,222,576	3,643,667	1,938,813	(4,376,170)	(1,356,686)	265,365	36,553,461

Note: The appropriations for 2010 of employees' bonuses and directors' and supervisors' remuneration amounting to \$100,000 and \$53,000, respectively, were recognized and accrued in the 2010 earnings.

See accompanying notes to financial statements.

EVA AIRWAYS CORP.

Statements of Cash Flows

For the years ended December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars)

	2012	2011
Cash flows from operating activities:		
Net income	$ 504,011	209,028
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,038,209	9,513,922
Amortization	49,681	28,370
Investment income	(962,745)	(1,052,528)
Proceeds from cash dividends on long-term equity investments	246,751	419,014
Losses (gains) on disposal and obsolescence of property, plant and equipment	(847)	48,163
Gains on disposal of investments	(8,236)	(25,725)
Amortization expense recorded as interest expenses	36,916	37,437
Amortization of other deferred gain	(139,226)	(61,701)
Other losses	-	204,753
Changes in operating assets and liabilities, net:		
Notes receivable	(97,784)	(86,979)
Accounts receivable	(523,656)	1,518,806
Accounts receivable－related parties	10,660	11,983
Other receivables	(6,769)	32,442
Other receivables－related parties	424,597	(457,118)
Inventories	1,300,238	721,509
Other prepayments	11,081	(65,500)
Other current assets	(24,165)	9,971
Accounts payable	1,522,629	211,982
Accounts payable－related parties	423,318	(43,700)
Accrued expenses	25,544	947,765
Other payables－related parties	(66,814)	20,148
Other payables	10,841	(22,323)
Unearned revenue	266,524	759,407
Other current liabilities	295,814	681,801
Accrued employee retirement liabilities	(32,723)	(81,886)
Other liabilities	65,039	34,439
Net cash provided by operating activities	12,368,888	13,513,480
Cash flows from investing activities:		
Decrease (increase) in available-for-sale financial assets－current	320,913	(452,176)
Proceeds from disposal of available-for-sale financial assets－non-current	120,833	187,505
Payments for purchase of available-for-sale financial assets－non-current	(100,077)	(121,254)
Payments for purchase of long-term equity investments under equity method	(80,000)	(1,453,728)
Proceeds from disposal of long-term equity investments under equity method	-	220,000
Withdrawal of financial assets carried at cost	-	4,211
Payments for purchase of property, plant and equipment	(5,659,294)	(1,048,724)
Proceeds from disposal of property, plant and equipment	1,004,820	1,991,774
Decrease in refundable deposits	748,941	58,301
Decrease (increase) in other assets	(226,035)	523,056
Net cash used in investing activities	(3,869,899)	(91,035)
Cash flows from financing activities:		
Issue of bonds payable	6,500,000	10,200,000
Redemption of bonds payable	-	(9,000,000)
Increase in long-term borrowings (including installment accounts payable)	1,800,000	2,500,000
Redemption of long-term borrowings (including installment accounts payable)	(9,733,557)	(13,120,381)
Redemption of lease liability	(1,574,277)	(1,518,170)
Cash dividends	-	(2,962,678)
Net cash used in financing activities	(3,007,834)	(13,901,229)
Net increase (decrease) in cash and cash equivalents	5,491,155	(478,784)
Cash and cash equivalents at beginning of year	13,666,643	14,145,427
Cash and cash equivalents at end of year	**$ 19,157,798**	**13,666,643**
Additional disclosure of cash flow information:		
Interest paid	$ 1,591,629	1,930,638
Less: capitalized interest	11,338	27,885
Interest paid (excluding capitalized interest)	**$ 1,580,291**	**1,902,753**
Income tax paid	**$ 31,868**	**84,032**
Supplemental schedule of noncash investing and financing activities:		
Current portion of long-term liabilities and bonds payable	**$ 6,548,235**	**6,146,068**
Unrealized gains or losses on financial instruments	**$ 62,775**	**(205,546)**
Translation adjustments	**$ (1,796,810)**	**975,330**
Increase in lease liability	**$ -**	**39,123**
Others	**$ 373,362**	**392,748**

See accompanying notes to financial statements.

EVA AIRWAYS CORP.

Notes to Financial Statements

December 31, 2012 and 2011

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. Organization and Business Scope

EVA Airways Corp. (the Company) was incorporated on April 7, 1989, as a corporation limited by shares under special permission of the Ministry of Transportation and Communications and under the Company Act of the Republic of China (ROC). The Company commenced commercial operations on July 1, 1991.

The Company's business activities are

1.1 civil aviation transportation;

1.2 to carry out any business which is not forbidden or restricted by the applicable laws and regulations, excluding those requiring licensing.

As of December 31, 2012 and 2011, the Company had 6,429 and 5,807 employees, respectively.

2. Summary of Significant Accounting Policies

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

The Company prepared the accompanying financial statements in accordance with ROC generally accepted accounting principles and the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers". The basis of measurement is historical cost if it is not specified.

The major accounting policies and basis of measurement used in preparing the financial statements are summarized below.

(a) Use of estimates

The preparation of the accompanying financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

(b) Foreign currency transactions and translations

The Company maintains its books in New Taiwan dollars. Foreign currency transactions during the year are recorded at the exchange rates prevailing on the transaction date. Foreign currency-denominated assets and liabilities are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet date, and the resulting translation gains or losses are recognized as non-operating income or expenses. In accordance with amended Statement of Financial Accounting Standards (SFAS) No. 14 "The Effects of Changes in Foreign Exchange Rates", non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into New Taiwan dollars at the exchange rates ruling at the dates the fair value was determined. If the financial assets or liabilities are evaluated at fair value through profit or loss, the resulting unrealized exchange gain (loss) from such translations is reflected in the accompanying statements of operations. If the adjustments of financial assets or liabilities are evaluated at fair value through stockholders' equity, the resulting unrealized exchange gain (loss) from such translations is recorded as a separate component of stockholders' equity.

For equity investments in foreign companies which are accounted for by the equity method, the translation differences resulting from translating foreign financial statements from the functional currency into the reporting currency are reported as cumulative translation adjustments. Cumulative translation adjustments are reported as a separate component of stockholders' equity.

(c) Translation of foreign currency for foreign operating units

The Company regards the aircraft purchased with its own US dollar funds and US dollar loans and operated for international passenger and cargo transportation business as "foreign operating units".

The US dollar-denominated aircraft purchase costs and the related US dollar loans on the balance sheet date are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet date. The US dollar-denominated aircraft depreciation amounts are translated into New Taiwan dollars at the current year's average exchange rate. The translation differences resulting from these translations are reported as cumulative translation adjustments.

The US dollar-denominated leased assets and lease liabilities arising from capital lease of aircraft at the balance sheet date are translated into New Taiwan dollars at the exchange rates prevailing on the balance sheet date. The US dollar-denominated leased aircraft depreciation amounts are translated into New Taiwan dollars at the current year's average exchange rate. The translation differences resulting from these translations are reported as cumulative translation adjustments.

In addition, the translation differences resulting from the translation of refundable deposits for aircraft leases into New Taiwan dollars at the exchange rate prevailing on the balance sheet date are also reported as cumulative translation adjustments.

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

Cash or cash equivalents, and assets that will be held primarily for the purpose of being traded or are expected to be realized within 12 months after the balance sheet date are classified as current assets; all other assets shall be classified as non-current.

Liabilities that will be held primarily for the purpose of being traded or are expected to be settled within 12 months after the balance sheet date are classified as current liabilities; all other liabilities shall be classified as non-current.

(e) Asset impairment

The Company assesses at each balance sheet date whether there is any indication that an asset (individual asset or cash-generating unit) may have been impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Impairment loss is recognized for an asset whose carrying value is higher than the recoverable amount.

Impairment loss recognized in prior periods for assets other than goodwill is reversed if there is any indication that the impairment loss recognized no longer exists or has decreased. The carrying value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods.

Goodwill and intangible assets with indefinite useful lives and not-in-use intangible assets are subject to impairment testing annually, and an impairment loss is recognized on the excess of carrying value over the recoverable amount thereof.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, savings and checking deposits, fixed time deposits, and miscellaneous petty cash. Cash equivalents represent highly liquid debt instruments, such as commercial paper and bank acceptances with original maturities of three months or less. Cash equivalents also include other highly liquid investments which do not have a significant level of market risk related to potential interest rate changes.

(g) Financial instruments

Financial instrument transactions are accounted for using trade-date accounting. At initial recognition, financial instruments are evaluated at fair value. Except for financial assets and liabilities measured at fair value through profit or loss, transaction costs are directly attributable to the acquisition or issuance of the financial instrument.

Subsequent to initial recognition, financial instruments are classified into the following categories in accordance with the purpose of holding or issuing:

1. Financial assets/liabilities at fair value through profit or loss

   These financial instruments are intended mainly for selling or repurchasing in the near term. Except for effective hedging derivative financial instruments, all financial derivatives are included in this category. At initial recognition, financial instruments are evaluated at fair value, and transaction cost or issuance cost is recognized in current profit or loss. Changes in fair values are charged to current operations at subsequent measurement. Trade-date accounting is adopted when purchasing or selling such financial instruments.

2. Available-for-sale financial assets

   These are measured at fair value, and transaction costs are added to the originally recognized amount at initial recognition. Any changes in fair value, excluding impairment loss and unrealized foreign currency exchange gain or loss, are reported as a separate component of stockholders' equity until realized. Realized gain or loss on financial instruments is charged to current operations. If there is objective evidence of impairment, an impairment loss is recognized in profit or loss. If, in a subsequent period, events or changes in circumstances indicate that the amount of impairment loss has decreased, the previously recognized impairment loss for equity securities is reversed to the extent of the decrease and recorded as an adjustment to equity, while for debt securities, the reversal is allowed through profit or loss provided that the decrease is clearly attributable to an event which occurred after the impairment loss was recognized.

3. Financial assets carried at cost

   When the Company does not have significant influence over an investee company whose fair value cannot be reliably measured, these financial instruments are carried at their original cost. If there is objective evidence which indicates that a financial asset is impaired, a loss is recognized. A subsequent reversal of such impairment loss is not allowed.

4. Notes receivable, accounts receivable, and other receivables

   Notes receivable and accounts receivable originate from providing goods or services directly to a debtor, and other receivables originate from non-operating activities.

   The Company considers evidence of impairment for financial assets carried at cost at both an individual and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. Those that are not individually significant are collectively assessed for impairment. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the financial assets.

When a decrease in the amount of impairment loss is clearly attributable to an event which occurred after the impairment loss was recognized, the decrease in impairment loss is reversed to the extent of the decrease through profit or loss.

(h) Hedge accounting

Derivative financial instruments held by the Company were to manage the fluctuation risk of foreign exchange rates, interest rates, and fuel prices on the operating, investing and financing activities of the Company. According to this policy, derivative financial instruments held or issued by the Company were for hedging. When derivative financial instruments are no longer for hedging, they are treated as financial instruments held for trading.

Hedge accounting recognizes the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. If hedging relationships meet the criteria for hedge accounting, they are accounted for as follows:

1. Fair value hedges

   Changes in the fair value of a hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss being recognized in profit or loss.

2. Cash flow hedges

   Changes in the fair value of the hedging instrument designated as a cash flow hedge are recognized directly in equity. If a hedge of a forecasted transaction subsequently results in the recognition of an asset or a liability, the amount recognized in equity is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For hedges other than those covered by the preceding statement, the associated cumulative gain or loss that had been recognized in equity shall be reclassified to profit or loss in the same period or periods during which the hedged forecasted transaction affects profit or loss.

3. Hedge of net investment in foreign operation

   Changes in the fair value of the hedging instrument are recognized directly in equity. The gain or loss on the hedging instrument relating to the effective portion of the hedge that has been recognized directly in equity is recognized in profit or loss on disposal of the foreign operation.

(i) Inventories

Inventories represent parts and supplies for maintenance of aircraft, and merchandise to sell during flights. Merchandise is stated at the lower of cost or market value, while parts and supplies are stated at cost less allowance for slow-moving and obsolete items. Cost is calculated by the weighted-average method, and market value represents net realizable value.

(j) Long-term equity investments

Long-term equity investments in which the Company owns 20% or more of the investee's voting shares or less than 20% but is able to exercise significant influence over the investee's operating and financial policies are accounted for using the equity method. In accordance with SFAS No.23 "Interim Financial Reporting", the Company recognizes investment gains/ losses under the equity method quarterly.

The difference between the selling price and the book value of the long-term equity investments under the equity method is recognized as disposal gain or loss in the accompanying statements of operations. If there is capital surplus or cumulative translation adjustments resulting from long-term equity investments, the capital surplus or cumulative translation adjustments should be debited/credited to disposal gain/loss based on the disposal ratio.

If the differences between investment cost and shareholding equity come from assets that can be depreciated, depleted or amortized, the Company shall amortize such differences over the estimated remaining economic lives. If the differences come from discrepancies between the carrying amounts of assets and their fair market values, the Company shall offset all unamortized differences when conditions making such over- or under-valuation are no longer present. When the investment cost exceeds the fair value of identifiable net assets acquired, the excess should be recorded as goodwill. When the fair value of identifiable net assets acquired exceeds the cost, the difference should be assigned to non-current assets acquired proportionate to their respective fair values. If these assets are all reduced to zero value, the remaining difference should be recognized as extraordinary gain.

If an investee company issues new shares and the original shareholders do not purchase or acquire new shares proportionately, the investment percentage, and therefore the equity in net assets, will be changed. Such difference shall be used to adjust the additional paid-in capital and the long-term investments accounts. If the adjustment stated above is to debit the additional paid-in capital account, and the book balance of additional paid-in capital from long-term investments is insufficient to be offset, the difference shall be debited to the retained earnings account.

Unrealized gains or losses resulting from inter-company transactions between the Company and its investees accounted for by the equity method are deferred. Unrealized gains or losses derived from transactions involving depreciable or amortizable assets are amortized over the useful lives of the related assets. Gains or losses from other transactions are recognized when realized.

If the stockholders' equity of an investee company becomes negative, and the Company guaranteed the investee company's liability or made financial commitments to the investee company, or the deficit appears to be short term, the Company continues to record investment losses thereon; if the book value of long-term investment is insufficient to offset investment losses, the Company reduces the book value of accounts receivable and recognizes liabilities.

When the Company has significant influence, according to SFAS No. 7 "Consolidated Financial Statements", consolidated financial statements should be provided at the end of the first quarter, half-year, third quarter and fiscal year.

(k) Property, plant, and equipment, and related depreciation

Property, plant, and equipment are stated at acquisition cost. For construction of buildings and purchase of machinery and equipment, the Company capitalizes as part of the costs of related assets the related interest costs incurred before commencing to use such assets. Routine repair and maintenance are charged to current operations. Major repairs and maintenance, additions, enhancements and replacements, and the costs of dismantling and removing the items and restoring the site on which they are located, are capitalized in the cost of related assets.

The removal and recovery costs for fixed assets during the non-production period are accrued in accordance with Interpretation (97) 340 issued by the Accounting Research and Development Foundation (ARDF). If any component of a fixed asset is a significant part of the fixed asset, it is depreciated individually. The Company evaluates the useful lives and depreciation method at the end of every year. Any changes in the useful lives and depreciation method are accounted for as changes in accounting estimates.

Depreciation of plant and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Leasehold improvements are depreciated over the shorter of the lease term or estimated useful lives using the straight-line method. The useful lives of main property, plant and equipment are as follows:

Buildings: 5~55 years

Machinery and equipment: 3~18 years

Aircraft: 5~18 years

Gains (losses) on disposal of such asset are presented as non-operating income and gains (expenses and losses).

(l) Lease

The leased property is valued at the smaller of the following two values: (a) the present value of all future rental payments (less the lessor's executory costs) plus the bargain purchase price or the lessee's guaranteed residual value and (b) the market value of leased property at the inception date of the lease.

All leased properties under capital leases are depreciated. If the lease contract contains a bargain purchase option or allows the transfer of ownership at the end of the term, the properties under this type of lease are depreciated based on the leased property's useful economic life, otherwise the lease term is used.

The lessee's periodic rental payment covers two parts: (i) the purchase price of the leased property and (ii) the interest expense due to long-term or installment financing. Therefore, the lessee recognizes both a lease liability and interest expense in each period. The interest expense is determined using the following rules:

a) If the value of the leased property is determined using the maximum borrowing rate for nonfinancial institutions (determined by the ROC Ministry of Finance) on the inception date of the lease, the interest expense is calculated based on the beginning balance of the lease payable and the maximum borrowing rate.

b) If the value of the leased property is determined by its market price, the interest expense is also calculated based on the beginning balance of the lease payable and the maximum borrowing rate. However, a service charge is calculated based on the beginning balance of the lease payable and the difference between the lessor's interest rate implicit in the lease and the maximum borrowing rate.

If there is any unguaranteed residual value at the end of the lease term, the lessee calculates the imputed interest expense based on the rental payments, the guaranteed residual value, and the leased property's market value using the rules described in the two paragraphs above.

The lessee's lease payable is determined by subtracting the interest expense and the service charge from the periodic rental payment.

The lease liability is classified as either a current liability or long-term liability, depending on the expiration date.

The Company sold and leased back aircraft under operating lease agreements. If the translation differences resulting from the translation of the foreign currency cost of the aircraft and the related US dollar loans into New Taiwan dollars at the exchange rate prevailing on the selling date and historical rates and the gains or losses from disposal of the aircraft resulting from the translation of the US dollar selling price and US dollar book value of aircraft at the exchange rate prevailing on the selling date were net gains, these gains should be deferred using the unearned gain on sales－leaseback account according to SFAS No. 2 "Leases", otherwise they should be taken as a loss.

The amortization of unearned gain on sales－leaseback depends on the nature of the lease. For operating leases, the unearned gain is amortized to rental expense using the lease term. For capital leases, however, the unearned gain is amortized to depreciation expense using the leased property's useful economic life or lease term based on the nature of those transactions.

(m) Employee retirement plan

1. Defined benefit plan

The Company has established an employee noncontributory defined benefit retirement plan (the "Plan") covering full-time employees in the ROC. In accordance with the Plan, employees are eligible for retirement or are required to retire after meeting certain age or service requirements. Payments of retirement benefits are based on an employee's average monthly salary for the last six months before the employee's retirement and the number of points accumulated by the employee according to his/her years of service. Each employee receives 2 points for each service year from year 1 to year 15, and 1 point thereafter. A lump-sum retirement benefit is paid through the retirement fund. Under this retirement plan, the Company is responsible for making the entire pension payment.

The Company adopted SFAS No. 18 "Accounting for Pensions" for its retirement plan. SFAS No. 18 requires a company to have an actuarial calculation of its pension liability using the fiscal year-end date as the measurement date. The excess of accumulated benefit obligation over the fair value of pension plan assets is deemed to be the minimum pension liability and is recognized as accrued pension liability. The Company provides contributions to the retirement fund monthly equal to 11.9% of the paid salaries and wages. The funds are deposited with Bank of Taiwan.

2. Defined Contribution plan

For the portion of the retirement plan adopting the defined contribution scheme, in accordance with the Labor Pension Act, the Company provides monthly contributions to the Bureau of Labor Insurance equal to 6% of the worker's monthly wages. The amount of contribution is recognized as expense of the current period.

(n) Revenue recognition

Ticket sales for passengers and cargo are recorded as unearned revenue, included in current liabilities, and recognized as revenue when the services are provided.

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

Employees' bonuses and directors' and supervisors' remuneration appropriated are accounted for by Interpretation (96) 052 issued by the ARDF. According to the Interpretation employee's bonuses and directors' and supervisors' remuneration are estimated and accrued as expenses as services are rendered. Differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss. In addition, the number of shares distributed to employees as employees' bonuses is calculated based on the closing price on the day before the shareholders' resolution date, and the closing price is adjusted retroactively for dividends that had been distributed.

(p) Income tax

The Company adopted SFAS No. 22 "Income Taxes". Under this method, the amounts of deferred income tax assets or liabilities are recognized for future tax effects attributable to temporary differences, loss carryforwards, and investment tax credits. The measurement of deferred income tax assets or liabilities is based on provisions of enacted tax law. A valuation allowance is provided on deferred income tax assets that may not be realized in the future.

Deferred income tax assets or liabilities are classified as current or non-current based on the classification of the related assets or liabilities. If no assets or liabilities are related, deferred income tax assets or liabilities are classified according to the expected realization date.

The Company may retain the earnings after December 31, 1997, by paying a 10% surtax on such undistributed earnings, and the surtax is accounted for as income tax expenses on the date when the shareholders approve a resolution not to distribute the earnings.

The Company adopted SFAS No. 12 "Accounting for Income Tax Credits", whereby income tax is reduced by investments tax credits in the year when the credit arise.

(q) Earnings per share (EPS)

The earnings per share are computed by dividing net income attributable to common stock outstanding for the period by the weighted-average number of common shares outstanding during the period.

The convertible bonds issued by the Company are potential common stock. When computing diluted EPS, potential common shares are included in the denominator if they are dilutive. Anti-dilutive potential common shares are ignored in calculating diluted EPS.

The calculation of diluted EPS is consistent with the calculation of basic EPS while giving effect to all dilutive potential common shares that were outstanding during the reporting period. When calculating diluted EPS, the net income attributable to common stockholders and the weighted-average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

The weighted-average number of common shares outstanding shall be adjusted currently and retroactively for the increase in common shares outstanding from stock issuance through the capitalization of retained earnings, additional paid-in capital, or employees' bonuses. For calculation of diluted EPS, all employees' bonuses accrued at the end of reporting period are deemed to be distributable in the form of shares, and bonuses are included in the calculation of the weighted-average number of shares at market price on the balance sheet date.

(r) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The segment's operating results are reviewed regularly by the entity's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available. The operating segment is disclosed in the consolidated financial statements.

3. Reason for and Effect of Accounting Changes

(a) The Company adopted the third revisions of SFAS No. 34 "Financial Instruments: Recognition and Measurement" effective January 1, 2011, for the recognition, measurement, and impairment of originated loans and receivables. The adoption of this amended accounting principle had no significant impact on the Company's financial statements as of and for the year ended December 31, 2011.

(b) The Company likewise adopted SFAS No. 41 "Operating Segments" effective January 1, 2011. According to this new accounting standard, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effect of the business activities in which it engages and the economic environment in which it operates. Internal information that is provided to the chief operating decision maker is used as the basis for determining and disclosing the operating segment. This standard replaces SFAS No. 20 "Segment Reporting". The adoption of this new accounting standard had no impact on the Company's profit and loss for the year ended December 31, 2011.

4. Important Accounts

(a) Cash and cash equivalents

The components as of December 31, 2012 and 2011, were as follows:

		2012	2011
Cash on hand	$	97,370	96,243
Cash in bank		19,060,428	13,570,400
	$	**19,157,798**	**13,666,643**

(b) Financial instruments (including derivative and non-derivative)

The components as of December 31, 2012 and 2011, were as follows:

		2012	2011
Available-for-sale financial assets－current:			
Money market funds	**$**	**2,106,688**	**2,410,548**

For the years ended December 31, 2012 and 2011, gains on disposal of available-for-sale financial assets－current amounted to $8,657 and $10,201, respectively, which were recorded under other income.

		2012	2011
Available-for-sale financial assets－non-current:			
Trade-Van Information Services Co., Ltd.	$	202,357	145,816
Central Reinsurance Corp.		451,953	410,866
U.S. Treasury notes		100,070	121,090
	$	**754,380**	**677,772**

For the years ended December 31, 2012 and 2011, losses on disposal of U.S. Treasury notes which were recorded as available-for-sale financial assets－non-current were $421 and $1,382, respectively, and were recorded as a reduction of other income.

As of December 31, 2012 and 2011, the changes in fair value of available-for-sale financial assets from subsequent remeasurement were $245,546 and $139,365, respectively, and were recorded as other stockholders' equity adjustments.

The Company's investment in U.S. Treasury notes is for contract performance guaranties. The pledge for the investment is disclosed in note 6.

Financial assets carried at cost－non-current:

Investee	2012 Shareholding percentage (%)	2012 Book value	2011 Shareholding percentage (%)	2011 Book value
Taiwan High Speed Rail Corp.	1.20	$ 1,246,549	1.20	1,246,549
Evergreen Steel Corp.	9.42	870,000	9.35	870,000
Uni Airways Corp.	8.71	283,122	8.71	283,122
Abacus International Holding Ltd.	2.11	115,743	2.11	115,743
Chung Hwa Express Co., Ltd.	10.00	10,000	10.00	10,000
Technology Partner II Venture Capital Corp.	5.88	3,235	5.88	3,235
Pan-Pacific Venture Capital Co., Ltd.	2.30	1,699	2.30	1,699
Total		**$ 2,530,348**		**2,530,348**

The abovementioned financial assets do not have publicly traded prices, and their fair values were difficult to determine. Therefore, the investments were stated at cost.

In 2011, the Company sold shares of Uni Airways Corp., and the shareholding percentage decreased from 15.67% to 8.71%. Therefore, the Company lost significant influence over Uni Airways Corp. The long-term equity investment was reclassified as financial assets carried at cost－non-current.

On May 31, 2011, Technology Partner II Venture Capital Corp. decreased its issued stock by 20%, and the Company withdrew $3,059 in cash in proportion to the Company's ownership percentage.

On June 10, 2011, Pan-Pacific Venture Capital Co., Ltd. decreased its issued stock by 49.71%, and the Company withdrew $1,152, in cash in proportion to the Company's ownership percentage.

In 2012, Evergreen Steel Corp. wrote off its treasury stock, and the Company's shareholding percentage increased from 9.35% to 9.42%.

(c) Notes and accounts receivable

The components as of December 31, 2012 and 2011, were as follows:

	2012	2011
Notes receivable	$ 415,371	317,587
Accounts receivable	6,488,349	5,933,861
	6,903,720	6,251,448
Less: allowance for doubtful accounts	42,383	11,551
	$ 6,861,337	**6,239,897**

As of December 31, 2012 and 2011, the Company's notes and accounts receivable were not pledged. The carrying amounts of notes and accounts receivable are taken to be their fair value because of the near maturity dates.

(d) Inventories

The components as of December 31, 2012 and 2011, were as follows:

		2012	2011
Aircraft spare parts	$	5,680,711	7,140,217
Consumables for use and merchandise for inflight sales		722,265	611,971
Fuel for aircraft		101,346	52,372
	$	**6,504,322**	**7,804,560**

For the years ended December 31, 2012 and 2011, the movements of allowance for obsolete inventories were as follows:

		2012	2011
Beginning balance	$	1,977,663	1,238,830
Addition		1,233,410	1,202,079
Write-off		(747,623)	(463,246)
Ending balance	**$**	**2,463,450**	**1,977,663**

For the years ended December 31, 2012 and 2011, the Company recognized related losses on inventories as follows:

		2012	2011
Losses on inventory obsolescence	**$**	**1,233,410**	**1,202,079**

The pledge for these inventories is disclosed in note 6.

(e) Long-term equity investments under equity method

Details as of and for the years ended December 31, 2012 and 2011, were as follows:

Investee	2012 Shareholding percentage (%)	2012 Book value	2012 Investment income (loss)	2011 Shareholding percentage (%)	2011 Book value	2011 Investment income (loss)
Evergreen Aviation Technologies Corp.	80.00	$ 6,187,562	783,892	80.00	5,287,022	641,518
Evergreen Air Cargo Services Corp.	60.00	1,127,869	91,928	60.00	1,093,880	100,096
Concord Pacific Ltd.	100.00	1,098,291	(289,626)	100.00	1,441,768	(123,208)
Evergreen Sky Catering Corp.	49.80	1,055,019	175,584	49.80	980,846	169,163
Evergreen Airline Services Corp.	56.33	838,487	110,611	56.33	758,918	156,468
Sky Castle Investment Ltd.	100.00	345,255	26,744	100.00	329,850	32,268
Evergreen Security Corp.	31.25	100,852	11,741	31.25	89,111	11,766
Evergreen Airways Service (Macau) Ltd.	99.00	98,644	40,312	99.00	120,259	40,183
Evergreen Aviation Precision Corp.	10.00	79,975	(25)	-	-	-
PT Perdana Andalan Air Service	51.00	61,133	6,222	51.00	60,805	3,806
Hsiang-Li Investment Corp.	100.00	35,154	(568)	100.00	32,523	2,074
RTW Air Services (S) Pte. Ltd.	49.00	24,080	171	49.00	25,234	2,272
Green Siam Air Services Co., Ltd.	49.00	21,383	5,669	49.00	20,755	4,786
Sino Gain Ltd.	100.00	936	90	100.00	884	102
Uni Airways Corp.	-	-	-	-	-	11,234
		$ 11,074,640	962,745		10,241,855	1,052,528

Details of increases in long-term equity investments under the equity method of the Company in 2012 and 2011 were as follows:

Investee	2012	2011
Evergreen Aviation Precision Corp.	$ 80,000	-
Concord Pacific Ltd.	-	1,453,728
	$ 80,000	1,453,728

Details of decreases in long-term equity investments under the equity method of the Company in 2011 were as follows:

Investee	2011
Uni Airways Corp.	$ 507,976

There was no such transaction in 2012.

In 2011, the Company sold 22,000 thousand shares of Uni Airways Corp. whose book value amounted to $224,854 for $220,000. The difference between the selling price and the book value was deducted from the capital surplus and other equity adjustment based on the disposal ratio.

The Company's shareholding percentage of Uni Airways Corp. decreased from 15.67% to 8.71%; therefore, the Company lost significant influence over Uni Airways Corp. The long-term equity investments amounting to $283,122 was reclassified as financial assets carried at cost－non-current. In addition, there was capital surplus resulting from the gains on disposal of property, plant and equipment of Uni Airways Corp., net of income tax. The abovementioned capital surplus amounting to $637 was reclassified to retained earnings based on the disposal ratio.

As of December 31, 2012 and 2011, the cumulative translation adjustments were $30,071 and $104,750, respectively.

For the years ended December 31, 2012 and 2011, the changes in percentage of unrealized gains on financial instruments in long-term equity investments under the equity method amounted to $8,735 and $5,163, respectively, and were recorded as other stockholders' equity adjustments.

(f) Property, plant and equipment

For the years ended December 31, 2012 and 2011, the Company capitalized the interest expenses on purchase of assets amounting to $11,338 and $27,885, respectively. The monthly interest rates on the above transactions were 0.13%~0.14% and 0.12%~0.13%, respectively. The pledge for this property, plant and equipment is disclosed in note 6.

(g) Leased assets

As of December 31, 2012 and 2011, the details were as follows:

Lease item	Leaser	Lease term	Terms of lease contract	Present value of leased assets at the transaction date 2012	Present value of leased assets at the transaction date 2011
Aircraft	GECAS	2004.4.13~ 2017.6.21	The rent is payable monthly, and the lease term is equal to 75% or more of the total estimated economic life of the leased property	$ 5,499,927	5,734,772
Aircraft	C&L Leasing Co., Ltd.	2007.5.31~ 2019.12.27	The rent is payable quarterly, and the present value of payment for future rental is higher than 90% of the fair value of the leased asset	7,942,042	9,531,041
Computer equipment	IBM	2009.5.25~ 2014.6.24	The rent is payable monthly, and the lease transfers ownership of the leased property by the end of the lease term	50,555	50,555
Computer equipment	IBM	2010.12.25 ~2014.6.24	The rent is payable monthly, and the lease transfers ownership of the leased property by the end of the lease term	39,123	39,123
Leasehold improvements				2,268,346	2,047,612
Subtotal				15,799,993	17,403,103
Less: accumulated depreciation				(5,122,931)	(5,133,452)
				$ 10,677,062	12,269,651

The discount rate for leased assets was 1.18%~6.93%.

The abovementioned aircraft were financed under sale and leaseback arrangements. The unrealized gain on sale and leaseback, resulting from the differences between sales price and book value of equipment, is recorded as a reduction of depreciation expenses over the lease term.

As of December 31, 2012 and 2011, the total amount of future lease payments and its present value were as follows:

Year due	2012	2011
January 1, 2012~December 31, 2012	$ -	1,998,821
January 1, 2013~December 31, 2013	1,939,421	1,975,133
January 1, 2014~December 31, 2014	1,905,534	1,941,246
January 1, 2015~December 31, 2015	1,871,646	1,907,358
January 1, 2016~December 31, 2016	1,674,452	1,702,724
January 1, 2017~December 31, 2017	1,076,027	1,079,747
January 1, 2018 and thereafter	1,663,050	1,661,183
Total amount	10,130,130	12,266,212
Less: unrealized interest expenses	(1,247,597)	(1,740,488)
Present value	8,882,533	10,525,724
Less: current portion	(1,547,380)	(1,522,593)
	$ 7,335,153	9,003,131

The current portion of lease liability was recorded under other current liabilities.

(h) Long-term borrowings

As of December 31, 2012 and 2011, the details of long-term borrowings were as follows:

	2012		2011	
Nature	Interest rate (%) (p.a.)	Amount	Interest rate (%) (p.a.)	Amount
Secured loans:				
Land and buildings	1.25~1.49	$ 1,785,714	1.02~1.46	2,150,000
Aircraft	1.31~1.62	27,514,513	1.07~1.59	31,978,553
Engines	-	-	1.35~1.56	825,000
Subtotal		29,300,227		34,953,553
Unsecured loans:	1.44~1.60	5,083,333	1.20~1.56	4,183,000
Total		34,383,560		39,136,553
Less: current portion		(6,548,235)		(6,146,068)
		$ 27,835,325		32,990,485

As of December 31, 2012, the remaining balances of the borrowings were due as follows:

Year due	Amount
January 1, 2013~December 31, 2013	$ 6,548,235
January 1, 2014~December 31, 2014	5,456,757
January 1, 2015~December 31, 2015	5,779,306
January 1, 2016~December 31, 2016	4,480,830
January 1, 2017~December 31, 2017	3,672,496
January 1, 2018 and thereafter	8,445,936
	$ 34,383,560

As of December 31, 2012 and 2011, the unused credit lines for long-term borrowings amounted to $1,528,000 and $1,694,000, respectively. The pledge for these long-term borrowings is disclosed in note 6.

(i) Bonds payable

Details of bonds payable as of December 31, 2012 and 2011, were as follows:

Description	Guaranteed by	Annual interest rate	Issue date	2012	2011
Bonds payable	The Shanghai Commercial & Savings Bank	1.21%	2011.01	$ 1,000,000	1,000,000
	Chinatrust Commercial Bank	1.21%	2011.01	600,000	600,000
	Land Bank	1.21%	2011.01	500,000	500,000
	Mega International Commercial Bank	1.21%	2011.01	500,000	500,000
	Hua Nan Bank	1.21%	2011.01	500,000	500,000
Bonds payable	The Shanghai Commercial & Savings Bank	1.44%	2011.08	600,000	600,000
	First Bank	1.44%	2011.08	1,500,000	1,500,000
	Chang Hwa Bank	1.44%	2011.08	1,000,000	1,000,000
	Hua Nan Bank	1.44%	2011.08	1,000,000	1,000,000
	Bank of Taiwan	1.44%	2011.08	2,000,000	2,000,000
	Taiwan Cooperative Bank	1.44%	2011.08	1,000,000	1,000,000
Bonds payable	Bank SinoPac	1.22%	2012.05	500,000	-
	Land Bank	1.22%	2012.05	500,000	-
	Mega International Commercial Bank	1.22%	2012.05	1,000,000	-
	First Bank	1.22%	2012.05	1,000,000	-
	Hua Nan Bank	1.22%	2012.05	500,000	-
	Bank of Taiwan	1.22%	2012.05	1,500,000	-
	Taiwan Cooperative Bank	1.22%	2012.05	1,000,000	-
	Yuan Ta Bank	1.22%	2012.05	500,000	-
				$ 16,700,000	10,200,000

(j) Installment accounts payable

The Company purchased aircraft and inventories by installments. As of December 31, 2012 and 2011, the details were as follows:

	2012	2011
Aircraft payable	$ 12,056,530	15,575,755
Others	-	220,000
	12,056,530	15,795,755
Less: current portion	(2,317,926)	(3,037,074)
	$ 9,738,604	**12,758,681**

The current portion of installment accounts payable was recorded as other payables. As of December 31, 2012, the remaining balances of installment accounts payable were due as follows:

Year due	Amount
January 1, 2013~December 31, 2013	$ 2,317,926
January 1, 2014~December 31, 2014	1,558,035
January 1, 2015~December 31, 2015	1,342,930
January 1, 2016~December 31, 2016	1,365,836
January 1, 2017~December 31, 2017	1,322,262
January 1, 2018 and thereafter	4,149,541
	$ 12,056,530

The interest expenses of the aforementioned installment accounts payable are calculated based on floating interest rates. For the years ended December 31, 2012 and 2011, the average interest rates were 0.34%~4.59% and 0.25%~4.59%, respectively. The pledges for the installment accounts payable are disclosed in note 6.

(k) Retirement plans

Net retirement plan liabilities based on the actuarial computation on December 31, 2012 and 2011, were as follows:

	2012	2011
Benefit obligation:		
Vested benefit obligation	$ 522,322	444,091
Nonvested benefit obligation	3,973,660	3,673,755
Accumulated benefit obligation	4,495,982	4,117,846
Projected effects of salary adjustments	1,071,584	1,093,231
Projected benefit obligation	5,567,566	5,211,077
Plan assets at fair value	(3,031,708)	(2,760,749)
Projected benefit obligation in excess of plan assets	2,535,858	2,450,328
Unrecognized pension loss	(2,680,147)	(2,485,716)
Unrecognized prior service cost	(225,167)	(301,345)
Pension liabilities that need to be accrued	1,833,730	1,693,830
Accrued employee retirement liabilities	**$ 1,464,274**	**1,357,097**

Actuarial assumptions at December 31, 2012 and 2011, were as follows:

	2012	2011
Discount rate	1.75%	2.00%
Rate of increase in future compensation levels	1.30%~2.44%	1.55%~2.53%
Expected long-term rate of return on plan assets	1.75%	2.00%

As of and for the years ended December 31, 2012 and 2011, the details of the retirement plans were as follows:

	2012	2011
Balance of the retirement fund:		
Bank of Taiwan	**$ 3,031,708**	**2,760,749**

The components of pension cost under defined benefit pension plan were as follows:

		2012	2011
Service cost	$	148,658	112,563
Interest cost		103,047	68,801
Actual return on plan assets		(27,841)	(30,465)
Unrecognized net transition obligation		152,811	176,980
Net pension cost	$	**376,675**	**327,879**
The pension cost under defined contribution plan	$	**180,057**	**162,723**

(l) Income tax

(1) For the years ended December 31, 2012 and 2011, the components of estimated income tax expenses were as follows:

		2012	2011
Income tax expenses－current	$	(28,346)	(28,339)
Income tax expenses－deferred		-	-
	$	**(28,346)**	**(28,339)**

The deferred income tax expenses were as follows:

		2012	2011
Loss carryforwards	$	78,508	653,593
Investment tax credits		(676,387)	(1,257,536)
Unrealized exchange losses (gains)		10,645	(21,057)
Allowance for obsolete inventories		(149,874)	(293,000)
Purchase of fixed assets in installments, adjusted for tax purposes		(59,057)	(46,394)
Accrued employee retirement liabilities		(5,563)	(13,877)
Others		24,332	37,968
Valuation allowance for deferred income tax assets		777,396	940,303
	$	**-**	**-**

(2) For the years ended December 31, 2012 and 2011, the Company was subject to ROC income tax at a maximum rate of 17% and calculated the amounts of the basic tax in accordance with the "Income Basic Tax Act." The differences between expected income tax expense at statutory rates and income tax expense as reported in the accompanying financial statements for the years ended December 31, 2012 and 2011, were as follows:

	2012	2011
Income tax expenses calculated on pre-tax income at statutory income tax rate of 17%	$ (90,501)	(40,352)
Gains on disposal of investments	1,472	1,734
Investment income recognized under equity method —unrealized	199,438	185,694
Dividend income	3,980	34,682
Investment tax credits	(676,387)	(1,253,630)
Permanent difference in depreciation expenses	95,752	103,177
Exchange losses recorded as translation adjustments	(44,035)	(46,828)
Others	(295,461)	46,881
Valuation allowance for deferred income tax assets	777,396	940,303
	$ (28,346)	(28,339)

(3) The components of the deferred income tax assets as of December 31, 2012 and 2011, were as follows:

	2012	2011
Deferred income tax assets (liabilities)—current		
Allowance for obsolete inventories	$ 170,047	319,921
Investment tax credits	1,092,965	676,387
Loss carryforwards	-	1,016,331
Unrealized exchange losses (gains)	513	(10,132)
Others	5,758	517
	1,269,283	2,003,024
Less: Valuation allowance for deferred income tax assets	(874,372)	(697,416)
Deferred income tax assets, net—current	$ 394,911	1,305,608
Deferred income tax assets (liabilities)—non-current:		
Investment tax credits	$ -	1,092,965
Accrued employee retirement liabilities	(62,808)	(57,245)
Purchase of fixed assets in installments, adjusted for tax purposes	383,963	443,020
Loss carryforwards	2,728,603	1,633,764
Cumulative translation adjustments	902,483	549,757
Others	653,883	606,779
	4,606,124	4,269,040
Less: Valuation allowance for deferred income tax assets	(112,062)	(1,066,414)
Deferred income tax assets, net—non-current	$ 4,494,062	3,202,626

(4) The Company was granted investment tax credits for investment in certain high-tech industries, for purchases of automatic machinery and equipment, and for expenditures in employee training. These investment tax credits can be used to reduce the income tax liability in the current year and in the following four years at an amount not exceeding 50% of the income tax liability for each year during the first four years, with full utilization of the balance of the remaining unused investment tax credits in the final year.

As of December 31, 2012, unused investment tax credits available to the Company were as follows:

Year granted	Unused investment tax credits	Expiry year
2009	$ 1,092,965	2013

(5) The Company's income tax returns have been examined and assessed by the local tax authorities for all years through 2009. According to the ROC Income Tax Act, operating losses can be carried forward for 10 consecutive years to reduce future taxable income. As of December 31, 2012, unused loss carryforward tax credits available to the Company were as follows:

Year of loss	Unused loss carryforward	Expiry year
2008	$ 5,451,526	2018
2009	8,374,237	2019
2011	1,477,244	2021
2012	747,602	2022
	$ 16,050,609	

(6) Imputation credit account (ICA) and creditable ratio:

As of December 31, 2012 and 2011, details were as follows:

	2012	2011
Unappropriated earnings before 1997	$ -	-
Unappropriated earnings after 1998	1,938,813	1,441,689
	$ 1,938,813	1,441,689
Balance of ICA	$ 283,884	214,390

	2012	2011
Creditable ratio for earnings distribution to domestic shareholders	14.64% (estimated)	- % (actual)

(m) Stockholders' equity

(1) Common stock and stock dividends to be distributed

As of December 31, 2012 and 2011, the Company's authorized share capital consisted of 4,000,000 thousand shares of common stock, at $10 (dollars) par value per share, of which 3,258,945 thousand shares, were issued and outstanding.

On June 10, 2011, the Company's stockholders resolved to distribute stock dividends out of unappropriated earnings in the amount of $2,962,678 by issuing 296,268 thousand shares. The aforementioned distribution was approved by and registered with the government authorities.

(2) Capital surplus, legal reserve, and restrictions on appropriations of earnings

The details of capital surplus as of December 31, 2012 and 2011, were as follows:

		2012	2011
Cash subscription in excess of par value of shares	$	29,672	29,672
Stock options granted to employees		282,100	282,100
Additional paid-in capital from bond conversion		1,411,829	1,411,829
Gain on disposal of property, plant and equipment of investee company		1,031	1,031
Increase in net equity due to investee company issuing new shares and the Company not purchasing proportionately		27,965	27,965
Increase in net equity due to change in percentage of ownership in long-term equity investments under equity method		225,369	225,369
Donated assets		648,480	648,480
	$	2,626,446	2,626,446

According to ROC Company Act, as amended in January 2012, the capital surplus shall not be used except for covering a deficit of the company. This capital surplus includes the premium derived from the issuance of new shares and endowments received by a company. In addition, the capital surplus which is credited to capital in one year should not exceed 10% of the amount of paid-in capital in accordance with the "Criteria Governing the Offering and Issuance of Securities by Securities Issuers".

According to the amended Company Act, which was announced in January 2012, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or cash for the portion in excess of 25% of the paid-in capital.

The Company's articles of incorporation stipulate that the Company must appropriate employees' bonuses of at least 1% of estimated earnings of each year, and less than 5% of estimated earnings of each year for remuneration of directors and supervisors. Such appropriations can only be made after offsetting accumulated deficit and appropriation of legal reserve, and appropriation of special reserve from unappropriated earnings at an amount equal to the net debit balance of those accounts in stockholders' equity.

To promote long-term development, the Company has adopted a steady dividend policy, in which a cash dividend of around 0~50% of the appropriated dividend is distributed and a stock dividend of around 50%~100% of the appropriated dividend is distributed. However, if the expected earnings per share in the year when stock dividends are distributed decline by 20% or more or if working capital level is low, a cash dividend of 50%~100% of the appropriated dividend and a stock dividend of 0~50% of the appropriated dividend are distributed.

On June 21, 2012, the Company's stockholders did not appropriate dividends, employees' bonuses, and directors' and supervisors' remuneration in consideration of operational needs and sustainable development.

The Company's stockholders resolved to appropriate earnings of 2010 on June 10, 2011. The appropriations and dividends per share were as follows:

	2010
Stock dividends	$ 1.00
Cash dividends	1.00
Bonuses to employees	100,000
Remuneration to directors and supervisors	53,000

The amounts of the abovementioned appropriations of earnings were consistent with the resolutions of the meetings of the board of directors. The related information can be found on websites such as the Market Observation Post System.

For the years ended December 31, 2012 and 2011, the Company did not recognize any bonuses to employees and remuneration to directors and supervisors. Differences between the amount approved in the shareholders' meeting and recognized in the financial statements, if any, are recognized as profit or loss.

(3) Cumulative translation adjustments

According to the accounting treatment of note 2(c), the cumulative translation adjustments had a debit balance of $4,406,241 and $2,684,110 as of December 31, 2012 and 2011, respectively.

(n) Earnings per share

For the years ended December 31, 2012 and 2011, earnings per share were calculated as follows:

	2012				
	Amount		**Weighted-average number of shares outstanding during the year (thousand shares)**	**EPS (in dollars)**	
	Before income tax	**After income tax**		**Before income tax**	**After income tax**
Basic earnings per share:					
Net income belonging to Common shareholders	$ 532,357	504,011	3,258,945	0.16	0.15

	2011				
	Amount		**Weighted-average number of shares outstanding during the year (thousand shares)**	**EPS (in dollars)**	
	Before income tax	**After income tax**		**Before income tax**	**After income tax**
Basic earnings per share:					
Net income belonging to Common shareholders	$ 237,367	209,028	3,258,945	0.07	0.06
Diluted earnings per share:					
Effect of potentially dilutive common stock:					
Employees' bonuses	-	-	1,485		
Common shareholders' net income plus the effect of potentially dilutive common stock	$ 237,367	209,028	3,260,430	0.07	0.06

(o) Hedge accounting

The Company needs fuel for operating, and the future cash flows for fuel fluctuate due to the floating market prices, and therefore cash flow risk occurs. The Company evaluates the risk as significant, and thus hedges the risk by signing swap agreements.

As of December 31, 2012 and 2011, the cash flow hedging items and derivative financial hedging instruments were as follows:

Hedged item	Hedging instrument		Fair value of assigned hedging instrument 2012	2011	Period of generating cash flow	Account
Floating price of fuel	Fuel swap agreements	$	13,353	69,953	2012~2013	Derivative financial assets for hedge purposes－current

As of December 31, 2012 and 2011, the unrealized valuation gain (including tax effect) on financial instruments due to hedging of cash flow amounted to $11,084 and $58,062, respectively, and was recorded under stockholders' equity.

(p) Disclosure of financial instruments

(1) Fair value of financial instruments

The details of financial instruments as of December 31, 2012 and 2011, were as follows:

	2012			2011		
		Fair value			Fair value	
	Book value	Public quote value	Assessment value	Book value	Public quote value	Assessment value
Financial assets:						
Cash and cash equivalents	$ 19,157,798	-	19,157,798	13,666,643	-	13,666,643
Notes and accounts receivable (including receivables from related parties)	7,029,233	-	7,029,233	6,418,453	-	6,418,453
Other receivables (including receivables from related parties)	157,306	-	157,306	575,134	-	575,134
Available-for-sale financial assets－current	2,106,688	2,106,688	-	2,410,548	2,410,548	-
Available-for-sale financial assets－non-current－equity securities	654,310	654,310	-	556,682	556,682	-
Available-for-sale financial assets－non-current－treasury notes	100,070	100,070	-	121,090	121,090	-
Financial assets carried at cost－non-current	2,530,348	-	-	2,530,348	-	-
Fuel swap agreements	13,353	-	13,353	69,953	-	69,953
Other assets	70,832	-	70,832	72,363	-	72,363
Financial liabilities:						
Accounts payable (including payables to related parties)	6,943,501	-	6,943,501	4,624,192	-	4,624,192
Accrued expenses	8,207,320	-	8,207,320	8,181,776	-	8,181,776
Other payable (including payables to related parties)	146,745	-	146,745	202,718	-	202,718
Bonds payable (including current portion)	16,700,000	16,741,563	-	10,200,000	10,217,328	-
Long-term borrowings (including current portion)	34,383,560	-	34,383,560	39,136,553	-	39,136,553
Installment accounts payable (including current portion)	12,056,530	-	12,189,857	15,795,755	-	16,138,957
Lease liability (including current portion)	8,882,533	-	9,047,118	10,525,724	-	10,820,579
Off-balance-sheet financial instruments:						
Letters of credit	-	-	1,924,209	-	-	1,704,293
Guarantees and endorsements	-	-	250,470	-	-	984,100

(2) Methods and assumptions to measure the fair value of financial instruments

i) The maturity dates of short-term financial instruments, including cash and cash equivalents, notes and accounts receivable/payable (including related parties), other receivables (including related parties), other assets, accrued expenses, and other payables (including related parties), are within one year of the balance sheet date, and therefore, their book value is equal to their fair value.

ii) If public quoting of financial assets and liabilities is available, the quote price will be the fair value. If market value is not available, an assessment method will be used. The assumptions used should be the same as those used by the financial market traders when quoting their prices.

iii) The assessed value of bonds payable, long-term borrowings, installment accounts payable and lease liability is the discounted future cash flows, and the discount rates during the years ended December 31, 2012 and 2011, were 0.34%~6.93% and 0.25%~6.93%, respectively.

iv) The fair value of letters of credit is based on the amount of the contract.

v) The fair value of guarantees and endorsements is based on the amount of the contract.

(3) For the years ended December 31, 2012 and 2011, the evaluation gain or loss on financial assets/liabilities at fair value through profit or loss amounted to losses of $0 and $1,267, respectively.

(4) Disclosure of financial risks

(i) Market risk

As of December 31, 2012 and 2011, the bonds payable, installment accounts payable, and lease liability with the risk arising from floating interest rates amounted to $21,928,592 and $16,764,790, respectively.

Equity securities held by the Company were recorded as available-for-sale financial assets and measured at fair value. The Company had the risk of changes in market price.

The Company is exposed to foreign currency risk on accounts receivable which are denominated in a currency other than New Taiwan dollars. The above foreign currency risk will be offset by the same risk related to those accounts payable which are denominated in a foreign currency. Therefore, the Company believes its exposure to foreign currency risk is low.

(ii) Credit risk

The Company has major credit risk involving cash and cash equivalents, equity securities, and accounts receivable. The Company deposited the cash in different financial institutions. The Company owns equity securities by purchasing publicly traded bonds and stocks. Derivative counterparties are limited to high-credit-quality financial institutions. The Company is exposed to credit risk in every financial institution. However, the credit risk involving cash, derivatives and equity securities is not significant.

The Company guaranteed bank loans of an investee which is 100% owned by the Company, and therefore the Company concluded that it was not exposed to credit risk for this transaction.

Accounts receivable were due from many customers. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluated each client's financial situation and requested clients to provide guaranties.

(iii) Liquidity risk

The Company's capital, operating funds and financing are sufficient to fulfill all obligations. Therefore, the Company did not have liquidity risk.

The Company's derivative financial instruments are expected to sell at the rational price. Therefore, liquidity risk is not significant.

The Company's available-for-sale financial assets had publicly traded prices and were expected to be sold promptly at prices close to their fair values. Therefore, liquidity risk is not significant.

Liquidity risk resulted from financial assets carried at cost that had no publicly traded price.

(iv) Cash flow risk related to the fluctuation of interest rates

The Company's long-term borrowings, installment accounts payable, and lease liability carried floating interest rates. As a result, the effective interest rate changes along with the fluctuation of the market interest rate and thereby influences the Company's future cash flow.

As of December 31, 2012 and 2011, the financial liabilities with the risk arising from floating interest rates amounted to $50,094,031 and $58,893,242, respectively.

5. Transactions with Related Parties

(a) Name and relationship of related parties

Name	Relationship with the Company
Evergreen Marine Corp.	Major shareholder
Evergreen International Corp.	Major shareholder
Evergreen International Storage & Transport Corp.	Major shareholder
Evergreen Airline Services Corp.	Subsidiary
Evergreen Sky Catering Corp.	Subsidiary
Evergreen Aviation Technologies Corp.	Subsidiary
Evergreen Air Cargo Services Corp.	Subsidiary
Hsiang-Li Investment Corp.	Subsidiary
RTW Air Services (S) Pte. Ltd.	Subsidiary
Green Siam Air Services Co., Ltd.	Subsidiary
Evergreen Airways Service (Macau) Ltd.	Subsidiary
PT Perdana Andalan Air service	Subsidiary
Sky Castle Investment Ltd.	Subsidiary
Concord Pacific Ltd.	Subsidiary
Sino Gain Ltd.	Subsidiary
Evergreen Security Corp.	Investee company accounted for by equity method
Uni Airways Corp.	Investee company of the Company's major shareholders
Ever Accord Construction Corp.	Investee company of the Company's major shareholders
Evergreen Reinsurance Co., Ltd.	Investee company of the Company's major shareholders
Shanghai Airlines Cargo International Co., Ltd. (Note)	Investee company of the Company's subsidiary
Directors, Supervisors, and Managers	The Company's directors, supervisors and major management

Note: Shanghai Airlines Cargo International Co., Ltd. ceased its operation on May 31, 2011. China Cargo Airlines Co., Ltd., accordingly, acquired net assets of Shanghai Airlines Cargo International Co., Ltd. and took over its rights and obligations.

(b) Significant transactions with related parties

(1) Revenue, cost and expenses

During the years ended December 31, 2012 and 2011, the Company's transactions with related parties were as follows:

Revenue	**2012**		**2011**	
	Amount	**Percentage**	**Amount**	**Percentage**
Uni Airways Corp.	$ 848,314	0.79	623,536	0.61
Evergreen Aviation Technologies Corp.	294,915	0.28	189,777	0.19
Evergreen International Corp.	44,398	0.04	46,498	0.05
Others	6,736	0.01	15,616	0.01
	$ 1,194,363	**1.12**	**875,427**	**0.86**

Uni Airways Corp. leased aircraft from the Company to operate cross-strait flights between Mainland China and Taiwan. The rental is charged by actual flight hours and recorded under operating revenue.

Cost	**2012**		**2011**	
	Amount	**Percentage**	**Amount**	**Percentage**
Evergreen Aviation Technologies Corp.	$ 5,792,257	5.89	4,877,284	5.17
Evergreen Sky Catering Corp.	1,449,926	1.47	1,267,563	1.34
Evergreen Airline Services Corp.	1,386,222	1.41	1,095,189	1.16
Uni Airways Corp.	749,029	0.76	639,473	0.68
Evergreen Air Cargo Services Corp.	360,320	0.37	322,310	0.34
Evergreen Reinsurance Co., Ltd.	169,602	0.17	183,053	0.19
Evergreen International Corp.	81,251	0.08	65,016	0.07
Evergreen International Storage & Transport Corp.	74,839	0.08	69,986	0.07
Others	3,235	-	56,540	0.06
	$ 10,066,681	**10.23**	**8,576,414**	**9.08**

Expenses	2012 Amount	2012 Percentage	2011 Amount	2011 Percentage
Evergreen International Corp.	$ 188,567	2.37	183,446	2.50
Green Siam Air Services Co., Ltd.	56,607	0.71	57,458	0.78
Evergreen Security Corp.	46,338	0.58	43,148	0.59
Evergreen International Storage & Transport Corp.	38,996	0.49	28,596	0.39
RTW Air Services (S) Pte. Ltd.	36,188	0.45	44,545	0.61
Evergreen Sky Catering Corp.	34,116	0.43	30,702	0.42
PT Perdana Andalan Air Service	31,295	0.39	33,427	0.46
Evergreen Airline Services Corp.	28,708	0.36	29,363	0.40
Uni Airways Corp.	27,745	0.35	27,365	0.37
Evergreen Aviation Technologies Corp.	10,708	0.14	11,263	0.15
Others	3,459	0.04	2,060	0.03
	$ 502,727	**6.31**	**491,373**	**6.70**

The Company sold spare parts amounting to $940,533 and $1,332,809 to Evergreen Aviation Technologies Corp. for the years ended December 31, 2012 and 2011, respectively.

Evergreen Aviation Technologies Corp. provides maintenance services for aircraft and engines for the Company. For the years ended December 31, 2012 and 2011, the amounts were $3,116,041 and $2,891,226, respectively, recorded under aircraft and machinery and equipment.

(2) Property transaction

The Company sold two aircraft for US$97,067 to Sino Gain Ltd. on November 27, 2009, and immediately bought them back by installments. There were no gains or losses on disposal recorded for this sale and buyback transaction. As of December 31, 2012 and 2011, installment payments amounted to $250,470 and $984,100, respectively, recorded under installment accounts payable.

(3) Construction commitment

During the year ended December 31, 2012, the Company entered into a contract amounting to $720,000 with Ever Accord Construction Corp. for the purpose of construction of its training center. As of December 31, 2012, the unpaid contract price amounted to $460,080.

(4) Endorsements and guarantees

As of December 31, 2012, and 2011, the details of guarantees to related parities were as follows:

	2012		2011	
	Foreign currency	Amount	Foreign currency	Amount
Sino Gain Ltd.	USD 8,625	$ 250,470	USD 32,500	984,100

(5) The abovementioned transactions with related parties were made with no significant difference from those with third parties, but sometimes the payments were overdue. Receivables and payables as of December 31, 2012 and 2011, resulting from the aforementioned transactions were as follows:

	2012	2011
Accounts receivable－related parties:		
Uni Airways Corp.	$ 141,372	140,434
Evergreen Aviation Technologies Corp.	17,264	29,398
Evergreen International Corp.	8,877	7,104
Others	383	1,620
	$ 167,896	178,556
Other receivables－related parties (Note):		
Uni Airways Corp.	$ 74,123	44,109
Evergreen Aviation Technologies Corp.	16,910	467,912
Shanghai Airlines Cargo International Co., Ltd	15,722	18,920
Others	686	1,097
	$ 107,441	532,038

Note: As of December 31, 2012 and 2011, the overdue accounts receivable reclassified to other receivables were $15,722 and $18,920, respectively. The aging for the abovementioned overdue accounts receivable were shown below:

	2012			
	Aging for overdue accounts receivable			
Name	Amount	Overdue 1-6 months	Overdue 7-12 months	Overdue one year
Shanghai Airlines Cargo International Co., Ltd.	$ 15,722	-	-	15,722

Name		2011 Aging for overdue accounts receivable		
	Amount	Overdue 1-6 months	Overdue 7-12 months	Overdue one year
Shanghai Airlines Cargo International Co., Ltd.	$ 18,920	5,979	1,612	11,329

	2012	2011
Accounts payable－related parties:		
Evergreen Aviation Technologies Corp.	$ 2,931,177	2,235,963
Evergreen Airline Services Corp.	256,397	171,101
Evergreen Sky Catering Corp.	242,237	218,566
Uni Airways Corp.	86,197	85,156
Evergreen Air Cargo Services Corp.	62,344	56,866
Evergreen International Corp.	12,146	9,501
Green Siam Air Services Co., Ltd.	11,184	10,961
Others	17,990	34,878
	$ 3,619,672	2,822,992
Other payables－related parties:		
Evergreen International Corp.	$ 38,934	51,407
Evergreen Airline Services Corp.	37,307	77,240
Evergreen Aviation Technologies Corp.	9,420	9,801
Uni Airways Corp.	8,401	12,570
Others	12,666	22,524
	$ 106,728	173,542

(c) Summary of payroll and remuneration of the Company’s directors, supervisors and major management.

For the years ended December 31, 2012 and 2011, the related information about payroll and remuneration of major management, such as directors, supervisors and managers, received from the Company were as below:

	2012	2011
Salaries	$ 25,826	27,572
Bonus and extra payment	6,032	7,122
Employees’ bonuses	-	-

6. Pledged Assets

The book values of the pledged assets as of December 31, 2012 and 2011, were as follows:

Pledged assets	Object	2012	2011
Land	Long-term borrowings	$ 1,863,910	1,863,910
Buildings	Long-term borrowings	2,048,288	2,110,438
Aircraft	Long-term borrowings and installment accounts payable	47,846,972	56,039,827
Engines－included in machinery and equipment	Long-term borrowings	-	2,270,815
Time deposit－included in other assets	Letters of credit, customs duty, and contract performance guaranties	70,832	72,363
Spare parts－included in inventories	Installment accounts payable	-	500,033
US treasury note－included in available-for-sale financial assets-non-current	Contract performance guaranties	100,070	121,090
		$ 51,930,072	62,978,476

7. Commitments and Contingencies

(a) In May 2012, the Company entered into an aircraft purchase contract for 3 Boeing 777 aircraft. As of December 31, 2012, the contract price for the 3 aircraft amounted to US$1,062,441. The Company has paid $1,656,044, recorded under advances for purchases of equipment.

(b) The Company entered into aircraft and building lease contracts by operating lease or capital lease. As of December 31, 2012, the Company had paid $868,015 as refundable deposits. According to these contracts, future lease payments in the following years are as follows:

Year due	Amount
January 1, 2013~December 31, 2013	$ 8,359,536
January 1, 2014~December 31, 2014	7,629,694
January 1, 2015~December 31, 2015	7,273,274
January 1, 2016~December 31, 2016	5,925,416
January 1, 2017~December 31, 2017	4,170,248
January 1, 2018 and thereafter	10,546,820
	$ 43,904,988

(c) The details of guarantees to related parties as of December 31, 2012 are disclosed in note 5.

8. Important Damage Losses: none

9. Important Subsequent Events: none

10. Others

(a) Total personnel expenses, depreciation and amortization for the years ended December 31, 2012 and 2011, were as follows:

By function / By item	2012 Operating cost	2012 Operating expenses	2012 Total	2011 Operating cost	2011 Operating expenses	2011 Total
Personnel expenses						
Salaries	$ 3,998,376	3,050,454	7,048,830	3,691,586	2,814,489	6,506,075
Insurance	210,586	171,721	382,307	184,965	153,109	338,074
Pension	338,007	218,725	556,732	277,404	213,198	490,602
Others (meal allowances, etc)	1,404,822	346,361	1,751,183	1,404,109	240,521	1,644,630
Depreciation	8,817,149	221,060	9,038,209	9,258,491	255,431	9,513,922
Amortization	-	49,681	49,681	-	28,370	28,370

(b) Significant foreign currency of financial assets and liabilities as of December 31, 2012 and 2011, were as follows:

	2012 Foreign Currency	2012 Exchange Rate	2012 NT dollars	2011 Foreign Currency	2011 Exchange Rate	2011 NT dollars
Financial assets						
USD	68,840	29.04	1,999,125	33,014	30.28	999,502
EUR	5,913	38.49	227,586	4,603	39.18	180,356
JPY	423,514	0.3364	142,470	421,111	0.3906	164,486
HKD	240,418	3.75	900,848	199,684	3.90	778,168
CNY	566,978	4.66	2,642,119	753,013	4.81	3,619,744
			$ 5,912,148			5,742,256
Long-term equity investment under equity method						
USD	53,138	29.04	$ 1,543,126	62,509	30.28	1,892,760

Financial liabilities	Foreign Currency	2012 Exchange Rate	NT dollars	Foreign Currency	2011 Exchange Rate	NT dollars
USD	140,535	29.04	4,081,125	148,701	30.28	4,501,932
EUR	7,851	38.49	302,186	6,440	39.18	252,315
JPY	1,242,389	0.3364	417,940	1,054,213	0.3906	411,776
HKD	14,989	3.75	56,165	20,456	3.90	79,716
CNY	238,621	4.66	1,111,972	162,644	4.81	781,829
			$ 5,969,388			6,027,568

11. Segment Financial Information

The segment financial information is disclosed in the consolidated financial statements instead of the accompanying stand-alone financial statements.

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars)

Assets	2012 NT dollars	2011 NT dollars
Current assets:		
Cash and cash equivalents	$ 22,083,330	17,470,319
Financial assets at fair value through profit or loss－current	260,289	885
Available-for-sale financial assets－current	2,180,986	2,551,236
Derivative financial assets for hedge purposes－current	13,353	69,953
Notes receivable, net	416,388	624,360
Accounts receivable, net	10,159,764	8,500,527
Accounts receivable－related parties	316,596	274,943
Other receivables	62,019	73,495
Other receivables－related parties	80,256	283,833
Inventories	12,919,774	13,346,258
Other prepayments	817,578	1,040,306
Deferred income tax assets－current	565,535	1,446,471
Other current assets	62,796	37,982
Total current assets	49,938,664	45,720,568
Funds and investments:		
Available-for-sale financial assets－non-current	789,564	709,758
Financial assets carried at cost－non-current	3,712,342	4,059,110
Long-term equity investments under equity method	793,699	455,573
Total funds and investments	5,295,605	5,224,441
Property, plant and equipment:		
Land	2,574,955	2,550,924
Buildings	13,674,935	13,508,697
Machinery and equipment	16,035,673	15,881,873
Aircraft	89,135,247	104,493,634
Leased assets	15,799,993	17,403,103
	137,220,803	153,838,231
Less: accumulated depreciation	(51,966,150)	(59,056,755)
Advances for purchases of equipment	2,525,326	75,863
Net property, plant and equipment	87,779,979	94,857,339
Intangible assets:		
Deferred pension cost	281,504	351,146
Other assets:		
Refundable deposits	1,054,846	1,751,335
Deferred income tax assets－non-current	4,474,692	3,231,263
Other assets	441,285	259,620
Total other assets	5,970,823	5,242,218
Total assets	$ **149,266,575**	**151,395,712**

Liabilities and Stockholders' Equity	2012 NT dollars	2011 NT dollars
Current liabilities:		
Short-term borrowings	$ 1,482,777	2,169,436
Accounts payable	4,166,321	2,514,171
Accounts payable－related parties	129,036	114,674
Tax payables	256,126	227,178
Accrued expenses	9,079,954	8,909,203
Other payables－related parties	85,390	108,405
Other payables	2,372,310	2,786,963
Unearned revenue	7,891,158	7,563,368
Current portion of long-term liabilities	8,457,340	7,887,998
Other current liabilities	4,156,494	3,953,434
Total current liabilities	38,076,906	36,234,830
Long-term liabilities:		
Bonds payable	16,700,000	10,200,000
Long-term borrowings	34,118,807	39,096,345
Installment accounts payable	9,738,604	12,266,631
Lease liability－non-current	7,335,153	9,003,131
Total long-term liabilities	67,892,564	70,566,107
Other liabilities:		
Accrued employee retirement liabilities	1,304,488	1,469,210
Other liabilities	1,278,106	1,479,641
Total other liabilities	2,582,594	2,948,851
Total liabilities	108,552,064	109,749,788
Stockholders' equity:		
Common stock	32,589,450	32,589,450
Capital surplus	2,626,446	2,626,446
Retained earnings:		
Legal reserve	1,222,576	1,201,674
Special reserve	3,643,667	3,657,682
Unappropriated earnings	1,938,813	1,441,689
Total retained earnings	6,805,056	6,301,045
Other stockholders' equity adjustments:		
Cumulative translation adjustments	(4,376,170)	(2,579,360)
Net loss not recognized as pension cost	(1,356,686)	(1,266,896)
Unrealized gains or losses on financial instruments	265,365	202,590
Total other stockholders' equity adjustments	(5,467,491)	(3,643,666)
Total stockholders' equity	36,553,461	37,873,275
Minority interest	4,161,050	3,772,649
Total stockholders' equity and minority interst	40,714,511	41,645,924
Total liabilities and stockholders' equity	$ **149,266,575**	**151,395,712**

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Statements of Operations

For the years ended December 31, 2012 and 2011

(Expressed in Thousands of New Taiwan Dollars, Except Earnings per Share)

	2012 NT dollars	2011 NT dollars
Operating revenue	$ 120,121,016	113,619,373
Operating cost	108,536,251	103,364,069
Gross profit from operations	11,584,765	10,255,304
Operating expenses	8,589,393	7,814,350
Operating income	2,995,372	2,440,954
Non-operating income and gains:		
Interest income	203,262	163,728
Investment income	79,842	-
Dividend income	112,441	287,012
Gains on disposal of property, plant and equipment	140,222	7,910
Exchange gains, net	-	103,645
Other income	256,956	144,909
	792,723	707,204
Non-operating expenses and losses:		
Interest expenses	1,740,334	1,760,481
Investment losses	-	24,130
Exchange losses, net	81,608	-
Losses on valuation of financial liabilities	-	1,267
Other losses	495,280	243,098
	2,317,222	2,028,976
Income before income tax	1,470,873	1,119,182
Income tax expenses	429,790	368,249
Net income	**$ 1,041,083**	**750,933**
Income attributable to:		
Parent company	504,011	209,028
Minority interest	537,072	541,905
	$ 1,041,083	**750,933**

	Net income	Net income
Basic earnings (losses) per share (expressed in New Taiwan dollars)	**$ 0.15**	**0.06**
Diluted earnings per share (expressed in New Taiwan dollars)		**$ 0.06**

EVA AIRWAYS CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
For the years ended December 31, 2012 and 2011
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized As Pension Cost	Unrealized Gains or Losses on Financial Instruments	Minority Interest	Total
Balance on December 31, 2010	$ 29,626,772	2,649,436	-	-	12,016,736	(3,554,690)	(511,128)	408,136	3,470,038	44,105,300
Appropriation of 2010 earnings: (Note)										
Legal reserve	-	-	1,201,674	-	(1,201,674)	-	-	-	-	-
Special reserve	-	-	-	3,657,682	(3,657,682)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,962,678)	-	-	-	-	(2,962,678)
Stock dividends	2,962,678	-	-	-	(2,962,678)	-	-	-	-	-
Disposal of long-term equity investments under equity method	-	(22,990)	-	-	637	-	1,512	(919)	-	(21,760)
Change in net equity due to recording net loss not recognized as pension cost in long-term equity investments under equity method	-	-	-	-	-	-	(19,328)	-	-	(19,328)
Change in net loss not recognized as pension cost	-	-	-	-	-	-	(737,952)	-	-	(737,952)
Adjustment for unrealized gains or losses on financial instruments of investees accounted for under equity method	-	-	-	-	-	-	-	(21,157)	-	(21,157)
Change in unrealized gains or losses on financial instruments	-	-	-	-	-		-	(183,470)	-	(183,470)
Decrease in minority interest	-	-	-	-	-	-	-	-	(239,294)	(239,294)
Net income for the year ended December 31, 2011	-	-	-	-	209,028	-	-	-	541,905	750,933
Translation adjustments	-	-	-	-		975,330	-	-		975,330
Balance on December 31, 2011	32,589,450	2,626,446	1,201,674	3,657,682	1,441,689	(2,579,360)	(1,266,896)	202,590	3,772,649	41,645,924
Appropriation of 2011 earnings:										-
Legal reserve	-	-	20,902	-	(20,902)	-	-	-	-	-
Reversal of special reserve	-	-	-	(14,015)	14,015	-	-	-	-	-
Change in net equity due to recording net loss not recognized as pension cost in long-term equity investments under equity method	-	-	-	-	-	-	107,898	-	-	107,898
Change in net loss not recognized as pension cost	-	-	-	-	-	-	(197,688)	-	-	(197,688)
Adjustment for unrealized gains or losses on financial instruments of investees accounted for under equity method	-	-	-	-	-	-	-	3,572	-	3,572
Change in unrealized gains or losses on financial instruments	-	-	-	-	-	-	-	59,203	-	59,203
Decrease in minority interest	-	-	-	-	-	-	-	-	(148,671)	(148,671)
Net income for the year ended December 31, 2012	-	-	-	-	504,011	-	-	-	537,072	1,041,083
Translation adjustments	-	-	-	-	-	(1,796,810)	-	-	-	(1,796,810)
Balance on December 31, 2012	**$ 32,589,450**	**2,626,446**	**1,222,576**	**3,643,667**	**1,938,813**	**(4,376,170)**	**(1,356,686)**	**265,365**	**4,161,050**	**40,714,511**

Note: The appropriations for 2010 of employees' bonuses and directors' and supervisors' remuneration amounting to $100,000 and $53,000, respectively, were recognized and accrued in the 2010 earnings.

EVA AIRWAYS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2012 and 2011

(Expressed in Thousands of New Taiwan Dollars)

		2012 NT dollars	2011 NT dollars
Cash flows from operating activities:			
Net income	$	1,041,083	750,933
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation		9,775,546	10,318,375
Amortization		67,357	47,835
Investment loss (income)		(79,842)	24,130
Proceeds from cash dividends on long-term equity investments		50,269	54,274
Losses (gains) on disposal and obsolescence of property, plant and equipment		(113)	50,976
Gains on disposal of investments		(10,290)	(26,201)
Deferred income tax (benefit) expenses		(11,380)	(4,690)
Amortization expense recorded as interest expenses and other expenses		37,070	46,381
Amortization of other deferred gain		(139,226)	(61,701)
Impairment losses		289,350	-
Other losses		-	204,753
Changes in operating assets and liabilities, net:			
Financial assets at fair value though profit or loss－current		(259,404)	743
Notes receivable		207,972	(97,279)
Accounts receivable		(1,659,237)	1,221,605
Accounts receivable－related parties		(41,653)	145,775
Other receivable		11,476	88,970
Other receivables－related parties		203,577	8,472
Inventories		415,402	(745,021)
Other prepayments		222,728	(251,967)
Other current assets		(24,814)	5,099
Accounts receivable－related parities－non-current		-	79,373
Accounts payable		1,652,150	197,032
Accounts payable－related parties		(359,000)	(434,768)
Tax payable		28,948	69,834
Accrued expenses		170,751	954,676
Other payables－related parties		(23,015)	27,904
Other payables		252,509	303,581
Unearned revenue		327,790	431,695
Other current liabilities		178,273	754,396
Accrued employee retirement liabilities		(311,158)	(195,463)
Other liabilities		73,106	17,315
Net cash provided by operating activities		12,086,225	13,987,037
Cash flows from investing activities:			
Decrease (increase) in available-for-sale financial assets－current		390,225	(406,634)
Proceeds from disposal of available-for-sale financial assets－non-current		120,833	187,505
Payments for purchase of available-for-sale financial assets－non-current		(100,077)	(121,254)
Payments for purchase of financial assets carried at cost		-	(1,524,200)
Payments for purchase of long-term equity investments under equity method		(320,000)	-
Proceeds from disposal of long-term equity investments under equity method		-	220,000
Withdrawal of financial assets carried at cost		-	4,211
Payments for purchase of property, plant and equipment		(6,225,645)	(1,360,323)
Proceeds from disposal of property, plant and equipment		1,009,056	1,992,745
Decrease in refundable deposits		754,994	55,159
Decrease (increase) in other assets		(249,176)	503,377
Net cash used in investing activities		(4,619,790)	(449,414)
Cash flows from financing activities:			
Decrease in short-term borrowings		(686,659)	(834,651)
Issue of bonds payable		6,500,000	10,200,000
Redemption of bonds payable		-	(9,000,000)
Increase in long-term borrowings (including installment accounts payable)		4,258,000	6,234,000
Redemption of long-term borrowings (including installment accounts payable)		(11,333,130)	(14,608,786)
Redemption of lease liability		(1,574,277)	(1,519,721)
Decrease in minority interest		(148,671)	(239,294)
Cash dividends		-	(2,962,678)
Net cash used in financing activities		(2,984,737)	(12,731,130)
Effect of exchange rate changes on cash		131,313	88,321
Net increase in cash and cash equivalents		4,613,011	894,814
Cash and cash equivalents at beginning of year		17,470,319	16,575,505
Cash and cash equivalents at end of year	$	22,083,330	17,470,319
Additional disclosure of cash flow information:			
Interest paid	$	**1,719,944**	**2,023,995**
Less: capitalized interest		**11,338**	**27,885**
Interest paid (excluding capitalized interest)	$	**1,708,606**	**1,996,110**
Income tax paid	$	**412,388**	**358,868**
Supplemental schedule of noncash investing and financing activities:			
Current portion of long-term liabilities and bonds payable	$	**8,457,340**	**7,887,998**
Unrealized gains or losses on financial instruments	$	**62,775**	**(205,546)**
Translation adjustments	$	**(1,796,810)**	**975,330**
Increase in lease liability	$	**-**	**39,123**

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