

BES Engineering Corporation

**Financial Statements for the
Years Ended December 31, 2005 and 2004 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
BES Engineering Corporation

We have audited the accompanying balance sheets of BES Engineering Corporation (the "Corporation") as of December 31, 2005 and 2004, and the related statements of income, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2005 of BES Construction & Development Corp., Huatung Power Corp., Smartnet Corp., BES Investment Corp., Chung Kung Safeguarding & Securities Corp., BES Construction Corporation (BES, U.S.A.) and Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.). We also did not audit the financial statements as of and for the year ended December 31, 2004 of BES Construction & Development Corp., Huatung Power Corp., Smartnet Corp., BES Investment Corp., Chu-Huan Environmental Engineering Corp., and Chung Kung Safeguarding & Securities Corp. The investments in these companies, which were directly owned by the Corporation or by its wholly owned subsidiaries, were all accounted for by the equity method. As of December 31, 2005 and 2004, the carrying values of these investments were 1.51% (NT\$568,292 thousand) and 1.39% (NT\$548,805 thousand), respectively, of the Corporation's total assets. The equity in the investees' net loss was 22.00% (NT\$119,362 thousand) and the equity in the net gain was 5.15% (NT\$19,699 thousand) of the Corporation's income before income tax in 2005 and 2004, respectively. However, the financial statements of these investees were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to these investments, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 above present fairly, in all material respects, the financial position of BES Engineering Corporation as of December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, the Corporation adopted the Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment" on January 1, 2005.

We have also audited the consolidated financial statements of BES Engineering Corporation as of December 31, 2005 and have issued a modified unqualified opinion thereon in our report dated March 24, 2006.

Our audits also comprehended the 2005 and 2004 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers.

March 24, 2006

Notice to Readers

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

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

註解 [jlei1]: 此段於所有以 ROC GAAP 編製之英文報告均需加入

註解 [jlei2]: 當英文報告係翻譯自中文報告時，加入此段，並取代在每一頁首註明 "English Translation of a Report (or Financial Statements) Originally Issued in Chinese"

註解 [jlei3]: 證期局規定之附註再揭露事項通常應翻譯並列入英文報告，當客戶未翻譯時，宜在此處及相關附註加以說明

BES ENGINEERING CORPORATION

BALANCE SHEETS
DECEMBER 31, 2005 AND 2004
(Dollars and Shares in Thousands, Except Par Value)

ASSETS	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
CURRENT ASSETS						
Cash (Note 4)	\$ 1,230,096	\$ 37,446	3	\$ 931,469	\$ 29,374	2
Short-term investments, net (Notes 2 and 5)	184,135	5,605	1	161,059	5,079	-
Accounts receivable, net of allowance for doubtful accounts of NTS\$127,675 thousand dollars in 2005 and NTS\$125,037 thousand dollars in 2004 (Notes 2, 16 and 22)	4,891,515	148,905	13	4,150,588	130,892	11
Receivables on the development of industrial districts (Notes 2, 6 and 16)	15,976,376	486,343	43	18,543,064	584,770	47
Inventories (Notes 2 and 7)	34,578	1,053	-	25,741	812	-
Buildings and land held for sale (Notes 2, 16 and 23)	62,112	1,891	-	109,895	3,466	-
Construction in progress (Notes 2 and 16)	1,909,862	58,139	5	910,382	28,710	2
Prepaid expenses	256,509	7,808	1	214,467	6,763	1
Deferred income taxes - current (Notes 2 and 20)	85,966	2,617	-	221,966	7,000	1
Restricted assets (Notes 16, 22 and 23)	1,719,524	52,345	5	2,124,916	67,011	5
Refundable deposits on construction contracts (Note 16)	34,807	1,060	-	129,568	4,086	-
Other current assets (Note 22)	551,453	16,787	1	1,038,949	32,764	3
Total current assets	26,936,933	819,999	72	28,562,064	900,727	72
LONG-TERM INVESTMENTS						
Stocks (Notes 2, 3, 8, 18, 22 and 23)						
Equity method	2,692,725	81,970	7	2,621,060	82,657	7
Cost method	1,211,412	36,877	3	1,313,898	41,435	3
Total	3,904,137	118,847	10	3,934,958	124,092	10
Bond	66,600	2,027	-	-	-	-
Land	-	-	-	110	4	-
Total long-term investments	3,970,737	120,874	10	3,935,068	124,096	10
PROPERTIES (Notes 2, 3, 9, 22 and 23)						
Cost						
Land	896,262	27,284	2	1,021,826	32,224	3
Land improvements	20,542	625	-	20,542	648	-
Buildings and structures	133,306	4,058	-	301,282	9,501	1
Machinery and equipment	236,005	7,184	1	403,225	12,716	1
Transportation equipment	31,951	973	-	50,891	1,605	-
Miscellaneous equipment	8,809	268	-	5,972	188	-
	1,326,875	40,392	3	1,803,738	56,882	5
Revaluation increment	2,532,316	77,087	7	3,360,868	105,988	8
Total cost and appreciation	3,859,191	117,479	10	5,164,606	162,870	13
Accumulated depreciation	299,547	9,119	1	509,770	16,076	1
Accumulated impairment	159,406	4,852	-	-	-	-
Net properties	3,400,238	103,508	9	4,654,836	146,794	12
OTHER ASSETS						
Leased assets, net (Notes 2, 9, 10 and 23)	2,878,421	87,623	8	1,832,556	57,791	5
Refundable deposits (Note 22)	19,078	581	-	28,744	906	-
Deferred charges, net (Note 2)	100,959	3,073	-	124,465	3,925	-
Long-term accounts receivable - related parties (Note 22)	285,684	8,697	1	341,771	10,778	1
Certificates of deposit - restricted (Note 23)	16,000	487	-	30,000	946	-
Miscellaneous (Notes 2 and 15)	8,027	244	-	20,852	658	-
Total other assets	3,308,169	100,705	9	2,378,388	75,004	6
TOTAL	\$ 37,616,077	\$ 1,145,086	100	\$ 39,530,356	\$ 1,246,621	100

LIABILITIES AND STOCKHOLDERS' EQUITY	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
CURRENT LIABILITIES						
Short-term debts (Notes 11 and 23)	\$ 7,003,703	\$ 213,203	19	\$ 8,022,365	\$ 252,992	20
Short-term notes and bills payable (Notes 12 and 23)	2,519,805	76,706	7	2,930,556	92,417	8
Notes payable (Note 16)	407,592	12,408	1	246,650	7,778	1
Accounts payable (Notes 16 and 22)	3,589,086	109,257	10	3,273,510	103,233	8
Accrued expenses	172,064	5,238	-	393,679	12,415	1
Payables for development of industrial districts (Notes 2, 13 and 16)	1,037,180	31,573	3	1,141,969	36,013	3
Advance construction receipts (Notes 2 and 16)	501,752	15,274	1	758,039	23,905	2
Current portion of interest-bearing long-term debts (Notes 14 and 23)	534,401	16,268	1	1,461,955	46,104	4
Construction warranty (Note 16)	173,052	5,268	1	160,650	5,066	-
Guarantee deposits on construction contracts (Note 16)	424,356	12,918	1	413,099	13,027	1
Other current liabilities (Notes 2, 20 and 22)	825,481	25,129	2	467,548	14,745	1
Total current liabilities	17,188,472	523,242	46	19,270,020	607,695	49
INTEREST-BEARING LONG-TERM DEBTS						
Bank loans, net of current portion (Notes 14 and 23)	651,267	19,825	2	542,567	17,110	1
RESERVE FOR LAND REVALUATION INCREMENT TAX (Note 9)	1,627,659	49,548	4	2,735,172	86,256	7
OTHER LIABILITIES						
Guarantee deposits received	22,579	687	-	24,112	761	-
Deferred credits - gains on related-party transactions (Notes 2 and 22)	-	-	-	156,373	4,931	1
Miscellaneous (Notes 2 and 8)	2,009	61	-	14,002	442	-
Total other liabilities	24,588	748	-	194,487	6,134	1
Total liabilities	19,491,986	593,363	52	22,742,246	717,195	58
STOCKHOLDERS' EQUITY						
Capital stock - NTS\$10 par value						
Authorized - 1,800,000 thousand shares						
Issued and outstanding - 1,450,217 thousand shares	14,502,168	441,466	39	14,502,168	457,337	37
Capital surplus:						
Additional paid-in capital in excess of par	18,861	574	-	18,861	595	-
Treasury stock transactions	965	29	-	965	30	-
Revaluation increment on properties	2,713,104	82,591	7	1,612,102	50,839	4
From long-term equity investments	47,142	1,435	-	65,021	2,050	-
Total capital surplus	2,780,072	84,629	7	1,696,949	53,514	4
Retained earnings:						
Legal reserve	175,228	5,334	1	162,821	5,135	-
Special reserve	412,107	12,545	1	412,107	12,996	1
Unappropriated earnings	506,330	15,414	1	303,103	9,559	1
Total retained earnings	1,093,665	33,293	3	878,031	27,690	2
Others:						
Unrealized loss on long-term equity investments	(162,123)	(4,935)	(1)	(145,069)	(4,575)	(1)
Cumulative translation adjustments	(88,961)	(2,708)	-	(143,239)	(4,517)	-
Total others	(251,084)	(7,643)	(1)	(288,308)	(9,092)	(1)
Treasury stock (cost) - 323 thousand shares	(730)	(22)	-	(730)	(23)	-
Total stockholders' equity	18,124,091	551,723	48	16,788,110	529,426	42
TOTAL	\$ 37,616,077	\$ 1,145,086	100	\$ 39,530,356	\$ 1,246,621	100

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

(With Deloitte & Touche audit report dated March 24, 2006)

BES ENGINEERING CORPORATION

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2005 AND 2004

(Dollars and Shares in Thousands, Except Earnings Per Share)

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
OPERATING REVENUES						
Construction income (Notes 2 and 22)	\$ 13,188,874	\$ 401,488	98	\$ 10,779,030	\$ 339,925	99
Other (Notes 2 and 22)	<u>321,225</u>	<u>9,778</u>	<u>2</u>	<u>73,830</u>	<u>2,329</u>	<u>1</u>
Total operating revenues	<u>13,510,099</u>	<u>411,266</u>	<u>100</u>	<u>10,852,860</u>	<u>342,254</u>	<u>100</u>
OPERATING COSTS						
Construction (Notes 2, 21 and 22)	12,992,403	395,507	96	10,346,246	326,277	95
Other (Note 22)	<u>64,657</u>	<u>1,968</u>	<u>1</u>	<u>40,267</u>	<u>1,270</u>	<u>1</u>
Total operating costs	<u>13,057,060</u>	<u>397,475</u>	<u>97</u>	<u>10,386,513</u>	<u>327,547</u>	<u>96</u>
GROSS INCOME	<u>453,039</u>	<u>13,791</u>	<u>3</u>	<u>466,347</u>	<u>14,707</u>	<u>4</u>
OPERATING EXPENSES (Notes 21 and 22)						
Marketing	31,218	950	-	20,067	633	-
Administration	156,724	4,771	1	289,882	9,142	3
Research and development	<u>11,585</u>	<u>353</u>	<u>-</u>	<u>11,643</u>	<u>367</u>	<u>-</u>
Total operating expenses	<u>199,527</u>	<u>6,074</u>	<u>1</u>	<u>321,592</u>	<u>10,142</u>	<u>3</u>
OPERATING INCOME	<u>253,512</u>	<u>7,717</u>	<u>2</u>	<u>144,755</u>	<u>4,565</u>	<u>1</u>
NONOPERATING INCOME AND GAINS						
Interest (Note 22)	429,799	13,084	3	437,601	13,800	4
Gain on sales of properties	163,827	4,987	1	59	2	-
Gain on sale of investments, net	17,364	528	-	-	-	-
Rental (Notes 21 and 22)	54,391	1,656	1	64,366	2,030	-
Gain on market price recovery of short-term investment	-	-	-	175,102	5,522	2
Compensative	303,530	9,240	2	25,502	804	-
Other (Notes 8 and 22)	<u>70,046</u>	<u>2,133</u>	<u>1</u>	<u>116,006</u>	<u>3,658</u>	<u>1</u>
Total nonoperating income and gains	<u>1,038,957</u>	<u>31,628</u>	<u>8</u>	<u>818,636</u>	<u>25,816</u>	<u>7</u>

(Continued)

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
NONOPERATING EXPENSES AND LOSSES						
Interest	\$ 50,849	\$ 1,548	1	\$ 47,488	\$ 1,498	-
Investment loss recognized under the equity method (Notes 2, 3 and 8)	140,741	4,284	1	66,970	2,112	1
Decline in value of long-term stock investments	85,917	2,615	1	202,522	6,387	2
Provision for loss on short-term investments	28,923	881	-	-	-	-
Loss on sales of properties	24,612	749	-	43,221	1,363	-
Loss on sales of investments	-	-	-	134,278	4,234	1
Impairment loss (Notes 2, 3 and 9)	159,406	4,853	1	-	-	-
Other (Note 22)	259,346	7,895	2	86,044	2,713	1
Total nonoperating expenses and losses	749,794	22,825	6	580,523	18,307	5
INCOME BEFORE INCOME TAX	542,675	16,520	4	382,868	12,074	3
INCOME TAX EXPENSE (Notes 2 and 20)	174,386	5,309	1	258,796	8,161	2
NET INCOME	\$ 368,289	\$ 11,211	3	\$ 124,072	\$ 3,913	1

	2005		2004	
	NT\$ Before Income Tax	NT\$ After Income Tax	NT\$ Before Income Tax	NT\$ After Income Tax
EARNINGS PER SHARE (Note 19)				
Basic	\$ 0.37	\$ 0.25	\$ 0.26	\$ 0.09

Pro forma information assuming that the shares of BES Engineering Corporation held by its subsidiaries were not treated as treasury stock (Notes 2 and 19):

	2005		2004	
	NT\$ Before Income Tax	NT\$ After Income Tax	NT\$ Before Income Tax	NT\$ After Income Tax
NET INCOME	\$ 542,127	\$ 367,741	\$ 383,639	\$ 124,843
EARNINGS PER SHARE	\$0.37	\$0.25	\$0.26	\$0.09

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

(With Deloitte & Touche audit report dated March 24, 2006)

(Concluded)

BES ENGINEERING CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2005 AND 2004
 (New Taiwan Dollars and Shares in Thousands)

	Capital Stock		Capital Surplus (Notes 2, 8, 9, 10 and 17)					Retained Earnings (Notes 2 and 17)				Others (Notes 2 and 17)			Treasury Stock (Notes 2 and 18)	Total Stockholders' Equity
			Additional Paid-in Capital in Excess of Par	Treasury Stock Transaction	Revaluation Increment on Properties	From Long-term Equity Investments	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Loss on Long-term Equity Investments	Cumulative and Foreign-Currency Translation Adjustments	Total		
	Issued and Outstanding Shares	Amount														
BALANCE, JANUARY 1, 2004	1,421,781	\$ 14,217,812	\$ 18,861	\$ -	\$ 1,612,102	\$ 64,938	\$ 1,695,901	\$ 153,529	\$ 412,107	\$ 487,645	\$ 1,053,281	\$(203,869)	\$(108,133)	\$(312,002)	\$(1,194)	\$ 16,653,798
Appropriation of the 2003 earnings																
Legal reserve	-	-	-	-	-	-	-	9,292	-	(9,292)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(5,986)	(5,986)	-	-	-	-	(5,986)
Bonus to employees	-	-	-	-	-	-	-	-	-	(8,980)	(8,980)	-	-	-	-	(8,980)
Stock dividends - 2%	28,436	284,356	-	-	-	-	-	-	-	(284,356)	(284,356)	-	-	-	-	-
Net income in 2004	-	-	-	-	-	-	-	-	-	124,072	124,072	-	-	-	-	124,072
Reclassification of the Corporation's shares sold by subsidiaries into disposal of treasury stock	-	-	-	965	-	-	965	-	-	-	-	-	-	-	464	1,429
Effect of change in equity due to investee's issuance of capital stock for cash	-	-	-	-	-	83	83	-	-	-	-	-	-	-	-	83
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	(34,534)	(34,534)	-	(34,534)
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(572)	(572)	-	(572)
Reserve for unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	58,800	-	58,800	-	58,800
BALANCE, DECEMBER 31, 2004	1,450,217	14,502,168	18,861	965	1,612,102	65,021	1,696,949	162,821	412,107	303,103	878,031	(145,069)	(143,239)	(288,308)	(730)	16,788,110
Reduction of land value-added tax	-	-	-	-	1,101,002	-	1,101,002	-	-	-	-	-	-	-	-	1,101,002
Appropriation of the 2004 earnings																
Legal reserve	-	-	-	-	-	-	-	12,407	-	(12,407)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(3,053)	(3,053)	-	-	-	-	(3,053)
Bonus to employees	-	-	-	-	-	-	-	-	-	(4,580)	(4,580)	-	-	-	-	(4,580)
Cash dividends - \$0.1	-	-	-	-	-	-	-	-	-	(145,022)	(145,022)	-	-	-	-	(145,022)
Net income in 2005	-	-	-	-	-	-	-	-	-	368,289	368,289	-	-	-	-	368,289
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	-	53,796	53,796	-	53,796
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	482	482	-	482
Reserve for unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	(17,054)	-	(17,054)	-	(17,054)
Reserve for capital surplus on long-term equity investments	-	-	-	-	-	(17,879)	(17,879)	-	-	-	-	-	-	-	-	(17,879)
BALANCE, DECEMBER 31, 2005	<u>1,450,217</u>	<u>\$ 14,502,168</u>	<u>\$ 18,861</u>	<u>\$ 965</u>	<u>\$ 2,713,104</u>	<u>\$ 47,142</u>	<u>\$ 2,780,072</u>	<u>\$ 175,228</u>	<u>\$ 412,107</u>	<u>\$ 506,330</u>	<u>\$ 1,093,665</u>	<u>\$(162,123)</u>	<u>\$(88,961)</u>	<u>\$(251,084)</u>	<u>\$(730)</u>	<u>\$ 18,124,091</u>

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

(With Deloitte & Touche audit report dated March 24, 2006)

BES ENGINEERING CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2005 AND 2004
(U.S. Dollars and Shares in Thousands)

	Capital Stock Issued and Outstanding		Capital Surplus (Notes 2, 8, 9 and 16)					Retained Earnings (Notes 2, 16 and 19)				Others (Notes 2 and 16)			Treasury Stock (Notes 2 and 17)	Total Stockholders' Equity
			Additional Paid-in Capital in Excess of Par	Treasury Stock Transaction	Revaluation Increment on Properties	From Long-term Equity Investments	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Loss on Long-term Equity Investments	Cumulative and Foreign Currency Translation Adjustments	Total		
	Shares	Amount													Par	Transaction
	Shares	Amount	Par	Transaction	Properties	Investments	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Unrealized Loss on Long-term Equity Investments	Cumulative and Foreign Currency Translation Adjustments	Total	Treasury Stock (Notes 2 and 17)	Total Stockholders' Equity
BALANCE, JANUARY 1, 2004																
Balance as previously reported	1,421,781	\$ 418,195	\$ 555	\$ -	\$ 47,418	\$ 1,910	\$ 49,883	\$ 4,516	\$ 12,122	\$ 14,343	\$ 30,981	\$ (5,996)	\$ (3,181)	\$ (9,177)	\$ (36)	\$ 489,846
Translation adjustment	-	30,175	40	-	3,421	138	3,599	326	874	1,035	2,235	(433)	(229)	(662)	(2)	35,345
Balance as adjusted	1,421,781	448,370	595	-	50,839	2,048	53,482	4,842	12,996	15,378	33,216	(6,429)	(3,410)	(9,839)	(38)	525,191
Appropriation of the 2003 earnings																
Legal reserve	-	-	-	-	-	-	-	293	-	(293)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(189)	(189)	-	-	-	-	(189)
Bonus to employees	-	-	-	-	-	-	-	-	-	(283)	(283)	-	-	-	-	(283)
Stock dividends - 2%	28,436	8,967	-	-	-	-	-	-	-	(8,967)	(8,967)	-	-	-	-	-
Net income in 2004	-	-	-	-	-	-	-	-	-	3,913	3,913	-	-	-	-	3,913
Reclassification of the Corporation's shares sold by subsidiaries into disposal of treasury stock																
	-	-	-	30	-	-	30	-	-	-	-	-	-	-	15	45
Effect of change in equity due to investee's issuance of capital stock for cash																
	-	-	-	-	-	2	2	-	-	-	-	-	-	-	-	2
Translation adjustments on long-term equity investments																
	-	-	-	-	-	-	-	-	-	-	-	-	(1,089)	(1,089)	-	(1,089)
Foreign-currency translation adjustments																
	-	-	-	-	-	-	-	-	-	-	-	-	(18)	(18)	-	(18)
Reserve for unrealized loss on long-term equity investments																
	-	-	-	-	-	-	-	-	-	-	-	1,854	-	1,854	-	1,854
BALANCE, DECEMBER 31, 2004																
Balance as previously reported	1,450,217	457,337	595	30	50,839	2,050	53,514	5,135	12,996	9,559	27,690	(4,575)	(4,517)	(9,092)	(23)	529,426
Balance as previously reported																
Translation adjustment	-	(15,871)	(21)	(1)	(1,764)	(71)	(1,857)	(179)	(451)	(331)	(961)	159	156	315	1	(18,373)
Balance as adjusted	1,450,217	441,466	574	29	49,075	1,979	51,657	4,956	12,545	9,228	26,729	(4,416)	(4,361)	(8,777)	(22)	511,053
Reduction of land value-added tax																
	-	-	-	-	33,516	-	33,516	-	-	-	-	-	-	-	-	33,516
Appropriation of the 2004 earnings																
Legal reserve	-	-	-	-	-	-	-	378	-	(378)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(93)	(93)	-	-	-	-	(93)
Bonus to employees	-	-	-	-	-	-	-	-	-	(139)	(139)	-	-	-	-	(139)
Stock dividends - 0.1%	-	-	-	-	-	-	-	-	-	(4,415)	(4,415)	-	-	-	-	(4,415)
Net income in 2005	-	-	-	-	-	-	-	-	-	11,211	11,211	-	-	-	-	11,211
Translation adjustments on long-term equity investments																
	-	-	-	-	-	-	-	-	-	-	-	-	1,638	1,638	-	1,638
Foreign-currency translation adjustments																
	-	-	-	-	-	-	-	-	-	-	-	-	15	15	-	15
Reserve for unrealized loss on long-term equity investments																
	-	-	-	-	-	-	-	-	-	-	-	(519)	-	(519)	-	(519)
Reserve for capital surplus on long-term equity investments																
	-	-	-	-	-	(544)	(544)	-	-	-	-	-	-	-	-	(544)
BALANCE, DECEMBER 31, 2005																
	<u>1,450,217</u>	<u>\$ 441,466</u>	<u>\$ 574</u>	<u>\$ 29</u>	<u>\$ 82,591</u>	<u>\$ 1,435</u>	<u>\$ 84,629</u>	<u>\$ 5,334</u>	<u>\$ 12,545</u>	<u>\$ 15,414</u>	<u>\$ 33,293</u>	<u>\$ (4,935)</u>	<u>\$ (2,708)</u>	<u>\$ (7,643)</u>	<u>\$ (22)</u>	<u>\$ 551,723</u>

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

(With Deloitte & Touche audit report dated March 24, 2006)

BES ENGINEERING CORPORATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2005 AND 2004 (Dollars in Thousands)

	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	\$ 368,289	\$ 11,211	\$ 124,072	\$ 3,913
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	82,619	2,515	55,208	1,741
Provision (reversal of allowance) for loss on short-term investments	28,923	880	(175,102)	(5,522)
Allowance for doubtful accounts	2,638	80	137,289	4,330
Loss (gain) on sales of short-term investment	(16,147)	(492)	152,347	4,804
Gain on sales of long-term investments, net	(1,217)	(37)	(18,069)	(570)
Equity in net loss of investee, net	140,741	4,284	66,970	2,112
Decline in value of long-term equity investments	85,917	2,615	202,522	6,387
Loss (gain) on sales of properties, net	(139,215)	(4,238)	43,162	1,361
Asset impairment loss	159,406	4,853	-	-
Recognition of pension costs	5,678	173	499	16
Deferred income taxes	136,000	4,140	140,262	4,423
Net changes in operating assets and liabilities				
Accounts receivable	(743,565)	(22,635)	(832,790)	(26,263)
Construction in progress	(999,480)	(30,426)	(177,990)	(5,613)
Inventories	(8,837)	(269)	81,524	2,571
Building and land held for sale	47,783	1,455	34,812	1,098
Receivables on the development of industrial districts	2,566,688	78,134	620,727	19,575
Prepaid expenses	(42,042)	(1,280)	(15,946)	(503)
Restricted assets	405,392	12,341	896,568	28,274
Refundable deposits on construction contracts	94,761	2,885	(83,967)	(2,648)
Other current assets	487,496	14,840	(23,770)	(750)
Notes payable	160,942	4,899	(92,438)	(2,915)
Accounts payable	315,576	9,607	(102,275)	(3,225)
Advance construction receipts	(256,287)	(7,802)	(138,507)	(4,368)
Payables for development of industrial districts	(104,789)	(3,190)	78,410	2,473
Accrued expenses	(221,615)	(6,746)	58,910	1,858
Construction warranty	12,402	378	(20,040)	(632)
Guarantee deposits on construction contracts	11,257	343	15,290	-
Other current liabilities	357,933	10,896	114,478	4,092
Net cash provided by operating activities	<u>2,937,247</u>	<u>89,414</u>	<u>1,142,156</u>	<u>36,019</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in short-term investments	(349,289)	(10,633)	(109,400)	(3,450)
Proceeds from sale of short-term investments	313,437	9,542	358,104	11,293
Acquisition of long-term equity investments	(378,718)	(11,529)	(517,390)	(16,316)
Acquisition of long-term bond investments	(66,600)	(2,027)	-	-
Proceeds from sale of long-term equity investments	1,327	41	19,695	621
Proceeds from reduction of investee's capital	39,519	1,203	330,267	10,415
Proceeds from liquidation of long-term equity investments	66,008	2,009	-	-
Cash dividends received on long-term equity investments	84,224	2,564	26,325	830
Additions to property	(47,787)	(1,455)	(14,609)	(461)
Proceeds from sale of property	23,912	728	8,773	277
Increase in deferred charges	(8,921)	(272)	(4,679)	(147)
Decrease in refundable deposits	9,666	294	13,071	412
Decrease in deposits	14,000	426	-	-
Decrease in other assets	6,488	198	3,928	124
Net cash used in (provided by) investing activities	<u>(292,734)</u>	<u>(8,911)</u>	<u>114,085</u>	<u>3,598</u>

(Continued)

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in short-term debts	\$ (1,018,662)	\$ (31,010)	\$ (1,191,533)	\$ (37,576)
Decrease in notes and bills payable	(410,751)	(12,504)	(200,198)	(6,313)
Repayments of principal of interest-bearing long-term debts	(818,854)	(24,927)	(194,784)	(6,143)
Increase in deferred credit - gains on related-party transactions	-	-	156,373	4,931
Increase in guarantee deposits	(1,533)	(47)	(5,649)	(178)
Decrease in long-term accounts receivables from related parties	56,087	1,708	42,846	1,351
Cash dividends	(145,022)	(4,415)	-	-
Payment of directors' remuneration and employees' bonuses	(7,633)	(232)	(14,966)	(472)
Net cash used in financing activities	<u>(2,346,368)</u>	<u>(71,427)</u>	<u>(1,407,911)</u>	<u>(44,400)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>482</u>	<u>15</u>	<u>(574)</u>	<u>(18)</u>
NET INCREASE (DECREASE) IN CASH	298,627	9,091	(152,244)	(4,801)
CASH, BEGINNING OF YEAR	<u>931,469</u>	<u>28,355</u>	<u>1,083,713</u>	<u>34,176</u>
CASH, END OF YEAR	<u>\$ 1,230,096</u>	<u>\$ 37,446</u>	<u>\$ 931,469</u>	<u>\$ 29,375</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION				
Interest paid (excluding amounts capitalized)	<u>\$ 57,267</u>	<u>\$ 1,743</u>	<u>\$ 54,402</u>	<u>\$ 1,716</u>
Income tax paid	<u>\$ 76,864</u>	<u>\$ 2,340</u>	<u>\$ 13,569</u>	<u>\$ 428</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:				
Fixed assets transferred to leased assets	<u>\$ 1,079,268</u>	<u>\$ 32,854</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed assets transferred to other assets	<u>\$ 93</u>	<u>\$ 3</u>	<u>\$ 629</u>	<u>\$ -</u>
Current portion of interest-bearing long-term debts	<u>\$ 534,401</u>	<u>\$ 16,268</u>	<u>\$ 1,461,955</u>	<u>\$ 46,104</u>

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

(With Deloitte & Touche audit report dated March 24, 2006)

(Concluded)

BES ENGINEERING CORPORATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2005 AND 2004 (In Thousands of Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

BES Engineering Corporation (the "Corporation"), a state-owned enterprise until June 22, 1994, engages mainly in civil engineering, building construction, and developing industrial districts for the government. Its stock has been traded on the Taiwan Stock Exchange since March 2, 1993.

The Corporation had 778 and 540 employees as of December 31, 2005 and 2004, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China. In preparing financial statements in conformity with these guidelines and principles, the Corporation is required to make certain estimates and assumptions that could affect significant accounts such as allowance for doubtful accounts, property and leased asset depreciation, deferred expenses amortization, asset impairment losses, pension cost, losses on long-term construction contracts, provision for construction warranty, and income tax. Actual results could differ from these estimates.

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

The Corporation's significant accounting policies are summarized as follows:

Current and Noncurrent Assets and Liabilities

Assets expected to be converted into cash or consumed or used up within one year are classified as current. Liabilities expected to be repaid or settled within one year are classified as current. All other assets and liabilities are classified as noncurrent.

The terms of the Corporation's construction contracts and the development of industrial districts vary but are typically over one year. Thus, the contract-related assets and liabilities are classified as current or noncurrent depending on the terms of the contracts.

註解 [jlei4]: 當英文報告係翻譯自中文報告時，加入此段，並取代在每一頁首註明 "English Translation of a Report (or Financial Statements) Originally Issued in Chinese"

Short-term Investments

These investments are mainly in stocks listed on the ROC Taiwan Stock Exchange or traded over the over-the-counter (OTC) and in mutual funds. The investments are carried at the lower of aggregate cost or market value. If the aggregate carrying value of the investments exceeds their total market value, an allowance for losses is recognized and charged to current year's income. Recovery of the market value to the extent of the original carrying value is recognized as income. The costs of investment sold or redeemed are determined by the moving weighted-average method. Stock dividends received are recorded as an increase in the number of shares held but are not recognized as investment income. Cash dividends received within a year from investment acquisition are accounted for as a reduction of the carrying value of the investment and are recognized as investment income in subsequent years.

Market values are based on the average closing prices of the listed or OTC stocks on the last month of the reporting period, the net asset values of the open-end mutual funds on the balance sheet date and the closing price of the closed-end mutual funds on the balance sheet date.

Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided on the basis of a periodic review of the collectibility of individual receivables based on the aging evaluation, the construction progress evaluation, and economic circumstances.

Inventories

Inventories, including finished goods, raw materials, supplies and fuel, are stated at the lower of weighted-average cost or market value. Market value refers to net realizable value of finished goods and replacement cost of raw materials.

Buildings and Land Held for Sale

Buildings and land held for sale is stated at the lower of cost or market value (net realizable value).

Long-term Construction Contracts

Revenues and costs of long-term construction contracts are recognized by the percentage-of-completion method. Under this method, the stage of completion of each contract is measured at the ratio cumulative construction revenue to total estimated contract price.

Construction revenues and costs for the current year are the cumulative construction revenue and costs, determined using the percentage-of-completion method, in excess of the cumulative construction revenue and costs recognized in prior years. Estimated loss on a construction contract is recognized currently; any subsequent adjustment of this loss is recognized as either income or loss in the year of adjustment.

Long-term construction in progress is carried at cost plus estimated construction profit or less estimated losses. Installment payments or collections received from construction projects are credited to advances from construction. Upon completion of each project, these advances are offset against construction in process.

At year-end, the balances of construction in process and advances on construction are netted out, and the result is classified as current asset or current liability.

Development of Industrial Districts

The Ministry of Economic Affairs (MOEA) has engaged the Corporation to develop and market industrial districts. While the project is ongoing, the cumulative development costs are reported in the financial statements as receivable and the sales proceeds are shown as payables. Upon completion and sale of each development project and the repayment of debts related to the project, these two accounts are offset against each other and closed, and the resulting credit balance is remitted to the MOEA. Service income from each development project is recognized on the basis of contracts and the regulations governing development of industrial districts.

Long-term Stock Investments

Equity investments in which the Corporation exercises significant influence over the investees' financial and operating decisions are accounted for by the equity method. Under the equity method, the investments are carried at costs on the acquisition date and subsequently adjusted for the Corporation's equity in the investees' net earnings or net losses. Equity in net earnings or losses is recognized as investment income or loss, and cash dividends received are deducted from the investments. The negative carrying value of the investments due to shares in losses recognized exceeding the original investment acquisition costs is recorded as part of other liabilities.

If the equity in losses recognized exceeds the original investment acquisition costs plus any advance given to an equity-method investee, the excess losses should be recognized proportionately and recorded as part of other liabilities. But, since 2005, for equity-method investees over which the Company has controlling influence, if the equity in losses recognized exceeds the original investment acquisition costs, the Company recognizes its investee's total losses unless other investors commit to and have the ability to assume a portion of the losses. However, when the investees return to profitable operations, the Company will have precedence over other stockholders in sharing in the investees' profits until the Corporation's losses are fully canceled.

The Corporation recognizes investment income or loss quarterly because the investee's fiscal year differs from that of the Corporation. The difference between the cost of an investment and the Corporation's equity in the investee's net assets is amortized over five years. If an investee issues additional shares of stock and the Corporation subscribes for these additional shares at a percentage not equal to the Corporation's current equity, the resulting increase in the Corporation's equity in the investee's net assets is credited to capital surplus. But if the result is a decrease in the Corporation's equity in the investee's net assets, the decrease is debited to capital surplus. If capital surplus is not enough for debiting purposes, the difference is debited to unappropriated retained earnings.

Long-term investments in companies in which the Corporation owns less than 20% of the voting stock or has no significant influence over the investees are stated at the cost. An allowance for loss is provided if the carrying value of the investment declines and this decline is considered other than temporary. This decline is charged to current income. Cash dividends received within a year from investment acquisition are credited to the cost of the investment and subsequently recognized as investment income.

For both equity-method and cost-method investments, stock dividends received are recognized only as increases in the number of shares held instead of investment income. Costs of investments sold are determined by the weighted-average method.

Gain on intercompany transactions by the Corporation to its subsidiaries is deferred and is recognized as income only upon subsequent sale of the products to third parties.

The Corporation recognizes the equity-method investees' unrealized loss on long-term equity investments proportionately and records this loss under stockholders' equity.

Long-term Bond Investments

Long-term bond investments are carried at cost. The cost of a sold or redeemed is determined by the specific identification method.

Properties and Leased Assets

Properties and leased assets are stated at cost, or cost plus appreciation, less accumulated depreciation. Major renewals and betterments are capitalized, while maintenance and repairs are expensed currently.

Depreciation is calculated using the fixed-percentage-on-declining-balance-method over service lives estimated as follows: land improvements, 8 to 40 years; buildings, 4 to 60 years; machinery and equipment, 2 to 13 years; transportation equipment, 3 to 13 years; and miscellaneous equipment, 3 to 20 years. Depreciation on appreciation is provided over the remaining service lives of the assets after revaluation. Properties and leased assets still being used by the Corporation beyond their initially estimated service lives are depreciated over their newly estimated service lives.

Upon sale or other disposal of properties and leased assets, the related cost, revaluation increment and accumulated depreciation are removed from the accounts, and any gain or loss is credited to nonoperating income or loss.

Deferred Charges

Deferred charges, consisting mainly of costs of engineering and construction facilities, are amortized over the duration of each project.

Idle Assets

Idle assets (included in other assets - miscellaneous), are started at the lower of carrying value or net realizable value.

Lease Receivable

The cost of leased equipment and the interest imputed thereon are accounted for as lease receivable. This imputed interest is treated as unearned income and is recognized as interest income in the period it is earned.

Asset Impairment

An impairment loss should be recognized when the carrying amount of properties, properties leased to others, deferred charges and investments accounted for by the equity method exceeds, as of the balance sheet date, their recoverable amount, and this impairment loss should be charged to current income. An impairment loss recognized in prior years can be reversed if there is a subsequent recovery in the estimates used to determine recoverable amount since the last impairment loss was recognized. However, an impairment loss is reversed only to the extent that it does not increase the asset carrying amount that would have been determined had no impairment loss on the asset been recognized in prior years. However, reversal of impairment loss on goodwill is prohibited.

Capital and Expensed Expenditures

If an expenditure is material and will benefit a period of over one year, it is capitalized, i.e., recognized as an asset; otherwise, the expenditure is recognized as an expense.

Pension Costs

The Corporation has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plan, net periodic pension costs are recognized on the basis of actuarial calculations. Under the defined contribution pension plan, the Corporation's required monthly contributions are charged to current cost throughout the employees' service periods.

If the pension plans are revised, the prior service costs (a) of the defined benefit pension plan are amortized using the straight-line method over the average years from the revision date until the benefits become vested. When the benefits become vested after plan revision, the Corporation should immediately recognize the prior service cost as expense.

If the defined benefit pension plan is curtailed or settled, the resulting gains or losses should be recognized as part of the net pension cost for the period.

Treasury Stocks

The shares of the Corporation held by subsidiaries should be reclassified from investments in those subsidiaries to treasury stock. The value were calculated by the carried value, booked on the subsidiaries' accounts, of the beginning of 2002. Upon disposal of the treasury stock, the sales proceeds in excess of the cost are accounted for as capital surplus - treasury stock. If the sales proceeds are less than the cost, the difference is accounted for as a reduction of the remaining balance of capital surplus - treasury stock. If the remaining balance of capital surplus - treasury stock is insufficient to cover the difference, the remainder is recorded as a reduction of retained earnings.

Income Tax

The Corporation uses inter-period allocation to account for income tax. The tax effects of deductible temporary differences and unused investment tax credits and operating loss carryforwards are recognized as deferred income tax assets, while those of taxable temporary differences are recognized as deferred income tax liabilities. Valuation allowance is provided for deferred income tax assets that are not certain to be realized. Deferred income tax assets and liabilities are classified as current or noncurrent according to the classification of the related asset or liability for financial reporting. A deferred income tax asset or liability that cannot be related to an asset or liability for financial reporting is classified as current or noncurrent depending on the expected realization date of the temporary difference.

Investment tax credits used are recognized as a reduction of income tax expense.

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

Income taxes (10%) on undistributed earnings generated since 1998 are recorded as expense in the year when the stockholders resolve to retain the earnings.

Foreign-currency Transactions

Foreign-currency transactions (except derivative transactions) are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Gains or losses resulting from the application of prevailing exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the period of settlement. At year-end, the balances of foreign-currency assets and liabilities are restated at the prevailing exchange rates, and resulting differences are accounted for as follows: (a) equity-method long-term stock investments - as translation adjustments under stockholders' equity; (b) cost-method long-term stock investments - same as (a) if the restated balances are lower than their costs, otherwise, no adjustment is made; (c) other assets and liabilities - as credits or changes to current income.

The accounts of foreign branches are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - current exchange rates; and income and expenses - average exchange rates. The resulting differences are accounted for as foreign-currency translation adjustments under stockholders' equity. The cumulative foreign-currency translation difference attributable to a foreign branch that is closed is recognized as current income or loss.

Translation into U.S. Dollars

The financial statements are stated in New Taiwan dollars. The translations of the 2005 and 2004 New Taiwan dollar amounts are included solely for the convenience of readers, using the exchange rates as of December 31, 2005 of NT\$32.85=US\$1.00 and NT\$31.71=US\$1.00, respectively, as published by the Bank of Taiwan. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could be, converted into U.S. dollars at these or any other exchange rates.

3. ACCOUNTING CHANGE

The Corporation adopted Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment" on January 1, 2005. This accounting change resulted in the declines in the values of long-term stock investments and properties by NT\$78,124 thousand (US\$2,378 thousand) and NT\$159,406 thousand (US\$4,853 thousand), respectively; and increases in the investment loss and impairment loss by NT\$78,124 thousand (US\$2,378 thousand) and NT\$159,406 thousand (US\$4,853 thousand), respectively.

4. CASH

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cash				
Cash on hand and petty cash	\$ 11,890	\$ 362	\$ 13,607	\$ 429
Checking and demand deposits	1,094,391	33,315	833,612	26,288
Time deposits - interest: 0.90%-2.30% in 2005 and 0.65%-1.27% in 2004	<u>123,815</u>	<u>3,769</u>	<u>84,250</u>	<u>2,657</u>
	<u>\$ 1,230,096</u>	<u>\$ 37,446</u>	<u>\$ 931,469</u>	<u>\$ 29,374</u>

As of the end of 2005 and 2004, the Corporation's overseas' deposits were as follows:

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Malaysia - Sabah (MYR5 thousands in 2005 and MYR17 thousand in 2004)	\$ 40	\$ 1	\$ 142	\$ 4
America - California (US\$2 thousands in 2005 and 3 thousands in 2004)	<u>80</u>	<u>2</u>	<u>95</u>	<u>3</u>
	<u>\$ 120</u>	<u>\$ 3</u>	<u>\$ 237</u>	<u>\$ 7</u>

5. SHORT-TERM INVESTMENTS, NET

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Marketable equity securities - domestic	\$ 193,390	\$ 5,887	\$ 71,969	\$ 2,270
Security trust funds - domestic	21,002	639	90,424	2,851
Security investment trust funds - foreign	<u>18</u>	<u>1</u>	<u>18</u>	<u>1</u>
	214,410	6,527	162,411	5,122
Allowance for decline in value	<u>30,275</u>	<u>922</u>	<u>1,352</u>	<u>43</u>
	<u>\$ 184,135</u>	<u>\$ 5,605</u>	<u>\$ 161,059</u>	<u>\$ 5,079</u>

6. RECEIVABLES ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Chung Hua Coastal Industrial Park	\$ 6,771,593	\$ 206,136	\$ 6,910,787	\$ 217,937
Litser Industrial District	5,230,601	159,227	5,416,574	170,816
Yunlin Technology Industrial Park	1,151,707	35,060	3,294,771	103,903
Other Industrial District	<u>2,822,475</u>	<u>85,920</u>	<u>2,920,932</u>	<u>92,114</u>
	<u>\$ 15,976,376</u>	<u>\$ 486,343</u>	<u>\$ 18,543,064</u>	<u>\$ 584,770</u>

The increases in development costs (including capital interest) were NT\$1,695,228 thousand (US\$51,605 thousand) in 2005 and NT\$1,778,821 thousand (US\$56,097 thousand) in 2004. The collected amounts of 2005 and 2004 are NT\$4,261,916 thousand (US\$129,739 thousand) and NT\$2,399,548 thousand (US\$75,672 thousand), respectively.

The Ministry of Economic Affairs (MOEA) has engaged with the Corporation to develop and market industrial districts. The receivables on the development of industrial districts included the development cost and capital interest.

7. INVENTORIES

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Raw materials	\$ 33,340	\$ 1,015	\$ 24,498	\$ 773
Fuel	1,160	35	1,199	38
Supplies	<u>78</u>	<u>3</u>	<u>44</u>	<u>1</u>
	<u>\$ 34,578</u>	<u>\$ 1,053</u>	<u>\$ 25,741</u>	<u>\$ 812</u>

8. LONG-TERM EQUITY INVESTMENTS

	December 31					
	2005			2004		
	Carrying Value		% of	Carrying Value		% of
New Taiwan Dollars	U.S. Dollars (Note 2)	Owner-ship		New Taiwan Dollars	U.S. Dollars (Note 2)	
<u>Equity method - common stock (without quoted market prices)</u>						
Core Pacific World	\$ 1,086,402	\$ 33,073	99.77	\$ 849,372	\$ 26,786	78.12
BES Machinery	773,794	23,555	96.58	800,306	25,238	96.58
BES Investment	349,353	10,635	100.00	222,786	7,026	100.00
Cheng-Huei	117,936	3,590	41.67	161,812	5,103	41.67
BES Construction & Development	99,341	3,024	100.00	169,225	5,337	99.95
BES Global Investment	50,502	1,537	100.00	46,646	1,471	100.00
Coreasia Human Resource Management	48,936	1,490	100.00	45,167	1,424	100.00
Chung Kung Safeguarding & Security	44,790	1,364	64.67	34,938	1,102	56.00
BES Construction Corporation (BES, U.S.A.)	40,315	1,227	91.78	48,545	1,531	91.78
Huatung Power	30,588	931	30.00	109,285	3,446	30.00
Cinemark-core Pacific	29,740	905	15.38	25,631	808	15.38
Core Pacific Consulting Company	14,338	437	55.00	15,056	475	55.00
Smartnet	5,914	180	91.68	5,934	187	91.68
Chu-Huan Environmental Engineering	716	22	51.00	6,637	209	51.00
Core Pacific eCommerce	-	-	-	79,720	2,514	99.70
Corporacion de Inversion Y Desarrollo, S.A. (Costa Rica) (BES, S.A.)	-	-	100.00	-	-	100.00
	<u>2,692,725</u>	<u>81,970</u>		<u>2,621,060</u>	<u>82,657</u>	
<u>Cost method - common stock (without quoted market prices)</u>						
Core Pacific City	1,001,095	30,475	10.67	1,075,610	33,920	10.67
Core Pacific Venture Capital	60,582	1,844	18.31	68,102	2,148	13.69
Chien-Kung Venture Capital	59,039	1,797	12.66	75,052	2,367	12.66
Century Development	50,000	1,522	3.03	50,000	1,577	3.03
Overseas Investment & Development	24,887	758	2.89	26,000	820	2.89
iGlobe Partner Fund L.P.	7,210	219	0.69	7,210	227	0.69
Taiwan-CA.COM Inc.	-	-	1.43	2,725	86	1.43
Latin America Development	613	19	3.57	1,213	38	3.57
Sageware Inc.	-	-	4.66	-	-	4.66
Tun-Te International	-	-	5.00	-	-	5.00
Prominent Communication Tec.	-	-	1.18	-	-	1.18
Neurologic Inc.	-	-	2.25	-	-	2.25
	<u>1,203,426</u>	<u>36,634</u>		<u>1,305,912</u>	<u>41,183</u>	
<u>Cost method - preferred stock (without quoted market prices)</u>						
NanoAmp Solutions Inc.	<u>7,986</u>	<u>243</u>	1.08	<u>7,986</u>	<u>252</u>	1.08
	<u>1,211,412</u>	<u>36,877</u>		<u>1,313,898</u>	<u>41,435</u>	
	<u>\$ 3,904,137</u>	<u>\$ 118,847</u>		<u>\$ 3,934,958</u>	<u>\$ 124,092</u>	

The financial statements used as basis for calculating the carrying values of the equity-method investments and the equity in their net income or net loss had all been audited, except those for 2005 of Chu-Huan Environmental Engineering Corp., which need not be audited under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and those for 2004 of BES, U.S.A. and BES, S.A. Because the fiscal years of the last two named investees were different from that of the Corporation, the calculation of the carrying values of the two investees was based on the audited first half year's financial statement and unaudited second half year's financial statement. Management believes that had these two investees' financial statements been audited, there would have been no material effect on the Corporation's financial statements.

The Corporation's equity in Cinemark-Core Pacific was less than 20%, but the total equity in Cinemark-Core Pacific of the Corporation and its subsidiaries exceeded 50%. Thus, the investment in Cinemark-Core Pacific was accounted for by the equity method.

The Corporation recognized the losses of DES, S.A. proportionately and recorded these losses as part of other liabilities. The balances were about NT\$2,009 thousand (US\$61 thousand) and NT\$14,002 thousand (US\$442 thousand) as of December 31, 2005 and 2004, respectively.

An equity-method investee, Huatung Power Co., adopted the Statement of Financial Accounting Standards (SFAS) No. 35 - "Accounting for Asset Impairment" on January 1, 2005. This accounting change resulted in the increase in investment loss and a decrease in the carrying value of the equity-method investment by NT\$78,24 thousand (US\$2,378 thousand) each.

Core Pacific eCommerce, an equity-method investee, filed for liquidation with a court and completed its filing on February 4, 2005. As a result of this liquidation, the Corporation received residual cash of NT\$79,239 thousand (US\$2,412 thousand) and recognized other revenues of NT\$17,879 thousand (US\$544 thousand) after deducting the carrying value and reversing the reserve for capital surplus on long-term equity investment.

The equities in net assets of cost-method investments, except those in Core Pacific City and Core Pacific Venture Capital in 2005 and Core Pacific City in 2004, which were based on unaudited financial statements, were about NT\$1,316,477 thousand (US\$40,075 thousand) and NT\$1,400,025 thousand (US\$44,151 thousand) as of December 31, 2005 and 2004, respectively.

The Corporation adopted revised SFAS No. 7 - "Consolidated Financial Statements" to prepare consolidated financial statements as of and for the year ended December 31, 2005, which included all direct and indirect subsidiaries as well as other investees over which the Corporation has controlling interests.

As of and for the year ended December 31, 2004, the total assets or total operating revenues of each of the 10 subsidiaries, except BES Machinery, were less than 10% of the Corporation's total assets or total operating revenues, and their aggregate total assets or aggregate total operating revenues were less than 30% of those of the Corporation. Thus, their accounts were not included in the Corporation's consolidated financial statements for 2004.

9. PROPERTIES

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cost	<u>\$ 1,326,875</u>	<u>\$ 40,392</u>	<u>\$ 1,803,738</u>	<u>\$ 56,882</u>
Revaluation increment				
Land	2,527,144	76,930	3,355,546	105,820
Land improvements	755	23	755	24
Buildings	1,927	58	2,077	65
Machinery and equipment	2,368	72	2,368	75
Transportation equipment	<u>122</u>	<u>4</u>	<u>122</u>	<u>4</u>
	<u>2,532,316</u>	<u>77,087</u>	<u>3,360,868</u>	<u>105,988</u>
Total cost and appreciation	<u>3,859,191</u>	<u>117,479</u>	<u>5,164,606</u>	<u>162,870</u>
Less: Accumulated depreciation				
Land improvements	18,788	572	18,680	589
Buildings	58,984	1,796	93,514	2,949
Machinery and equipment	189,345	5,764	352,310	11,110
Transportation equipment	27,429	835	41,756	1,317
Miscellaneous equipment	<u>5,001</u>	<u>152</u>	<u>3,510</u>	<u>111</u>
Total accumulated depreciation	299,547	9,119	509,770	16,076
Less: Impairment loss	<u>159,406</u>	<u>4,852</u>	<u>-</u>	<u>-</u>
Net properties	<u>\$ 3,400,238</u>	<u>\$ 103,508</u>	<u>\$ 4,654,836</u>	<u>\$ 146,794</u>

The Corporation revalued its land in 1971, 1992 and 1994 and other properties (consisting of buildings, machinery and transportation equipment) in 1982 in accordance with government regulations. The resulting appreciation or increment, net of reserve for land value increment tax, was credited to capital surplus.

A revision of the Land Taxation Act was announced on January 30, 2005. The revision provided for a reduction of the land value increment tax, to be enforced on February 1, 2005. Thus, the recalculation of the reserve for land value increment tax decreased to NT\$1,101,002 thousand (US\$33,516 thousand), reclassified as capital surplus.

The Corporation adopted Statement of Financial Accounting Standards No. 35 - "Accounting for Asset Impairment" on January 1, 2005. This accounting change resulted in an increase in impairment loss by NT\$159,406 thousand (US\$4,853 thousand).

Insurance for properties and rental properties as of December 31, 2005 was about NT\$562,174 thousand (US\$17,113 thousand).

10. LEASED ASSETS, NET

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cost				
Land	\$ 432,680	\$ 13,171	\$ 307,571	\$ 9,700
Land improvements	202	6	202	6
Buildings	487,363	14,836	324,831	10,244
Machinery and equipment	<u>1,500</u>	<u>46</u>	<u>1,500</u>	<u>47</u>
	<u>921,745</u>	<u>28,059</u>	<u>634,104</u>	<u>19,997</u>
Revaluation increment				
Land	2,131,946	64,899	1,325,743	41,808
Buildings	<u>18,795</u>	<u>572</u>	<u>18,645</u>	<u>588</u>
	<u>2,150,741</u>	<u>65,471</u>	<u>1,344,388</u>	<u>42,396</u>
Total cost and increment	<u>3,072,486</u>	<u>93,530</u>	<u>1,978,492</u>	<u>62,393</u>
Less: Accumulated depreciation				
Land improvements	182	5	182	6
Buildings	192,643	5,864	144,600	4,560
Machinery and equipment	<u>1,240</u>	<u>38</u>	<u>1,154</u>	<u>36</u>
	<u>194,065</u>	<u>5,907</u>	<u>145,936</u>	<u>4,602</u>
	<u>\$ 2,878,421</u>	<u>\$ 87,623</u>	<u>\$ 1,832,556</u>	<u>\$ 57,791</u>

11. SHORT-TERM DEBTS

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Unsecured loans: Interests of 4.245%-4.495% in 2005 and 4.08%-4.81% in 2004	\$ 2,689,600	\$ 81,875	\$ 3,204,100	\$ 101,044
Secured loans: Interests of 1.900%-4.495% in 2005 and 2.10%-4.85% in 2004	4,312,294	131,273	4,743,694	149,596
Bank overdraft: Interests of 4.100%-4.495% in 2005 and 3.95%-4.83% in 2004	<u>1,809</u>	<u>55</u>	<u>74,571</u>	<u>2,352</u>
	<u>\$ 7,003,703</u>	<u>\$ 213,203</u>	<u>\$ 8,022,365</u>	<u>\$ 252,992</u>

As of December 31, 2005, the Corporation had unused short-term credit lines of NT\$1,112,191 thousand (US\$33,857 thousand).

12. SHORT-TERM NOTES AND BILLS PAYABLE

	December 31					
	2005			2004		
	Discount Rate (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Discount Rate (%)	New Taiwan Dollars	U.S. Dollars (Note 2)
Commercial paper payable						
China Bills Finance Co., Ltd.	4.295-4.395	\$ 1,177,800	\$ 35,854	4.75	\$ 1,277,700	\$ 40,293
International Bills Finance Co., Ltd.	4.395	504,600	15,361	4.75	789,000	24,882
Taiwan Cooperative Bank	3.280	250,000	7,610	3.00	250,000	7,884
Chung Hsing Bills Finance Co., Ltd.	4.395	217,400	6,618	4.71	242,400	7,644
Central Trust of China	4.257	200,000	6,088	4.00	200,000	6,307
Bank of Taiwan	3.400	100,000	3,044	3.00	100,000	3,154
Hua Nan Commercial Bank Co., Ltd.	4.080	90,000	2,740	4.68	90,000	2,838
		2,539,800	77,315		2,949,100	93,002
Less: Discount on short-term negotiable instruments payable		19,995	609		18,544	585
		<u>\$ 2,519,805</u>	<u>\$ 76,706</u>		<u>\$ 2,930,556</u>	<u>\$ 92,417</u>

13. PAYABLES FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Tai-Chung Youth Industrial District	\$ 255,115	\$ 7,767	\$ 215,663	\$ 6,801
Kaohsiung Export Processing Zone	126,720	3,857	106,364	3,354
PingNan Industrial District	71,365	2,192	171,589	5,411
Other industrial districts	583,980	17,777	648,353	20,447
	<u>\$ 1,037,180</u>	<u>\$ 31,573</u>	<u>\$ 1,141,969</u>	<u>\$ 36,013</u>

14. INTEREST-BEARING LONG-TERM DEBTS

	Due Within One Year		Due After One Year		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
	December 31, 2005					
Unsecured loans - repayable in installments from May 2006 or through a one-time payment on maturity 2.349%-4.495% interest	\$ 186,701	\$ 5,683	\$ -	\$ -	\$ 186,701	\$ 5,683
Secured loans - repayable in installments from August 2005, 4.495% interest	2,200	67	228,800	6,965	231,000	7,032
Secured loans - repayable through a one-time payment from May 2006 maturity 3.579%-4.320% interest	345,500	10,518	422,467	12,860	767,967	23,378
	<u>\$ 534,401</u>	<u>\$ 16,268</u>	<u>\$ 651,267</u>	<u>\$ 19,825</u>	<u>\$ 1,185,668</u>	<u>\$ 36,093</u>

(Continued)

	<u>Due Within One Year</u>		<u>Due After One Year</u>		<u>Total</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
<u>December 31, 2004</u>						
Unsecured loans - repayable in installments from November 1999 or through a one-time payment on maturity 2.35%-4.86% interest	\$ 1,233,694	\$ 38,906	\$ 292,606	\$ 9,227	\$ 1,526,300	\$ 48,133
Secured loans - repayable in installments from June 2005, 4.08%-4.83% interest	28,261	891	249,961	7,883	278,222	8,774
Secured loans - repayable through a one-time payment on maturity 4.08% interest	<u>200,000</u>	<u>6,307</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>6,307</u>
	<u>\$ 1,461,955</u>	<u>\$ 46,104</u>	<u>\$ 542,567</u>	<u>\$ 17,110</u>	<u>\$ 2,004,522</u>	<u>\$ 63,214</u>

As of December 31, 2005, the Corporation had used all of the long-term credit lines.

15. PENSION PLAN

The Labor Pension Act (the "Act"), which took effect on July 1, 2005, provides for a pension mechanism considered a defined contribution plan. The employees subject to the Labor Standards Law before the enforcement of the Act were allowed to choose to be subject to the pension mechanism under the Act or to remain to be subject to the pension mechanism under the Labor Standards Law. For Corporation employees subject to the Labor Standards Law before July 1, 2005 and chose to be subject instead to the pension mechanism under the Act, their service years as of June 30, 2005 were retained. Based on the Act, the rate of the Corporation's monthly contributions to the employees' individual pension accounts is at least 6% of the employee's monthly wages. Thus, the Company recognized pension costs of NT\$6,290 thousand (US\$191 thousand) from July 1, 2005 to December 31, 2005.

The Corporation's pension plan under the Labor Standards Law is a defined benefit pension plan. Under this plan, employees should receive retirement payments as a lump sum equal to two base units for each of the first 15 service years, with each year of service after 15 years entitled to only 1 unit of base wage; the maximum is 45 units. Benefit payments are calculated on the basis of years of employment and the average monthly basic compensation of the last six months before retirement. The Corporation's rate of annual contribution to the pension fund based on monthly salaries is at 5.9% from January 2004 to March 2004, 6.1% from April 2004 to July 2005, and 2% since July 2005. The fund is deposited in the Central Trust of China, a government-designated custodian of pension funds, and is managed by the Corporation's Pension Fund Administration Committee.

Other pension information on the defined benefit plan is as follows:

	<u>2005</u>		<u>2004</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
a. Components of net periodic pension cost (revenue)				
Service cost	\$ 23,439	\$ 714	\$ 25,395	\$ 801
Interest cost	8,639	263	8,049	254
Projected return on plan assets:				
Actual return on plan assets	(4,999)	(152)	(4,046)	(128)
Gain on plan assets	<u>(6,424)</u>	<u>(196)</u>	<u>(7,982)</u>	<u>(252)</u>
	(11,423)	(348)	(12,028)	(380)
Amortization	<u>(1,992)</u>	<u>(61)</u>	<u>(4,443)</u>	<u>(140)</u>
	<u>\$ 18,663</u>	<u>\$ 568</u>	<u>\$ 16,973</u>	<u>\$ 535</u>

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
b. Reconciliation of the funded status of the plan and accrued pension cost				
Benefit obligation				
Vested benefit obligation	\$ (185,026)	\$ (5,632)	\$ (159,939)	\$ (5,044)
Non-vested benefit obligation	<u>(81,859)</u>	<u>(2,492)</u>	<u>(65,406)</u>	<u>(2,062)</u>
Accumulated benefit obligation	(266,885)	(8,124)	(225,345)	(7,106)
Additional benefits based on future salaries	<u>(32,961)</u>	<u>(1,003)</u>	<u>(28,660)</u>	<u>(904)</u>
Projected benefit obligation	(299,846)	(9,127)	(254,005)	(8,010)
Fair value of plan assets	<u>349,415</u>	<u>10,636</u>	<u>343,644</u>	<u>10,837</u>
Funded status	49,569	1,509	89,639	2,827
Unrecognized net transition obligation	(10,928)	(333)	(12,915)	(407)
Unrecognized prior service cost	39,855	1,213	45,963	1,449
Unrecognized actuarial net gain	<u>(70,469)</u>	<u>(2,145)</u>	<u>(108,982)</u>	<u>(3,437)</u>
Prepaid pension cost (included in other assets - miscellaneous)	<u>\$ 8,027</u>	<u>\$ 244</u>	<u>\$ 13,705</u>	<u>\$ 432</u>
Vested benefits	<u>\$ 231,609</u>	<u>\$ 7,051</u>	<u>\$ 206,360</u>	<u>\$ 6,508</u>

	2005	2004
c. Actuarial assumptions		
Discount rate used in determining present value	3.0%	3.5%
Future salary increase rate	1.5%	1.5%
Expected rate of return on plan assets	3.0%	3.5%

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
d. Changes in pension fund				
Contributions	<u>\$ 12,985</u>	<u>\$ 395</u>	<u>\$ 16,474</u>	<u>\$ 520</u>
Benefits paid	<u>\$ 12,190</u>	<u>\$ 371</u>	<u>\$ 18,834</u>	<u>\$ 594</u>

16. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The assets and liabilities on building construction and developing industrial districts are classified as current or noncurrent according to the terms of related contracts. The values of contract-related assets and liabilities as of December 31, 2005 and 2004 were as follows:

	December 31, 2005					
	In a Year		More Than a Year		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<u>Assets</u>						
Accounts receivable	\$ 3,158,634	\$ 96,153	\$ 1,732,881	\$ 52,752	\$ 4,891,515	\$ 148,905
Receivables from development of industrial districts	-	-	15,976,376	486,343	15,976,376	486,343
Cost and estimated earnings in excess of billings on uncompleted construction contracts	1,283,342	39,068	626,520	19,072	1,909,862	58,140
Real estate construction	44,213	1,346	17,899	545	62,112	1,891
Restricted assets	347,524	10,579	57,721	1,757	405,245	12,336
Refundable deposits on construction contracts	34,807	1,059	-	-	34,807	1,059
	<u>\$ 4,868,520</u>	<u>\$ 148,205</u>	<u>\$ 18,411,397</u>	<u>\$ 560,469</u>	<u>\$ 23,279,917</u>	<u>\$ 708,674</u>

Liabilities

Notes payable	\$ 407,592	\$ 12,408	\$ -	\$ -	\$ 407,592	\$ 12,408
Accounts payable	2,709,209	82,472	879,877	26,785	3,589,086	109,257
Payables for development of industrial districts	-	-	1,037,180	31,573	1,037,180	31,573
Billings in excess of cost and estimated earnings on uncompleted contracts	250,368	7,622	251,384	7,652	501,752	15,274
Construction warranty	38,186	1,162	134,866	4,106	173,052	5,268
Guarantee deposits on construction contracts (including in other current liabilities)	122,134	3,718	302,222	9,200	424,356	12,918
	<u>\$ 3,527,489</u>	<u>\$ 107,382</u>	<u>\$ 2,605,529</u>	<u>\$ 79,316</u>	<u>\$ 6,133,018</u>	<u>\$ 186,698</u>

	December 31, 2004					
	In a Year		More Than a Year		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<u>Assets</u>						
Accounts receivable	\$ 3,384,208	\$ 106,724	\$ 766,380	\$ 24,168	\$ 4,150,588	\$ 130,892
Receivables from development of industrial districts	-	-	18,543,064	584,770	18,543,064	584,770
Cost and estimated earnings in excess of billings on uncompleted construction contracts	776,307	24,482	134,075	4,228	910,382	28,710
Real estate construction	91,767	2,894	18,128	572	109,895	3,466
Restricted assets	442,528	13,955	8,525	269	451,053	14,224
Refundable deposits on construction contracts	129,568	4,086	-	-	129,568	4,086
	<u>\$ 4,824,378</u>	<u>\$ 152,141</u>	<u>\$ 19,470,172</u>	<u>\$ 614,007</u>	<u>\$ 24,294,550</u>	<u>\$ 766,148</u>

(Continued)

	December 31, 2004					
	In a Year		More Than a Year		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Liabilities						
Notes payable	\$ 246,650	\$ 7,778	\$ -	\$ -	\$ 246,650	\$ 7,778
Accounts payable	2,301,150	72,569	972,360	30,664	3,273,510	103,233
Payables for development of industrial districts	-	-	1,141,969	36,013	1,141,969	36,013
Billings in excess of cost and estimated earnings on uncompleted contracts	435,988	13,749	322,051	10,156	758,039	23,905
Construction warranty	38,186	1,204	122,464	3,862	160,650	5,066
Guarantee deposits on construction contracts (including in other current liabilities)	413,099	13,028	-	-	413,099	13,028
	<u>\$ 3,435,073</u>	<u>\$ 108,328</u>	<u>\$ 2,558,844</u>	<u>\$ 80,695</u>	<u>\$ 5,993,917</u>	<u>\$ 189,023</u>

17. STOCKHOLDERS' EQUITY

Capital Surplus

Based on certain laws or regulations, capital surplus from long-term equity investments accounted for by the equity method cannot be used for any purpose. Other capital surplus may only be used to offset a deficit. Capital surplus from the issue of stock in excess of par value may be capitalized by issuing new shares to stockholders in proportion to their holdings, and capitalized amounts should be within certain limits.

The Corporation's Articles of Incorporation provide that 10% should be appropriated as legal reserve from annual net income less any prior years' deficits. Of the remainder, together with any unappropriated earnings of prior years, over 50% should be appropriated as follows:

- a. 2% as remuneration to directors and supervisors;
- b. 3% as bonus to employees equal to 3%; and
- c. 95% as dividends, of which more than 10% should be cash dividends. But if cash dividend per share will be less than NT\$0.1, only stock dividends will be issued.

Under the regulations of the Securities and Futures Bureau, the Corporation should appropriate a special reserve equivalent to the net debit balances, as of the balance sheet dates, of each stockholders' equity account, except for treasury stock and deficit. The special reserve should be adjusted to reflect changes in the total net debit balances of the appropriate accounts.

These appropriations should be based on the board of directors' proposal approved in the stockholders' meeting in the following year and given effect to in the financial statements of that year. In making the appropriations, the Corporation should take into account its capital or operating requirements.

On June 18, 2004 and June 30, 2005, the stockholders resolved to appropriate the 2003 and 2002 earnings as following, respectively:

	<u>Appropriation of Earnings</u>				<u>Dividends Per Share</u>			
	<u>2004</u>		<u>2003</u>		<u>2004</u>		<u>2003</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
Legal reserve	\$ 12,407	\$ 378	\$ 9,292	\$ 293				
Bonus to directors and supervisors	3,053	93	5,986	189				
Bonus to employees - cash	4,580	139	8,980	283				
Cash dividends	145,022	4,415			\$ 0.10	\$ 0.0030		
Stock dividends	-	-	284,356	8,967			\$ 0.20	\$ 0.0063
	<u>\$ 165,062</u>	<u>\$ 5,025</u>	<u>\$ 308,614</u>	<u>\$ 9,732</u>				

Had the Corporation recognized bonus to employee as expense in 2004 and 2003, the basic earnings per share for 2004 and 2003 would have declined from NT\$0.09 to NT\$0.07 and NT\$0.08 to NT\$0.05.

As of March 24, 2006, the date of the accompanying auditors' report, the Corporation's board of directors had not decided the appropriation of the 2005 earnings. Related information may be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange.

Under the Company Law, legal reserve should be appropriated until the accumulated reserve equals the Corporation's paid-in capital. The reserve is used only to offset a deficit. When the reserve reaches 50% of the Corporation's paid-in capital, up to 50% of the reserve can be declared as stock dividends.

Under the Integrated Income Tax System, which took effect on January 1, 1998, noncorporate stockholders are allowed a tax credit for the income tax paid by the Corporation on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Corporation for this income tax and the tax credit allocated to each stockholder. The maximum credit available for allocation to each stockholder cannot exceed the ICA balance on the dividend distribution date.

18. TREASURY STOCK

(Unit: Thousand Shares)

<u>Types of Treasury Stock</u>	<u>Beginning of the Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>End of the Year</u>
<u>2005</u>				
Corporation's stock held by subsidiaries reclassified from long-term investments to treasury stock	<u>323</u>	<u>-</u>	<u>-</u>	<u>323</u>
<u>2004</u>				
Corporation's stock held by subsidiaries reclassified from long-term investments to treasury stock	<u>517</u>	<u>10</u>	<u>204</u>	<u>323</u>

Information on a subsidiary's equity in the Corporation as of the end of 2005 and 2004 is as follows:

Subsidiary	Shares Held by Subsidiary		
	(Thousands)	Book Value (Thousands)	Market Value (Thousands)
<u>December 31, 2005</u>			
BES Construction and Development	<u>323</u>	<u>\$ 730</u>	<u>\$1,420</u>
<u>December 31, 2004</u>			
BES Construction and Development	<u>323</u>	<u>\$ 730</u>	<u>\$1,968</u>

In 2004, the above subsidiary sold its holding of 204 thousand shares of the Corporation for NT\$1,429 thousand.

A subsidiary's rights on shares reclassified as treasury stock are similar to the rights of other stockholders; however, the subsidiary is not entitled to participate in issuing new shares; moreover, with no voting power right from June 22 and on.

19. EARNINGS PER SHARE

(Unit: New Taiwan Dollars)

	2005		2004	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
Basic earnings per share	<u>\$ 0.37</u>	<u>\$ 0.25</u>	<u>\$ 0.26</u>	<u>\$ 0.09</u>
Pro forma earnings per share	<u>\$ 0.37</u>	<u>\$ 0.25</u>	<u>\$ 0.26</u>	<u>\$ 0.09</u>

a. The numerators and denominators used to calculate basic earnings per share:

(Unit: New Taiwan Dollars)

	Amount (Numerator)		Shares (Denominator) (Thousands)	Earnings Per Share (Dollar)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>2005</u>					
Basic earnings per share	<u>\$ 542,675</u>	<u>\$ 368,289</u>	<u>1,449,894</u>	<u>\$ 0.37</u>	<u>\$ 0.25</u>
<u>2004</u>					
Basic earnings per share	<u>\$ 382,868</u>	<u>\$ 124,072</u>	<u>1,449,777</u>	<u>\$ 0.26</u>	<u>\$ 0.09</u>

- b. Pro forma information on the assumption that the Corporation's shares held by its subsidiary were not treated as treasury stock:

(Unit: New Taiwan Dollars)

	<u>Amount (Numerator)</u>		Shares (Denominator) (Thousands)	<u>Earnings Per Share (Dollar)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>2005</u>					
Pro forma earnings per share	<u>\$ 542,127</u>	<u>\$ 367,741</u>	<u>1,450,217</u>	<u>\$ 0.37</u>	<u>\$ 0.25</u>
<u>2004</u>					
Pro forma earnings per share	<u>\$ 383,639</u>	<u>\$ 124,843</u>	<u>1,450,217</u>	<u>\$ 0.26</u>	<u>\$ 0.09</u>

20. INCOME TAX

- a. Reconciliation between current income tax based on income before income tax at statutory rate and income tax provision:

	<u>2005</u>		<u>2004</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
Income tax expense based on statutory rate of 25%	\$ 135,659	\$ 4,130	\$ 95,707	\$ 3,018
Add (deduct) effects of:				
Permanent differences	(10,527)	(320)	(37,740)	(1,190)
Temporary differences	30,339	924	(55,172)	(1,740)
Prior years' loss carryforwards	<u>(155,471)</u>	<u>(4,733)</u>	<u>(2,795)</u>	<u>(88)</u>
Income tax expense - current	-	-	-	-
Deferred income tax assets (liabilities)				
Prior years' loss carryforwards	155,471	4,733	2,795	88
	136,000	4,140	140,262	4,335
Income on short-term negotiable instruments taxed separately at 20% flat rate	10	1	195	6
Undistributed earnings at 10% flat rate	35,655	1,085	118,677	3,743
Prior year's adjustment	<u>2,721</u>	<u>83</u>	<u>(338)</u>	<u>(11)</u>
	<u>\$ 174,386</u>	<u>\$ 5,309</u>	<u>\$ 258,796</u>	<u>\$ 8,161</u>

b. Deferred income tax assets as of December 31, 2005 and 2004:

	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Current				
Unrealized loss on litigation on construction contracts	\$ 65,724	\$ 2,001	\$ 49,045	\$ 1,547
Unrealized warranty costs	43,263	1,317	40,163	1,266
Unrealized construction loss	10,846	330	2,958	93
Prior years' loss carryforwards	-	-	213,133	6,721
Loss on doubtful accounts	-	-	20,256	639
Others	(731)	(22)	2,557	81
	<u>119,102</u>	<u>3,626</u>	<u>328,112</u>	<u>10,347</u>
Allowance for deferred income tax assets	<u>(33,136)</u>	<u>(1,009)</u>	<u>106,146</u>	<u>3,347</u>
	<u>\$ 85,966</u>	<u>\$ 2,617</u>	<u>\$ 221,966</u>	<u>\$ 7,000</u>
Noncurrent				
Unrealized loss on long-term investments	\$ 93,917	\$ 2,859	\$ 76,208	\$ 2,403
Investment loss recognized under the equity method (foreign)	<u>40,210</u>	<u>1,224</u>	<u>35,473</u>	<u>1,119</u>
	<u>134,127</u>	<u>4,083</u>	<u>111,681</u>	<u>3,522</u>
Allowance for deferred income tax assets	<u>(134,127)</u>	<u>(4,083)</u>	<u>(111,681)</u>	<u>(3,522)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The income tax rate used to recognize deferred income taxes as of December 31, 2005 and 2004 was 25%.

As of December 31, 2005, the loss carryforwards of the Corporation has been used.

c. Integrated income tax system information:

	<u>December 31</u>			
	<u>2005</u>		<u>2004</u>	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Balance of ICA	<u>\$ 10,767</u>	<u>\$ 328</u>	<u>\$ 10,300</u>	<u>\$ 325</u>

The expected and actual creditable tax ratios for the 2005 and 2004 earnings were 2.92% and 33.33%.

The tax credits allocable to stockholders are based on the balance of ICA on the dividend distribution date.

As of December 31, 2005 and 2004, the unappropriated retained earnings generated before January 1, 1998 aggregated NT\$138,042 thousand (US\$4,202 thousand) and NT\$179,032 thousand (US\$5,646 thousand), respectively.

Income tax returns through 2003 had been examined and cleared by the tax authorities.

21. COMPENSATION, DEPRECIATION AND AMORTIZATION

	2005					
	Operating Cost		Operating Expenses		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Compensation						
Payroll	\$ 433,797	\$ 13,205	\$ 75,278	\$ 2,292	\$ 509,075	\$ 15,497
Insurance	32,036	975	3,304	101	35,340	1,076
Pension	19,781	602	5,172	157	24,953	759
Others	18,755	571	1,203	37	19,958	608
Total compensation	504,369	15,353	84,957	2,587	589,326	17,940
Depreciation	28,196	858	8,513	259	36,709	1,117
Amortization	30,973	943	1,454	44	32,427	987
	<u>\$ 563,538</u>	<u>\$ 17,154</u>	<u>\$ 94,924</u>	<u>\$ 2,890</u>	<u>\$ 658,462</u>	<u>\$ 20,044</u>
	2004					
	Operating Cost		Operating Expenses		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Compensation						
Payroll	\$ 369,996	\$ 11,668	\$ 67,139	\$ 2,117	\$ 437,135	\$ 13,785
Insurance	28,532	900	3,295	104	31,827	1,004
Pension	12,804	404	4,169	131	16,973	535
Others	13,644	430	1,010	32	14,654	462
Total compensation	424,976	13,402	75,613	2,384	500,589	15,786
Depreciation	16,989	536	12,748	402	29,737	938
Amortization	16,400	517	-	-	16,400	517
	<u>\$ 458,365</u>	<u>\$ 14,455</u>	<u>\$ 88,361</u>	<u>\$ 2,786</u>	<u>\$ 546,726</u>	<u>\$ 17,241</u>

Depreciation expense for properties leased to others are not shown in the table above. As of December 31, 2005 and 2004, these expenses (included in nonoperating income - rental) were about NT\$13,483 thousand (US\$410 thousand) and NT\$9,071 thousand (US\$286 thousand), respectively.

22. RELATED-PARTY TRANSACTIONS

a. Related parties were as follows:

- Equity-method investees - Corporacion de Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.), BES Construction Corporation (BES, U.S.A.), BES Global Investment Corporation, BES Construction & Development Corporation, Chung Kung Safeguarding & Security Corporation, BES Machinery Corporation, Core Pacific World Corporation, Chu-Huan Environmental Engineering Corporation, BES Investment Company Limited, Coreasia Human Resource Management Corporation, Core Pacific eCommerce Corporation, Smartnet Corporation, Cherng-Huei Limited, Cinemark-Core Pacific, Huatung Power, Core Pacific Consulting Corporation, K9 International Entertainment Corporation, Chung Chien Fa Construction Corporation, Core Pacific Consulting Corporation, Zhong Hua Cheng Development Co., Ltd., Chinese City International Investment Co., Ltd., Hua Cheng Consulting Co., Ltd., Core Pacific Consulting Co., Ltd., BES Global Consulting Co., Ltd., Elite Human Resources Management Co., Ltd., BES Department Maintenance & Management; Wei-Jing Holding Ltd., Core Pacific Overseas Holdings Ltd., Core Pacific International Holdings Ltd., Core Pacific Yamaichi International Ltd.

2) Stockholders/directors - Agora Garden Corporation, Century Development Corporation, Core Pacific City Corporation, China Petrochemical Development Corporation.

3) Relative management - Excellence Investment Co., Ltd.

b. Significant related - party transactions (in addition to those disclosed in Notes 21 and 22)

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage of Account (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage of Account (%)
<u>For the year</u>						
1) Other revenue						
BES Machinery Corporation - rental income	\$ 1,041	\$ 32	-	\$ -	\$ -	-
Coreasia Human Resource Management Corporation - others	1,500	46	1	-	-	-
	<u>\$ 2,541</u>	<u>\$ 78</u>	<u>1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
2) Operating costs						
BES Machinery Corporation - machinery rental, concrete, testing etc.	\$ 554,020	\$ 16,865	5	\$ 357,510	\$ 11,274	3
Chung Kung Safeguarding & Security Corporation - safeguarding, security and cleaning	28,939	881	-	31,284	987	-
Coreasia Human Resource Management Corporation - foreign labor management	20,824	634	-	63,448	2,001	1
China Petrochemical Development Corporation - utilities and rental	3,002	91	-	-	-	-
BES Construction & Development Corporation - consulting service	41	1	-	-	-	-
Kimpo Co., Ltd. - others	10	-	-	-	-	-
	<u>\$ 606,836</u>	<u>\$ 18,472</u>	<u>5</u>	<u>\$ 452,242</u>	<u>\$ 14,262</u>	<u>4</u>
3) Other operating cost						
Chung-Kung Safeguarding & Security Corporation	<u>\$ 4,449</u>	<u>\$ 135</u>	<u>7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
4) Operating expense						
BES Machinery Corporation - rental	\$ 4,432	\$ 135	2	\$ -	\$ -	-
Corea Sia Human Resource Management Corporation - manpower - detaching	3,674	112	2	-	-	-
China Petrochemical Development Corporation - rental	3,002	91	2	6,268	198	1
Chung Kung Safeguarding & Security Corporation - security, clearing expense	1,628	50	1	-	-	-
Core Pacific Department Maintenance and Management - building maintenance	693	21	-	-	-	-
Other - other expense	272	8	-	-	-	-
	<u>\$ 13,701</u>	<u>\$ 417</u>	<u>7</u>	<u>\$ 6,268</u>	<u>\$ 198</u>	<u>1</u>
5) Nonoperating income or gain						
BES Machinery Corporation - rental revenue	\$ 8,320	\$ 253	1	\$ 11,225	\$ 354	1
Agora Garden Corporation - interest revenue	6,526	199	1	14,080	444	2
BES Machinery Corporation - other revenue	885	27	-	9,702	306	1
BES Machinery Corporation - compensation revenue	21	1	-	-	-	-
Others - rental	5,337	162	-	7,697	243	1
Other -others	216	7	-	2,244	70	-
	<u>\$ 21,305</u>	<u>\$ 649</u>	<u>2</u>	<u>\$ 44,948</u>	<u>\$ 1,417</u>	<u>5</u>
6) Nonoperating expense or loss						
BES Machinery Corporation	<u>\$ 146</u>	<u>\$ 4</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

(Continued)

	2005			2004		
	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage of Account (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage of Account (%)
<u>At year-end</u>						
1) Accounts receivable						
Core Pacific City Corporation	\$ 22,005	\$ 670	-	\$ 24,940	\$ 787	1
2) Other current assets - other receivables						
Coreasia Human Resource Management Corporation - consulting	\$ 3,675	\$ 112	1	\$ 3,602	\$ 113	-
BES Machinery Corporation - other receivable	1,265	39	-	6,142	194	1
Core Pacific Consulting Corporation - others	429	13	-	-	-	-
BES Construction & Development Corporation - disposal of land	-	-	-	298,000	9,398	29
Chu-Huan Environmental Engineering Corporation - capital reduction	-	-	-	25,500	804	2
Others - others	641	20	-	468	15	-
	<u>\$ 6,010</u>	<u>\$ 184</u>	<u>1</u>	<u>\$ 333,712</u>	<u>\$ 10,609</u>	<u>32</u>
3) Long-term receivables - affiliates						
Agora Garden Corporation	\$ 250,985	\$ 7,640	88	\$ 258,985	\$ 8,167	76
BES, S.A.	34,699	1,056	12	82,786	2,611	24
	<u>\$ 285,684</u>	<u>\$ 8,696</u>	<u>100</u>	<u>\$ 341,771</u>	<u>\$ 10,778</u>	<u>100</u>
4) Other assets - miscellaneous						
Agora Garden Corporation	\$ 600	\$ 18	3	\$ -	\$ -	-
China Retrochemical Development Corporation	120	4	1	-	-	-
Century Development Corporation	-	-	-	30	1	-
	<u>\$ 720</u>	<u>\$ 22</u>	<u>4</u>	<u>\$ 30</u>	<u>\$ 1</u>	<u>-</u>
5) Accounts payable						
BES Machinery Corporation	\$ 168,530	\$ 5,130	5	\$ 175,319	\$ 5,529	6
Chung Kung Safeguarding & Security Corporation	21,068	641	-	9,848	310	-
Chung Chien Fa Construction Corporation	184	6	-	3,381	107	-
Coreasia Human Resource Management Corporation	-	-	-	202	6	-
Others	-	-	-	1,806	57	-
	<u>\$ 189,782</u>	<u>\$ 5,777</u>	<u>5</u>	<u>\$ 190,556</u>	<u>\$ 6,009</u>	<u>6</u>
6) Other current liabilities - other accrued expense						
China Retrochemical Development Corporation	\$ 580	\$ 18	-	\$ 751	\$ 24	-
Chung Kung Safeguarding & Security Corporation	246	7	-	-	-	-
BES Machinery Corporation	227	7	-	-	-	-
Coreasia Human Resource Management Corporation	149	4	-	-	-	-
Core Pacific Department Maintenance and Management	56	2	-	-	-	-
	<u>\$ 1,258</u>	<u>\$ 38</u>	<u>-</u>	<u>\$ 751</u>	<u>\$ 24</u>	<u>-</u>

The rental contracts between the Corporation and related parties were based on market conditions, except that for BES Machinery Corporation, for which the payment term was based on its operating status.

Purchase and sales terms with related parties were similar to those for third parties, except for the accounts receivables of BES Construction & Development and BES Machinery Corporation and other receivables of Coreasia Human Resource Management Corporation, Core Pacific Consulting Corporation, for which the payment term is based on their operating status or the payment agreements.

The receivable due from Agora Garden Corporation was the warranty reservation for construction. The terms of repayment expired when the warranty ended in 2004. The monthly payment of principal and interest was based on the agreement. Therefore, the receivable was reclassified as long-term receivables - affiliate in this year.

The Corporation provided time deposits as guarantee for the loans of BES Investment. The time deposits included in restricted assets amounted to NT\$75,527 thousand (US\$2,298 thousand) in 2005 and NT\$219,573 thousand (US\$6,924 thousand) in 2004.

The Corporation provided interest-free (no pledged assets) funding to BES, S. A., as follows:

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Maximum balance	\$ 82,786	\$ 2,606	\$ 113,076	\$ 3,326
Ending balance	34,699	1,056	82,786	2,606

Property transactions

1) Purchase of fixed assets

Counter-party	Property	Price	
		New Taiwan Dollars	U.S. Dollars (Note 2)
Kimpo Co., Ltd.	Machinery	\$ 4,403	\$ 134

2) Purchase of long-term investments in stocks

Property	Counter-party	Transfer Date	Transaction Shares	Transaction Amounts (in Thousands of Dollars)	
				New Taiwan Dollars	U.S. Dollars (Note 2)
Core Pacific Venture Capital	BES Construction & Development	2005.05.30	3,000,000	\$ 22,950	\$ 699
Chung Kung Safeguarding & Security	BES Construction & Development	2005.05.30	520,000	5,559	169
Core Pacific World Corporation	Core Pacific Consulting Company	2005.01.07	17,400	164	5
BES Construction & Development Corporation	BES Machinery Corporation	2005.04.22	1,000	15	-

(Continued)

Property	Counter-party	Transfer Date	Transaction Shares	Transaction Amounts (in Thousands of Dollars)	
				New Taiwan Dollars	U.S. Dollars (Note 2)
BES Construction & Development Corporation	Core Pacific Consultant	2005.04.22	1,000	\$ 15	\$ -
	Chung Chien Fa Construction	2005.04.22	1,000	15	-
	Chung Kung Safeguarding & Security	2005.04.22	1,000	15	-

The purchase price of the above transaction was based on the audited net asset values as of December 31, 2004 except that for Core-Pacific World, which was based on the audited net asset value as of June 30, 2004.

3) Contract on disposal of rental assets

We have signed the contract on disposal of rental assets with BES Construction & Development Corporation at the end to 2004. The transaction price was on an appraisal report, and the gain of NT\$156,373 thousand (US\$4,931 thousand) was recorded as deferred credit. After estimating building cost and current land prices, we replaced the building plan of selling the land. BES Construction & Development Corporation has sold the land to third party, and the deferred credit also transferred to the gain on disposal of assets. We have collected from BES Construction & Development Corporation.

23. PLEDGED OR MORTGAGED ASSETS

The following assets had been pledged or mortgaged as (a) collaterals for short-term debts, long-term bank loans, short-term negotiable instruments, construction warranty, and as probable means to settle an ongoing litigation, and (b) a guarantee for a subsidiary's long-term loan.

	December 31			
	2005		2004	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Current assets				
Buildings and land held for sale	\$ -	\$ -	\$ 91,767	\$ 2,894
Restricted assets				
Investments in commercial paper	58,400	1,778	62,900	1,984
Pledged time deposits	1,661,124	50,567	2,062,016	65,027
Long-term equity investments	874,375	26,617	914,306	28,834
Long-term bond investments	66,600	2,027	-	-
Properties, net	2,446,334	74,470	2,744,382	86,546
Leased assets, net	2,662,840	81,061	1,774,032	55,946
Other assets - certificates of deposit - restricted	16,000	487	30,000	946
	<u>\$ 7,785,673</u>	<u>\$ 237,007</u>	<u>\$ 7,679,423</u>	<u>\$ 242,177</u>

24. COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2005, the Corporation had guaranteed the borrowings of BES Investment Company Limited of US\$2,139 thousand.

25. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for BES Engineering Corporation and investees:

- 1) Financing provided Table 1 (attached).
- 2) Endorsement/guarantee provided Table 2 (attached).
- 3) Marketable securities held Table 3 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital Table 4 (attached).
- 5) Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached).
- 7) Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital Table 6 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital Table 7 (attached).
- 9) Names, locations, and related information of investees Table 8 (attached).
- 10) Derivative financial transactions: None.

The Corporation did not hold or issue derivative financial instruments, but it has to disclose the fair value of the following nonderivative financial instruments in accordance with the Statement of Financial Accounting Standards No. 27, "Disclosure of Financial Instruments".

(Unit: NT Dollar)

	December 31			
	2005		2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Assets</u>				
Cash	\$ 1,230,096	\$ 1,230,096	\$ 931,469	\$ 931,469
Short-term investments, net	184,135	184,135	161,059	161,059
Accounts receivable, net	4,891,515	4,891,515	4,150,588	4,150,588
Restricted assets	1,719,524	1,719,524	2,124,916	2,124,916
Refundable deposits on construction contracts	34,807	34,807	129,568	129,568

(Continued)

	December 31			
	2005		2004	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term stocks investments	\$ 3,904,137	\$ 4,009,202	\$ 3,934,958	\$ 4,021,085
Long-term bond investments	66,600	66,600	-	-
Refundable deposits	19,078	19,078	28,744	28,744
Certificates of deposit - restricted	16,000	16,000	30,000	30,000

Liabilities

Short-term debts	7,003,703	7,003,703	8,022,365	8,022,365
Short-term notes and bills payable	2,519,805	2,519,805	2,930,556	2,930,556
Notes payable	407,592	407,592	246,650	246,650
Accounts payable	3,589,086	3,589,086	3,273,510	3,273,510
Current portion of interest - bearing long-term debts	534,401	534,401	1,461,955	1,461,955
Guarantee deposits on construction contracts	424,356	424,356	413,099	413,099
Bank loans, net of current portion	651,267	651,267	542,567	542,567
Guarantee deposits on construction contracts	22,579	22,579	24,112	24,112

The following methods and assumptions were used in estimating fair values:

- 1) Cash, accounts receivable, net, restricted assets, short-term debts, short-term notes and bills payable, notes payable, and accounts payable: The carrying amounts of these short-term instruments reported in the balance sheet approximate their fair values.
 - 2) Short-term investments, net, long-term stocks investments and long-term bond investments: Fair values are based on quoted market prices or, if quoted market prices are not available, on quoted market prices of comparable instruments.
 - 3) Interest-bearing long-term debts (including current position): Fair values are estimated using discounted cash flow analysis, based on the Corporation's current incremental borrowing rates for borrowings with similar maturities.
 - 4) Refundable deposits on construction contracts, refundable deposits, certificates of deposit - restricted, guarantee deposits on construction contracts and guarantee deposits received: Fair values are estimated at their book values.
- b. Investment in Mainland China
- 1) Investment in Mainland China: Table 9 (attached).
 - 2) Significant direct or indirect transactions with investees, prices, payment terms and unrealized gain or loss: None.

26. SEGMENT INFORMATION

a. Industry

The Corporation engages in constructing and developing industrial districts. The revenues, net income (loss) and tangible assets of the industrial construction business are more than 90% of the total revenues, net income (or loss) and tangible assets.

b. Geographic

Construction revenue from foreign operations, i.e., its branches in Malaysia, in 2005 and 2004 did not reach at least 10% of total operating revenues.

c. Export sales

The Corporation had no foreign revenues in 2005 and 2004.

d. Sales to major customers

Customers	2005			2004		
	Construction Revenue			Construction Revenue		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
Taiwan Area National Freeway Bureau, MOTC	\$ 2,083,569	\$ 63,427	15.80	\$ 1,456,894	\$ 45,944	13.52
Armaments Bureau of MND	1,919,709	58,439	14.56	1,036,316	32,681	9.61
Department of Rapid Transit Systems, TCG	1,890,567	57,552	14.33	1,261,280	39,775	11.70
Directorate General of Highways, MOTC	1,739,650	52,957	13.19	1,158,934	36,548	10.75

BES ENGINEERING CORPORATION AND INVESTEES

FINANCING PROVIDED

YEAR ENDED DECEMBER 31, 2005

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

No.	Financing Name	Counter-party	Financial Statement Account	Financing Limit for Each Borrowing Company	Maximum Balance for the Period	Ending Balance	Interest Rate	Financing Reasons	Allowance for Bad Debt	Collateral		Transaction Amount	Financing Company's Financing Amount Limits
										Item	Value		
0	BES Engineering Corporation	Corporacion De Inversion Y Desarrollo, S.A. (Costa Rica) (BES, S.A.)	Long-term receivables - affiliates	\$ 725,524	\$ 82,786 (US\$2,606,000)	\$ 34,699 (US\$1,056,000)	-	To develop BES Free Zone, Costa Rica as approved in the 187th board meeting on July 30, 1991	\$ -	-	\$ -	-	Limits on the maximum financing is equal to 40% of net equity of the latest financial statement; \$7,255,241 thousands and the maximum limit for each counter-party is equal to 4% of net equity of the latest financial statement; \$725,524 thousands.
1	Core Pacific World	K9 International Entertainment Corporation	Accounts receivables - affiliates	348,000	15,000	15,000	4%	Short-term finance	-	Guarantee note	20,000	-	Limits on the maximum financing is equal to 100% of issued capital of the latest financial statement; \$1,160,000 thousands and the maximum limit for each counter-party is equal to 30% of net equity of the latest financial statement; \$348,000 thousands.
2	BES Machinery Corporation	Ezplace Co., Ltd.	Long-term notes receivable - affiliates	77,874	40,000	40,000	4.5%	Short-term finance	-	118 Packing spaces	56,000	-	Limits on the maximum financing is equal to 30% of issued capital of the latest financial statement; \$233,622 thousands and the maximum limit for each counter-party is equal to 10% of net equity of the latest financial statement; \$77,874 thousands.

TABLE 2

BES ENGINEERING CORPORATION AND INVESTEES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2005

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

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collaterals Property, Plant, or Equipment	Ratio of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	BES Engineering Corporation	BES Investment Corporation	Parent	\$ 1,813,810	\$ 355,452 (US\$ 11,189,000)	\$ 70,298 (US\$ 2,139,000)	\$ 75,527	0.39%	Limits on the maximum endorsement is equal to 50% of net equity of the latest financial statement; \$9,069,051 thousands and the maximum amounts limit for each counter-party is equal to 10% of net equity of the latest financial statement; \$1,813,810 thousands.
1	Core Pacific World	K9 International Entertainment Corporation	Parent	290,000	130,000	97,542	50,000	8.96%	Limits on the maximum endorsement is equal to 50% of issued capital of the latest financial statement; \$580,000 thousands and the maximum amounts limit for each counter-party is equal to 25% and 1% of issued capital of the latest financial statements based on the percentage ownership (above or below 50%); 290,000 and 11,600 thousand, respectively.

TABLE 3

BES ENGINEERING CORPORATION AND INVESTEES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2005

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

Holding Company Name	Marketable Security Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2005				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
BES Engineering Corporation	China Petrochemical Development Corporation	The director and supervisor of BES Engineering Corporation	Short-term investments, net	18,981,000	\$ 158,741	-	\$ 136,663	(Note 1)
	PSC Corp.	-	Short-term investments, net	600,000	14,997	-	12,156	(Note 1)
	Sonix Technology, Ltd.	-	Short-term investments, net	215,284	9,441	-	8,794	(Note 1)
	Taishin Financial Holding Co., Ltd.	-	Short-term investments, net	204,288	6,531	-	3,645	(Note 1)
	Yieh Phui enterprise Co., Ltd.	-	Short-term investments, net	157,500	3,680	-	1,788	(Note 1)
	Fuhwa Albatross Fund	-	Short-term investments, net	898,037	10,000	-	10,000	(Note 1)
	金復華亞當斯密基金	-	Short-term investments, net	300,000	3,002	-	3,014	(Note 1)
	Polaris Global REITs Fund A	-	Short-term investments, net	200,000	2,000	-	2,084	(Note 1)
	Allianz Global Investors Target 2015 Fund	-	Short-term investments, net	200,000	2,000	-	2,008	(Note 1)
	KGI GMMA Strategy Fund	-	Short-term investments, net	200,000	2,000	-	1,994	(Note 1)
	JS Taiwan Enterprises	-	Short-term investments, net	98,083	2,000	-	1,980	(Note 1)
	Seligman New Tech Venture Fund	-	Short-term investments, net	22	18	-	9	(Note 2)
	Core Pacific City	Cost-method investee	Long-term stock investments	128,000,000	1,001,095	10.67	1,033,105	(Notes 3 and 5)
	Core Pacific Venture Capital	Cost-method investee	Long-term stock investments	7,378,000	60,582	18.31	61,724	(Note 3)
	Chien-Kung Venture Capital	Cost-method investee	Long-term stock investments	6,287,625	59,039	12.66	59,896	(Note 4)
	Century Development	Cost-method investee	Long-term stock investments	7,206,059	50,000	3.03	111,375	(Note 4)
	Overseas Investment & Development	Cost-method investee	Long-term stock investments	2,600,000	24,887	2.89	25,727	(Note 4)
	NanoAmp Solutions Inc.	Cost-method investee	Long-term stock investments	267,232	7,986	1.08	13,507	(Notes 4 and 7)
	iGlobe Partner Fund L.P.	Cost-method investee	Long-term stock investments	-	7,210	0.69	9,696	(Note 4)
	Latin American Development	Cost-method investee	Long-term stock investments	1,250,000	613	3.57	1,415	(Note 4)
	Taiwan-CA.COM Inc.	Cost-method investee	Long-term stock investments	500,000	-	1.43	32	(Note 4)
	Prominent Communication Inc.	Cost-method investee	Long-term stock investments	310,973	-	1.18	-	(Note 4)
	Sageware Inc.	Cost-method investee	Long-term stock investments	666,667	-	4.66	-	(Note 4)
	Neurologic Inc.	Cost-method investee	Long-term stock investments	250,001	-	2.25	-	(Note 4)
	Tun-Te International	Cost-method investee	Long-term stock investments	500,000	-	5.00	-	(Note 4)
	Core Pacific World	Equity-method investee	Long-term stock investments	115,736,100	1,086,462	99.77	1,104,350	(Notes 3 and 6)
	BES Machinery	Equity-method investee	Long-term stock investments	75,213,198	773,794	96.58	773,794	(Note 3)
	BES Investment	Equity-method investee	Long-term stock investments	18,742,500	349,353	100.00	349,353	(Note 3)
	Cherng-Huei	Equity-method investee	Long-term stock investments	31,250,000	117,936	41.67	117,936	(Note 3)
	BES Construction & Development	Equity-method investee	Long-term stock investments	11,500,000	99,341	100.00	100,071	(Note 3)
	BES Global Investment Co.	Equity-method investee	Long-term stock investments	1,410,100	50,502	100.00	50,502	(Note 3)
	Coreasia Human Resource Management	Equity-method investee	Long-term stock investments	4,000,000	48,936	100.00	48,936	(Note 3)
	Chung Kung Safeguarding & Security	Equity-method investee	Long-term stock investments	3,880,000	44,790	64.67	45,569	(Note 3)
	BES Construction Corporation (BES, U.S.A.)	Equity-method investee	Long-term stock investments	8,509	40,315	91.78	40,315	(Note 3)
	Huatung Power	Equity-method investee	Long-term stock investments	18,300,000	30,588	30.00	30,588	(Note 3)
	Cinemark-core Pacific Ltd.	Equity-method investee	Long-term stock investments	1,861,500	29,740	15.38	31,750	(Note 3)
	Core Pacific Consulting Company	Equity-method investee	Long-term stock investments	1,100,000	14,338	55.00	13,118	(Note 3)

(Continued)

Holding Company Name	Marketable Security Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2005				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
Core Pacific World Corporation	Smartnet	Equity-method investee	Long-term stock investments	13,751,400	\$ 5,914	91.68	\$ 5,914	(Note 3)
	Chu-Huan Environment Engineering Corporation De Inversion Y Desarrollo, S.A. (Costa Rica) (BES, S.A.)	Equity-method investee	Long-term stock investments	2,550,000	716	51.00	716	(Note 4)
		Equity-method investee	Other liabilities	800	(2,009)	100.00	(2,009)	(Note 3)
	CMC Magnetics Corporation	-	Short-term investments, net	1,553,000	45,644	-	17,999	(Note 1)
	PSC Corp.	-	Short-term investments, net	350,000	8,824	-	7,091	(Note 1)
	China Petrochemical Development Corporation	-	Short-term investments, net	853,000	7,798	-	6,142	(Note 1)
	ASE, Inc.	-	Short-term investments, net	63,129	2,050	-	1,725	(Note 1)
	Yulon Motor Co., Ltd.	-	Short-term investments, net	15,225	719	-	546	(Note 1)
	Core Pacific City	Cost-method investee	Long-term stock investments	30,000,000	300,000	100.00	300,000	(Notes 3 and 7)
	Zhong Hua Cheng Development Co., Ltd.	Equity-method investee	Long-term stock investments	9,500,000	323,222	100.00	323,222	(Note 3)
Chinese City International Investment Co., Ltd.	Equity-method investee	Long-term stock investments	9,500,000	322,967	100.00	322,967	(Note 3)	
K9 International Entertainment Corporation	Equity-method investee	Long-term stock investments	3,000,000	25,947	50.00	25,947	(Note 3)	
BES Machinery Corporation	China Petrochemical Development	The Corporation's director and supervisor	Short-term investments, net	8,870,000	71,913	-	63,864	(Note 1)
	Cinemark-Core Pacific Ltd.	Equity-method investee	Long-term stock investments	7,593,680	120,477	62.76	120,477	(Note 3)
BES Investment	Wei-Jing Holding Ltd.	Equity-method investee	Long-term stock investments	14,400,000	368,725	44.67	368,725	(Note 3)
	BES Construction Corporation (BES, U.S.A.)	Equity-method investee	Long-term stock investments	761	3,611	8.22	3,611	(Note 3)
BES Construction & Development Corporation	China Petrochemical Development	-	Short-term investments, net	1,067,000	12,231	-	7,682	(Note 1)
	BES Engineering Corporation	Equity-method investor	Short-term investments, net	322,656	1,968	-	1,968	(Note 1)
	Yuanta Core-Pacific Securities	-	Short-term investments, net	114,624	2,991	-	2,539	(Note 1)
	TIIM Bond	-	Short-term investments, net	3,578,048	50,000	-	50,000	(Note 1)
	CCI Electronic	Cost-method investee	Long-term stock investments	2,000,000	20,000	0.66	-	(Note 4)
	Chu-Huan Environment Engineering	Cost-method investee	Long-term stock investments	250,000	-	5.00	-	(Note 4)
	Agora Garden	Cost-method investee	Long-term stock investments	14,592	-	0.02	-	(Note 4)
	Chung Chien Fa Construction	Equity-method investee	Long-term stock investments	-	791	100.00	791	(Note 4)
Coreasia Human Resource Management Corporation	China Petrochemical Development Corporation	-	Short-term investments, net	150,000	1,301	-	1,080	(Note 1)
	Elite Human Resources Management Co., Ltd.	Equity-method investee	Long-term stock investments	499,994	4,914	99.99	4,914	(Note 3)
Chung Kung Safeguarding & Securities Corporation	China Petrochemical Development Corporation	-	Short-term investments, net	90,000	779	-	648	(Note 1)
	SinoPac Financial Holding co., Ltd.	-	Short-term investments, net	20,459	374	-	336	(Note 1)
	Ya Hsin Industrial Co., Ltd.	-	Short-term investments, net	10,000	323	-	329	(Note 1)
	Nan Ya Plastic Corporation	-	Short-term investments, net	5,300	238	-	221	(Note 1)
	Formosa Petrochemical Corporation	-	Short-term investments, net	318	16	-	19	(Note 1)
	Taishin Financial Holding Co., Ltd.	-	Short-term investments, net	377	10	-	7	(Note 1)
	ING CHB Tri-Gold Dynamic Portfolio	-	Short-term investments, net	105,566	1,057	-	1,056	(Note 1)
	JF (Taiwan) Balanced Fund	-	Short-term investments, net	67,340	1,008	-	1,048	(Note 1)
	ING CHB Europe High Dividend	-	Short-term investments, net	90,662	1,005	-	1,037	(Note 1)
	ING chb Global REITs	-	Short-term investments, net	100,000	1,001	-	1,052	(Note 1)
	UPAMC Select Guaranteed No. 1 Fund	-	Short-term investments, net	100,000	1,000	-	990	(Note 1)

(Continued)

Holding Company Name	Marketable Security Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2005				Note
				Shares	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	BES Machinery Corporation	Cost-method investee	Long-term stock investments	1	\$ -	-	\$ -	(Note 3)
	Core Pacific Consultant	Equity-method investee	Long-term stock investments	-	18,241	100.00	18,241	(Note 3)
	BES Department Maintenance & Management	Equity-method investee	Long-term stock investments	-	4,089	37.00	4,089	(Note 3)
BES Global Investment Corporation	BES Global Consulting Company	Equity-method investee	Long-term stock investments	-	50,428	100.00	50,428	(Note 3)
Cinemark-Core Pacific Ltd.	Fuh-Hwa Bond Fund	-	Short-term investments, net	4,181,810	55,000	-	55,000	(Note 1)
	TIIM Bond Fund	-	Short-term investments, net	2,432,899	34,000	-	34,000	(Note 1)
	Forever Fund	-	Short-term investments, net	1,399,737	20,000	-	20,000	(Note 1)
	K9 International Entertainment Corporation	Equity-method investee	Long-term stock investments	3,000,000	26,959	50.00	25,947	(Note 3)
Core Pacific Consulting Company	e-Life Mall Corporation	-	Short-term investments, net	23,000	886	-	945	(Note 1)
	Taiwan IC Packaging Corporation	-	Short-term investments, net	44,000	550	-	956	(Note 1)
	Chenbro Micom Co., Ltd.	-	Short-term investments, net	28,000	515	-	597	(Note 1)
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Equity-method investee	Long-term stock investments	-	306,883	100.00	306,883	(Note 3)
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Equity-method investee	Long-term stock investments	-	306,629	100.00	306,629	(Note 3)
Core Pacific Consultant Corporation	BES Department Maintenance & Management	Equity-method investee	Long-term stock investments	-	6,961	63.00	6,961	(Note 3)

Note 1: Market values were based on the average closing price in December 2005.

Note 2: Market values were based on the net asset values on the balance sheet date.

Note 3: Net asset values were based on audited financial statements.

Note 4: Net asset values were based on unaudited financial statements.

Note 5: Included 48,000,000 shares pledged to Chinatrust Bank, 20,000,000 shares to Cathay United Bank and 1,500,000 shares to Tainan Business Bank, the net asset values equal to 560,768 thousand.

Note 6: Included 35,240,000 shares pledged to Asia Trust Corporation, the net asset values equal to 336,259 thousand.

Note 7: Preferred stocks.

TABLE 4

BES ENGINEERING CORPORATION AND INVESTEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2005
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Marketable Security Issuer and Type	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain (Loss) on Disposal	Shares	Amount
BES Engineering Corporation	Core Pacific World Corporation (common stock)	Long-term investments	Taiwan Tea Corporation, Bank of Overseas Chinese and Core Pacific Consulting Company	Parent	90,619,200	\$ 849,372	25,116,900	\$ 213,788	-	\$ -	\$ -	\$ -	115,736,100	\$ 1,086,462 (Note 1)
BES Engineering Corporation	BES Investment (common stock)	Long-term investments	- (Note 2)	Parent	14,442,500	222,786	4,300,000	136,332	-	-	-	-	18,742,500	349,353 (Note 3)
BES Engineering Corporation	China Petrochemical Development Corporation	Short-term investments, net	Public commerce market	The director and supervisor of BES Engineering Corporation	8,200,000	59,290	20,754,000	172,994	9,973,000	82,791	73,543	9,248	18,981,000	158,741
Cinemark-Core Pacific Ltd.	Fuh-Hwa Bond Fund	Short-term investments, net	Public commerce market	-	388,712	5,019	7,629,187	100,000	3,836,089	50,452	50,019	433	4,181,810	55,000
BES Construction & Development Corporation	JIM Bond	Short-term investments, net	Public commerce market	-	-	-	7,175,843	100,000	3,597,795	50,013	50,000	13	3,578,048	500,000

Note 1: The difference resulting from foreign currency translation (\$37,098 thousand) and investment loss (\$13,796 thousand).

Note 2: Participatory in new shares issuing.

Note 3: The difference resulting from foreign currency translation (\$11,077 thousand) and investment loss (\$20,842 thousand).

TABLE 5**BES ENGINEERING CORPORATION AND INVESTEES****DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2005****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Type of Property	Disposal Date	Original Acquisition Date	Carrying Value	Disposal Price	Payment Terms	Gain (Loss) on Disposal	Counter-party	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
BES Construction & Development Corporation	Land	2005.3.24	2004.9.15	\$298,000	\$317,150	Received all before 2005.3.31	\$19,150	Miss Chang	-	Selling	Appraisal report \$286,933	-

TABLE 6**BES ENGINEERING CORPORATION AND INVESTEES****TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****YEAR ENDED DECEMBER 31, 2005****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Note/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
BES Engineering Corporation	BES Machinery Corporation	Parent company	Purchase	\$ 554,020	4.24	-	\$ -	Note	Accounts payable (\$168,530)	(4.22)	
BES Machinery Corporation	BES Engineering Corporation	Subsidiary	Sale	554,020	(65.83)	-	-	Note	Accounts receivable, net \$168,530	45.70	

Note: Collection based on related party's operating status.

TABLE 7**BES ENGINEERING CORPORATION AND INVESTEES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****DECEMBER 31, 2005****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
BES Engineering Corporation	Agora Garden Corporation	The Corporation's two directors are the director and the supervisor of BES Engineering Corporation	Long-term receivable \$250,985	-	\$ -	Collection based on related party's operating status	(Note)	\$ -
BES Machinery Corporation	BES Engineering Corporation	Parent company	Accounts receivable, net 168,530	3.32	-	-	\$ 143,119	-

Note: At the end of 2005, Agora Garden Corporation had paid an amount that should have been paid from January 2006 to March 2006 under the related contract.

TABLE 8

BES ENGINEERING CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 YEAR ENDED DECEMBER 31, 2005
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2005	Dec. 31, 2004	Shares	Percentage of Ownership	Carrying Value			
BES Engineering Corporation	Core Pacific World Corporation	Taipei, Taiwan	Operates the shopping center or exhibition venues	\$ 1,567,451	\$ 1,353,663	115,736,100	99.77	\$ 1,086,462	\$ (19,423)	\$ (13,796)	The difference of \$4,492 resulted from the premium amortized.
	BES Machinery Corporation	Kaohsiung, Taiwan	Leases engineering machinery and equipment, and wholesale construction materials, and provides consulting service for designing and planning projects, except for certain architectural matters.	842,988	842,988	75,213,198	96.58	773,794	14,439	11,928	The difference is \$2,090, resulting from the investee's payments of the director's remuneration and the employees' bonuses.
	BES Investment Corporation	Hong Kong	Overseas construction and equipment sale	611,915	475,583	18,742,500	100.00	349,353	(17,417)	(20,842)	Investee is a subsidiary
	Cherng-Huei Corporation	Taipei, Taiwan	Manages investments in financial instruments and certain industries	500,000	500,000	31,250,000	41.67	117,936	(64,369)	(26,822)	Investee is a subsidiary
	BES Construction & Development Corporation	Taipei, Taiwan	Subcontracts construction of buildings for lease and sale.	92,951	92,951	11,500,000	100.00	99,341	(26,513)	(26,618)	Investee is a subsidiary
	BES Global Investment Co.	British Virgin Islands	Overseas construction and equipment sale	48,019	48,019	1,410,100	100.00	50,502	1,005	1,005	Investee is a subsidiary
	Coreasia Human Resource Management Corporation	Taipei, Taiwan	Consultancy on business administration and investments	40,000	40,000	4,000,000	100.00	48,936	3,769	3,769	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corporation	Taipei, Taiwan	Safeguarding and related services	38,127	32,568	3,880,000	64.67	44,790	8,817	5,923	The difference of \$217 resulted from the discount amortized.
	BES Construction Corporation (BES, U.S.A.)	U. S. A.	Develops lands for investments	259,562	259,562	8,509	91.78	40,315	(10,529)	(9,667)	Investee is a subsidiary
	Huatung Power Corporation	Taipei, Taiwan	Operates power plants	183,000	183,000	18,300,000	30.00	30,588	(262,325)	(78,697)	Recognize of asset impairment loss
	Cinemark-Core Pacific Ltd.	Taipei, Taiwan	Movie broadcasting and others related	23,450	23,450	1,861,500	15.38	29,740	23,212	4,129	The difference of \$561 resulted from the discount amortized.
	Core Pacific Consulting Corporation	Taipei, Taiwan	Consultancy on business administration and investments	14,729	14,729	1,100,000	55.00	14,338	1,098	162	Note. The difference of \$341 resulted from the premium amortized and the investee's payment of director's remuneration and employees' bonus for \$184.
	Smartnet Corporation	Taipei, Taiwan	Leases satellite TV broadcasters, and manages selling and installing channel receiver accessories.	137,514	137,514	13,751,400	91.68	5,914	(21)	(20)	Investee is a subsidiary
	Chu-Huan Environmental Engineering Corporation	Hsinchu, Taiwan	Manages environmental engineering and clearing up garbage.	25,500	25,500	2,550,000	51.00	716	(2,495)	(1,273)	Investee is a subsidiary
Core Pacific eCommerce Corporation	Taipei, Taiwan	Manages information systems oriented to the clients.	-	126,512	-	-	-	-	(481)	Investee is a subsidiary	
Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.)	Costa Rica	Operates processing districts	181	181	800	100.00	(2,009)	11,757	10,559	Investee is a subsidiary	
Core Pacific World Corporation	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	323,222	64	64	Investee is a subsidiary
	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	322,967	(284)	(284)	Investee is a subsidiary
	K9 International Entertainment Corporation	Taipei, Taiwan	Entertaining	30,000	30,000	3,000,000	50.00	25,947	(5,488)	(2,744)	Investee is a subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2005			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Dec. 31, 2005	Dec. 31, 2004	Shares	Percentage of Ownership	Carrying Value			
BES Machinery Corporation	Cinemark-Core Pacific Ltd.	Taipei, Taiwan	Movie broadcasting and others related	\$ 91,930	\$ 32,000	7,593,960	62.76	\$ 120,477	\$ 23,212	\$ 10,085	Investee is a subsidiary Notes 1 and 2
BES Investment	Wei-Jing Holdings Ltd.	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	368,725	(28,274)	(12,630)	Investee is a subsidiary
	BES Construction Corporation (BES U.S.A.)	U.S.A.	Develops lands for investments	25,724	25,724	761	8.22	3,611	(10,529)	(862)	Investee is a subsidiary
BES Construction & Development Corporation	Chung Chien Fa Construction Co.	Taipei, Taiwan	Civil engineering and construction	3,000	3,000	-	100.00	791	(404)	(404)	Investee is a subsidiary
BES Global Investment Co.	BES Global Consulting (Shanghai) Co., Ltd.	Shanghai, China	Provides engineering consulting services.	47,597	47,597	-	100.00	50,428	1,117	1,117	Investee is a subsidiary
Coreasia Human Resource Management Corporation	Elite Human Resources Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	3,000	499,994	99.99	4,914	(63)	(63)	Investee is a subsidiary
Chung Kung Safeguarding & Security Corporation	Core Pacific Consultants	Taipei, Taiwan	Business management consulting and running parking lots	10,000	10,000	-	100.00	18,241	5,543	5,543	Investee is a subsidiary
	Core Pacific Department Maintenance and Management	Taipei, Taiwan	Manages department maintenance and renders related services.	3,803	2,700	-	37.00	4,089	157	58	Investee is a subsidiary
Cinemark-Core Pacific Ltd.	K9 International Entertainment Co.	Taipei, Taiwan	Entertaining	30,000	30,000	3,000,000	50.00	26,959	(5,488)	(2,779)	Investee is a subsidiary
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Chang-Shu) Co., Ltd.	Changshu, China	Provides engineering consulting service.	305,982	305,982	-	100.00	306,883	282	282	Investee is a subsidiary
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Chang-Shu) Co., Ltd.	Changshu, China	Provides engineering consulting services.	305,982	305,982	-	100.00	306,629	(65)	(65)	Investee is a subsidiary
Core Pacific Consultants	Core Pacific Department Maintenance and Management	Taipei, Taiwan	Manages department maintenance and renders related services.	6,300	6,300	-	63.00	6,961	157	99	Investee is a subsidiary

Note 1: The investments of BES Engineering Corporation, and BES Machinery Corporation in Cinemark-core Pacific Ltd. equaled 78.14%.

Note 2: BES Machinery Corporation acquired the shares (36.31%) of Cinemark-Core Pacific Ltd.

BES ENGINEERING CORPORATION AND INVESTEEES

INVESTMENTS IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2005

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

Investor Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2005	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2005	% Ownership of Indirect Investment	Investment Gain (Loss) (Note)	Carrying Value as of Dec. 31, 2005	Upper Limit on Investment
						Outflow	Inflow					Net Asset Value × 40%
BES Engineering Corporation	BES Global Consulting (Shanghai) Co., Ltd.	Provides engineering consulting services	\$ 47,597 (US\$1,400,000)	Indirect - through BVI company	\$ 47,597 (US\$1,400,000)	\$ -	\$ -	\$ 47,597 (US\$1,400,000)	100%	\$ 1,117 (US\$ 35,000)	\$ 50,428 (US\$1,535,000)	\$ 5,127,620
Core Pacific World Corporation	Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$9,000,000)	Indirect - through BVI company	305,982 (US\$9,000,000)	-	-	305,982 (US\$9,000,000)	100%	282 (US\$ 9,000)	306,883 (US\$9,339,000)	813,846
Core Pacific World Corporation	Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$9,000,000)	Indirect - through BVI company	305,982 (US\$9,000,000)	-	-	305,982 (US\$9,000,000)	100%	(65) (US\$ 2,000)	306,629 (US\$9,331,000)	813,846

Note: Investment gain (loss) based on audited financial statements.